

FY 2021

# ANNUAL REPORT

October 1, 2020 –  
September 30, 2021

ST. LOUIS,  
MISSOURI



[VisitTheUSA.com](https://www.visittheusa.com)

Brand USA

# ABOUT THIS REPORT

Brand USA submits this report for Fiscal Year 2021 (FY2021) 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, 2020 through September 30, 2021.



VisitTheUSA.com

**Brand USA**

SENECA ROCKS, WEST VIRGINIA

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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. visa and entry policies, Brand USA began operations in May 2011.

International travel is one of the best levers for driving economic growth in the United States. According to the U.S. Department of Commerce, international visitors support 1.1 million American job and benefits virtually every sector of the U.S. economy. Since its founding, Brand USA has worked with thousands of 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.

For the nine years from FY2013 through FY2021, including two years impacted by a near complete halt to global travel, the cumulative results of Brand USA's marketing efforts totaled:

- **7.7 million** incremental international visitors to the USA who spent
- Nearly **\$25.5 billion** on travel and fare receipts with U.S. carriers, and generated
- **\$7.3 billion** in federal, state, and local taxes, which delivered
- **\$55.8 billion** in total economic impact, and has supported, on average
- More than **40,000** incremental jobs each year
- The nine-year results equate to an average marketing **ROI of 25:1** and an overall **ROI of 22:1**
- Importantly, approximately half the jobs supported are outside the travel and tourism industry, including manufacturing, construction, finance, retail, and more

Brand USA's operations are supported by a combination of nonfederal 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 and partner information about Brand USA, please visit [TheBrandUSA.com](https://www.TheBrandUSA.com).

For information about exceptional and unexpected travel experiences in the United States, please visit Brand USA's consumer website [VisitTheUSA.com](https://www.VisitTheUSA.com).



# LETTER FROM THE CHAIR OF THE BOARD

The travel and tourism industry's importance to our national economy and employment was certainly felt during Fiscal Year 2021, which ended on September 30, 2021. It was a year we also demonstrated the importance of bringing all travel sectors together for our collective benefit and for the benefit of our individual stakeholders in order to be well positioned coming out of this global disruption.

The FY2021 Annual Report to Congress highlights Brand USA's successes and key activities throughout this past fiscal year. Despite the devastating impacts from the pandemic, Brand USA guided stakeholders and kept global audiences and partners engaged while developing programs that began rebuilding demand when the time was right. In particular, Brand USA made significant progress helping U.S.-based communities and businesses stay connected with the global travel trade and media, crucial partnerships to reentering international markets for the long term.

The pandemic has had a devastating effect on global travel and tourism, adversely impacting communities, businesses, and individuals that rely on international visitor spending. Data released from the U.S. Department of Commerce reveal that total economic output generated by travel and tourism in 2020 decreased by more than 50% year-over-year. More stunning still is that this decline in travel and tourism output accounted for more than half of the decline in U.S. GDP (56%) and more than a third of total employment decline (34.2%) in 2020. These data are a reminder the travel sector plays an important role in the vitality of economies at the local, state, and national levels.

The international segment is particularly valuable because international visitors, on average, spend more time and money and visit more places than domestic travelers. In 2019, U.S. travel and tourism exports were \$239.4 billion, accounting for 9.5% of all U.S. exports and 27.3% of services exports. By comparison, in 2021, U.S. travel and tourism exports of \$80.9 billion accounted for 3.2% of all U.S. exports and 10.5% of services exports. U.S. borders reopened to vaccinated travelers in November 2021, and while international arrivals have demonstrated extraordinary resilience, they remain below 2019 levels. For example, the Commerce Department reported March 2022 overseas visitation to the United States totaled 1.4 million arrivals, a 236% increase over March 2021 yet still down 52.2% compared to March 2019.

Brand USA was created more than a decade ago to bring industry partners together to enhance our collective competitive impact while inspiring global travelers to visit the USA. I am proud of the work Brand USA continues to do during the most trying of times to position the country for international tourism growth, and I'm optimistic about the outlook for this industry and this country as we work together to welcome the world back to experience all the USA has to offer.

Alice Norsworthy  
Chair of the Board



**ALICE NORSWORTHY**

BRAND USA BOARD CHAIR,  
PRESIDENT OF GLOBAL MARKETING,  
UNIVERSAL PARKS AND RESORTS

# LETTER FROM THE PRESIDENT AND CEO

Brand USA's annual report to Congress for Fiscal Year 2021 (October 1, 2020 – September 30, 2021) captures the highlights, spirit, and results of Brand USA's activities in FY2021. During a full fiscal year with global travel largely on hold, Brand USA continued to reach consumers the world over, add and create value for partners, and drive results for the U.S. economy. It would not be until November 2021, after the conclusion of the fiscal year, that the United States reopened its borders to the world of vaccinated travelers.

Throughout a year characterized by uncertainty, Brand USA continued to achieve success against key responsibilities and strategic imperatives. The organization maintained programmatic and financial discipline in adherence with its FY2021 business framework and gating criteria as it navigated a rapidly changing health and travel policy outlook. While remaining in a state of readiness, Brand USA kept stakeholders apprised of the latest market intelligence and built critical infrastructure to keep the U.S. travel industry engaged with global distribution and media networks. Brand USA also kept consumers travel dreaming through inspirational content and expanded distribution through strategic partnerships.

Midway through FY2022, COVID-19 continues to shift from a pandemic to an endemic phase. Brand USA has developed a comprehensive approach to rebuild traveler confidence, stimulate demand, and welcome the world back to our shores. We will implement a series of marketing strategies that include inspiring storytelling, compelling partnership opportunities, and a deeper engagement with tour operators and travel agents. From pioneering platforms like GoUSA TV and Brand USA Global Marketplace, to tour operator co-ops and fam trips, there is a mutually beneficial path ahead as we collectively rebuild global connections.

By enacting the Restoring Brand USA Act as part of the Consolidated Appropriations Act of 2022, Congress and the Biden administration have ensured the U.S. travel industry has the resources to bring back the high-value international segment of the travel economy and achieve a full recovery, sooner than later. As more of the world opens back up and air routes come back online, this funding will help the United States attract its share of the competitive global travel market. This will translate directly into economic growth, quality jobs, and tax revenues in communities throughout the nation.

We continue to live and work in extraordinary times and all of us, including the travel space, must remain cognizant and respectful of events like the Russian invasion of Ukraine that will shape cross-border flows and global structures for years to come. But what hasn't changed is the innate human desire to explore and connect across languages and boundaries. Together, we will define what the next normal looks like.

Together, we are marketing the USA!

Christopher L. Thompson  
President and CEO  
Brand USA



**CHRISTOPHER L. THOMPSON**

PRESIDENT & CEO,  
BRAND USA

A night scene at a festival in Austin, Texas. In the foreground, several people are seen from behind, clapping their hands. The background is filled with a large crowd of people dancing and socializing under colorful stage lights. A large tree is visible on the right side of the frame, and a building is visible in the distance. The overall atmosphere is festive and lively.

# SITUATIONAL OVERVIEW

AUSTIN, TEXAS

# SITUATIONAL OVERVIEW

## INBOUND VISITATION

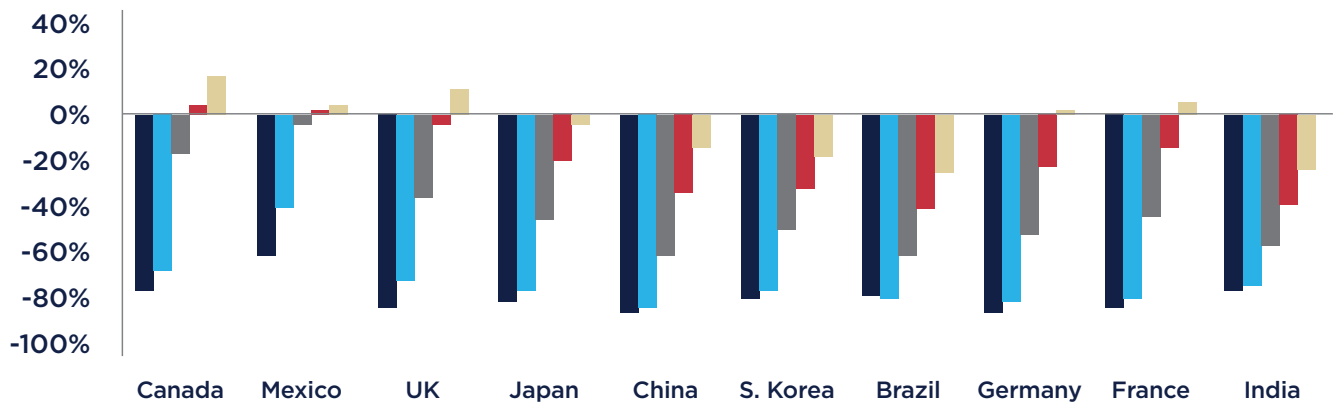
According to the U.S. Department of Commerce, the United States welcomed 22.1 million visitors in 2021, reflecting a 15% increase over 2020. International arrivals to the United States are not expected to reach 2019 pre-pandemic levels until 2024, according to Tourism Economics forecasts.

In 2021, visitation from overseas and from Mexico registered year-over-year growth, while arrivals from Canada declined compared to 2020. As visitation to the United States continues to rebound, expect to see higher growth rates in Canada and overseas visitation in the upcoming years as those markets experienced a steeper decline in 2020 than Mexico.

### U.S. INTERNATIONAL INBOUND VISITATION AND YOY CHANGE (%)

#### Inbound travel recovery by top 10 markets, United States

% difference from 2019 levels



Source: Tourism Economics

■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024

## GATING CRITERIA

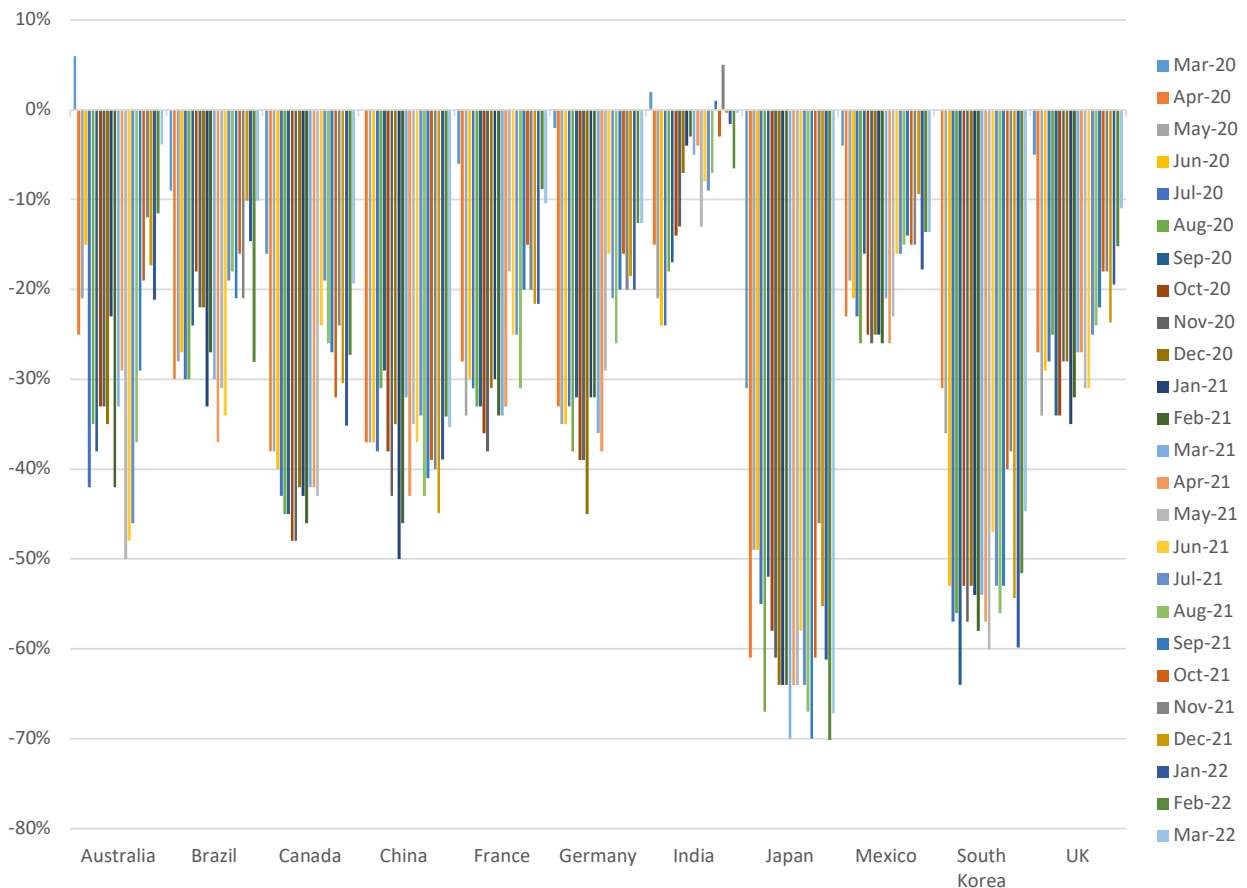
During FY2021, Brand USA remained in a state of readiness as COVID-19 continued to restrict global travel. As part of this strategic framework, Brand USA monitored core market performance against key metrics designed to determine the timing for a return to paid marketing activities. An interactive dashboard summarizing the key indicators is available on [Brand USA's COVID-19 Indicator Dashboard](#). The performance of Brand USA's gating criteria during FY2021 is described below.

# CONSUMER SENTIMENT

Brand USA has been going into the field on a monthly basis since the beginning of the pandemic to understand consumer sentiment regarding international travel in 11 top source markets. In addition, Brand USA has been tracking consumer sentiment regarding international travel, specifically international travel to the USA, in those 11 markets for a number of years. This has allowed the organization to assess the impact of COVID-19 on intent to travel as compared to pre-pandemic intent to travel internationally.

Travelers around the world have started to express a greater desire to travel as the number of COVID-19 cases decline, vaccinations increase, and travel restrictions are eased. However, as the chart below displays, the likelihood to travel internationally in the next 12 months is still below pre-pandemic levels. The intent to travel will fluctuate as new variants of the virus arise and new travel restrictions are put into place. Nonetheless, potential travelers are trying to adhere to scheduled travel plans and travel with precautions, when allowed.

## LIKELIHOOD TO TRAVEL INTERNATIONALLY IN THE NEXT 12 MONTHS (% CHANGE OVER 2019 AVERAGE)



Base: All respondents

Source: Engine/ORC custom study

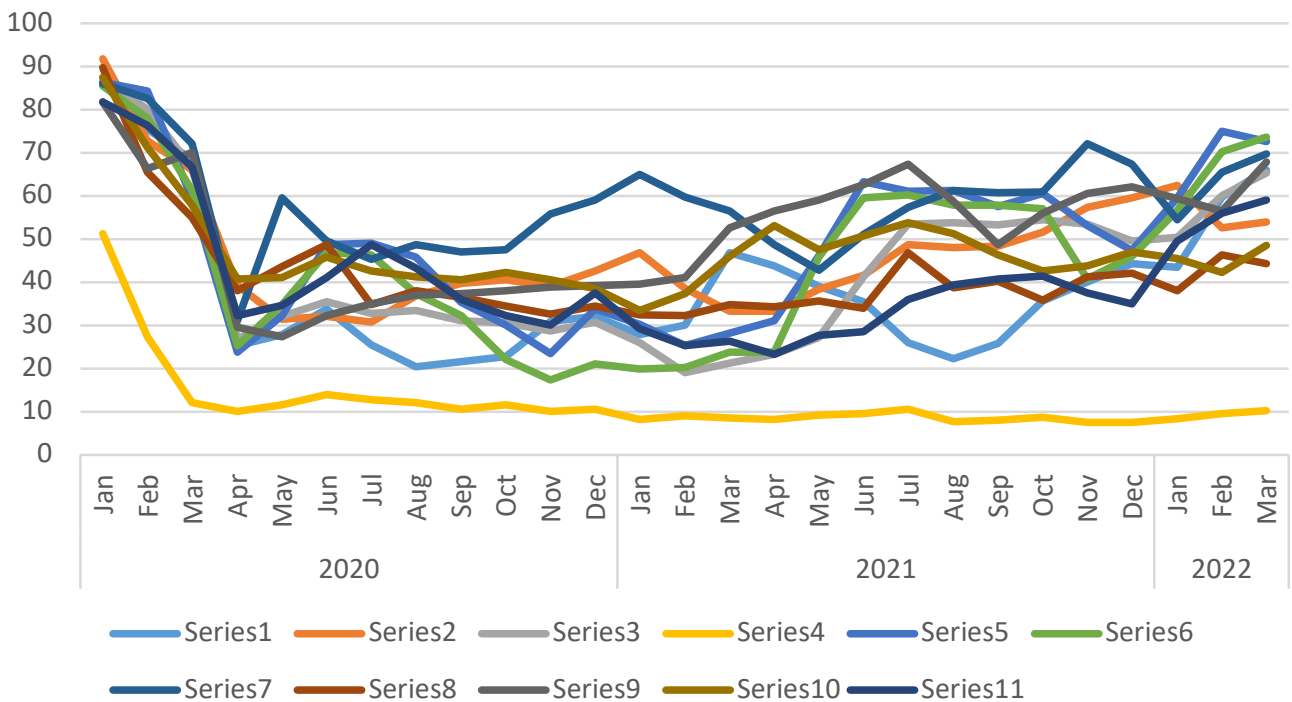


# CONSUMER BEHAVIORAL INDICATORS: GENERAL SEARCH

Brand USA research has shown that potential travelers use general search engines as part of their wanderlust and travel planning. Google Trends data provides access to real-time search requests and an analysis of all searches of all topics on Google relative to the site's total search volume over a given period of time. The data is indexed to 100, where 100 is the maximum search interest for the time and location selected.

Google supports aggregation of terms under a specific topic, which refers to the collection of search terms related to the topic. As part of its gating criteria, Brand USA has been tracking the frequency of “flight” as a topic. As seen in the graph below, there was a steep drop in the search for “flight” in March and April 2020, as the pandemic started, and has remained at lower levels. However, it is important to highlight that the levels seen in FY2021 were slightly higher than the previous year, mainly during the summer months.

## GOOGLE “FLIGHT” TOPIC INDEX



Source: Google Trends

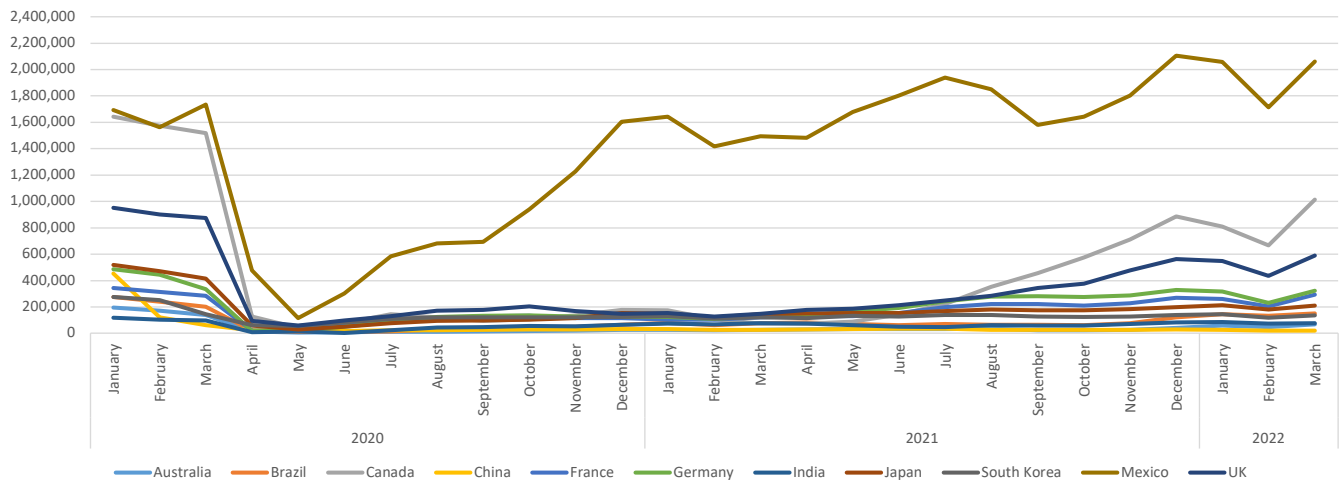


LAS VEGAS, NEVADA

## INBOUND FLIGHT SEAT CAPACITY

The pandemic's impact has been felt in every sector of the economy. Within the travel industry, the scheduled seat capacity has been one of the starkest reminders of its impact. The chart below shows seat capacity drastically declined in April 2020 and only started to tick upwards in the fourth quarter of FY2021 and into the first quarter of FY2022. The notable outlier is Mexico, which saw smaller declines in air capacity and began to recover sooner. However, it is important to highlight that even though inbound visitation from Mexico reported moderate growth in 2021, the increase in the air capacity from Mexico is largely a reflection of U.S. citizens returning home from travels to Mexico.

### SCHEDULED INBOUND SEAT CAPACITY



Source: Sabre



# FY2022 HIGHLIGHTS

# FY2021 HIGHLIGHTS

**During FY2021, Brand USA followed a path to maintain organizational integrity while pursuing key objectives during a year characterized by unprecedented circumstances.**

The organization maintained programmatic and financial discipline in adherence with the FY2021 business framework and gating criteria. Brand USA remained in a state of readiness for the full fiscal year, continuing to add and create measurable value for partners and affect key trade and consumer segments.

It was critical for Brand USA to enter and maintain a state of readiness for three primary reasons. First, there remained important work to be done to keep the U.S. travel industry connected with the world of travel trade and media that link customers to destinations and products. Simply waiting out the pandemic to restart all activities was not an option. Second, certain functions, such as the global network of in-market representation as well as digital and social infrastructure, needed to remain intact to ensure business continuity and the ability to scale activities back up quickly when conditions improved. Third, perhaps most importantly, it was important to conserve resources to be able to launch and sustain a robust recovery campaign when gating criteria were met.



BATSTO LAKE, NEW JERSEY

## KEY ACTIVITIES IN A STATE OF READINESS

### RESEARCH AND REPORTING

By monitoring consumer sentiment across the top 11 source markets, insights were extracted to inform Brand USA's position and help its partners and stakeholders make sound decisions. While intent to travel remained stable throughout the year, by the end of September a positive increase across the majority of markets was observed. Three research webinars were conducted as part of the ongoing series of sentiment programming during the pandemic. This information was integrated across Brand USA presentations at industry events throughout the year and used to update the COVID-19 Indicator Dashboard on thebrandusa.com.



NEWPORT,  
RHODE ISLAND

## ORGANIC CONTENT AND DISTRIBUTION

During the state of readiness, Brand USA continued to hold off on media buys, with limited exceptions for certain partner marketing activities (see below). Instead, Brand USA focused on delivering compelling and inspirational storytelling directly to millions of consumers across 11 key markets.



**1,674**  
POSTS  
PUBLISHED



**850+**  
DESTINATIONS  
FEATURED



**39,283,323**  
IMPRESSIONS



**873,915**  
ENGAGEMENTS



**7,677,728**  
FOLLOWERS

## ADDY AWARDS

### LOCAL

- GOLD Online Film, Video & Sound, Internet Commercial Single Spot**  
Discover Wyoming in Winter
- GOLD Online/Interactive, Websites, Microsites**  
United Stories Microsite
- GOLD Elements of Advertising, Film & Video, Single Cinematography**  
Discover Wyoming in Winter
- GOLD Mosaic Award (Websites) - United Stories Microsite**

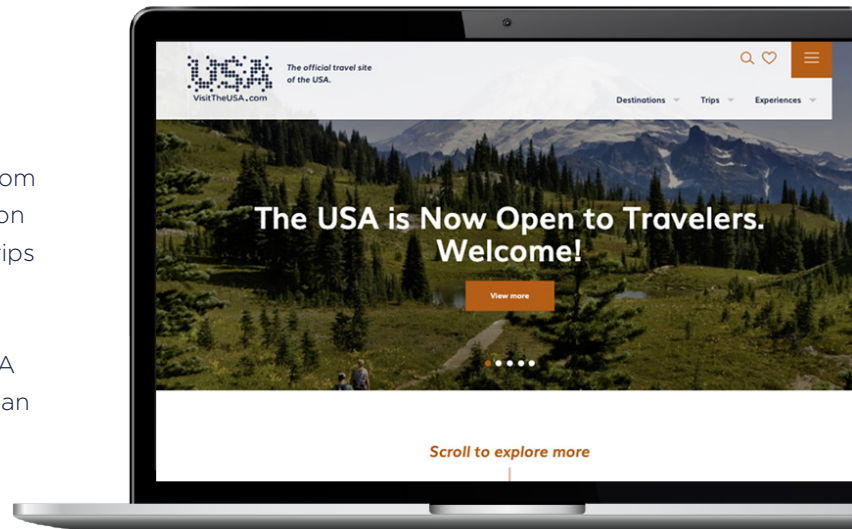
### NATIONAL

Brand USA won its first national **GOLD ADDY** award in the cinematography category



## VISIT THE USA DIGITAL PLATFORMS

Brand USA's consumer websites VisitTheUSA.com and GoUSA.com continued to provide inspiration and ideas to those dreaming of and planning trips to the USA. The sites saw a significant increase in traffic throughout FY2021, recording more than 7.2 million pageviews. On the Visit The USA YouTube Channel, consumers watched more than 8,600 hours of video content.





FONDREN,  
MISSISSIPPI

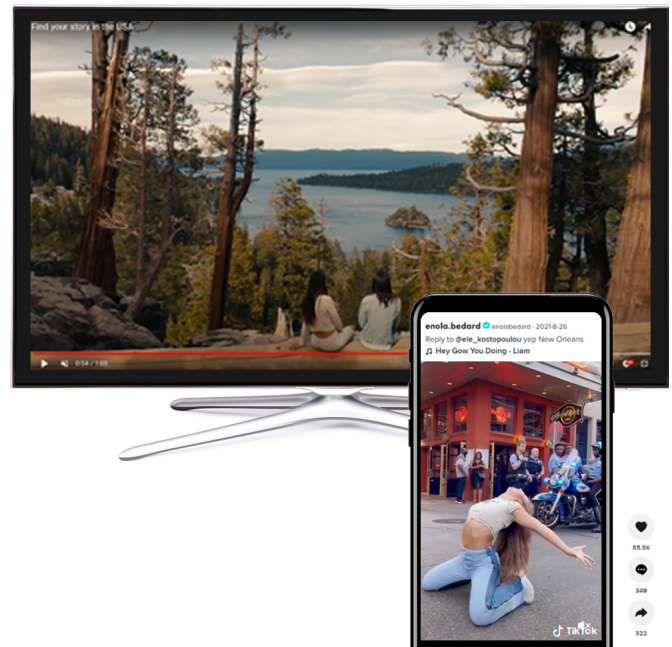
## UNITED STORIES RECOVERY CAMPAIGN

A soft launch of the United Stories Recovery Campaign was created and premiered during the state of readiness. The launch occurred at IPW in September and included a hero video of the next evolution of United Stories. The latest iteration of this campaign focuses on reconnecting and uniting people through travel to the USA and highlights the amazing diversity of the people, places, and unique experiences that make the USA the world's most aspirational destination. Production also continued on United Stories. Seven trips covered 20 states and 50-plus destinations and generated captivating content that will welcome back the world and remind audiences of the endless possibilities in the USA.



## INFLUENCER PROGRAM

Starting in Q4 Brand USA hosted five influencers from Canada and Mexico who visited Mississippi, Louisiana, and California. The content created by these influencers was leveraged across multiple platforms to start instilling confidence in travelers and prove that the USA is ready to welcome them safely. In FY2022, an additional 23 influencers from Canada and Mexico as well as the UK will go on road trips across 16 states exploring the endless geographic, experiential, and emotional possibilities the USA has to offer.



## INTEGRATING DIVERSITY AND INCLUSION

Brand USA initiated a call to partners to share local stories that demonstrate the diversity of the USA. This always-on initiative provides a platform for culturally rich, partner-developed content. It boosts positive perceptions of the USA among international consumers and fosters stronger connections between locals and visitors. Bringing together the diverse voices, businesses, cities, and neighborhoods that comprise the USA showcases the rich tapestry of the country. Partners can submit content such as itineraries, articles, lists, and other written accounts as well as photos and photo galleries, completed short- and long-form videos, and b-roll footage all focusing on the diversity of their destinations, businesses, and attractions. Through the end of the fiscal year, Brand USA received over 1,000 content submissions from partners that can be leveraged across marketing platforms.

## GOUSA TV

Brand USA's connected television network features premier created, curated, and licensed programming to entertain and entice travelers to visit the USA. GoUSA TV storytelling showcases the vast variety of experiences available to travelers, whether they are seeking road trips, the great outdoors, urban culture, culinary delights, or attractions. GoUSA TV carries more than 100 hours of shows, including 47 series and seven feature films covering every state and territory in the USA. It is available via linear channels and on-demand apps. More licensed and original shows are expected by early 2022. In 2021:

- Viewership was up year-over-year across all channels – over-the-top services, mobile app, YouTube, Samsung TV Plus, and Plex.
- Platform growth and content distribution expanded to include ReachTV, the largest airport television network in the USA, and the Go Transit public transportation mobile app, serving the Greater Toronto Area.

**GoUSA TV**

**ACROSS ALL CHANNELS**



**117,933,422**  
VIEWS



**100.8M**  
MINUTES  
WATCHED



**NEARLY**  
**20 MINS**  
PER VIEW



## BRAND USA GLOBAL MARKETPLACE

Brand USA Global Marketplace is a virtual platform designed to connect the U.S. travel and tourism industry with a global network of qualified travel trade and media. The primary purpose of the platform is to facilitate one-to-one business meetings between U.S. travel organizations and international travel trade and media. In FY2021, Brand USA deepened and expanded the use of the platform, hosting a virtual Brand USA Travel Week Europe in October 2020 and an additional 20-plus events. This allowed facilitating over 5,000 one-to-one business meetings, hosting more than 3,000 event attendees, and serving partners in more than 29 countries. These events ranged from B2B meetings to educational sessions to partner-hosted events. Brand USA Global Marketplace became a true central meeting point for supplier and buyer partners alike and will continue to be an important tool even as face-to-face meetings resume.



## TRAVEL TRADE ENGAGEMENT

Brand USA's in-market teams remained connected to the global travel trade industry and helped maintain interest in travel to the USA. In FY2021, Brand USA trained nearly 28,000 agents and maintained a keen interest in the USA Discovery Program, Brand USA's online training platform, with more than 35,000 users from nearly a dozen international markets.







## PARTNER PROGRAMS

Cooperative marketing allows Brand USA to weave together the many stories and voices highlighting the diverse travel experiences – the great outdoors, music and culture, indulgence, and urban excitement – throughout the United States in a cohesive and compelling way. Local partners have the best understanding of what makes their place unique, and Brand USA has the channels and platforms to deliver those messages directly to global consumers. After adjusting, monitoring, and prioritizing during 2020 and early 2021, Brand USA relaunched its premier partner engagement program in four core markets: Canada, Germany, Mexico, and the UK. The campaigns featured content promoting travel to a wide range of destinations across all six regions of the country, including major cities like Chicago, San Francisco, and Miami; smaller towns like Houma, Louisiana, Owensboro, Kentucky, and Frankenmuth, Michigan; and amazing parks like Glacier National Park, Montana, Goblin Valley State Park, Utah, and Niagara Falls State Park, New York.

## GLOBAL INSPIRATION PROGRAM

As Brand USA looked to borders reopening, the Global Inspiration Program relaunched late in FY2021. It featured 175 partner destinations and garnered 26.8 million digital impressions in Canada and the UK.

## MY DESTINATION STORY

By engaging partners of all sizes, Brand USA is able to highlight iconic points of interest and small-town gems in ways that appeal specifically to international visitors. The My Destination Story video format features unique storytellers sharing experiences through their own lens, centering around illustrating personal connections. This format was developed specifically for robust social distribution and created with partners in mind.



## EARNED MEDIA

Public relations is an important component of the destination promotion toolbox. This has been particularly true over the past year and a half as it has been important to keep the USA top of mind among consumers and trade despite not spending on paid media. During FY2021, Brand USA continued to pitch key global and market-specific media on topics ranging from themes such as road trips and culinary delights to Brand USA programs like GoUSA TV to interesting consumer hooks including World Book Day and Pride Month. By the end of the year, Brand USA also issued a request for proposals and onboarded a new global PR agency to help integrate communications across all stakeholder audiences, including consumer, trade, and domestic.



**133,835,247**  
IPW IMPRESSIONS  
EARNED



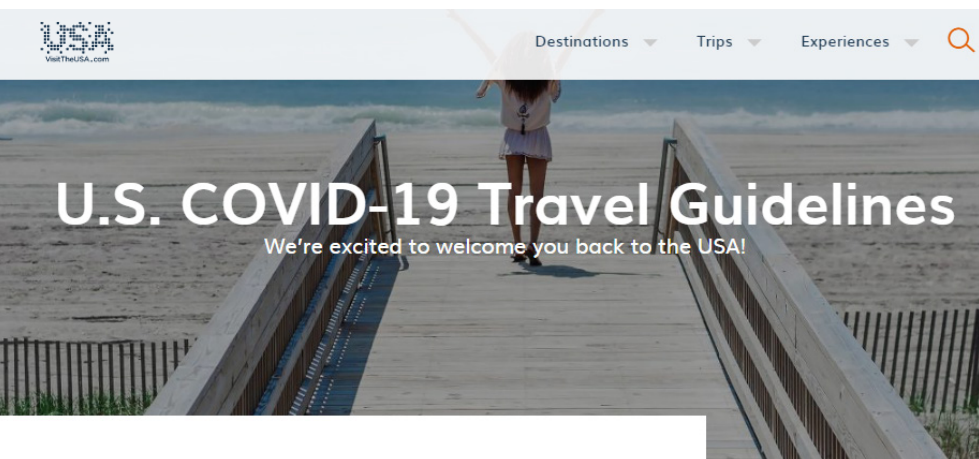
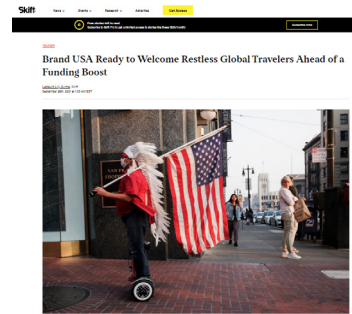
**1,609,972,405**  
GLOBAL CONSUMER  
IMPRESSIONS EARNED



**849 STORIES**  
FEATURING AN AVERAGE OF THREE  
DESTINATIONS PER STORY

## COMMUNICATING TRAVEL POLICY

Throughout FY2021, Brand USA continued to help consumers, travel trade, media, and domestic partners sort through a complicated and changing set of travel policies and procedures. Everything from market-specific restrictions to voluntary border closures to testing and masking mandates were primarily tracked and communicated through digital and events platforms. This information also linked to specific state and company pages to help consumers navigate the particulars of their local destination. While this task has taken on even more importance early in FY2022, it was an important role Brand USA helped fill during the height of the pandemic.



The wait is over. The USA is now open to vaccinated travelers.





ATLANTIC CITY, NEW JERSEY

## PUBLIC-PRIVATE PARTNERSHIP

Brand USA continued to engage with federal partners to enrich and provide expertise for programming. This included hosting eight federal agencies in the Federal Industry Pavilion on the Brand USA Global Marketplace. Agencies provided market, product, and policy updates at five events on the platform. There was also involvement with several in-person, virtual, and hybrid events sponsored by the U.S. Commercial Service. These events included “Discover America: A Study Destination,” which hosted more than 400 students and families in Beijing; two travel agent training webinars in Manila with nearly 1,000 industry professionals from across ASEAN; and Discover America Day Panama with nearly 250 tour operators, travel agents, and media from across Latin America.

## PUBLIC SPEAKING AND PRESENTATIONS

Brand USA representatives are thought leaders and industry experts who are sought after speakers. Brand USA's voices help shape the conversation around recovery of international travel to the USA. Ten Brand USA leaders participated as keynote speakers and panelists at approximately 35 industry events for local, state, national, and global audiences.

**TRAVELWEEKLY**  
NEWS IN DEPTH DESTINATIONS MEDIA COMPETITIONS ABOUT US EVENTS JOBS

< News

### US administration aims to 'restore competitiveness' as borders reopen



**WHERE BRAND USA  
MARKETS:  
PEOPLE,  
PLACES AND  
CHANNELS**

KETCHUM, IDAHO

## MARKET SELECTION

Brand USA focuses on the markets, target populations, and media channels that allow it to optimize performance in line with the mission of growing international arrivals and spending.

Each year, Brand USA analyzes the global travel landscape to concentrate consumer 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 10-factor market selection model to determine the markets where it will focus its consumer campaigns each year and the optimal level of investment to achieve the most incremental growth potential.

International travel behavior and macroeconomic data are heavily weighted as part of the target markets analysis. Other important factors are also considered, such as civil liberty, wealth distribution, and ease of doing business.

While the markets Brand USA targets in any given year often align with the largest source markets for U.S. arrivals, the model does not include the volume of arrivals.

As COVID-19 began to spread around the world, Brand USA adjusted its approach over the course of 2020 to highlight the implications of the pandemic above typical selection and prioritization criteria. Beginning in March 2020, Brand USA published a series of gating criteria to determine when conditions at home and in each of the primary target markets would warrant additional marketing activities and ultimately the launch of a recovery campaign. Throughout FY2021, Brand USA continued to track progress against these criteria in lieu of the standard selection and prioritization model.

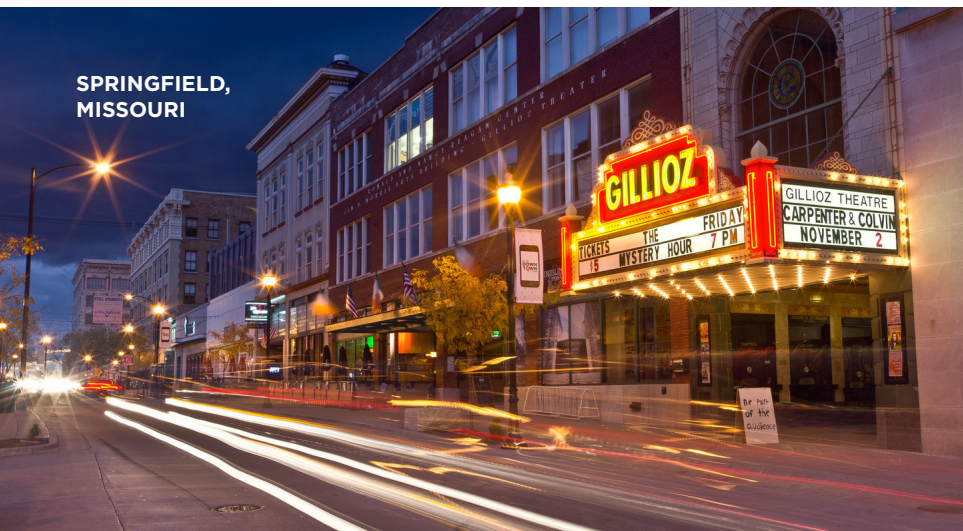
## MARKET SELECTION MODEL



# TARGET TRAVELER POPULATIONS

The traveler segments, or populations, Brand USA targets in a normal year vary by market (based on opportunities in those markets). As a general rule, marketing typically targets adults aged 25 to 59 who are affluent educated travelers. Media and messaging are then aligned to market-specific characteristics, such as cultural preferences and historical response to previous marketing efforts. Because the target markets with the greatest growth potential have varying levels of consumer demand and commercial development, most require a market-specific approach.

Based on the varying phases of familiarity and affinity for travel to the USA in any given market, Brand USA typically deploys its marketing activity with the objective of positively influencing travelers within specific stages of the travel lifecycle. Although each market has a designated primary target phase, execution is not limited to just that phase or media type.



SPRINGFIELD,  
MISSOURI



CLARKSDALE,  
MISSISSIPPI



WASHINGTON, D.C.



LAKE CHARLES, LOUISIANA

## MEDIA CHANNELS

Brand USA uses a range of media for its marketing and promotional activities. Media allocation primarily focuses on the preferred media channels of target audiences and the cost efficiency of ad units and other marketing expenditures in each market. However, Brand USA also considers other added-value opportunities to leverage or amplify media spend in target markets through joint campaigns, contributed media, scaled discounts, and social media uplift. These factors are applied after the general allocation structure is determined and are used to optimize marketing among specific providers.

The total expenditure and ratio of media channels deployed in each market during FY2021 are detailed in the following charts.

### MEDIA OPTIMIZATION: EXPENDITURES BY MARKET AND MEDIA TYPE

Country	Digital	OOH	Print	Trade Show	TV	Multi-media/ Infrastructure	Spend*
Australia	\$493,840	\$0	\$0	\$0	\$0	\$329,227	\$823,067
Brazil	\$0	\$0	\$0	\$0	\$0	\$53,286	\$53,286
Canada	\$1,923,918	\$0	\$0	\$0	\$45,269	\$294,246	\$2,263,433
China	\$395,895	\$0	\$0	\$0	\$0	\$365,442	\$761,337
France	\$249,325	\$0	\$0	\$0	\$0	\$162,208	\$411,533
Germany	\$408,377	\$0	\$6,453	\$943	\$0	\$201,528	\$617,300
India	\$56,904	\$0	\$0	\$0	\$0	\$190,016	\$246,920
Japan	\$94,653	\$0	\$0	\$0	\$0	\$8,231	\$102,883
Mexico	\$2,001,022	\$0	\$32,166	\$0	\$0	\$1,053,312	\$3,086,500
South Korea	\$177,997	\$0	\$0	\$0	\$0	\$94,780	\$272,777
UK	\$917,938	\$0	\$14,027	\$1,874	\$82,806	\$1,041,022	\$2,057,667
Global/Other Markets	\$1,857,384	\$0	\$3,984,793	\$404,995	\$32,888	\$3,599,903	\$9,879,963
<b>Total Marketing</b>	<b>\$8,577,251</b>	<b>\$0</b>	<b>\$4,037,439</b>	<b>\$407,811</b>	<b>\$160,963</b>	<b>\$7,393,202</b>	<b>\$20,576,666</b>
<b>Communications and Research</b>							<b>2,646,360</b>
<b>Overhead</b>							<b>11,725,293</b>
<b>Total Operating Budget</b>							<b>\$34,948,319</b>

\*Individual figures may not add to total due to rounding



ASHEVILLE, NORTH CAROLINA

## MEDIA OPTIMIZATION: EXPENDITURES BY MARKET AND MEDIA TYPE

Country	Digital	OOH	Print	Trade Show	TV	Multi-media/ Infrastructure	Total*
Australia	6%	0%	0%	0%	0%	4%	4%
Brazil	0%	0%	0%	0%	0%	1%	0%
Canada	22%	0%	0%	0%	28%	4%	11%
China	5%	0%	0%	0%	0%	5%	4%
France	3%	0%	0%	0%	0%	2%	2%
Germany	5%	0%	0%	0%	0%	3%	3%
India	1%	0%	0%	0%	0%	3%	1%
Japan	1%	0%	0%	0%	0%	0%	0%
Mexico	23%	0%	1%	0%	0%	14%	15%
South Korea	2%	0%	0%	0%	0%	1%	1%
UK	11%	0%	0%	0%	51%	14%	10%
Global/Other Markets	22%	0%	99%	99%	20%	49%	48%
<b>Total Marketing</b>	<b>42%</b>	<b>0%</b>	<b>20%</b>	<b>2%</b>	<b>1%</b>	<b>36%</b>	<b>100%</b>

\*Individual figures may not add to total due to rounding

Digital channels were the largest single media type used for marketing and advertising activities during the year and encompass a variety of executions, including search, display, social media, online video, and email.

Brand USA proprietary research and industry studies indicate that digital channels are the most frequently used information source for consumer travel decision-making. These channels also allow for more effective consumer engagement through inspirational and authentic content. Importantly, as Brand USA has allocated more marketing spend to digital channels, the organization has continued to optimize content marketing and storytelling strategies.



# EMERGING MARKETS

Brand USA typically deploys marketing resources and programs across a combination of established and emerging markets. While individual destinations within the United States have varying levels of exposure across markets, at the national level, Brand USA considers emerging markets to be those outside of the top five inbound markets that are expected to grow significantly over the next ten years. In these markets, Brand USA's infrastructure makes it possible for broad swaths of the travel industry to reach potential visitors that would be challenging for most organizations to reach on their own.

In light of the pandemic and its disruption of travel and economic trends, Brand USA primarily focused on Canada, Germany, Mexico and the U.K. However, certain activities like Brand USA Travel Week Europe continued to engage emerging markets such as Croatia and Poland. As the global travel industry recovers from the pandemic, emerging markets will continue to be an important driver of that recovery as we move towards the next normal.

In FY2021, Brand USA helped organize and provide content for several digital and in-person industry engagements around the world, including Discover America Day workshops in Peru, a screening of America's Musical Journey in Panama, and a series of agent trainings with reach across the ASEAN-region, which are pictured below.



A night scene in a snowy forest. In the foreground, a yellow and blue tent is illuminated from within, casting a warm glow. The ground is covered in snow, and a pair of dark boots is visible in the snow near the tent. In the background, a dense forest of evergreen trees is silhouetted against a vibrant green aurora borealis that stretches across the sky. The sky is dark and filled with numerous stars.

# PROMOTING TRAVEL TO RURAL AND URBAN AREAS

INTERNATIONAL FALLS, MINNESOTA

# ACTIVITIES TO PROMOTE TOURISM IN RURAL AND URBAN AREAS

The Travel Promotion Act requires Brand USA to promote tourism to rural and urban areas equally, including areas not traditionally visited by international travelers. While the ratio of rural and urban areas promoted varies by program, Brand USA meets the requirement through the combined total of its marketing initiatives to consumers and the travel trade.

## PROMOTION TO RURAL AREAS

Even while international travel to the United States was largely restricted, Brand USA inspired international visitors to go beyond the gateway cities in the United States to find the endless travel opportunities that exist in small towns, coastal beaches, and quaint villages nationwide.

**Examples of how Brand USA promoted international travel to rural areas in FY2021 included:**



Brand USA created, curated, and licensed content to harness the power of entertainment to motivate people to actively consider a USA destination for their next vacation. Through strategic partnerships with Samsung TV Plus, Reach TV, Go Transit, Plex, and others, GoUSA TV extended its global reach to over 200 million potential viewers in FY2021.



Brand USA's consumer websites promote urban and rural destinations. Content focuses on a broad range of experiences that link urban and rural destinations to gateway cities.

## MULTI-CHANNEL PROGRAM

The multichannel program takes consumers through the travel funnel from inspiration to consideration to activation. In the fall of 2021, Brand USA resumed multichannel programs in Canada, Mexico, Germany, and the UK by featuring 75 rural and urban destination partners in Canada, Germany, Mexico, and the UK.





## GLOBAL MARKETPLACE

Brand USA Global Marketplace is a custom-built, always-on, virtual platform that provides comprehensive access to U.S. destinations, attractions, and points of interest for the international travel and tourism industry. Since its launch in the first quarter of FY2021, the platform has facilitated over 5,000 one-to-one meetings, hosted over 3,000 event attendees, and served partners in nearly 30 international markets.



## DISCOVERY PROGRAM

The USA Discovery Program is Brand USA's official online training tool focused on the diverse destinations and experiences available in the USA to inspire and help the travel industry get accredited as USA Specialists. These USA Specialists are better prepared to help international visitors consider lesser known destinations as part of their travel plans.

## USA INSIDER GUIDES

USA Insider Guides are multi-night itineraries developed in conjunction with Brand USA campaigns and promotions, market requirements, and industry trends. Brand USA currently promotes 32 self-drive itineraries to the travel trade that encourage visitation.

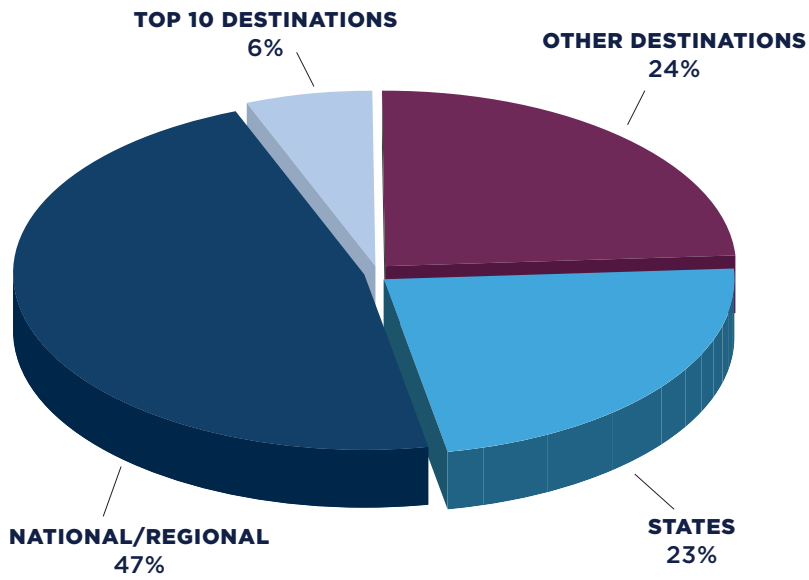
## DISTRIBUTION IN PRIMARY PROGRAMS\*

Consumer Marketing	Gateway	Urban Non-Gateway	Rural
Influencers	10%	40%	50%
Social Media	7%	29%	64%
GoUSA TV	13%	38%	50%
Cooperative Marketing Programs	2%	32%	66%

Travel Trade Programs	Gateway	Urban Non-Gateway	Rural
Brand USA Global Marketplace	7%	34%	59%
USA Discovery Program	8%	15%	77%
USA Insider Guides	2%	22%	76%

\*Individual figures may not add to total due to rounding

## WEBSITE PAGEVIEWS



## TOP 10 MARKETS

- New York City
- Los Angeles
- San Francisco
- Miami
- Orlando
- Las Vegas
- Honolulu
- Washington, D.C.
- Chicago
- Boston





# OBJECTIVES REVIEW

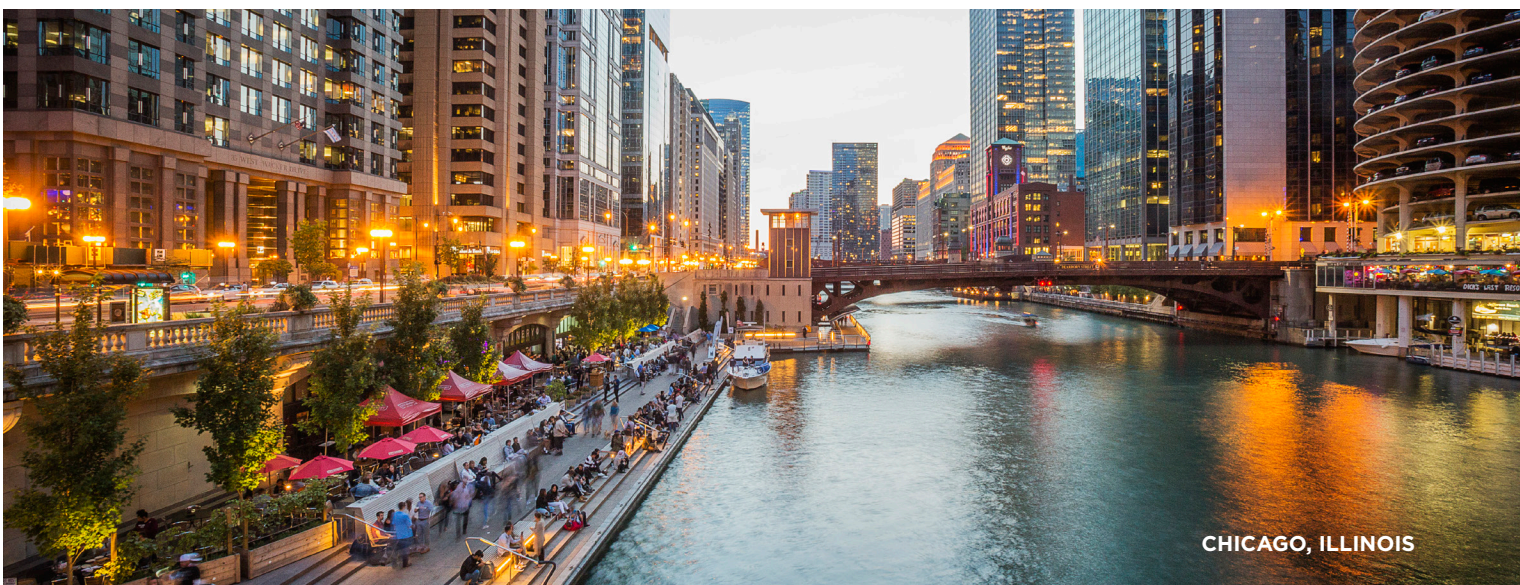
LA JOLLA,  
CALIFORNIA

# OBJECTIVES

Throughout a year characterized by uncertainty, Brand USA continued to achieve success against key responsibilities and strategic imperatives. The organization maintained programmatic and financial discipline in adherence with its FY2021 business framework and gating criteria while navigating a rapidly changing health and travel policy outlook. It was not until November 2021, after the conclusion of the fiscal year, that the United States reopened its borders to the world of vaccinated travelers.

While remaining in a state of readiness for the full fiscal year, Brand USA continued to add and create measurable value for partners and to affect key trade and consumer segments. These activities included keeping stakeholders apprised of the latest market intelligence and building critical infrastructure to keep the U.S. travel industry engaged with global distribution and media networks. Brand USA also kept consumers travel dreaming by publishing inspirational content to millions and expanding content distribution through strategic partnerships. These successes are outlined in the highlights section of this document and in the objectives reporting below. The attributable effects of these efforts during FY2021 were:

- Over 15,000 visits
- \$37 million direct spending
- \$79 million total economic impact
- \$11 million total tax receipts
- 491 jobs supported





CHICAGO, ILLINOIS

# PERFORMANCE AGAINST OBJECTIVES

Priority	Objective		Measure
#1: Spend efficiently to affect relevant factors to travel during state of readiness and prepare for a robust recovery effort	Prepare for a robust recovery with as many resources as possible	✓	<p>Brand USA maintained programmatic and financial discipline in state of readiness in adherence with FY2021 business framework.</p> <p>The organization ended the year in a strong cash position despite the downturn in revenues caused by the pandemic.</p> <p>Brand USA certifies it is in compliance with its competitive procurement policy, all organizational policies, and the Travel Promotion Act.</p>
#2: Maintain a state of readiness	Recovery campaign ready to go, including partner opportunities	✓	<p>While in a state of readiness, Brand USA prepared for, and in September premiered, a soft launch of the “United Stories” recovery campaign. This campaign focuses on reconnecting and uniting people through travel and highlighting the amazing diversity of people, destinations, and unique experiences that make the USA the world’s most aspirational destination.</p> <p>While maintaining a state of readiness, Brand USA revamped and rescheduled multi-channel programs to be launched when border openings were announced.</p>
#3: Maintain engagement with travel distribution networks	Maintain travel trade presence in key source markets to keep the USA top of mind via training, webinars, and B2B engagements	✓	<p>Brand USA remained connected to the global travel trade and helped maintain their interest in travel to the United States. In FY21 Brand USA trained nearly 28,000 agents and maintained a keen interest in the USA Discovery Program, Brand USA’s online training platform, with over 35,000 users from 10+ international markets.</p> <p>In addition, use of Brand USA Global Marketplace to keep the U.S. travel and tourism industry connected with the global network of travel trade and media deepened and expanded. In FY2021 the platform hosted a virtual Brand USA Travel Week Europe 2020 and an additional 20+ events that facilitated over 5,000 one-to-one business meetings, hosted over 3,000 event attendees, and served partners in more than 29 countries. These events ranged from B2B meetings to educational sessions and included partner-hosted events.</p>



Priority	Objective	Measure
#4: Keep the drumbeat of inspiration alive	Deploy inspirational consumer messaging through organic digital and social channels, GoUSA TV, and earned media	 <p>Brand USA continued to deliver compelling storytelling to millions of consumers across 11 key markets. This content included:</p> <ul style="list-style-type: none"> <li>• Posts published: 1,674</li> <li>• Destinations featured: 850+</li> <li>• Impressions: 39,283,323</li> <li>• Engagements: 873,915</li> <li>• Followers: 7,677,728</li> </ul> <p>Brand USA began to host influencers from Canada and Mexico toward the end of the fiscal year as a lead-in to recovery efforts</p> <p>Brand USA continued to add inspirational and entertaining content to the GoUSA TV streaming channel and expanded distribution through strategic partnerships in 2021:</p> <ul style="list-style-type: none"> <li>• Average time per session views across all platforms was 18 minutes</li> <li>• 836,555 total views to date</li> <li>• 16,811,919 total minutes watched to date</li> </ul> <p>Brand USA used public relations to keep inspiration in the headlines and travelers informed about entry policies and protocols</p> <ul style="list-style-type: none"> <li>• Global consumer impressions earned: 1,609,972,405</li> <li>• A total of 849 media hits and an average of three destinations per story</li> </ul>
#5: Help the industry maintain a state of readiness	Provide Brand USA partners and the travel and tourism industry with market intelligence and a global infrastructure to maintain a presence in the international marketplace	 <p>Brand USA continued to share proprietary research and insights from around the globe with the domestic travel industry. Regular consumer sentiment helped industry stakeholders make sound decisions. Brand USA disseminated this information through its research webinar series and COVID-19 dashboard and at industry events and speaking engagements.</p> <p>In addition, Brand USA Global Marketplace became a true central meeting point for industry partners. It will remain an important tool even with face-to-face meetings on the rebound.</p>

Priority	Objective	Measure
#6: Maintain a pulse on market and industry conditions	Track market and industry conditions to monitor gating criteria, provide value to the industry, and inform marketing messaging	 <p>Brand USA stayed current with consumer sentiment in the top 11 source markets for travel to the USA and gathered information to aid its own position and help industry stakeholders make sound decisions. Intent to travel remained encouraging during the year and September brought a positive increase in the majority of markets. Three research webinars were conducted in tandem with ongoing sentiment webinars.</p>
#7: Communicate entry policy and opening status	Maintain and disseminate a central repository of up-to-date policy and procedure information as well as critical state-, city-, and company- level opening information and health protocols	 <p>Brand USA continued to help consumers, travel trade, media, and domestic partners sort through a complicated, and at times changing, set of travel policies and procedures. Primarily through digital platforms and events, Brand USA tracked and communicated everything from market-specific restrictions to voluntary border closures to testing and masking mandates. While this task took on even more importance early in FY2022, Brand USA played an important role throughout the height of the pandemic through its communications efforts.</p>

A person wearing a bright red jacket and dark pants stands with their back to the camera, looking out over a vast, rugged landscape. The terrain is covered in snow and ice, with dark rocks scattered throughout. The sky is filled with soft, white clouds, and the overall atmosphere is serene and expansive. The text 'AUDITED FINANCIAL STATEMENTS AND NOTES' is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

# AUDITED FINANCIAL STATEMENTS AND NOTES

MATANUSKA, ALASKA



**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 900  
8350 Broad Street  
McLean, VA 22102

## Independent Auditors' Report

The Board of Directors  
The Corporation for Travel Promotion, dba Brand USA:

### Report on the Financial Statements

We have audited the accompanying financial statements of The Corporation for Travel Promotion, dba Brand USA, which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 U.S. generally accepted accounting principles; 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 auditors' 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 organization'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 organization'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, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



### **Report on Summarized Comparative Information**

We have previously audited the Corporation for Travel Promotion, dba Brand USA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

Washington, DC  
February 8, 2022

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Statements of Financial Position

September 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Assets:		
Cash and cash equivalents	\$ 49,791,517	50,762,848
Investments	27,142,025	27,158,344
Accounts receivable, net	37,007,950	18,037,016
Accounts receivable with related party	500,000	50,000
In-kind assets, net	30,066,758	21,989,699
Prepaid expenses and other current assets	4,654,498	8,757,764
Property and equipment, net	438,377	714,226
Intangible assets, net	5,554,215	6,447,475
Total assets	\$ <u>155,155,340</u>	<u>133,917,372</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 4,876,766	5,089,561
Accrued expenses and other liabilities	4,536,858	4,024,209
Total liabilities	<u>9,413,624</u>	<u>9,113,770</u>
Net assets:		
Without donor restriction	107,266,469	97,960,585
With donor restriction	38,475,247	26,843,017
Total net assets	145,741,716	124,803,602
Commitments and contingencies		
Total liabilities and net assets	\$ <u>155,155,340</u>	<u>133,917,372</u>

See accompanying notes to financial statements.

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Statement of Activities

Year ended September 30, 2021

(With summarized financial information for fiscal year 2020)

	2021			2020
	Without donor restriction	With donor restriction	Total	Total
Support and revenue:				
Travel promotion fund proceeds	\$ 34,132,132	—	34,132,132	53,966,502
Partner contributions	9,064,918	5,231,932	14,296,850	19,528,311
In-kind contributions, net	2,428,133	16,317,467	18,745,600	13,803,522
Trade show and other revenue	1,062,779	—	1,062,779	1,470,327
Sponsorships	384,431	—	384,431	453,996
Release from restrictions	9,917,169	(9,917,169)	—	—
Total support and revenue	56,989,562	11,632,230	68,621,792	89,222,658
Expenses:				
Program services	39,310,317	—	39,310,317	110,266,530
General and administrative	8,373,361	—	8,373,361	14,405,772
Total expenses	47,683,678	—	47,683,678	124,672,302
Total change in net assets	9,305,884	11,632,230	20,938,114	(35,449,644)
Net assets, beginning of year	97,960,585	26,843,017	124,803,602	160,253,246
Net assets, end of year	\$ 107,266,469	38,475,247	145,741,716	124,803,602

See accompanying notes to financial statements.



**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Statement of Functional Expenses

Year ended September 30, 2021

(With summarized financial information for fiscal year 2020)

	2021			2020
	Program services	General and administrative	Total	Total
Salaries	\$ 3,686,498	3,044,063	6,730,561	8,968,976
Benefits	836,710	690,899	1,527,609	2,243,023
General and administrative	631,829	618,957	1,250,786	1,536,483
Communication	180,843	147,962	328,805	1,765,009
Insurance	25,596	20,942	46,538	101,466
Information technology	398,145	491,162	889,307	859,279
Legal	—	240,000	240,000	250,956
Accounting and audit	—	134,887	134,887	171,141
Professional services	13,333	383,040	396,373	946,434
Advertising and media	14,255,449	—	14,255,449	59,800,805
Market activation	2,110,263	—	2,110,263	5,394,762
Product development	109,000	—	109,000	270,470
Trade shows	3,998,285	—	3,998,285	2,983,413
Research	2,299,206	—	2,299,206	1,534,015
In-kind expenses	10,668,541	—	10,668,541	30,432,042
Travel	96,619	142,894	239,513	543,915
Depreciation and amortization	—	2,051,938	2,051,938	2,387,949
Bad debt expense	—	406,617	406,617	4,482,164
<b>Total</b>	<b>\$ 39,310,317</b>	<b>8,373,361</b>	<b>47,683,678</b>	<b>124,672,302</b>

See accompanying notes to financial statements.

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Statements of Cash Flows

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net cash from operating activities:		
Change in net assets	\$ 20,938,114	(35,449,644)
Adjustments to reconcile change in net assets to cash from operating activities:		
Realized and unrealized loss on investments	(434,658)	(152,627)
Allowance for doubtful accounts	(241,207)	1,503,664
Allowance for sequestration	929,184	(2,516,340)
Allowance for in-kind assets	(889,613)	433,914
Depreciation and amortization	2,051,938	2,387,949
Change in operating assets and liabilities:		
Accounts receivable	(20,108,911)	56,103,596
In-kind assets	(7,187,446)	16,194,606
Prepaid expenses and other current assets	4,000,825	(2,271,189)
Accounts payable	(212,795)	(5,210,523)
Accrued expenses and other current liabilities	<u>(1,032,508)</u>	<u>(5,776,027)</u>
Net cash used in operating activities	<u>(2,187,077)</u>	<u>25,247,379</u>
Net cash from investing activities:		
Purchases of investments	(13,485,000)	(25,279,666)
Proceeds from sales of investments	13,935,977	28,376,920
Purchase of property and equipment	—	(45,080)
Purchase of website and development	<u>(780,388)</u>	<u>(1,538,150)</u>
Net cash used in investing activities	<u>(329,411)</u>	<u>1,514,024</u>
Net cash from financing activity:		
Proceeds from Paycheck Protection Program	<u>1,545,157</u>	<u>—</u>
Net cash used in financing activity	<u>1,545,157</u>	<u>—</u>
Net change in cash and cash equivalents	(971,331)	26,761,403
Cash and cash equivalents, beginning of year	<u>50,762,848</u>	<u>24,001,445</u>
Cash and cash equivalents, end of year	\$ <u><u>49,791,517</u></u>	\$ <u><u>50,762,848</u></u>

See accompanying notes to financial statements.

## THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Notes to the Financial Statements

September 30, 2021 and 2020

### (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 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 Nonprofit 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.

The funding provided to CTP originates from Electronic System for Travel Authorization (ESTA) applications 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 each of the fiscal years 2013 through 2020, from the fees collected by the U.S. Department of Homeland Security (DHS), the Secretary of the U.S. Department of the Treasury was authorized to transfer not more than \$100 million to CTP. Funds were made available to CTP on a matching basis, for every \$1 of qualified unrestricted cash or in-kind contributions raised (from nonfederal sources) by CTP, \$1 would be transferred up to the \$100 million cap. In December 2019, the U.S. Congress approved a seven-year reauthorization for CTP through 2027, whereas are be made available to CTP on a matching basis, for every \$1 of unrestricted cash or in-kind contributions (from nonfederal sources) raised by CTP, \$1 will be transferred up to the \$100 million cap.

CTP’s programs, activities, and operations are managed and supported by its corporate office in Washington, DC.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Presentation of Financial Statements*.

#### (b) 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.

#### (c) Liquidity and Availability

CTP manages its financial assets to be available as its operating expenses, liabilities, and other obligations come due. Cash in excess of daily requirements is invested in short-term investments or fixed-income securities in accordance with CTP’s investment policy discussed in note 2(g). Certain receivables may be subject to contractual or donor-imposed time or purpose restrictions, making those receivables unavailable to meet cash expenditures within one year. Additionally, CTP maintains a board-designated liquidity reserve that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical lifecycle of converting financial assets

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

to cash or settling financial liabilities. The reserve is not intended to replace or eliminate a permanent loss of funds. As of September 30, 2021, and 2020, the liquidity reserve was \$500,000.

The following table presents CTP's financial assets available for general expenditures within one year as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 49,791,517	50,762,848
Investments	27,142,025	27,158,344
Accounts receivable, net	<u>37,507,950</u>	<u>18,087,016</u>
Total financial assets	114,441,492	96,008,208
Less those unavailable for general expenditures within one year due to:		
Board designations:		
Amounts set aside for liquidity reserve	<u>(500,000)</u>	<u>(500,000)</u>
Financial assets available to meet cash expenditures within one year	<u>\$ 113,941,492</u>	<u>95,508,208</u>

**(d) Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances, taking into account the creditworthiness 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, 2021 and 2020, the allowance for doubtful accounts was \$1,367,128 and \$1,608,335, 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.

**(e) Allowances for Sequestration and Travel Promotion Fund**

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 Treasury under the Travel Promotion Act were automatically reduced by sequestration of 5.7% and 5.9% in fiscal years 2021 and 2020. 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 Treasury as of September 30, 2021 and 2020 in the amount of \$1,758,927 and \$829,743, respectively.

## THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

### Notes to the Financial Statements

September 30, 2021 and 2020

#### **(f) In-Kind Assets**

In-kind contributions with future economic benefit are capitalized until the benefit of such contributions has been received. In-kind assets consist of donated marketing program assets which include, but are not limited to, advertising and marketing campaigns, content licenses, and travel services. In-kind assets are expensed as used, and as such, an in-kind asset balance will remain as of any given fiscal year end for media that is scheduled to be used in future fiscal periods. During the fiscal years ended September 30, 2021 and 2020, \$10,668,541 and \$30,432,042 of in-kind assets were utilized in marketing programs, respectively. No in-kind assets were monetized.

#### **(g) In-Kind Assets Allowance**

CTP has recorded an allowance for in-kind assets in the amount of \$1,292,632 and \$2,182,245, respectively, as of September 30, 2021 and 2020. The allowance is estimated based on the average annual percent reduction between the donor stated value and the final stated fair market value of all donations received and valued during the period. This allowance may be adjusted by final third-party evaluations and directly reduces in-kind contribution revenue.

#### **(h) Investments**

Investments are carried at their estimated fair value. Interest and dividends earned on investments are also included in 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.

CTPs investments consist of 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 functional expenses.

CTP follows an investment policy that anticipates a sufficient return while maintaining capital preservation 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 outlined 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 the average of all fixed-income securities exceed three years in duration.

#### **(i) Fair Value Measurements**

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

## THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

### Notes to the Financial Statements

September 30, 2021 and 2020

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.

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.

#### **(j) 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 support without donor restriction 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 statements of activities and changes in net assets for the period.

## THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Notes to the Financial Statements

September 30, 2021 and 2020

### **(k) 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, 2021 or 2020.

### **(l) Definite-Lived Intangible Assets**

Definite-Lived 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 statements of activities and changes in net assets for the period.

### **(m) Net Asset Presentation**

CTP classifies resources into two net asset categories according to externally imposed restrictions.

Net assets with donor restrictions comprise partner contributions, sponsorships, and in-kind contributions with future economic benefit; and 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 investments of the funds. In-kind contributions consist of donated advertising and marketing campaigns, which are scheduled to benefit CTP in future periods. As of September 30, 2021, and 2020, CTP had no gifts from donors that were required to be permanently retained.

Net assets without donor restrictions are all the remaining assets of CTP, including those derived from revenues of project activities, government grants, and unrestricted donations and pledges. Net assets without donor restrictions may be, in part, limited as to use by contractual agreements with outside parties.

When a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

### **(n) Travel Promotion Fund Proceeds**

CTP has the right to receive travel promotion funds (earmarked by the Department of Commerce) upon submission of qualified matching contributions. Such funds are recorded as accounts receivable upon submission to the Department of Commerce and recognized in the statements of activities 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 the Financial Statements

September 30, 2021 and 2020

For fiscal years 2021 and 2020, CTP collected matching funds from the Department of Commerce of \$49 million and \$100 million, respectively. Due to the impact of COVID-19, only \$62 million instead of \$100 million was made available to CTP for matching in the 2021 fiscal year, the remaining \$13 million will be eligible for match in fiscal year 2022.

#### **(o) Partner Contributions**

Partner contributions are recognized in the year an agreement is executed and are classified as either with donor restriction or without donor restriction based on whether the Partner (donor) intends for the contribution to be used in the current or future fiscal year.

#### **(p) In-Kind Contributions**

In-kind contributions are recognized at fair value, which is defined as the price that an asset could be bought or sold in a current transaction between willing parties, with neither being required to act; both having reasonable knowledge of the relevant facts. Contributions of services shall only be recognized if the 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. The fair value of in-kind contributions is determined through a documented valuation assessment process that uses both publicly available pricing and valuation experts.

Management uses estimates based on donors' available information to record the fair value of certain in-kind contributions that are still in the valuation assessment process. The recorded fair value of such an in-kind contribution is subject to change in a subsequent fiscal year upon completion of the valuation process. The change in fair value is recorded as an adjustment to the allowance in the fiscal year in which the fair value has been established. The allowance for fiscal years 2021 and 2020 is discussed in note 2(g).

#### **(q) 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. 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 significant fundraising expenses.



**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

**(r) Income Taxes**

CTP has been recognized by the Internal Revenue Service as exempt from federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code, except for taxes on unrelated business income. Contributions to CTP are not tax deductible by donors under Section 170(c)(2) of the Internal Revenue Code. CTP's accounting policy for evaluating uncertain tax positions is to recognize tax positions if the position would "more likely than not" be ultimately sustained. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized. 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.

**(s) 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, 2021 and 2020, approximately 78% and 73%, respectively, of CTP's accounts receivable came from one grantor.

For fiscal years 2021 and 2020, approximately 76% and 77%, respectively, of CTP's in-kind contributions came from three donors.

For fiscal years 2021 and 2020, approximately 24% and 32% of CTP's partner cash contributions came from three donors.

**(t) Related Parties**

For 2021 and 2020, \$850,000 and \$2,100,000, respectively, of partner contributions came from organizations affiliated with members of the Board of Directors.

**(u) 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.

**(v) Subsequent Events**

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 statements 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 statements of financial position, but arose after the statements of financial position date and before financial statements were available to be issued. CTP has evaluated subsequent events through February 8, 2022, 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 the Financial Statements

September 30, 2021 and 2020

On March 17, 2021, CTP was granted a loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved financial institution. The loan is uncollateralized and is fully guaranteed by the Federal government. CTP is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Proceeds from the loan are eligible for forgiveness if CTP maintains employment levels during its 24-week covered period and uses the funds for certain payroll, rent, and utility expenses. CTP has initially recorded the loan within the Accrued expenses and other liabilities caption on the financial statements as a conditional contribution in accordance with FASB ASC Subtopic 985-605. In November 2021, the loan was forgiven and CTP recorded the forgiveness as a contribution in fiscal year 2022 in accordance with the guidance. At September 30, 2021, CTP had a PPP loan balance of \$1,545,157.

#### **(w) Recently Adopted Accounting Pronouncements**

During 2021, CTP early adopted ASU No. 2020-07 (ASU 2020-07), *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core goal of ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit (NFP) organizations, including transparency on how those assets are used and how they are valued. Under the new guidance, all organizations are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires NFPs to disclose the amount of contributed nonfinancial assets recognized within the statement of activities by category, information about whether the contributed nonfinancial assets were either monetized or utilized, the NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor-imposed restrictions, description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition, and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

#### **(x) COVID-19 Impact and Strategic Direction**

On March 2020, the COVID-19 virus was declared a global pandemic, and it continues to spread and mutate. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been severely impacted. Governments and their citizens continue to take significant measures to mitigate the pandemic's consequences. Management is carefully monitoring the situation, and CTP is closely monitoring its investment portfolio, its liquidity, and is working to manage activities to the impact on travel and impact on business operations.

##### *i. Impact on Travel*

Legal restrictions or limitations both in America and abroad, many of which have recently been lifted, created a drag on demand in the international travel market. Even without legal restrictions or hurdles, consumer confidence remains an issue as there are still relatively high rates of transmission in countries with high vaccination rates. Consumer studies have shown that, while people have a strong desire to return to travel, people are prioritizing health and safety and mostly remain unwilling to participate in the type of travel that CTP promotes. The survey results do show hope that when the circumstances change that travel will rebound swiftly.

## THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

### Notes to the Financial Statements

September 30, 2021 and 2020

Therefore, support and revenue have decreased for the years ended September 30, 2021 and 2020, respectively, due to the corresponding decline in Electronic System for Travel Authorization (ESTA) applications and contributions from non-Federal sources, which come almost exclusively from travel and tourism companies. Management does not expect these declines to continue indefinitely and as demand for international returns so too will contributions.

#### ii. *Impact on Business Operations*

CTP adjusted its business operations as a result of the pandemic. The decrease in revenue coupled with current travel conditions caused CTP to decrease its planned expenses by comparison to pre-pandemic budgets. There is no true replacement for CTP's core mission of increasing international visitation and spend, which are limited for the reasons described in the section above. Spending the same amount of money to influence far fewer potential travelers makes for an inefficient spend, and CTP's resources are not limitless. The nature of CTP's expenses—with the majority of the expenses allocated for short-term, expensive, but optional media buys—allows for a relatively swift transition into full travel recovery campaigning when the travel conditions and revenues support the decision.

In addition to preserving resources for use in more attractive marketing conditions, CTP adjusted some of its programming to promote the general business interests of industry participants. A lot of tourism-marketing-related business was conducted between domestic travel and tourism companies and foreign tour operators and travel agents companies at trade shows and other similar events. CTP managed and promoted a digital platform to ensure the continuity of this type of business despite travel limitations. CTP continues to look to develop programming that can overcome current challenges, promote the business interests of the travel and tourism industry, and ultimately drive increased international visitation and spend.

### (3) Investments

The following table summarizes CTP's investment returns for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 535,277	903,578
Realized gain (loss)	(42,902)	61,126
Unrealized gain (loss)	<u>(424,394)</u>	<u>169,806</u>
Net investment return	<u>\$ 67,981</u>	<u>1,134,510</u>

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

The following table summarizes CTP's investments by asset class for the years ended September 30, 2021 and 2020:

	2021		2020	
	Cost	Fair	Cost	Fair
Certificates of deposit	\$ 3,745,489	3,747,031	7,620,139	7,723,295
Corporate bonds	23,432,481	23,394,994	19,149,757	19,435,049
Total Investment	\$ 27,177,970	27,142,025	26,769,896	27,158,344

Net investment return is reported on the statements of activities within the trade show and other revenue line item.

**(4) Fair Value Measurements**

The following table presents information about CTP's assets measured at fair value on a recurring basis as of September 30, 2021 and 2020:

	2021			
	Fair value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,497,026	—	3,497,026	—
Corporate bonds	23,644,999	—	23,644,999	—
	\$ 27,142,025	—	27,142,025	—

	2020			
	Fair value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 7,723,295	—	7,723,295	—
Corporate bonds	19,435,049	—	19,435,049	—
	\$ 27,158,344	—	27,158,344	—

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.

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

**(5) Property and Equipment**

Property and equipment consist of the following at September 30, 2021 and 2020:

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
As of September 30, 2021:			
Furniture	\$ 531,525	(495,392)	36,133
Computer equipment	381,754	(381,754)	—
Leasehold improvements	<u>1,553,378</u>	<u>(1,151,134)</u>	<u>402,244</u>
	\$ <u>2,466,657</u>	<u>(2,028,280)</u>	<u>438,377</u>
	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
As of September 30, 2020:			
Furniture	\$ 531,525	(441,455)	90,070
Computer equipment	381,754	(381,754)	—
Leasehold improvements	<u>1,553,378</u>	<u>(929,222)</u>	<u>624,156</u>
	\$ <u>2,466,657</u>	<u>(1,752,431)</u>	<u>714,226</u>

For 2021 and 2020, depreciation expense of \$275,849 and \$327,294, respectively, is included in general and administrative expense in the statements of activities.

**(6) Intangible Assets**

Intangible assets consist of the following at September 30, 2021 and 2020:

	<u>Useful life</u>	<u>Cost basis</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
As of September 30, 2021:				
Website	3 years	\$ 27,787,568	(26,215,782)	1,571,786
License	3 years	878,382	(878,382)	—
Brand name	Indefinite	3,400,000	—	3,400,000
Website in development		<u>582,429</u>	<u>—</u>	<u>582,429</u>
		\$ <u>32,648,379</u>	<u>(27,094,164)</u>	<u>5,554,215</u>

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

	<u>Useful life</u>	<u>Cost basis</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
As of September 30, 2020:				
Website	3 years	\$ 27,487,168	(24,439,693)	3,047,475
License	3 years	878,382	(878,382)	—
Brand name	Indefinite	3,400,000	—	3,400,000
Website in development		—	—	—
		<u>\$ 31,765,550</u>	<u>(25,318,075)</u>	<u>6,447,475</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 fiscal years 2021 and 2020, CTP capitalized \$300,400 and \$1,708,384, respectively, of additional website development costs incurred. During fiscal years 2021 and 2020, CTP recognized \$1,776,090 and \$2,090,152, respectively, of amortization expense, included in general and administrative expense in the statements of activities. Future amortization, including amortization of additional website development costs and software license costs, is expected to be \$1,046,459, \$476,528, and \$48,798 for fiscal 2022, 2023, and 2024, respectively.

**(7) Commitments and Contingencies**

**(a) 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, 2021 and 2020 totaled \$1,036,150 and \$1,285,648, respectively. The related deferred rent liability for the operating lease at September 30, 2021 and 2020 totaled \$1,129,250 and \$1,304,934, 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 the Financial Statements

September 30, 2021 and 2020

The future minimum annual lease payments under the noncancelable operating lease are as follows:

Years ending:		
2022	\$	1,386,495
2023		1,421,167
2024		1,456,774
2025		1,493,162
2026		286,316
Thereafter		—
	\$	<u>6,043,914</u>

**(b) Travel Promotion Funds**

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

**(c) Employment Agreement**

CTP has an employment agreement with a certain officer of the organization. The agreement provides 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 officer is 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.

**(d) U.S. Travel Association Agreement**

CTP entered into a sponsorship agreement with U.S. Travel Association to be the premier sponsor of the IPW Conference (the Conference) for five years from 2016 through 2020, and the contract was later amended to extend the agreement an additional four years through 2024. The Conference is a travel industry trade event that has been occurring annually for approximately 45 years. In accordance with the sponsorship agreement, CTP made an initial annual payment of \$1.3 million in fiscal year 2016, with payments increasing by \$50,000 in each subsequent fiscal year through fiscal year 2020 and by 2.5% each subsequent year through 2024. For the fiscal years ended September 30, 2021 and 2020, CTP made annual payments of \$1,537,500 and \$0 (due to the postponement of IPW), respectively.

**THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA**

Notes to the Financial Statements

September 30, 2021 and 2020

**(e) CARES Act**

On March 27, 2020, the Coronavirus, Aid, Relief and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act permitted the deferral of the deposit of the employer's portion of Social Security taxes from the CARES Act enactment date through December 31, 2020. 50% of the deferred deposit of the employer's portion of Social Security taxes must be remitted to the IRS by December 31, 2021 and the remaining 50% must be remitted to the IRS by December 31, 2022. As of September 30, 2021 and 2020, CTP has a tax deferral liability of \$297,882 and \$240,000, respectively.

**(f) Litigation and Other Matters**

There are no claims and legal proceedings generally incidental to the normal course of business are pending or threatened against CTP.





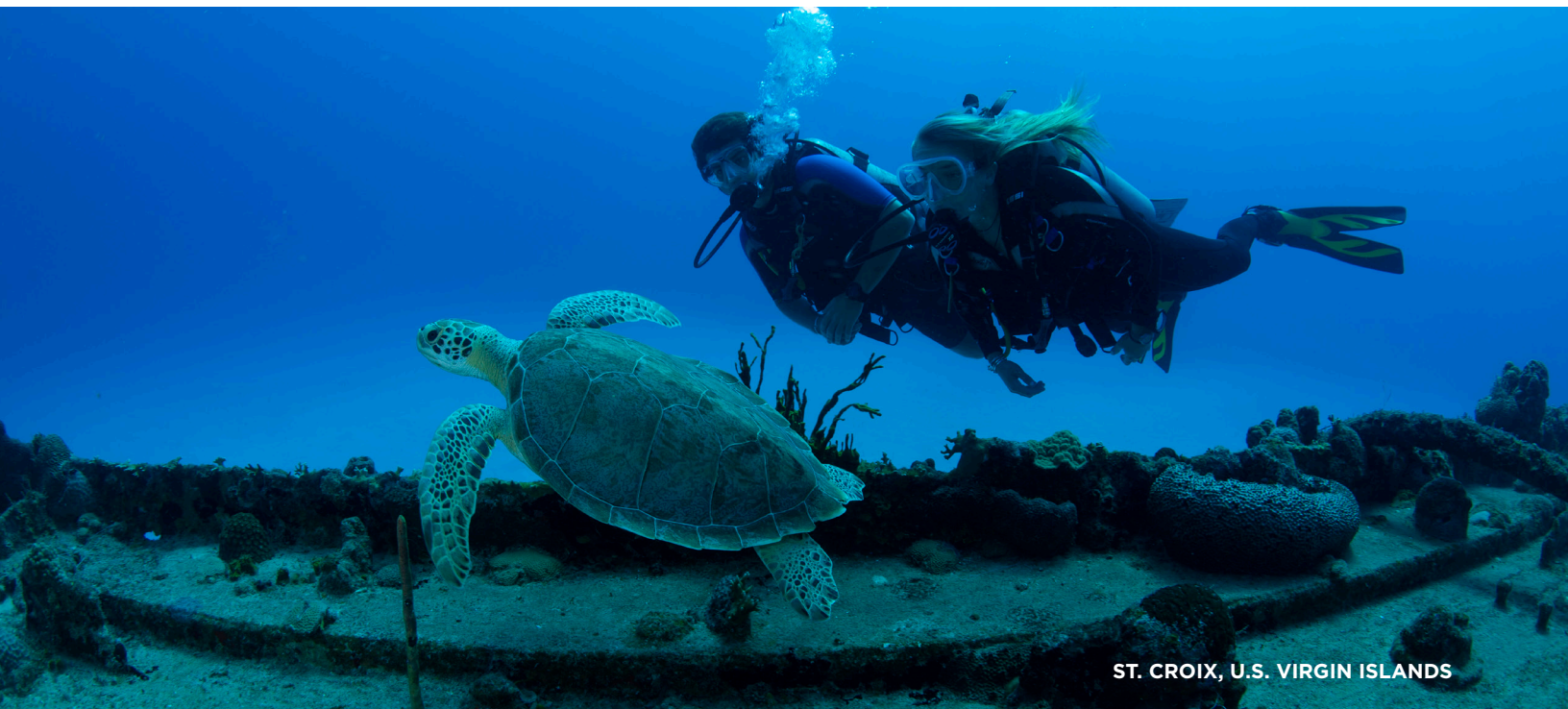
# IN-KIND CONTRIBUTIONS

WARREN, VERMONT

# IN-KIND CONTRIBUTIONS

DONOR	DESCRIPTION	AMOUNT*
Discovery Channel	License to produced content	\$8,200,000
Expedia	Global digital media space	\$2,538,766
Euronews	Digital and TV media space in Europe	\$1,604,324
iPinyou	Digital media space in China	\$5,505,076
LastMinute	Digital media in the UK	\$48,177
Telegraph Media Group	Digital and print media in the UK	\$3,291,960
Televisa	Digital and TV media in Mexico	\$3,527,482

\*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 35 of this report) due to the difference between the revenue recognition policy and matching fund submissions, of 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.



ST. CROIX, U.S. VIRGIN ISLANDS

A photograph of two hikers standing on a large, reddish-brown rock formation. The hiker on the left is wearing a blue and white athletic top and shorts, while the hiker on the right is wearing a dark green tank top and shorts. The rock formation has a natural archway in the center. The background shows a desert landscape with sparse green bushes and a clear sky with some clouds. The text is overlaid in the center of the image.

**BRAND USA  
LEADERSHIP  
AND  
BOARD OF  
DIRECTORS**

UINTAH COUNTY, UTAH

# BRAND USA LEADERSHIP



**CHRISTOPHER L. THOMPSON**

PRESIDENT AND CHIEF  
EXECUTIVE OFFICER



**THOMAS GARZILLI**

CHIEF MARKETING OFFICER



**DONALD F. RICHARDSON**

CHIEF FINANCIAL OFFICER AND CHIEF  
DIVERSITY AND INCLUSION OFFICER



**AARON WODIN-SCHWARTZ**

SENIOR VICE PRESIDENT,  
PUBLIC AFFAIRS



**CASSADY BAILEY**

VICE PRESIDENT, PARTNER  
ENGAGEMENT AND MARKETING



**JAKE CONTE**

VICE PRESIDENT,  
GENERAL COUNSEL



**JACKIE ENNIS**

VICE PRESIDENT,  
GLOBAL MARKETS



**JESSIE NEWCOMB, CPA**

VICE PRESIDENT,  
FINANCE AND ACCOUNTING



**MARK LAPIDUS**

VICE PRESIDENT,  
PRODUCT AND TECHNOLOGY

# BRAND USA 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.

Members of the board have leadership expertise in specific sectors of the travel industry including: hotel accommodations; restaurants; small business or retail; travel distribution, attractions, or recreation; state-level tourism offices; city-level convention and visitor bureaus; 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.

As provided for in its charter, the Governance and Nominating Committee makes recommendations to the board for committee member appointments and selection of the board leadership, including the chair, vice chairs, secretary, and treasurer.

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



**ALICE NORSWORTHY**

*CHAIR,*  
PRESIDENT OF GLOBAL  
MARKETING, UNIVERSAL  
PARKS AND RESORTS



**TODD DAVIDSON**

*VICE CHAIR,*  
CHIEF EXECUTIVE OFFICER,  
TRAVEL OREGON



**MARK HOPLAMAZIAN**

*TREASURER,*  
PRESIDENT AND CHIEF  
EXECUTIVE OFFICER,  
HYATT HOTELS CORPORATION



**ELLIOTT FERGUSON**

SECRETARY,  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER,  
DESTINATION DC



**LAUREN BAILEY**

CHIEF EXECUTIVE OFFICER  
AND CO-FOUNDER,  
UPWARD PROJECTS



**KRISTEN ESPOSITO**

PRINCIPAL,  
ESPOSITO GLOBAL PARTNERS



**NOEL IRWIN HENTSCHEL**

CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER,  
AMERICANTOURS INTERNATIONAL, LLC



**DEAN KANTARAS**

OWNER AND MANAGING  
ATTORNEY,  
K. DEAN KANTARAS, P.A.



**DONALD MOORE**

SENIOR VICE PRESIDENT,  
BUSINESS RENTAL SALES AND GLOBAL  
CORPORATE ACCOUNTS,  
ENTERPRISE HOLDINGS INC.



**KEIKO MATSUDO ORRALL**

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