

50 States, the District of Columbia, 5 Territories,  
**One United Effort**



# Brand USA Fiscal Year 2012 Annual Report

*October 1, 2011, to September 30, 2012*



**Brand USA**



Discover  
America  
.com

## About Brand USA

Brand USA was established by the Travel Promotion Act to spearhead the nation's first international marketing effort to promote the United States as a premier travel destination and communicate U.S. entry policies and procedures.

With a mission of increasing international visitation to the United States, Brand USA works in close partnership with the travel industry to maximize the economic and social benefits of travel. These benefits include creating jobs essential to the economy and fostering understanding between people and cultures.

Formed as the Corporation for Travel Promotion, the public-private nonprofit entity began operations in May 2011 and does business as Brand USA.

Through its consumer-facing brand and call-to-action—Discover America—Brand USA inspires travelers to explore the United States of America's boundless possibilities.

This first-ever effort is expected to put the United States on equal footing with other countries' tourism efforts and bring millions of new international visitors to the United States to spend billions of dollars during their travels—thus creating thousands of new American jobs each year.

The program's activities are funded through a combination of private-sector contributions and matching funds collected by the U.S. government from international visitors who come to the United States under the Visa Waiver Program.

For industry or partner information, visit [www.TheBrandUSA.com](http://www.TheBrandUSA.com). For information about exceptional and unexpected travel experiences in the United States, please visit Brand USA's consumer website at [www.DiscoverAmerica.com](http://www.DiscoverAmerica.com).

## About this Report

May 15, 2013:

In compliance with the Travel Promotion Act, Brand USA submits this report for fiscal year 2012 to the Secretary of Commerce to transmit to Congress as an update on our progress, activities, financial condition, and accomplishments for the period October 1, 2011, through September 30, 2012.

Although select information for fiscal year 2013 (the period October 1, 2012 through April 30, 2013) is also included in this report, it is important to note that these accomplishments represent only highlights of the organization's progress beyond fiscal year 2012. In May 2014, the comprehensive and official report for fiscal year 2013 will be published.

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## Mission and Vision

### OUR MISSION

The mission of Brand USA is to encourage increased international visitation to the United States and to grow America's share of the global travel market. In doing so, we aim to bring millions of new international visitors who spend billions of dollars to the United States, creating tens of thousands of new American jobs.

### OUR VISION

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

## Letter from the Chair of the Board

It is my pleasure to present the Corporation for Travel Promotion's Annual Report to Congress for fiscal year 2012.

The report outlines our efforts in the last fiscal year to launch the nation's first comprehensive consumer marketing campaign, establish a global infrastructure, and shift from a start-up to a fully-functioning cooperative destination marketing organization. The result is more than a marketing

strategy—it is an investment in job creation and economic growth for local communities across the country.

If FY 2011 was a true startup year for the Corporation, then FY 2012 was one of evolution and expansion. The year saw the unveiling of our identity, Brand USA, and the continued enhancement of our consumer site, DiscoverAmerica.com.

We launched the first wave of our consumer marketing campaign in Canada, Japan, and the UK, and we observed outstanding initial results, with "intent to visit" up by 12%-22% among campaign recognizers.

FY 2012 also saw us commence activities with the travel industry in UK/Ireland, German-speaking Europe, Japan, and South Korea, and we established a unified presence for the country at trade shows around the world. We collaborated

with the administration's National Travel and Tourism Strategy by supporting promotional efforts and providing collateral for Federal efforts. The travel industry rallied around these accomplishments and supported the effort with more than \$58 million in contributions, allowing us to access the full \$100 million in Federal matching funds provided by the Travel Promotion Act.

As we look to the remainder of FY 2013, we are optimistic about our path. By the end of this calendar year, our consumer campaign will be in 11 markets: Australia, Brazil, Canada, China, Germany, Hong Kong, Japan, Mexico, South Korea, Taiwan, and the UK - representing 75% of inbound travel. Every 1 percent increase in visitation from these markets will help us welcome 500,000 more travelers and \$1 billion in spending, which goes a long way in strengthening the U.S. economy and providing opportunities for Americans. We look forward to continuing our effort to promote the limitless possibilities the United States offers international visitors and rolling out the welcome mat for travelers from across the globe.

Sincerely,

**Caroline Beteta**

*Chair, Brand USA*

*President and CEO, Visit California*





# Letter from the President and CEO

Dear Partners in Travel,

Fiscal Year 2012 was Brand USA's first year in full operation—a year in which the organization built a strong foundation by establishing its brand as the destination marketing organization for the United States. In FY12, Brand USA built solid partnerships with more than 260 organizations, launched a highly successful consumer campaign in three



markets (Canada, Japan, and the United Kingdom), and opened international representation offices or appointed trade representatives in nine key markets (Austria, Brazil, Canada, Germany,

Ireland, Japan, South Korea, Switzerland and the United Kingdom).

With the momentum of our successful consumer campaign and strong and growing international representation network, we have made the important transition to a fully functioning destination marketing organization.

Our focus is now on greatly expanding and developing new cooperative marketing platforms and programs that add and create value while

generating a strong return on investment for everyone with a vested interest in increasing international visitation to the United States.

When I joined Brand USA on November 1, 2012 (the start of Brand USA's second year in operation), you entrusted me to build and lead a best-in-class organization—the first nationally coordinated marketing effort to bring more international travelers and their spending to the United States—which benefits our economy through increased economic development and jobs.

The great progress we have made to date is because of the strength of our partnerships and the commitment of the industry to regain our share of the global travel market.

As we continue to work together to promote the United States as the world's premier travel destination, I thank you on behalf of everyone at Brand USA for your ongoing support.

Together we are Brand USA!

**Christopher L. Thompson**

*President and CEO*

*Brand USA*

## Highlights from the Year



Brand USA is a national program with the mission of attracting billions of dollars in increased visitor spending to the United States, which will create tens of thousands of new jobs. In its first year of full operation, Brand USA has achieved numerous accomplishments against its vision including:

- Establishing a fully-integrated marketing, sales, research, partnership and development strategy.
- Developing a strong brand identity.
- Creating a state-of-the-art website to promote the United States worldwide and provide travelers important information about U.S. entry policies and procedures.
- Creating the nation's first fully-integrated tourism marketing campaign, which increased awareness of and enhanced the USA's image internationally and, as a result, drove significant increases in intent to travel to the United States from Japan, Canada, and the United Kingdom.
- Establishing partnerships with more than 260 industry organizations, which raised approximately \$58 million in industry contributions, half of which were cash and half in-kind.
- Expanding the USA's presence at key international trade shows by developing strong unified branding under a USA Pavilion.
- Establishing international representation in nine markets and initiating travel trade activities in 20 markets.
- Hosting the first sales mission to India and launching a Tourism Exchange Year with Japan at JATA.
- Creating a range of partnership programs and platforms that add and create value for organizations within and outside the travel industry.
- Keeping overhead expenses low in order to maximize our marketing efforts.



# Timeline of Progress

<b>October 2011</b>	The organization begins its first full fiscal year of operations.
<b>November 2011</b>	<p>Randy Garfield, executive vice president, Worldwide Sales &amp; Travel Operations of Disney Destinations, and president, Walt Disney Travel Company, is appointed to the board of directors on November 4, 2011, replacing Al Weiss, also of Disney.</p> <p>The Corporation for Travel Promotion unveils its new brand name and identity in front of an international audience of more than 47,000 travel professionals at World Travel Market in London on November 7, 2011. The organization will now do business as Brand USA with a new logo reflecting the diversity and limitless possibilities that the United States of America offers travelers.</p> <p>Brand USA launches a new business-to-business website, <a href="http://www.TheBrandUSA.com">www.TheBrandUSA.com</a>, to reflect its new brand name. In addition, the U.S. Travel Association donates the <a href="http://DiscoverAmerica.com">DiscoverAmerica.com</a> website and global url rights to the organization as an in-kind contribution. The website will be used to promote the United States as a premier destination to international travelers.</p>
<b>January 2012</b>	<p>President Obama signs Executive Order 13597 on January 19, 2012, announcing new administrative initiatives to significantly increase travel and tourism in and to the United States. The Executive Order calls for the creation of a Task Force on Travel and Competitiveness chaired by the Secretaries of Commerce and the Interior to develop a government-wide National Travel and Tourism Strategy.</p> <p>Brand USA holds its first webinar with destination marketing organizations across the country, as well as two webinars with the U.S. Commercial Service around the world.</p>
<b>February 2012</b>	<p>Marriott, Disney, and Best Western become the first Founding Partners of Brand USA—each committing at least \$1 million in cash along with in-kind commitments to fund advertising, new media, marketing, in-country representation, international tradeshow presence and other forms of marketing to international travelers. The funding also will be used to build sustaining programs such as sponsorship and cooperative marketing opportunities that will ensure a long-term source of revenue for Brand USA.</p> <p>The first advisory group meetings are held for Marketing, Business Development, and Global Insights/Research.</p>

## TIMELINE OF PROGRESS (continued)



### March 2012

Brand USA hires its first international representation firms to support the organization's marketing efforts in five markets (Brandmasters for Germany, Austria, and Switzerland; Black Diamond for the United Kingdom and Ireland).

Brand USA takes center stage at ITB Berlin in the USA Pavilion with an impressive welcome area and lounge for attendees to network and learn more about travel and tourism opportunities. The organization caps off its participation at the industry tradeshow by hosting a Block Party for tradeshow participants highlighting U.S. culture with food, music, and dance. A highlight of the event was Philip D. Murphy, U.S. Ambassador to the Federal Republic of Germany, who met with members of the Brand USA team and addressed guests at the event. ITB Berlin is significant because more travelers from Germany visit the United States than those from any other country in continental Europe. In addition, it is the world's leading travel tradeshow, with over 110,000 trade visitors and over 14,000 participants representing 180 countries.





**April 2012**

Brand USA unveils the United States' first-ever comprehensive marketing campaign on April 23, 2012, in Los Angeles at International Pow Wow, the largest U.S. travel trade show. The fully-integrated campaign showcases the diversity of experiences available in the United States in a fresh and unexpected light, and invites visitors to "Discover this land, like never before."

At the heart of the campaign's TV spots is an original song, "Land of Dreams," written and performed by Grammy-award winning artist Rosanne Cash, daughter of American music legend Johnny Cash.

The new DiscoverAmerica.com launches featuring a unique "suitcase" feature that serves as a convenient travel planning tool and allows visitors to save and share itineraries with family and friends. The first meeting of the rural marketing advisory group is held during International Pow Wow in Los Angeles.

During the month, Brand USA also established international representation in Japan and South Korea, as well as trade-only representation in Brazil.

**May 2012**

The White House releases the National Travel and Tourism Strategy to make the United States of America a more attractive and accessible destination than ever before. The principal goal of the strategy, which cites the work of Brand USA, is to increase the number of international visitors to the United States from 62.3 million in 2011 to 100 million by 2021.

The first wave of Brand USA's global marketing campaign launches in Canada, Japan, and the United Kingdom, with a budget of \$12.3 million for the first three months.

## TIMELINE OF PROGRESS (continued)



**June 2012**

Caroline Beteta is named vice chair of the board and interim president and CEO of Brand USA when Jim Evans departs the organization. She immediately puts in place a plan to accelerate the organization's transition from a start-up venture to a fully functioning destination marketing organization by expanding partnerships and programs.

Brand USA and the State Department launch the digital campaign "50 States in 50 Days." The campaign runs across State Department digital and social properties. Beginning with Delaware on June 1 and ending with Hawaii on July 21, the campaign highlights one state per day in order of incorporation into the Union. Washington, D.C. is featured on July 4.



**September 2012**

Brand USA leads the largest-ever delegation of senior US travel representatives to India with its first sales mission. The mission runs September 9-14.

The mission, which sold out within 30 days of being offered to U.S. travel organizations, consists of 50 delegates representing 35 U.S. destinations and companies who visited New Delhi and Mumbai. In earlier years, this mission was organized by the U.S. Travel Association, making this the sixth travel trade mission from the United States to promote tourism in the Indian market.

Travel and tourism leader Christopher L. Thompson is named president and CEO of Brand USA, effective November 1, 2012.

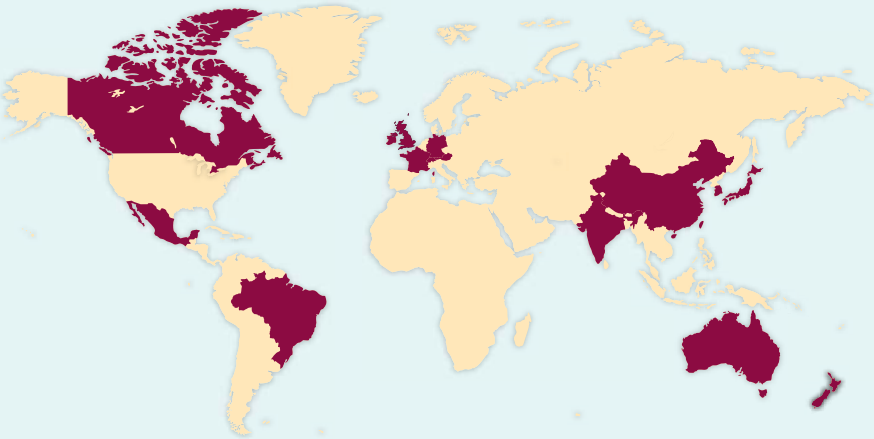
Prior to joining Brand USA, Chris led the state of Florida's destination marketing efforts as president and CEO of VISIT FLORIDA, one of the nation's most successful destination marketing organizations.

The metrics for the first stage of the "Land of Dreams" consumer marketing campaign are announced—and demonstrate how the national marketing effort is paying off—intent to visit, consumer engagement and sentiment significantly higher in the campaign launch markets.

- Intent to visit increased significantly among campaign recognizers—up 12% to 22% in Canada, Japan and the United Kingdom.
- Survey respondents in Japan said that the campaign made them feel that the U.S. is a place where you always feel welcome, and described the nation as "adventurous," "energetic" and "optimistic."
- In Canada, 82% of survey respondents said the campaign strengthened the perception that the United States is "a place to indulge myself," and 75% found it to be a "place to relax."
- In the UK, the United States is described as "energetic," "has something for everyone," "optimistic" and "a place with limitless possibilities."
- DiscoverAmerica.com has welcomed 890,000 unique global visitors. More importantly, these are qualified visitors that have accessed 2.3 million pages and averaged 2.57 minutes on the site.
- On YouTube, the Brand USA videos have been viewed 636,000 times.
- The Discover America Facebook site has 78,000 followers.
- On Twitter, Brand USA has 7,800 followers.
- The "Land of Dreams" song has been downloaded more than 25,000 times.
- In the social media sphere, favorable sentiment remains at 99%.

British Airways becomes Brand USA's first founding airline partner. The founding partner level is the highest offered by Brand USA and represents commitments valued at \$1 million or more. As a founding partner, British Airways will work with Brand USA on a number of initiatives to promote the United States as a premier travel destination, including industry and travel agent activity and advertising campaigns in UK trade and consumer press.

# FY2012 Objectives Review

<p><b>Objective #1:</b></p> <p><b>Raise private sector investment of at minimum \$10 million in cash and \$40 million of in-kind contributions to qualify for \$100 million in Federal matching funds.</b></p>	<p>In 2012 we built relationships with more than 260 partners in the private sector who contributed nearly \$60 million to the international marketing effort. Cash contributions accounted for 51 percent of our funding, with the balance (49 percent) from in-kind contributions.</p>
<p><b>Objective #2:</b></p> <p><b>Develop mutually beneficial partnerships that promote tourism to the United States and create long-term investment in Brand USA.</b></p>	<p>By the end of the fiscal year, we had received contributions from 88 percent of our targeted destination marketing organizations, convention and visitor bureaus, and travel industry brands. The majority of the contributions we received are from destinations:</p> <ul style="list-style-type: none"> <li>• 55% from destinations</li> <li>• 30% from travel brands</li> <li>• 10% from brands outside the travel industry</li> <li>• 5% from associations</li> </ul> <p>During the year, we developed a number of programs to provide value to partners. These programs fall within the following main categories:</p> <ul style="list-style-type: none"> <li>• Co-op advertising</li> <li>• Media planning / buying</li> <li>• Digital marketing, social media, and custom content</li> <li>• Publisher programs (digital and print)</li> <li>• Sales missions and trade shows</li> </ul>
<p><b>Objective #3:</b></p> <p><b>Create a global network of international representation firms to develop in-country travel trade and tourism partnerships, handle Brand USA public relations and communications, provide useful information in U.S. entry policies and procedures, and stimulate greater travel to the United States.</b></p>	<p>We are well on our way to achieving our goal of establishing international representation in the markets that generate 93% of international travel to the United States. By the end of the fiscal year, trade representatives or international firms were in place to support Brand USA's travel trade and media outreach in nine key markets, including:</p> <ul style="list-style-type: none"> <li>• United Kingdom</li> <li>• Ireland</li> <li>• Germany</li> <li>• Austria</li> <li>• Switzerland</li> <li>• Japan</li> <li>• South Korea</li> <li>• Brazil</li> <li>• Canada</li> </ul> 



**Objective #4:**  
**Establish a portfolio of international trade shows, sales missions and press events at which Brand USA can unite various U.S. destinations under a single banner, bringing cohesion to U.S. promotion efforts and amplifying the international reach of smaller destinations.**

**Trade Shows**

International trade shows provide an excellent way for Brand USA and U.S. exhibitors to transact business and create a significant and powerful presence in the countries where Brand USA markets travel to the United States.

Partners contract trade show space in the USA Pavilion directly from Brand USA. While contracting organizations retain their own identities, they are part of a collaborative United States effort with Brand USA branding as a common element running through all exhibitor space. In the past, destinations, travel brands, and attractions had to compete individually with other countries to have a presence at these shows. By establishing branded USA Pavilions at key trade shows, U.S. exhibitors are able to maximize their exposure and participation at these events—while maintaining their individual identity under the umbrella USA branding.

During FY2012 and through December 2012, Brand USA led the effort to establish a strong United States unified effort at the following international trade shows:

Market	Dates	Trade Show
Italy	October 6-8, 2011	TTG Incontri
Brazil	October 19-21, 2011	ABAV
United Kingdom	November 7-10, 2011	WTM
Spain	January 18-22, 2012	FITUR
Italy	February 16-19, 2012	BIT
Germany	March 7-11, 2012	ITB Berlin
China	June 15-17, 2012	BITE
France	September 18-21, 2012	IFTM Top Resa
Mexico	September 20-23, 2012	FITA
Japan	September 20-23, 2012	JATA *
Italy	October 4-6, 2012	TTG Incontri
Brazil	October 24-26, 2012	ABAV
Argentina	November 3-6, 2012	FIT
United Kingdom	November 5-8, 2012	WTM
China	November 15-18, 2012	CITM *
Spain	November 27-29, 2012	EIBTM

\* Brand USA formed a partnership with the National Tour Association (NTA) and VUSA Japan for Brand USA sponsorships at JATA Tokyo in September 2012 and CITM Shanghai in November 2012.

Press events, trade show floor receptions, and travel media outreach further supported the efforts of U.S. exhibitors at these shows. As a result of the increased value provided to partners participating at these shows, Brand USA was able to significantly increase the number of U.S. exhibitors at these shows. For example, U.S. exhibitor participation at World Travel Market in London increased by 30 percent from 2010 to 2011 and another 26 percent in 2012. Similar increases from 2011 to 2012 occurred at ITB Berlin (up 30 percent), IFTM Top Resa in France (up 28 percent) and JATA in Japan (up 23 percent).

Brand USA contracts, manages and coordinates all facets of the USA Pavilion design and branding, while building Brand USA elements in all destination/ travel brand exhibits.

<p><b>Objective #4:</b> <i>continued</i></p>	<p><b>Sales Missions</b></p> <p>Sales missions to emerging markets are a critical platform in Brand USA's marketing strategy to strengthen the United States' presence abroad, and they are generating great interest from current and potential partners.</p> <p>From September 9 to 14, 2012, Brand USA hosted a very successful first sales mission to India, which provided participating U.S. destinations and travel brands the opportunity to meet with tour operators, airlines, travel agents, incentive and meeting planners, and media at a variety of planned events and functions.</p> <p><b>September 11:</b> Tabletop trade show and networking dinner in Mumbai</p> <p><b>September 13:</b> Tabletop trade show and networking dinner in New Delhi</p> <p><b>September 14:</b> Exclusive trade media session in New Delhi</p> <p>This mission booked to its 40-person capacity.</p>
<p><b>Objective #5:</b> <b>Launch an integrated marketing communications campaign in foreign markets that over time achieves established milestones of success and effectiveness (awareness, communicates entry policy, balances brand and partner messaging, market timing, reach, penetration, drives co-op/in-kind opportunities, provides value to partners, ROI, multi-channel, leverages experience pillars).</b></p>	<p>On April 23, 2012, we introduced the much-anticipated global campaign in front of a multinational audience at International Pow Wow in Los Angeles. The campaign was received with overwhelming positive response.</p> <p>Prior to the launch of the integrated campaign, Brand USA's revamped consumer website, DiscoverAmerica.com, went live. The website features 250 inspiring travel ideas and highlights of U.S. destinations, as well as information about U.S. visa and entry policies. The site's "suitcase" feature allows visitors to plan and share custom itineraries with family, friends, and travel bookers.</p> <p>In addition, social media channels were established on Facebook, Twitter, and Pinterest—and we launched the Discover America YouTube channel, YouTube.com/YourDiscoverAmerica, which features all of the campaign spots and other videos.</p> <p>Video views spiked on April 23, 2012, when the channel launched with 17.7K views in the first day and 67.2K total views in its first week—44.3% of which were international views. Videos received 8.6 times more "Likes" than "Dislikes" and were selected as a favorite 109 times—half of favorites were added outside the United States. The biggest driver of views was "embedded players," meaning our videos were being shared on other sites, in particular daily video surfing sites like flixxy.com, devour.com, thedailywh.at and Facebook, all of which have strong global reach.</p>









**Objective #6:**  
**Execute the consumer marketing campaign in designated markets:**

- **United Kingdom**  
 (May 1 – August 1 initial launch)
- **Japan**  
 (May 1 – August 1 initial launch)
- **Canada**  
 (May 1 – August 1 initial launch)
- **Brazil**  
 (June 1 – September 1 initial launch)
- **South Korea**  
 (June 1 – September 1 initial launch)

Brand USA successfully launched the integrated consumer marketing program in Canada, Japan, and the United Kingdom—with strong results in each market as indicated by pre- and post-campaign research.

Social media strategies were subsequently launched in Brazil and South Korea—with the DiscoverAmerica.com consumer website in each country’s native language and a social media campaign via Facebook, Twitter, LinkedIn, Instagram, Pinterest, Mixi, Orkut, and Cyworld.

Market	Primary Social Network	Secondary Social Network	Video Sharing Site	Other
 USA	Facebook	Twitter	YouTube	LinkedIn, Instagram, Pinterest
 Canada	Facebook	Twitter		Mixi
 UK	Facebook	Twitter		
 Japan	Facebook	Twitter		
 Brazil	Facebook	Twitter		Orkut
 South Korea	Facebook	Twitter		Cyworld



In June, management made the decision to reschedule the launches for Brazil and South Korea to 2013 due to a management change and a desire to evaluate the results for the first three markets to determine if any directional changes in positioning or media strategies were needed.

**Objective #7:**

**Establish performance metrics to measure the impact of Brand USA marketing efforts and demonstrate the benefit to the U.S. economy and Brand USA Partners no later than launch of our marketing program this spring (advisory group to develop / track metrics, provide planning and insights to partners for future planning, evolve objectives as we monitor targets of progress, release results year-to-date in the summer of 2012).**

Brand USA has established the following macro-level metrics on which we will track and measure success of the consumer campaign:

1. Awareness of the consumer campaign in launch markets
2. Image of the USA as a travel destination
3. Intent to travel to the USA
4. International visitation to the USA
5. International spend in the USA
6. Length of stay in the USA and average number of states visited per trip

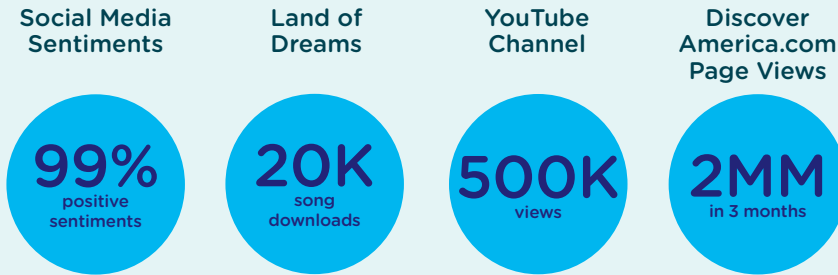


*Social media encourages a global conversation and a contagious desire to share the possibilities.*

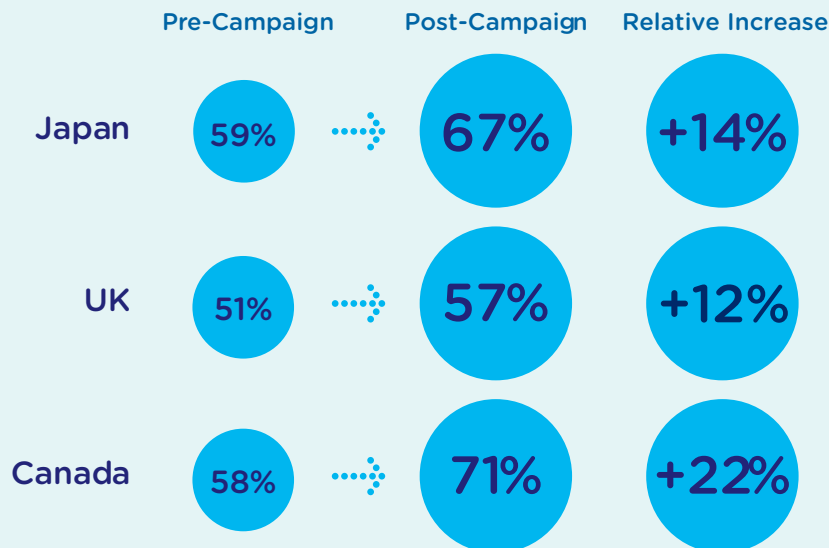




Social media engagement has been strong and sentiment very positive since the launch of the consumer campaign.



Within the three months following the May 2012 launch, intent to visit the United States increased significantly in Brand USA's consumer launch markets. In fact, intent to visit the United States increased 12 to 22 percent in those markets as a direct result of the campaign based on pre- and post-campaign research conducted in those markets.



In addition, perceptions of the United States as a travel destination increased in each of these markets. In Japan, 70 percent of survey respondents said that the campaign "makes me somewhat or much more interested in traveling to the United States." In addition, an increasing number of potential travelers from Japan now find the United States "adventurous," "energetic," and "optimistic," as well as "a place where you always feel welcome."

In the United Kingdom, 61 percent of survey respondents since the campaign launch described the United States as "worth paying more for than other travel destinations," as well as increasingly "energetic," "optimistic," and "a place with limitless possibilities" which "has something for everyone." The survey results also demonstrated a marked increase in the number of potential travelers who said the United States is "a place where you feel welcome," "sophisticated" and "delivers on its promises."

**Objective #7:**  
*continued*

In Canada, 82 percent of survey respondents said they would consider visiting more U.S. destinations as a result of the campaign, and the marketing effort strengthened the perception that the United States is “a place to indulge myself” and 75 percent found it to be a “place to relax.”

*The image of the United States as a destination improved significantly after the Brand USA campaign ran in Canada, Japan and the United Kingdom. Here are a few examples:*

**Objective #7:**  
*continued*

**Brand USA Image Attributes**

**Post- vs. Pre- Launch**

“A place where you always feel welcome”



Japan

“A place with limitless possibilities”



UK

“Has something for everyone”



UK

“Adventurous”



Japan

“Energetic”



UK

“Optimistic”



UK

“Friendly”



Canada

“A place to indulge myself”



Canada

These results were tracked primarily using Google Analytics and via a pre- and post-campaign global brand tracker with Hall & Partners.

Measuring success toward metrics four through six will require at least a year’s worth of data from OTTI and other sources and will be reported during FY2013.



<p><b>Objective #8:</b></p> <p><b>Performance metrics for the Brand USA marketing communications campaign will be constructed around three main objectives: drive mandated results, generate interest to travel to the USA, optimize the campaign based on progress/tracking achievement of targets of progress.</b></p>	<p>The six macro-level metrics in Objective 7 plus the following are the key measures of our success in driving the mandated results, generating interest to travel to the United States, and optimizing the campaign based on progress/tracking achievement of targets of progress:</p> <ul style="list-style-type: none"> <li>7. Expansion of U.S. exhibitor presence at international trade shows</li> <li>8. Awareness of U.S. entry policies and procedures</li> <li>9. Social media sentiment and engagement</li> </ul>
<p><b>Objective #9:</b></p> <p><b>Support the administration’s National Strategy on Travel and Tourism to increase the U.S. market share of worldwide travel.</b></p>	<p>Brand USA began a relationship with the Tourism Policy Council, which is the interagency body responsible for developing and executing the National Travel and Tourism Strategy. This relationship has deepened and broadened in FY13, but yielded fruit in FY12 too. For example, Brand USA collaborated with the State Department during the spring and summer on the digital campaign “50 States in 50 Days,” which highlighted one U.S. state per day (and the District of Columbia) across thousands of State Department digital properties around the world. Brand USA also collaborated with the State Department and the the Department of Commerce’s U.S. and Foreign Commercial Service to disseminate campaign materials such as video and poster files for use in embassies, consulates, events, and trade activities around the world, including markets where Brand USA currently has no footprint.</p> <p>Brand USA worked with the Departments of Homeland Security and State to brief them on consumer marketing and travel trade plans. It is important to collaborate closely with these departments since they administer the flow of travel.</p> <p>Brand USA worked with the Departments of Commerce and the Interior to use Federal resources to bolster the campaign. For example, national parks feature heavily on Brand USA’s website and social media activities, and the National Park Service has supplied many helpful photographic images for these purposes. In FY13, this collaboration is expanding and taking a more strategic approach to the variety of Federally-administered lands including parks, national forests and grasslands, wildlife and marine sanctuaries, Army Corps of Engineers properties and more. In addition, Brand USA has engaged with the U.S. Foreign Commercial Service in-market on a variety of activities, including certification of USA pavilions at some trade shows, identification of candidates for in-market representation, communications, and other in-market meetings with government and industry.</p> <p>On the key markets in the National Travel and Tourism Strategy (Brazil, China, and India):</p> <p>We established a trade representative in Brazil in April through Insight Travel Consulting. Located in Sao Paulo, Brazil, Insight Travel Consulting is an experienced destination marketing consulting organization with a vast network of in-market travel industry contacts, as well as over 25 years of experience in Latin America. In addition, we launched the social media and digital outreach portion of our consumer marketing strategy in Brazil in May 2012.</p> <p>We collaborated with the Department of Commerce, the National Tour Association (NTA) and the Visit USA Committee for China to form a relationship with the China National Tourism Association. This relationship included participation at CITM and high-level meetings in Beijing in March 2012. In addition, we completed Brand USA’s first-ever sales mission to India in September 2012. Consumer marketing for China is scheduled to begin in 2013 and in India in 2014.</p>

<p><b>Objective #10:</b></p> <p><b>Provide useful information to international visitors on U.S. entry policy and procedures (leveraging DiscoverAmerica.com and international representation firms to communicate and link to Federal information sources, and develop materials).</b></p>	<p>Brand USA used its website, and other digital and creative assets that link to DiscoverAmerica.com, to communicate visa and entry policy in a way that was clear, welcoming, and linked to the relevant Federal agencies. Brand USA began work with the State Department, deepening in FY13, to develop additional communications products to increase international understanding of visa processes and wait times. Brand USA worked with U.S. Customs and Border Protection around trade shows to disseminate information and promote Global Entry. This work also deepens in FY13.</p>
<p><b>Objective #11:</b></p> <p><b>Comply with the Travel Promotion Act (compliance, collaboration, communication, transparency).</b></p>	<p>Brand USA met its statutory deadlines for submission of FY13 annual objectives, marketing plan, and budget (August 1, 2012) and FY11 annual report to Congress (May 15, 2012). Brand USA developed and began institutionalizing its relationships with Federal agencies, including through the Tourism Policy Council. Brand USA publicized and actively encouraged public participation in its board meetings.</p>
<p><b>Objective #12:</b></p> <p><b>Expand Brand USA staff from 15 to approximately 42 to build out departmental teams and create a world-class marketing organization.</b></p>	<p>By the end of FY2012, the Brand USA team was comprised of 28 members, including 21 full-time employees, two open positions, and five contractors. In June, management made the decision to place a hold on the staffing plan to expand to 42 members until a new president and CEO was designated. In September, following an executive search, Christopher L. Thompson, then the president and CEO of Visit Florida, was announced as the incoming president and CEO of Brand USA. Upon Chris taking the helm of Brand USA on November 1, 2012, he announced plans to ramp up the Brand USA staff to 50 over the course of FY2013.</p>
<p><b>Objective #13:</b></p> <p><b>Dedicate approximately 90% of operating budget to programmatic activities and manage general and administrative expenses to approximately 10% of operating budget.</b></p>	<p>During FY2012, Brand USA was able to allocate 88 percent of its operating budget to programmatic activities, with just 12 percent spent on general and administrative costs. We are forecasting general and administrative expenses in FY2013 to decrease significantly to less than 10 percent.</p>



## FY2012 In-Kind Contributions

CONTRIBUTOR	DESCRIPTION	FAIR MARKET VALUE
<b>High Lantern Group, LLC</b>	Discounted services (based on tracking of hours estimated services donated free of charge to Brand USA). Services provided include: communications and outreach, organizational development, industry match strategy, board meetings and outreach, and strategic planning.	<b>\$60,000</b>
<b>Black Diamond</b>	Donated event planning and execution services for Brand USA at World Travel Market in November 2011.	<b>\$201,734</b>
<b>NPPC/NTA</b>	NPPC contributed an “Explore America” video that featured the National Parks and sponsored a special event at International Pow Wow where that work was premiered. NTA contributed sponsorships at both their own convention and at International Pow Wow to support the project.	<b>\$836,220</b>
<b>Amtrak</b>	Train tickets donated to Brand USA employees for business travel in December 2011.	<b>\$664</b>
<b>Patton Boggs, LLP</b>	Donated legal services rendered from May 2011 to October 2011 in connection with the formation of Brand USA.	<b>\$28,283</b>
<b>Amtrak</b>	Train tickets donated to Brand USA employees for business travel from January to March 2012.	<b>\$5,532</b>
<b>Michigan Lodging</b>	Airfare donated to Brand USA employee to attend and present at an industry conference in February 2012.	<b>\$1,171</b>
<b>Katten Muchin Rosenman, LLP</b>	Donated legal services provided to Brand USA from November to December 2011.	<b>\$36,692</b>
<b>Travel Market Insights</b>	Market research services provided to Brand USA in January 2012.	<b>\$157,500</b>



CONTRIBUTOR	DESCRIPTION	FAIR MARKET VALUE
<b>Meltwater</b>	In-kind discounts on news and brand tracking services provided in 2012.	<b>\$18,000</b>
<b>Visit California</b>	Travel and lodging donations made to Brand USA in April 2012 for industry engagement opportunities.	<b>\$1,868</b>
<b>Cavallo Point Lodge</b>	Accommodations provided to a Brand USA employee for business travel and industry engagement in March 2012.	<b>\$2,368</b>
<b>Visit California</b>	Exploratory market research (2007 to 2011) with focus on UK, Australia, Japan, Germany, and Canada to optimize Brand USA activities in these markets.	<b>\$405,476</b>
<b>Baxter Travel Media</b>	Contributed advertising (print) in <i>Travel Courier</i> and the <i>Canadian Traveler</i> in May 2012.	<b>\$15,465</b>

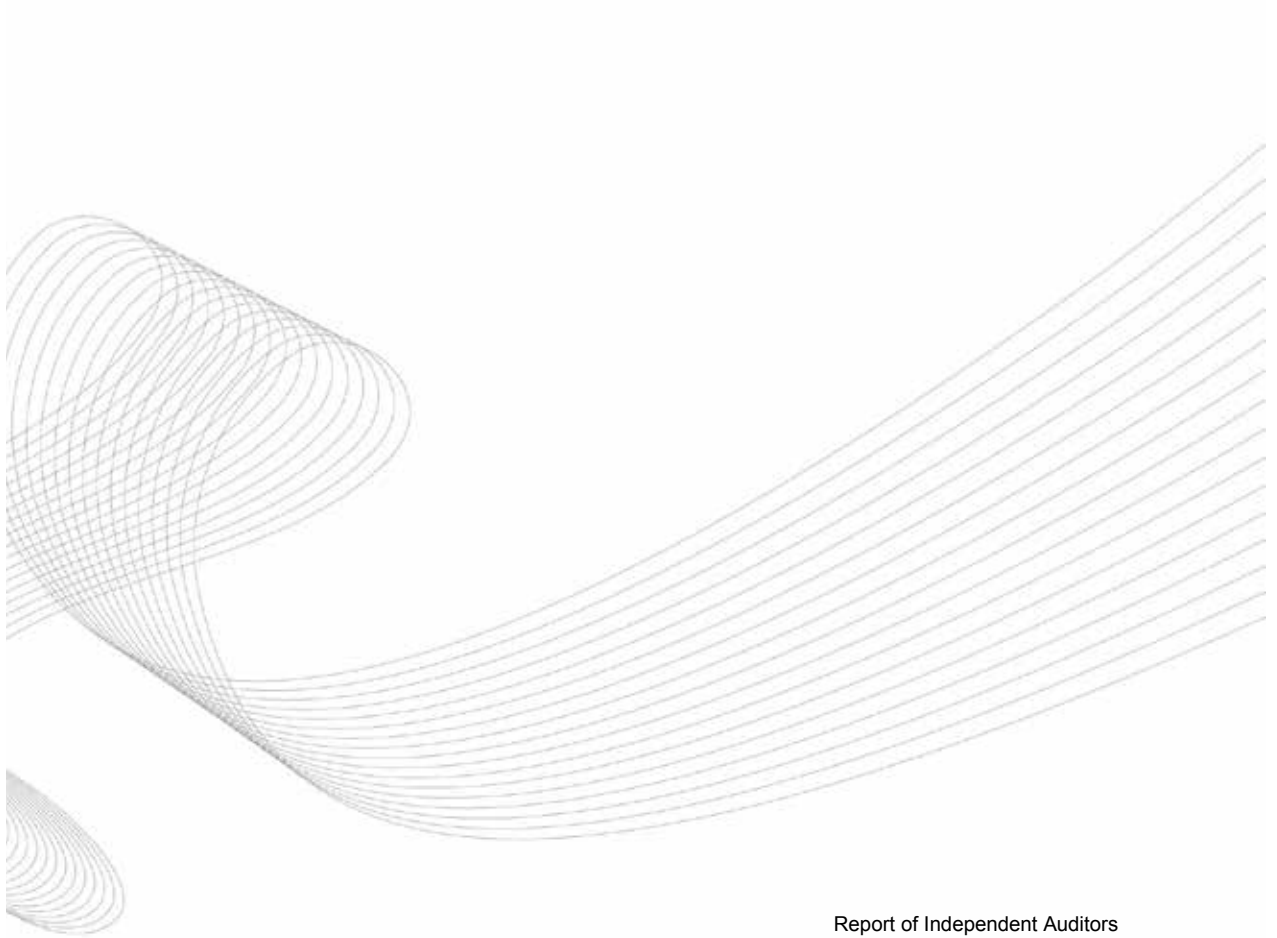
CONTRIBUTOR	DESCRIPTION	FAIR MARKET VALUE
<b>CISg (IT Services)</b>	Donated IT services provided to Brand USA.	<b>\$152,701</b>
<b>DMAI (Webinar/ Research)</b>	Donated webinar for business development purposes and donated Benchmark Study of 240 Official Destination Marketing Organizations Marketing Practices to Brand USA in June 2012.	<b>\$22,500</b>
<b>National Parks Council</b>	Donated annual sponsorship in February 2012.	<b>\$10,000</b>
<b>SAG/AFTRA &amp; Talent Partners</b>	Donated talent services for Brand USA consumer campaign creative in March 2012.	<b>\$660,363</b>
<b>Travelocity Canada</b>	Contributed advertising (digital) on Travelocity Canada sites from May to June 2012.	<b>\$270,000</b>
<b>Trip Advisor</b>	Contributed advertising (digital) on the international Trip Advisor sites in May 2012.	<b>\$30,000</b>
<b>Visit Savannah</b>	Donated photography in June 2012 for Brand USA promotional activity.	<b>\$500</b>
<b>ESI Media</b>	Contributed advertising space in <i>The Independent</i> and <i>Evening Standard</i> newspapers in the UK.	<b>\$794,616</b>
<b>Horizon Travel Magazine</b>	Contributed advertising (print and out-of home) in Canada in fall 2012.	<b>\$20,473</b>
<b>Meier's Weltreisen</b>	Contributed advertising space in <i>Meireswelreisen</i> magazine.	<b>\$102,485</b>
<b>Visit Orlando</b>	Contributed UK market research and Canada market research to optimize Brand USA's activities in these markets.	<b>\$166,250</b>
<b>Capital Region USA</b>	Contributed international market research (2008 to 2010) to inform and optimize Brand USA's promotional activities-Visitors Arrivals).	<b>\$71,042</b>
<b>British Airways</b>	Contributed airline tickets for travel trade initiatives.	<b>\$1,396,509</b>

CONTRIBUTOR	DESCRIPTION	FAIR MARKET VALUE
<b>Georgia Dept. Of Economic Development</b>	International visitor research (2011, 2010 Visa Vue report)	<b>\$119,600</b>
<b>Source Communications</b>	Contributed advertising from July to August 2012.	<b>\$7,630</b>
<b>Visit California</b>	Research (2008 to 2011) on advertising effectiveness in Canada, the UK, Australia, Japan, Germany, India, Brazil, China, Italy, France, Mexico, South Korea, and Norway.	<b>\$415,500</b>
<b>Marriott International, Inc.</b>	Market insights research in China, Brazil, Germany, Hong Kong, Singapore, Japan, Mexico, Middle East, UK, Russia, and India.	<b>\$2,503,401</b>
<b>Visit California</b>	Contributed content (digital images and video) for use in Brand USA global promotional activities.	<b>\$3,267,264</b>
<b>Visit California</b>	Contributed international print advertisement in May 2012.	<b>\$9,000</b>
<b>U.S. Travel Association</b>	Discover America website (IP rights, global URLs).	<b>\$8,570,000</b>
<b>Aggregated DMOs</b>	Contributed content (digital images and video) from the Colorado Tourism Office, the Louisiana Office of Tourism, the Pennsylvania Tourism Office, the Memphis CVB, the San Antonio CVB, and VISIT FLORIDA for use in Brand USA global promotional activities.	<b>\$4,187,938</b>
<b>FTI Touristik</b>	Contributed broadcast and digital advertisement in September 2012.	<b>\$352,948</b>
<b>Coastal South Carolina</b>	Contributed out-of-home broadcast and digital advertising in the UK from March to May 2012.	<b>\$25,600</b>
<b>Knecht Reisen AG</b>	Contributed digital and print advertising from July to September 2012.	<b>\$50,318</b>





CONTRIBUTOR	DESCRIPTION	FAIR MARKET VALUE
Canusa	Contributed digital and print.	\$25,833
Visit St. Petersburg/ Clearwater (1)	Contributed advertising on sweepstakes app from June to July 2012.	\$3,713
Expedia	Contributed digital advertising (on international sites) beginning September 2012.	\$125,000
Texas Tourism	Contributed research (2009 Mexican Overnight Travelers to Texas) in September 2012.	\$68,000
<b>TOTAL IN-KIND CONTRIBUTIONS FY12</b>		<b>25,200,156</b>



Report of Independent Auditors  
and Financial Statements

The Corporation for Travel Promotion  
dba Brand USA

September 30, 2012 and 2011

**MOSS-ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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## REPORT OF INDEPENDENT AUDITORS

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

We have audited the financial position of The Corporation for Travel Promotion dba Brand USA ("CTP") as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of CTP's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of CTP as of September 30, 2011 were audited by other auditors whose report dated April 5, 2012, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the September 30, 2012 financial statements referred to above present fairly, in all material respects, the financial position of CTP as of September 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

Sacramento, California  
April 11, 2013

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

---

**ASSETS**

	SEPTEMBER 30,	
	2012	2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 32,008,907	\$ 8,110,040
Accounts receivable	77,597,943	-
Prepaid expenses and other current assets	1,837,370	214,907
Total current assets	111,444,220	8,324,947
PROPERTY AND EQUIPMENT, net	268,417	296,889
INTANGIBLE ASSETS, net	7,624,600	-
Total assets	<u>\$ 119,337,237</u>	<u>\$ 8,621,836</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 20,555,374	\$ 272,982
Accrued expenses	1,558,786	910,836
Deferred revenue	59,288,449	7,141,129
Total current liabilities	81,402,609	8,324,947
<b>NET ASSETS</b>		
Unrestricted	37,934,628	296,889
Total liabilities and net assets	<u>\$ 119,337,237</u>	<u>\$ 8,621,836</u>

The accompanying notes are an integral part of these financial statements

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**THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA**  
**STATEMENTS OF ACTIVITIES**

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	YEARS ENDED SEPTEMBER 30,	
	2012	2011
SUPPORT AND REVENUE		
Travel promotion fund proceeds	\$ 46,688,485	\$ 2,858,872
Partner contributions	28,214,585	-
In-kind contributions	25,200,156	890,902
Partners publishing revenue	1,048,115	-
Trade show and other revenue	957,939	-
Total support and revenue	102,109,280	3,749,774
FUNCTIONAL EXPENSES		
Program services	53,085,309	2,181,768
General and administrative	11,386,232	1,271,117
Total functional expenses	64,471,541	3,452,885
Change in net assets	37,637,739	296,889
NET ASSETS, beginning of year	296,889	-
NET ASSETS, end of year	\$ 37,934,628	\$ 296,889

The accompanying notes are an integral part of these financial statements

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

---

	<u>YEARS ENDED SEPTEMBER 30,</u>	
	<u>2012</u>	<u>2011</u>
Net cash from operating activities		
Change in unrestricted assets	\$ 37,637,739	\$ 296,889
Adjustments to reconcile change in unrestricted net assets to cash from operating activities:		
Depreciation and amortization	3,065,099	5,275
In-kind donation of property and equipment	-	(285,018)
In-kind donation of website	(8,570,000)	-
Change in operating assets and liabilities:		
Accounts receivable	(77,597,943)	-
Prepaid expenses and other current assets	(1,622,463)	(214,907)
Accounts payable	20,282,392	272,982
Accrued expenses	647,950	910,836
Deferred revenue	52,147,320	7,141,129
Net cash from operating activities	<u>25,990,094</u>	<u>8,127,186</u>
Net cash from investing activities		
Purchase of property and equipment	(36,627)	(17,146)
Purchase of website and development	<u>(2,054,600)</u>	<u>-</u>
Net cash from investing activities	<u>(2,091,227)</u>	<u>(17,146)</u>
Net change in cash and cash equivalents	23,898,867	8,110,040
Cash and cash equivalents, beginning of year	<u>8,110,040</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 32,008,907</u>	<u>\$ 8,110,040</u>

The accompanying notes are an integral part of these financial statements

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## THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 – ORGANIZATIONAL STRUCTURE

The Corporation for Travel Promotion (“CTP”), also doing business as “Brand USA”, was created by the Travel Promotion Act of 2009 (the “Act”). 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, no funds will be made available to CTP unless it provides a 50% match (from non-Federal private sector sources) of the amount to be transferred. For each of the fiscal years 2013 through 2015, no funds will be made available to CTP unless it provides a 100% match (from non-Federal private sector sources) of the amount to be transferred. The funding provided to CTP originates from visa application fees collected under section 217(h)(3)(B)(i)(I) of the Immigration and Nationality Act (8 U.S.C. 1187(h)(B)(i)(I)).

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

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

#### 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.

**Grants and accounts receivable** – Accounts receivable are stated at the amount management expects to collect from outstanding balances taking into account the credit worthiness of customers and history of collection. Accounts receivable are written off when they are determined to be uncollectible. Management believes no allowance for doubtful accounts is necessary as of September 30, 2012 and 2011.



## THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 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, 2012.

**Amortizing intangible asset** – Amortizing intangible assets are stated at fair market value at the date of contribution, net of accumulated amortization. Amortization is provided on the straight-line method over the estimated useful life, which is two years for the website. 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 for the period.

**Deferred revenue** – Deferred revenue consists of unexpended funds received from the Department of Commerce under the Travel Promotion Act. For fiscal years 2012 and 2011, CTP received \$98.5 million and \$10 million, respectively. Amounts received by CTP from the Department of Commerce, reported as travel promotion fund proceeds, are recognized as revenue to the extent related expenditures are incurred.

**Financial statement 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, 2012 and 2011.
- *Temporarily restricted net assets* include gifts, pledges, income and gains on restricted contributions which can be expended but for which restrictions have not yet been met. CTP had no temporarily restricted net assets as of September 30, 2012 and 2011.

## THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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 donor restriction expires, that is when a stipulated purpose restriction is accomplished or 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. However, donor-restricted contributions for which restrictions are met in the same reporting period as the contribution is received are recorded as unrestricted support.

**Travel promotion fund proceeds** – Federal appropriations are reported as support and revenue in the period the Travel Promotion Act makes them available. The appropriation remains available until expended. Unexpended funds are shown as deferred revenue.

**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, nor 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) requires specialized skills that are provided by individual possessing those skills and would typically need to be purchased if not purchased.

**Functional expenses** – The costs of providing the program and support activities have been summarized on a functional basis in the statement of activities. Most expenses are directly charged to the respective program or 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 service activities represent marketing, business development and strategic outreach programs to promote increased foreign leisure, business, and scholarly travel to the USA are expensed as incurred.

**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. CTP files income tax returns in the U.S. federal jurisdiction and in the District of Columbia. Generally, CTP is subject to examination by U.S. federal (or state and local) income tax authorities beginning in 2010, which is the year of CTP's inception.



## THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2012, approximately 99% of the CTP's accounts receivable came from one grantor.

For 2012, approximately 54% of the CTP's in-kind contributions came from three donors, approximately 11% of partners publishing revenue is associated with one partner, and 46% of trade show revenue came from two donors.

For 2012 and 2011, approximately 21% and 24% of in-kind contributions came from members of the Board of Directors, respectively. For 2012, approximately 24% of partner contributions came from members of the Board of Directors.

**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.

**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 April 11, 2013, which is the date the financial statements were available to be issued as approved by management.

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

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**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Furniture	\$ 296,565	\$ 283,276
Computer equipment	40,376	18,888
Leasehold improvements	<u>1,850</u>	<u>-</u>
	338,791	302,164
Accumulated depreciation	<u>(70,374)</u>	<u>(5,275)</u>
	<u>\$ 268,417</u>	<u>\$ 296,889</u>

For 2012 and 2011, depreciation and amortization expense of \$65,099 and \$5,275, respectively, is included in general and administrative expense in the statements of activities. During fiscal year 2011, CTP received a donation of office furniture and equipment. These items are used in the corporate office.

**NOTE 4 - INTANGIBLE ASSETS**

Intangible assets consist of the following at September 30, 2012:

	<u>Website</u>	<u>Brand Name</u>	<u>Total</u>
Carrying value	\$ 7,224,600	\$ 3,400,000	\$ 10,624,600
Accumulated amortization	<u>(3,000,000)</u>	<u>-</u>	<u>(3,000,000)</u>
	<u>\$ 4,224,600</u>	<u>\$ 3,400,000</u>	<u>\$ 7,624,600</u>

In 2012, 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. 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 two years, and the brand name had an indefinite life. During 2012, CTP also capitalized \$1,224,460 of additional website development costs incurred and recognized \$3,000,000 of amortization expense. Future amortization, including amortization of additional website development costs, is expected to be \$3,612,230 and \$612,230 for 2013 and 2014, respectively.

## THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 5 - COMMITMENTS AND CONTINGENCIES

**Operating lease** – CTP leases the corporate facility under an operating lease agreement with an expiration date in September 2020. Minimum rental payments under the operating lease are recognized on a straight-line basis over the term of the lease including any periods of free rent. Total rent expense for the lease for the years ended September 30, 2012 and 2011 totaled \$610,675 and \$55,306, respectively. The related deferred rent liability for the operating lease at September 30, 2012 and 2011 totaled \$289,286 and \$55,306, respectively.

The future minimum annual lease payments under the non-cancellable operating lease are as follows for the years ending September 30:

2013	\$	605,599
2014		620,711
2015		636,277
2016		712,960
2017		730,840
Thereafter		<u>2,236,977</u>
	\$	<u>5,543,364</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, the officer's then current base salary would continue for a period of six months following the termination.

**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.

# Brand USA gratefully acknowledges the generosity and commitment of its partners.

## FOUNDING PARTNERS (CONTRIBUTED \$1 MILLION OR MORE\*)



Visit California



Visit Florida



Disney



U.S. Travel Association



Massachusetts Office of Travel and Tourism



Best Western



British Airways



Discover Illinois



ESPN



Expedia



Hilton Worldwide



Las Vegas CVA



Louisiana Travel



Marriott International, Inc.



New York City



Orbitz



The World Baseball Classic, Inc.



Universal



Visit Orlando

## PREMIER PARTNERS (CONTRIBUTED \$500,000 UP TO \$1 MILLION\*)



Arizona Office of Tourism



FTI



Los Angeles Tourism



Greater Miami and the Beaches



NTA



SAG/AFTRA



Starwood Hotels and Resorts Worldwide



visitPA



**SELECT PARTNERS** (CONTRIBUTED \$100,000 UP TO \$500,000\*)



Black Diamond



Capital Region  
USA

Carlson Rezidor  
Hotel Group



Choice Hotels  
International



CityPASS



Colorado  
Tourism Office



Diamond  
Resorts  
International



Ft. Lauderdale



Georgia  
Tourism



Hawaii Tourism  
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High Lantern  
Group



Katten Muchin  
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Las Vegas  
Sands  
Corporation



Lee County  
Tourism



Mall of America



Meier's  
Weltreisen



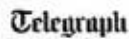
Philadelphia  
CVB



Sabre Systems



San Antonio  
CVB



Telegraph



Texas Tourism



Travel Market  
Insights



Travel Oregon



Travelocity  
Canada



US Virgin Islands



Visit Seattle

# Board of Directors

Brand USA is governed by an 11-member Board of Directors, appointed by the U.S. Secretary of Commerce in consultation with the Secretary of State and the Secretary of Homeland Security. Each brings expertise in diverse regions and sectors of the travel industry. As of April 30, 2013, the following travel industry leaders serve on the board:



**Caroline Beteta**  
**Chair of the Board**  
 President & CEO,  
 Visit California  
*Commission Expires Sept. 2015*  
*Member: Finance Committee*



**Daniel Halpern**  
**Vice Chair, Operations**  
 President & CEO,  
 Jackmont Hospitality, Inc.  
*Commission Expires Sept. 2014*  
*Chair: Governance & Nominating Committee*  
*Member: Finance Committee*



**David Lim**  
**Vice Chair, Marketing**  
 Railroad Marketing Executive  
*Commission Expires Sept. 2013*  
*Chair: Marketing Committee*  
*Member: Finance Committee*



**Arne Sorenson**  
**Treasurer**  
 President & CEO,  
 Marriott International, Inc.  
*Commission Expires Sept. 2015*  
*Chair: Finance Committee*



**Diane Shober**  
**Secretary**  
 State Tourism Director  
 Wyoming Office of Tourism  
*Commission Expires Sept. 2014*  
*Member: Finance Committee*  
*Member: Marketing Committee*



**Mark Schwab**  
 CEO, Star Alliance Services  
 GmbH  
*Commission Expires Sept. 2013*  
*Member: Audit Committee*



**Roy Yamaguchi**  
 Owner & Founder,  
 Roy's Restaurant  
*Commission Expires Sept. 2015*  
*Member: Audit Committee*



**George Fertitta**  
 CEO, NYC & Company  
*Commission Expires Sept. 2015*  
*Member: Marketing Committee*



**Lynda Zengerle, Esq.**  
 Partner, Steptoe & Johnson LLP  
*Commission Expires Sept. 2013*  
*Member: Governance & Nominating Committee*



**Randy A. Garfield**  
 Pres., Disney Travel Company  
 EVP, Worldwide Sales & Travel  
 Operations, Disney Destinations  
*Commission Expires Sept. 2013*  
*Member: Marketing Committee*



**Tom Klein**  
 President, Sabre Holdings  
*Commission Expires Sept. 2014*  
*Chair: Audit Committee*  
*Member: Governance & Nominating Committee*





## Executive Leadership



**Chris Thompson**  
President & CEO



**Anne C. Madison**  
Chief Communications  
Officer



**Donald Richardson**  
Chief Financial Officer



**Tom Garzilli**  
Senior Vice President,  
Partnership Marketing  
& Services



**Alfredo Gonzalez**  
Senior Vice President  
Global Partnership  
Development



**Michael Carroll**  
Vice President,  
Marketing



**Mary Ellen Curto**  
Vice President,  
Operations



**Amir Eylon**  
Vice President,  
Partnership  
Development & Services



**Jay Gray**  
Vice President, Global  
Business Development



**Karyn Gruenberg**  
Vice President,  
Partnership Programs



**Carroll Rheem**  
Vice President, Global  
Research & Analytics



## Connect with Us

### Social Media Channels

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

#### TRAVEL INDUSTRY INFORMATION

**@BrandUSA** on Twitter

#### CONSUMER INFORMATION

**@DiscoverAmerica** on Twitter

**Facebook.com/DiscoverAmerica**

**YouTube.com/DiscoverAmerica**

### Web Sites

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

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





[DiscoverAmerica.com](http://DiscoverAmerica.com)

## Brand USA

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