

FY 2022

ANNUAL REPORT

October 1, 2021 -
September 30, 2022



USA

VisitTheUSA.com

Brand USA

BRYCE CANYON NATIONAL PARK, UTAH

ABOUT THIS REPORT

Brand USA submits this report for Fiscal Year 2022 (FY2022) 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 of October 1, 2021 through September 30, 2022.



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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.

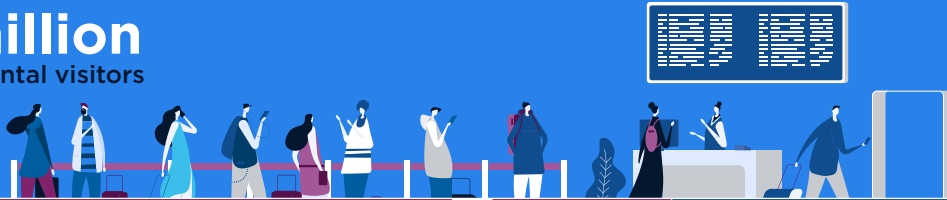
Established by the Travel Promotion Act of 2009 as the nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. visa and entry policies, Brand USA began operations in May 2011.

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 jobs and benefit 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.

Over the past 10 years (FY13 - FY22), Brand USA's marketing efforts have generated:

8 million
incremental visitors



\$26.4 billion
incremental spending

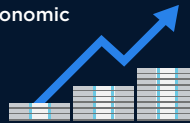


more than
37,000
incremental jobs
supported each year

\$7.6 billion
federal, state, &
local taxes



nearly
\$58 billion
total economic
impact



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

INTRODUCTORY LETTER

Brand USA's annual report to Congress for Fiscal Year 2022 captures our organization's contributions to the recovery of the international visitor economy from October 1, 2021 – September 30, 2022. This was the year that the world came out of a pandemic and global travel restarted in earnest.

After U.S. borders reopened in November 2021, and following the rescinding of the pre-departure testing requirement in June 2022, the pent-up demand that had accumulated across major source markets was unleashed. Air service is the critical link between most countries and the United States, and this, too, began to regain lost ground. Travel brands and destination marketing organizations followed suit by reengaging their commercial partners and restoring the international presence.

To capitalize on the groundwork we laid throughout the pandemic and to spur a rapid recovery for our industry, Brand USA followed a recovery framework comprised of three strategic communications tasks. The first was to prove to the world the United States was ready for travelers to return—which we accomplished through a combination of influencer trips, inspirational storytelling on social media and streaming entertainment, policy communications, and research and programs to facilitate our stakeholders' successful return to market. The second step was to welcome the world back, which we pursued through a combination of paid media campaigns, public relations, cooperative marketing, and engagement with the travel trade. Our third communications task was to drive would-be travelers from inspiration to booking through activation marketing with booking channels like tour operators and OTAs.

By year's end, the recovery of the U.S. travel and tourism industry's lucrative international segment was on a solid upward trajectory. Most source markets saw growth in travel that was double the rates from 2021, with total international arrivals to the USA reaching 65% of 2019 levels and long-haul travel 60%. According to preliminary estimates from the National Travel and Tourism Office (NTTO), the United States welcomed 51.8 million visitors in 2022, a 134% increase from 2021. International arrivals to the United States are expected to surpass pre-pandemic levels in 2025.

The recovery of international visitation and spending was greatly affected by headwinds such as global inflation, a strong dollar, Russia's invasion of Ukraine, COVID-19's continued presence, and geopolitical uncertainty. The recovery in travel and air service was uneven around the globe, with key markets in Asia in particular lagging Europe and the Americas. These factors required careful consideration as Brand USA navigated our way back, and we continue to help our stakeholders chart their paths forward.

The United States has never had a demand problem, but rather a series of supply bottlenecks created or exacerbated by the pandemic. As the travel and tourism sector regains its footing, we will surpass pre-pandemic levels of visitation and spending and lay the groundwork for the long-term future of our industry. We will aspire collectively for the goals of the new National Travel and Tourism Strategy, and we will drive opportunity and vitality in communities throughout our great country.

Together, we are marketing the USA!



TODD DAVIDSON

BRAND USA BOARD CHAIR;
CHIEF EXECUTIVE OFFICER,
TRAVEL OREGON



CHRISTOPHER L. THOMPSON

PRESIDENT & CHIEF
EXECUTIVE OFFICER,
BRAND USA

SITUATIONAL OVERVIEW



LAS VEGAS, NEVADA

SITUATIONAL OVERVIEW

INBOUND VISITATION

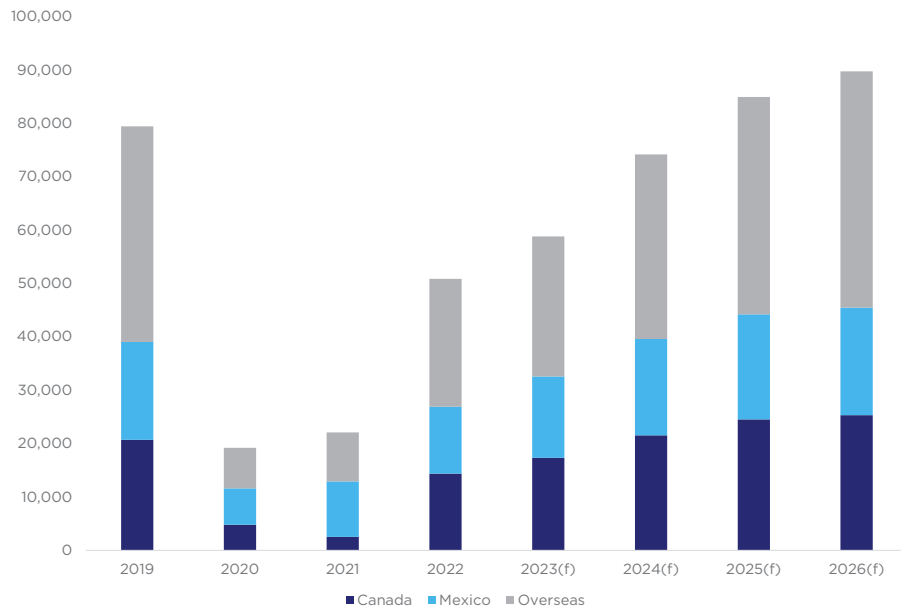
The early part of FY2022 was heavily affected by travel restrictions and the Omicron variant of COVID-19. Nevertheless, international travel steadily rebounded throughout the course of the year, with most countries seeing growth that was twice as fast as in 2021 due to pent-up demand. The United States welcomed 50.9 million visitors in 2022, which was 36% below 2019 levels but a vast improvement over the 72% shortfall in 2021.

The recovery was not uniform across markets and regions. Western Europe progressively recovered, registering visits 29% below 2019 for the year

but averaging only a 20% shortfall over the final three months of 2022. South America posted a 26% decline relative to 2019, with a 20% shortfall over the final three months of the year. Asian travel suffered the most with a 66% shortfall for the year and only modest signs of recovery in the final quarter of 2022. Closer to home, Canada and Mexico recovered to within 31% and 32% of 2019 volumes, respectively.

Overall international arrivals to the United States are forecast to surpass pre-pandemic levels in 2025.

U.S. INTERNATIONAL INBOUND VISITATION



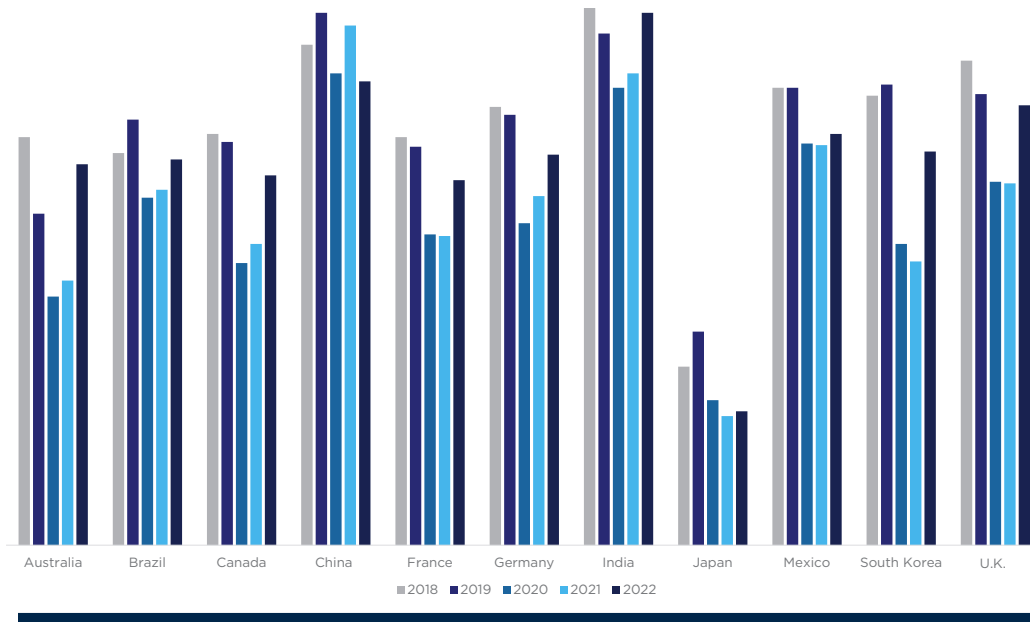
Source: National Travel and Tourism Office and Tourism Economics

CONSUMER SENTIMENT

Brand USA has tracked consumer sentiment towards international travel in 11 target markets over a number of years, capturing the effects of COVID-19 on travel intent. Travelers around the world report a high probability of traveling abroad

in the next 12 months (shown in the chart below) as countries have opened their borders, travel restrictions have been eased, and the pandemic has given way to a more endemic phase.

LIKELIHOOD TO TRAVEL INTERNATIONALLY IN THE NEXT 12 MONTHS



Base: All respondents
Source: Brand USA/Big Village Omnibus Custom study



DALLAS, TEXAS



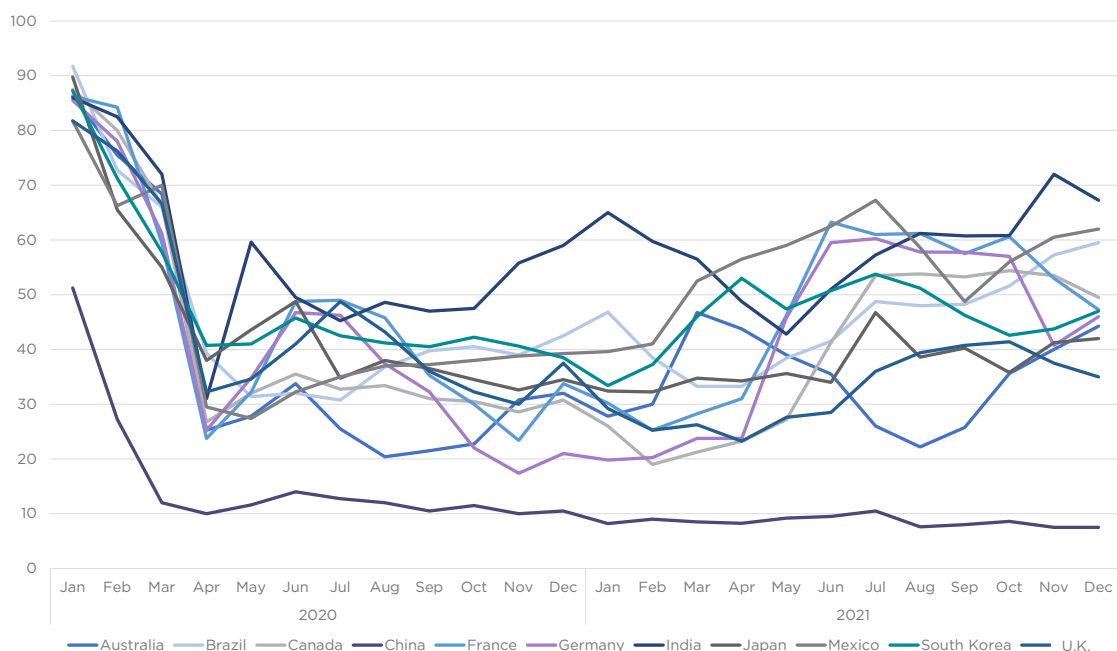
CONSUMER BEHAVIORAL INDICATORS: GENERAL SEARCH

Our research shows that general search engines are frequently used by prospective travelers as part of their wanderlust and travel preparation. Google Trends data provides access to actual searches as well as an analysis of all searches on all topics on Google in relation to the total search volume of the site over a given period.

Google allows terms to be aggregated under a topic, which refers to the collection of search

terms related to the topic. Brand USA tracks frequency of “flight” searches as a topic. As seen in the chart below, there was a sharp drop in March and April 2020 when the pandemic started, and this search topic stayed low throughout 2020. However, Google searches began to increase over the summer of 2021 and have continued to increase gradually ever since.

GOOGLE “FLIGHT” TOPIC INDEX



Source: Google Trends

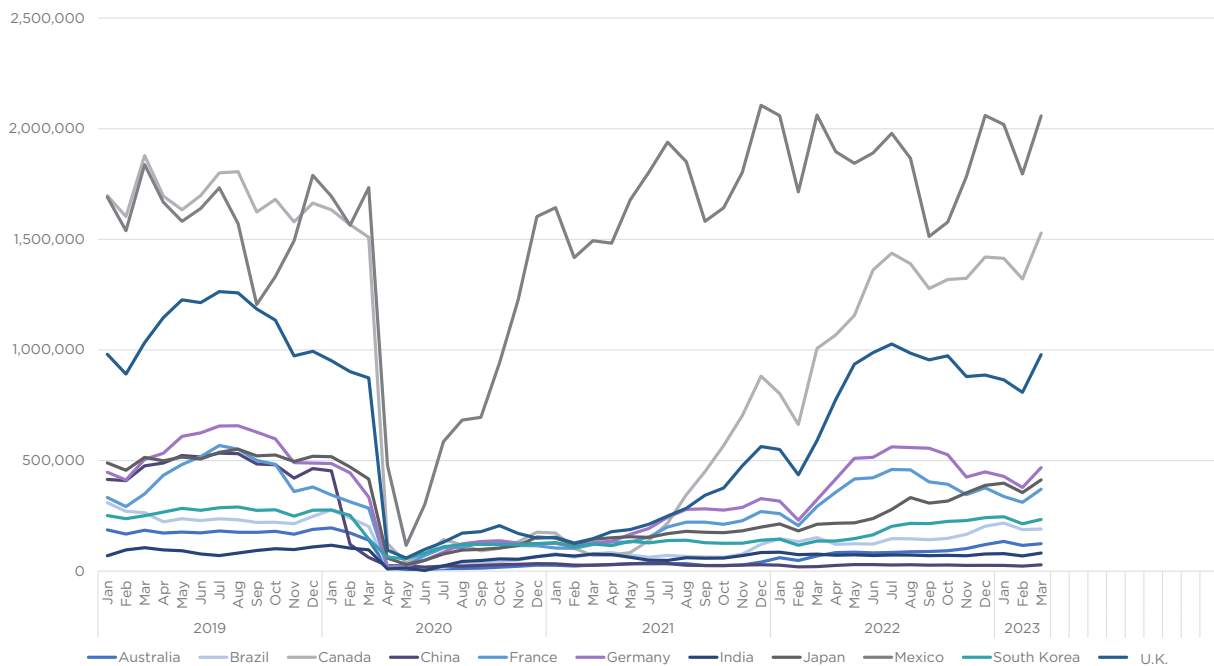


DENALI, ALASKA

INBOUND FLIGHT SEAT CAPACITY

As the world continues to recover from the worst health crisis in modern times, the airline industry is seeing the light at the end of the tunnel. However, aviation has also faced an uneven recovery. As shown in the chart below, operating airline capacity to the United States (the number of available seats on any route in a given period) began to increase in the fall of 2021 from a small number of markets. The notable outlier is Mexico, which had seen a relatively small drop in air capacity during the pandemic and began to recover earlier. However, the increase in flight capacity from Mexico is largely driven by U.S. residents returning home from visits to Mexico.

SCHEDULED INBOUND SEAT CAPACITY



Source: Sabre



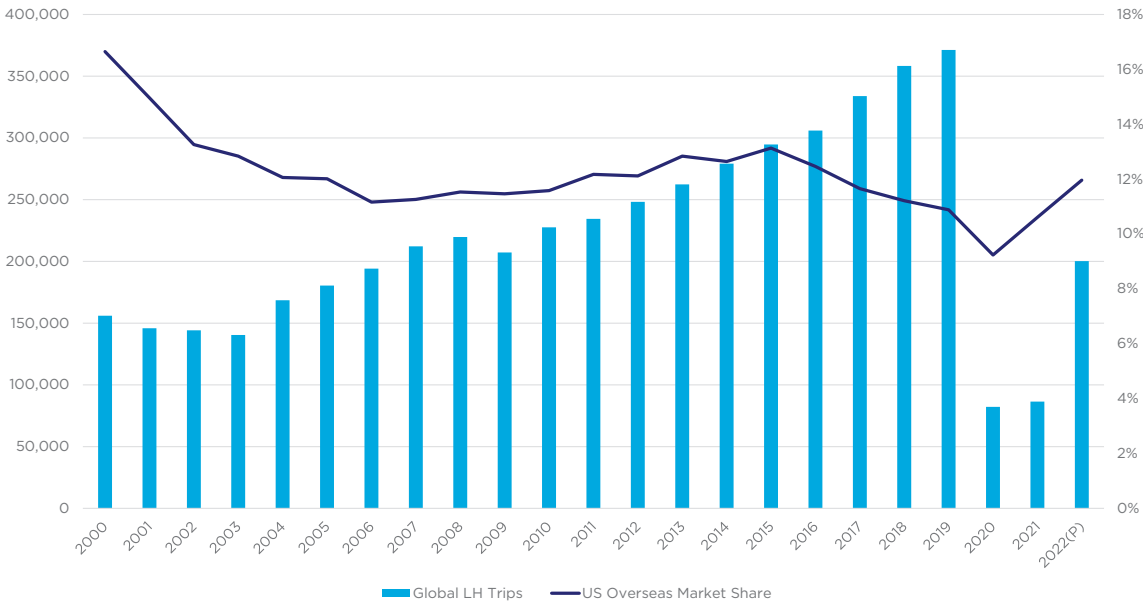
HOUMA, LOUISIANA

MARKET SHARE

Global travel remained limited as the world began to recover from the pandemic. In 2022, the United States regained share of the global long-haul market for the second consecutive year after hitting a trough in 2020 (see chart below).

Although global travel volumes are still well below pre-pandemic levels, the United States remains the top destination for long-haul travelers as well as Canadian and Mexican travelers.

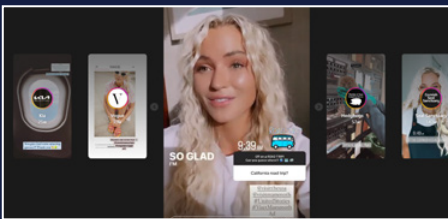
GLOBAL LONG-HAUL TRIPS AND U.S. MARKET SHARE (%)



Sources: Tourism Economics and U.S. Department of Commerce/NTTO

FY2022

YEAR IN REVIEW



FY2022 YEAR IN REVIEW

Fiscal Year 2022 was a watershed year for the U.S. travel and tourism sector. The first part of the year was heavily affected by travel restrictions and the Omicron variant, but international visitation and spending began their climb back toward pre-pandemic levels once borders reopened and people began to move again. Air service between the United States and key overseas markets began to scale back up, while travel brands and destination marketing organizations reengaged their commercial partners and restored their international presence. Brand USA's efforts throughout the pandemic to speak directly to

consumers and to maintain and expand business-to-business connections for our industry bore fruit as the United States was well-positioned to capture pent-up demand and inspire the world with exciting, new travel experiences.

To capitalize on the groundwork we laid in 2021 for recovery in 2022 and to galvanize a rapid return of the international visitor economy, we followed a framework that included three strategic communications tasks built around the core of our award-winning United Stories campaign.

STRATEGIC FRAMEWORK

BUSINESS GOAL	Lead the Recovery of the U.S. Travel and Tourism Industry		
MARKETING OBJECTIVES	Brand Perception, Consideration, Engagement, and Bookings		
CREATIVE PLATFORM	UNITED STORIES		
COMMUNICATIONS TASKS	Prove We're Ready	Welcome the World Back	Entice and Convert
CHANNELS/TACTICS	INFLUENCERS OWNED PLATFORMS BRANDED CONTENT SOCIAL MEDIA	TELEVISION ONLINE VIDEO PUBLIC RELATIONS OUT-OF-HOME SPONSORED CONTENT	AIRLINES OTAs TOUR OPERATORS CO-OPS SEM

COMMUNICATIONS TASK 1: PROVE WE'RE READY

Our foundational communications task on the road to recovery was to prove to the world the United States was ready to welcome them back. This work began before the reopening of borders by utilizing the trusted, authentic voices of social media influencers showing an America that was open and as great a place to visit as ever. Inspirational storytelling through social media and streaming

entertainment inspired would-be travelers to choose the United States for their first post-pandemic trip. The final piece of proving we were ready to reopen was helping visitors and industry stakeholders navigate an evolving set of policies and procedures, which guided them in determining the course of action needed to return to the global landscape.



INFLUENCERS

Influencers were the core component of our recovery strategy. As authentic, third-party voices with large followings in their home countries, they were ideally suited to demonstrate the USA was ready to welcome the world back.

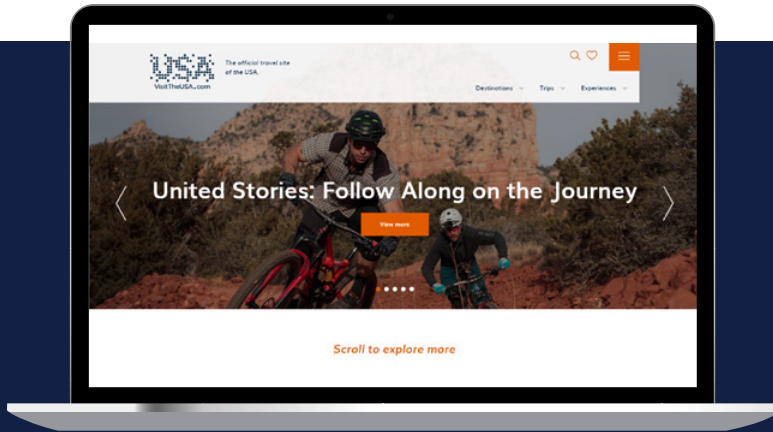
Brand USA's influencer strategy allowed us to leverage authentic and welcoming stories told from global perspectives in order to invite travelers to visit the USA and share their own USA travel experiences.

Brand USA developed multi-state regional itineraries and gave groups of influencers a once-in-a-lifetime USA road trip experience to share with their engaged audiences.

In FY2022, we hosted 65 influencers from five markets (Brazil, Canada, Germany, Mexico, U.K.) on 18 different trips. Our influencers visited more than 61 U.S. destinations and created over 3,000 pieces of content.

DIGITAL AND SOCIAL ENGAGEMENT

As borders reopened and the world began to travel again, organic traffic to VisitTheUSA.com's 16 consumer websites followed suit.



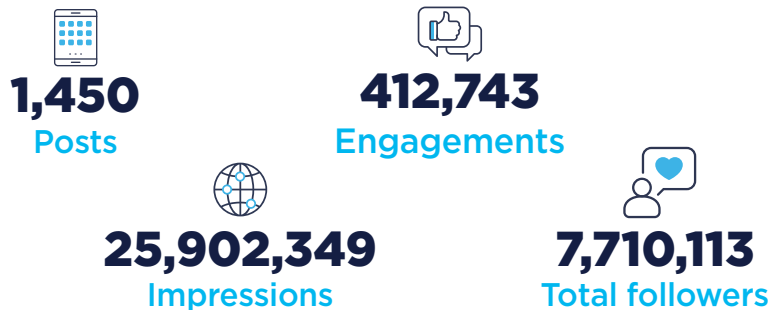
Visitation to the websites grew by 76% year over year, from 7,837,881 to 13,851,942.

Total sessions increased by 81%, from 8,934,847 to 16,198,061.

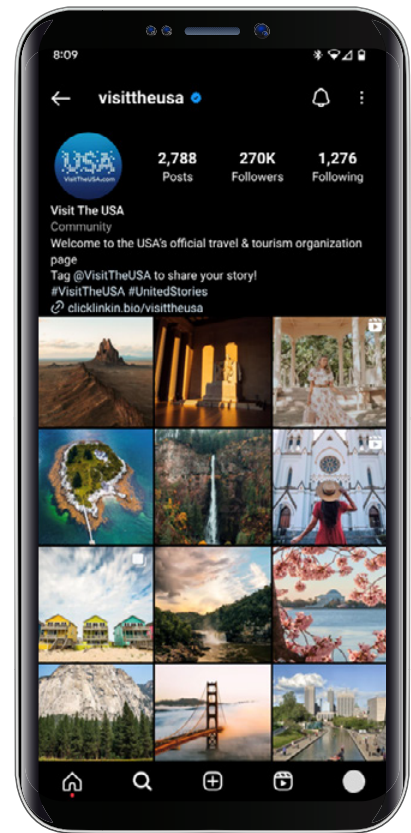
VisitTheUSA.com's content is inspirational and practical, offering users fresh ideas for visitation. Our personalized trip planner shows specific touring

options, surfacing everything from local events to museums to maps and reviews. Once a user plans a trip, it can be shared with family and friends.

Brand USA used compelling storytelling to inspire millions of engaged followers across social media platforms such as Instagram, Facebook, YouTube, Weibo, and WeChat. We also relaunched hyperlocal content in six additional markets, bringing our total number of social media markets to 11. Results from this organic reach included:



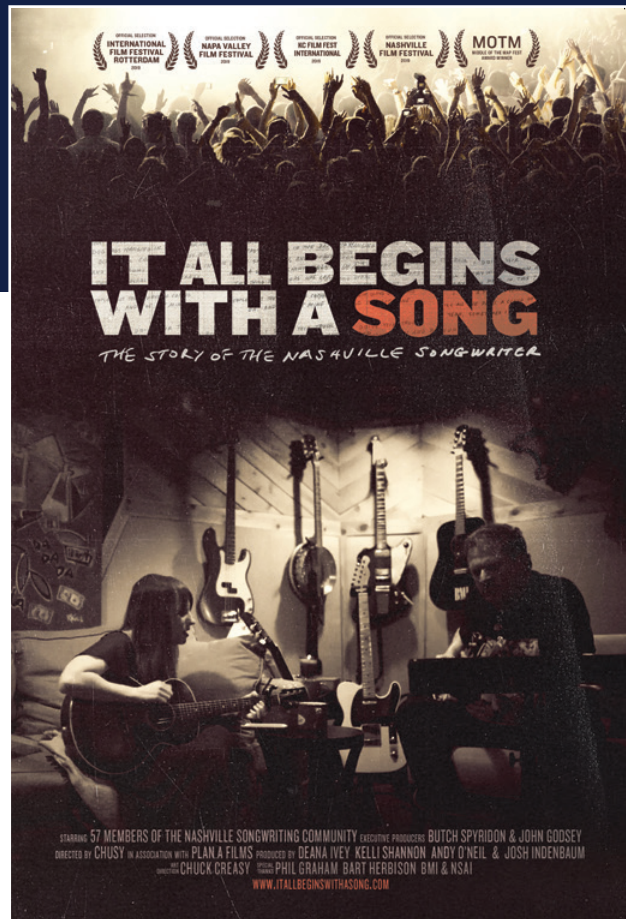
MARKETS:



GoUSA TV

Brand USA's connected television network features original, curated, and licensed shows that entertain and entice travelers to visit the USA. This strategy was crucial during the height of the pandemic as we were able to keep consumers dreaming about visiting the USA, even while they were stuck at home.

In FY2022, GoUSA TV's distribution grew exponentially, adding 12 new platforms in more than 30 markets. Viewership grew by 87%, and the average time per session remained very high at 22 minutes.



Minutes watched grew by 110% for a total of 39,109,306 minutes. After a significant pause, we also restarted production of original shows for GoUSA TV. In FY2022, we increased programming on the network by 36% to 156 hours.



RESEARCH AND REPORTING

Brand USA conducts primary, proprietary research and aggregates third-party data from a wide variety of travel and digital sources. Data helps us stay current in our understanding of consumer behaviors and market conditions as well as macroeconomic outcomes and commercial dynamics.

Brand USA's proprietary research includes monthly market pulses and a deep-dive, quarterly sentiment tracker. Data from the top 11 source markets for travel to the USA helps inform resource deployment decisions, including market and channel selection, timing, target audience, and message.

In FY2022, market research was particularly important in helping Brand USA and our stakeholders



navigate both the surge in interest following the borders' reopening and the ongoing headwinds to recovery such as global inflation, a strong dollar, Russia's invasion of Ukraine, and geopolitical uncertainty. We developed two new tools to ensure stakeholders had timely access to this information.

- A new [interactive market dashboard](#)
- Market intelligence briefings in the new International Pavilion (more details under Communications Task 2: Welcome the World Back)

COMMUNICATING TRAVEL POLICY

Crucial to proving the USA was ready to receive visitors was communicating the standards and procedures for travel after a multiyear hiatus. Evolving sets of overlapping policies in the United States as well as travelers' home countries over the course of the pandemic created an additional

burden to international, especially long-haul, travel.

The reopening of our borders on November 8, 2021 and the elimination of pre-departure testing requirements on June 12, 2022 were critical to jumpstarting the return of international

visitation. Brand USA worked with relevant federal agencies on an ongoing basis to communicate U.S. travel policies and procedures to consumers, travel trade, media, and industry stakeholders to dispel any misperceptions about those policies.

MULTICULTURAL MULTIPLIER STUDY

Brand USA convened a consortium of industry leaders for a groundbreaking analysis called the Multicultural Multiplier Study. This study sought to discover if culturally diverse experiences enhance the value proposition of a destination among international travelers and, if so, to quantify the economic gains U.S. destinations might realize.



The Multicultural Multiplier:
Cultural Diversity's Impact on Travel Intent



- Multicultural Multiplier Study
- Iolite Group in partnership with Brand USA, Destinations International, and Miles Partnership
- In mature markets, the multiplier effect is driven by a stronger interest in multicultural activities from experienced travelers who, typically, have higher incomes.
 - Canada: +46% in average spend per person per night
 - U.K.: +14% in average spend per person per night
- Multicultural experiences outperformed even iconic video and imagery during the research and trip planning phases of the travel lifecycle.

COMMUNICATIONS TASK 2: WELCOME THE WORLD BACK

The second communications task for recovery was to welcome the world back. Media campaigns used television, online video, and out-of-home placements to inspire travelers to explore the USA and create memories that last a lifetime. Public relations and

cooperative marketing leveraged this messaging by reaching out with an invitation to all parts of the USA. Engagement with the travel trade ensured commercial networks were in place—and an expanded set of travel products available—as the world began to move again.

UNITED STORIES

Brand USA launched a robust recovery campaign following the reopening of U.S. borders. Built upon our award-winning United Stories campaign, a multitude of real voices showcased the rich diversity of our communities and sparked a desire for reconnection and discovery.

In FY2022, United Stories featured 15 regional road trips that spanned 31 states. We deployed more than 600 assets—from television spots and social media videos to print ads and display banners—in seven languages across 10 markets via our organic content strategy and both paid and in-kind media.



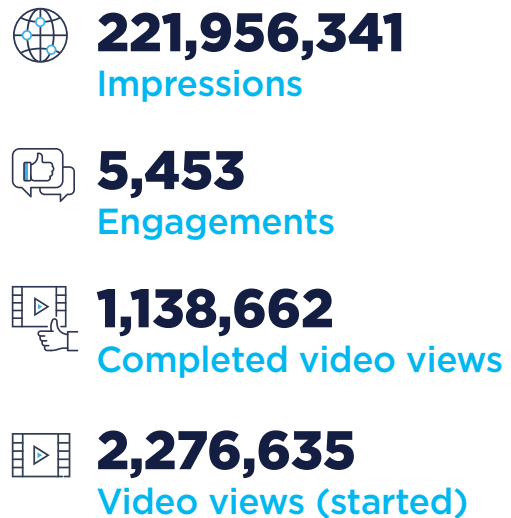
PAID MEDIA

Brand USA resumed paid media primarily across search, social media, and online video shortly after the borders reopened in November 2021 and observed a few tactical pauses during the year.



IN-KIND MEDIA

Brand USA deployed campaigns through in-kind media on the BBC, Discovery, Euronews, Telegraph, and Televisa.



Markets





NATCHEZ, MISSISSIPPI

PUBLIC RELATIONS

Brand USA identified five international storytelling pillars that formed the thematic basis for global press releases, bespoke media pitches, and international press trips. The pillars were wellness, the great outdoors, local community initiatives, nostalgia, and sports tourism.

○ VISITING JOURNALIST PROGRAM:

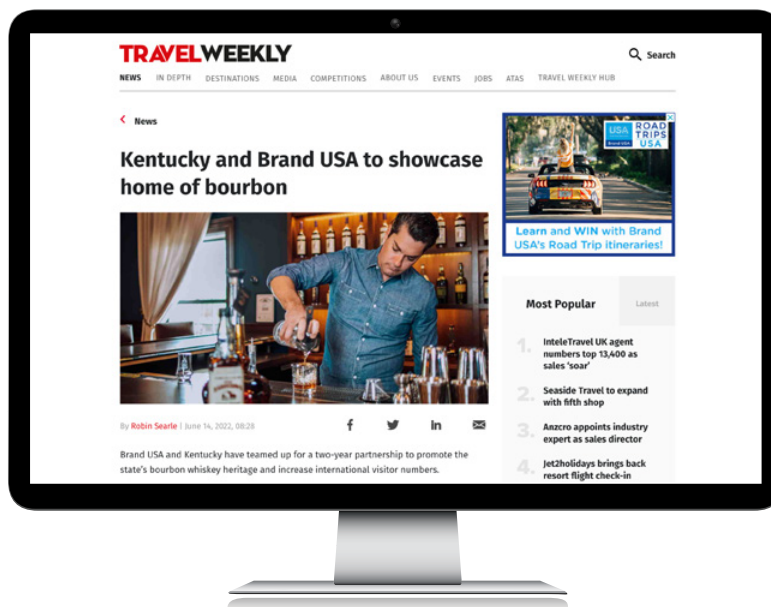
This restarted program hosted more than 30 international journalists and generated coverage for more than 20 U.S. destinations. This included a group press trip from the U.K. as well as individual press trips from Australia, Canada, Europe, India, and the U.K.

○ CONNECTING DESTINATIONS & JOURNALISTS:

Brand USA directly connected international journalists with domestic stakeholders to strengthen relationships and create media ambassadors, facilitate press trips, and generate media opportunities.

○ WHAT'S NEW TO SEE AND DO:

This new quarterly document is a foundational resource for international journalists. It features the latest on new air routes to the USA, hotel openings, cultural and sporting events, and festivals taking place across the country. Journalists have been using it for news items, listicles, and press trip inspiration.



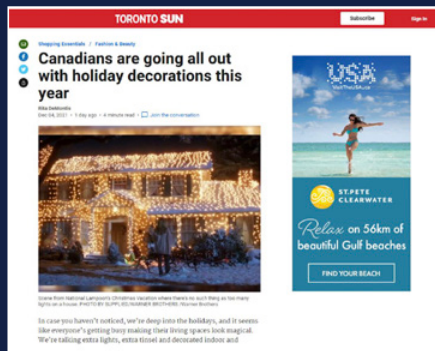
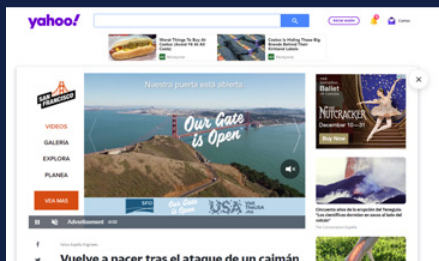
COOPERATIVE MARKETING

Cooperative marketing weaves together the many stories and voices that constitute travel experiences throughout the United States. Brand USA coordinates with partners such as destination marketing organizations, tour operators, lodging companies, and attractions to better tell the many USA stories in a compelling way. Local partners on the ground have

the best understanding of what makes their place special, while we have the global infrastructure and reach those partners need to compete for international visitors.

Brand USA's partners were highly engaged in cooperative marketing in FY2022. 273 unique partners participated in 56 different programs, averaging 4.3 programs

each. Most impressively, the conservative measure across all programs resulted in **more than 2 billion impressions** and **more than \$340 million in directly attributable bookings**. More details about specific activation programs are included in Communications Task 3: Entice and Convert.



TRAVEL TRADE ENGAGEMENT

Brand USA's in-market teams remained connected to the global travel trade industry via the Brand USA Global Marketplace and other engagements. Industry webinars and in-person events, product familiarization tours, giant-screen film events, and the Brand USA Global Marketplace itself were among the more powerful trade engagement programs.

BY THE NUMBERS:

16,000+
Travel agents
trained

3,293
Virtual 1:1 business
meetings globally
engaging

272
Buyers and
210
U.S. partners

USA DISCOVERY
PROGRAM:

30,708
Active users

2,794
New users

11,207
Badges completed
in FY 22

Executed **29** joint tour
operator campaigns
across **13** markets

GIANT-SCREEN
FILM EVENTS:

18
Cities reached

2,400+
Media, trade,
and consumers





GLOBAL MARKETPLACE

Brand USA produced a series of virtual meetings, events, and market education sessions. In total, we facilitated more than 8,000 one-to-one business meetings, hosted over 3,500 attendees, and connected stakeholders with contacts in approximately 30 countries. The Brand USA Global Marketplace has become a true central meeting point for travel suppliers and buyers alike.

- o **NEW:** International Pavilion on Brand USA Global Marketplace. We created this online resource to provide stakeholders access to timely and relevant information as well as business and media contacts in key international markets. The International Pavilion includes consumer and market intelligence reports, exclusive contact directories, information about Brand USA programs, and future opportunities.
- o **MARKET REGIONS:** Australia and New Zealand; Austria and Switzerland; Benelux; Brazil; France; Germany; India; Ireland; Italy; Japan; Mexico; Nordic Region; South Korea; Spain; and U.K.




BRAND USA TRAVEL WEEK

U.K. & EUROPE 2022

In the event's fourth year, we welcomed over 450 attendees (including 129 exhibitor organizations, 129 buyer organizations, and numerous media) to Frankfurt, Germany. Delegates conducted over 3,600 pre-scheduled, matchmade appointments and participated in more than five enrichment sessions and four networking events. The 2022 edition featured two additional tracks.

- o **BRAND USA CEO SUMMIT:** In its second year, the Brand USA CEO Summit had a more robust event program with 19 top-tier media and 26 CEOs.
- o **BRAND USA MEDIA FORUM:** The newly-introduced Brand USA Media Forum facilitated over 700 pre-scheduled, matchmade appointments between 36 exhibitor companies and 47 U.K. and European media.



PUBLIC-PRIVATE PARTNERSHIP

Brand USA continued to engage with federal partners to leverage assets for both and present a united and welcoming face to the world of travel.

For example, we partnered with the U.S. Commercial Service on activities to promote the USA to key travel trade players in Belgium, Colombia, Costa Rica, Croatia, Czech Republic, Panama, Peru, and Portugal, among others. Brand USA participated at the U.S.-Croatia Forum to welcome Croatia to the Visa Waiver Program during a high-level event that convened leaders from across government and industry. We also partnered with the U.S. Mission in Germany to feature United Stories campaign videos at the

Reeperbahn Festival in Hamburg, where the USA was the focus country for this widely attended, multi-day music and arts festival.

We also supported Independence Day celebrations at U.S. embassies and consulates in Canada, Germany, the Netherlands, and Singapore to showcase the United States as the world's premiere travel destination.

We deployed the "Market the Welcome" program to an additional 17 U.S. embassies and consulates by providing video and imagery that showcase all 50 states, five territories, and the District of Columbia in consular waiting areas.

At Brand USA Travel Week U.K. and Europe 2022, we engaged the U.S. Commercial Service in nine emerging markets to recruit top buyers to engage with a broad set of U.S. destinations and travel suppliers. This marquee annual event also provided a platform for officials from the Departments of Commerce and State to directly address the top sellers of USA travel and media in Europe. Finally, at IPW 2022, Brand USA rebranded federal row, presenting a cohesive public-private face to the world travel community. We proudly welcomed Assistant Secretary of Commerce, Grant Harris, to our press conference stage to unveil the new National Travel and Tourism Strategy.

COMMUNICATIONS TASK 3: ENTICE AND CONVERT

Within the recovery framework, Brand USA recognized the necessity of responding to the acute need of our partners and stakeholders to demonstrate bookings and travel to the United States. The strategies behind the “Entice and Convert” communications task aimed to promote the United States as an aspirational destination and

directly facilitate bookings and conversions.

Brand USA’s position within the consumer purchase journey traditionally has been higher in the funnel—focused on reach and engagement and featuring more inspirational messaging. “Entice and Convert” built upon this foundation with booking calls-to-action (CTAs) integrated

across consumer, travel trade, and partner marketing initiatives. By turning inspiration and engagement into measurable travel bookings, “Entice and Convert” strategies helped jumpstart international travel recovery and provide direct benefits to stakeholders.

UNITED STORIES CAMPAIGN WITH TOUR OPERATOR CALLS-TO-ACTION

Brand USA drove activation by partnering with top tour operators and booking engines in our primary markets to nudge consumers down the path to booking. This program targeted a highly qualified audience (those who had already been exposed to Brand USA messaging, plus a lookalike audience) with United Stories assets that included a “book now” call-to-action. In tandem with our CTA campaign, tour operators developed contra-marketing plans promoting the USA on their owned platforms, creating a surround-sound message in the market.

MARKETS:



TIMING: January – October 2022

NUMBER OF TOUR OPERATORS:

Three per market

RESULTS:

IMPRESSIONS: 952,302,207

LINK CLICKS: 6,393,057

SOCIAL ENGAGEMENTS: 4,242,000

JOINT TOUR OPERATOR MARKETING PROGRAMS

Joint tour operator marketing programs are integral to Brand USA’s engagement with the travel trade. The objective is to inspire travel to the USA, demonstrate the diverse range of experiences available, and drive bookings through the key tour operators. These programs are multi-level, marketing campaigns in conjunction with leading tour operator partners in each market that combine the best opportunities for business-to-business and business-to-consumer engagement. These campaigns can include a combination of components including, but not limited to, new itinerary or product development, digital and social media promotion, client events, newsletters, travel agent training, third-party advertising/advertorials, and USA Discovery Program incentives. They are a critical tool to help the travel trade and travelers connect with lesser-known destinations and experiences in close proximity to gateways, underscoring the value of a USA trip.

MARKETS:



TIMING: April 2022 – September 2022

NUMBER OF TOUR OPERATORS: 19

RESULTS*:

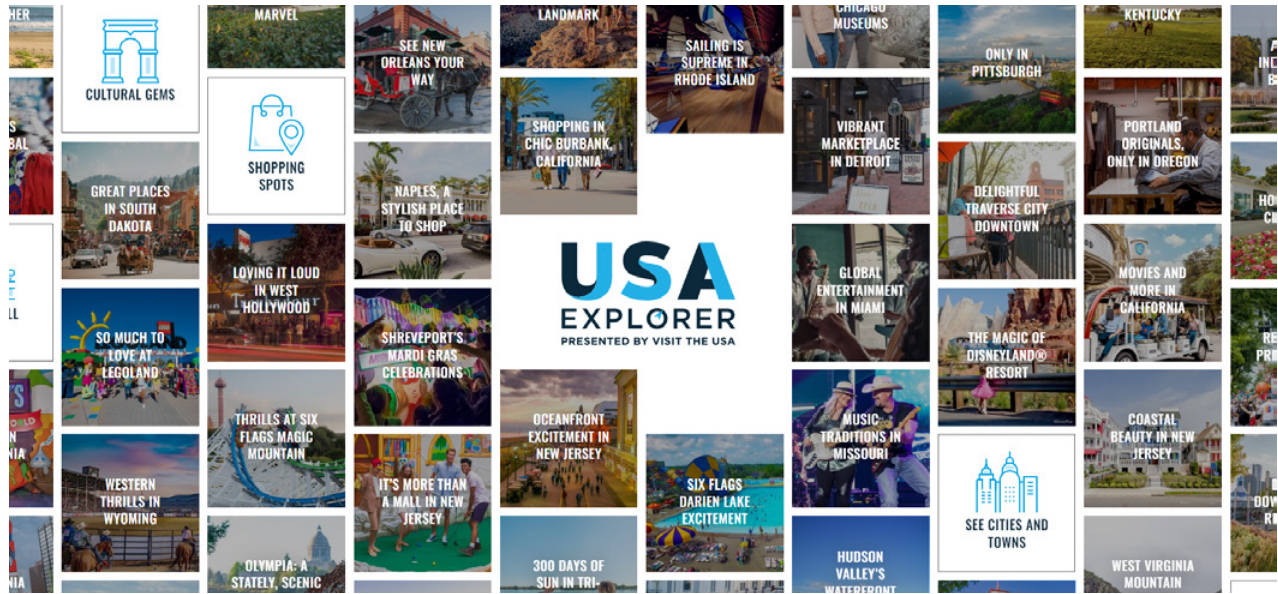
IMPRESSIONS: 72,497,824

BOOKINGS: 50,853

PAX BOOKED: 27,194

ROOM NIGHTS: 174,416

PARTNER MARKETING PROGRAMS



MULTI-CHANNEL CAMPAIGNS

Brand USA's revamped and restructured Multi-Channel Program provided a powerful mix of mid-to lower-funnel channels that led to conversations and inspired potential travelers.

- MARKETS:



- DOMESTIC PARTICIPANTS: 120
- RESULTS: \$252M+ in attributable bookings

AFFINITY CO-OP CAMPAIGNS

Brand USA continued to offer domestic travel industry stakeholders quick-to-market, scalable opportunities with online travel agencies (OTAs) and other publishers by featuring booking calls-to-action for domestic destinations.

- MARKETS:  GLOBAL

- OTAs: Adara, Expedia, Hotelbeds, Sojern, Tripadvisor
- DOMESTIC PARTICIPANTS: 40
- RESULTS: \$178M+ in attributable bookings

CANUSA CAMPAIGNS

Canusa is the largest specialized tour operator in Germany. Our 2022 partnership programs featured comprehensive marketing campaigns designed to reach a German audience primed for USA travel planning.

- MARKET:  GERMANY

- DOMESTIC PARTICIPANTS: 15
- RESULTS: 7,604 room nights booked

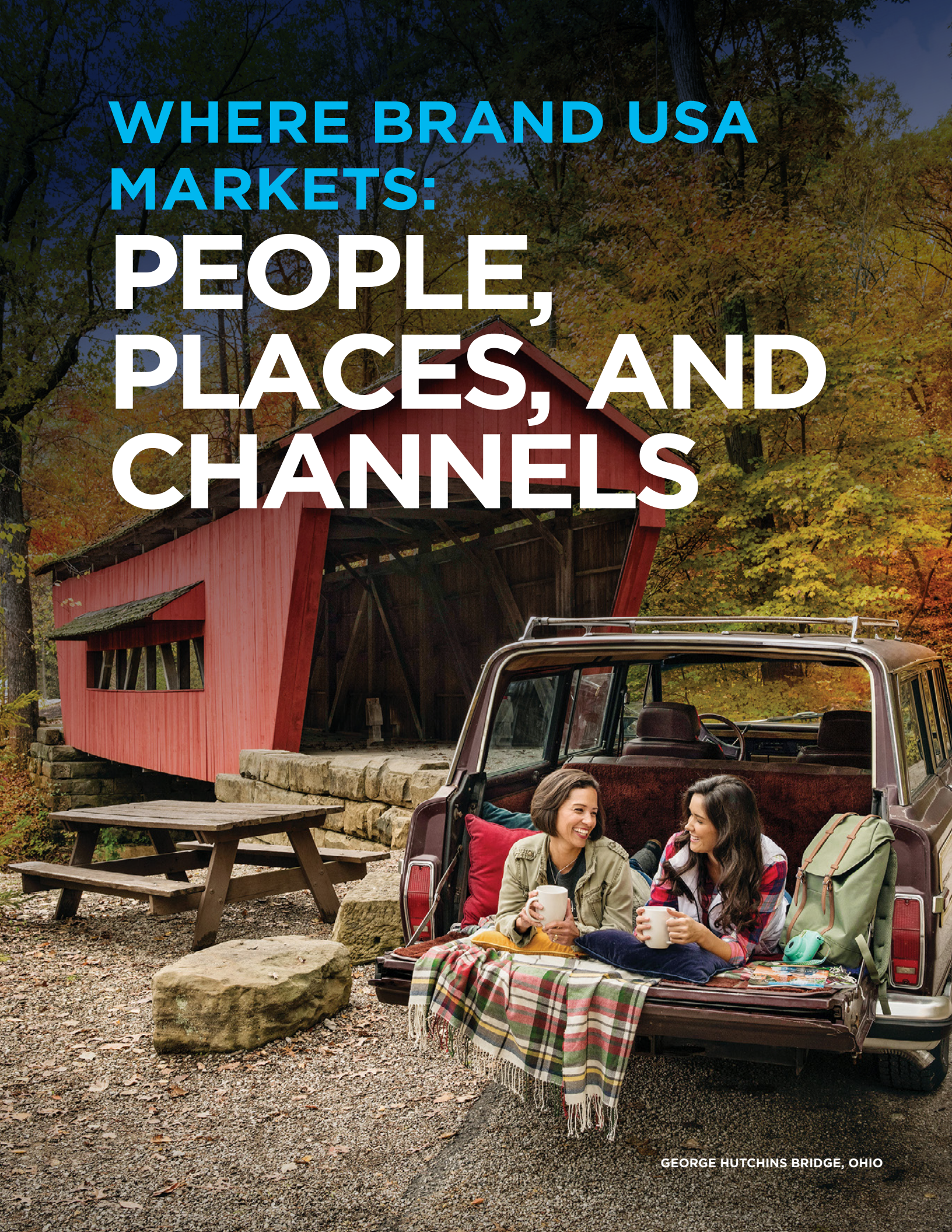
PRICETRAVEL CAMPAIGNS

Brand USA partnered with PriceTravel, one of the most recognized OTAs in Mexico and Latin America, to bring multi-channel marketing packages to domestic stakeholders. Participants received exposure through multimedia B2B and B2C channels as well as through robust reporting, including booking metrics.

- MARKET:  MEXICO

- DOMESTIC PARTICIPANTS: 7
- RESULTS: \$52M+ in attributable bookings

WHERE BRAND USA MARKETS: PEOPLE, PLACES, AND CHANNELS



GEORGE HUTCHINS BRIDGE, OHIO

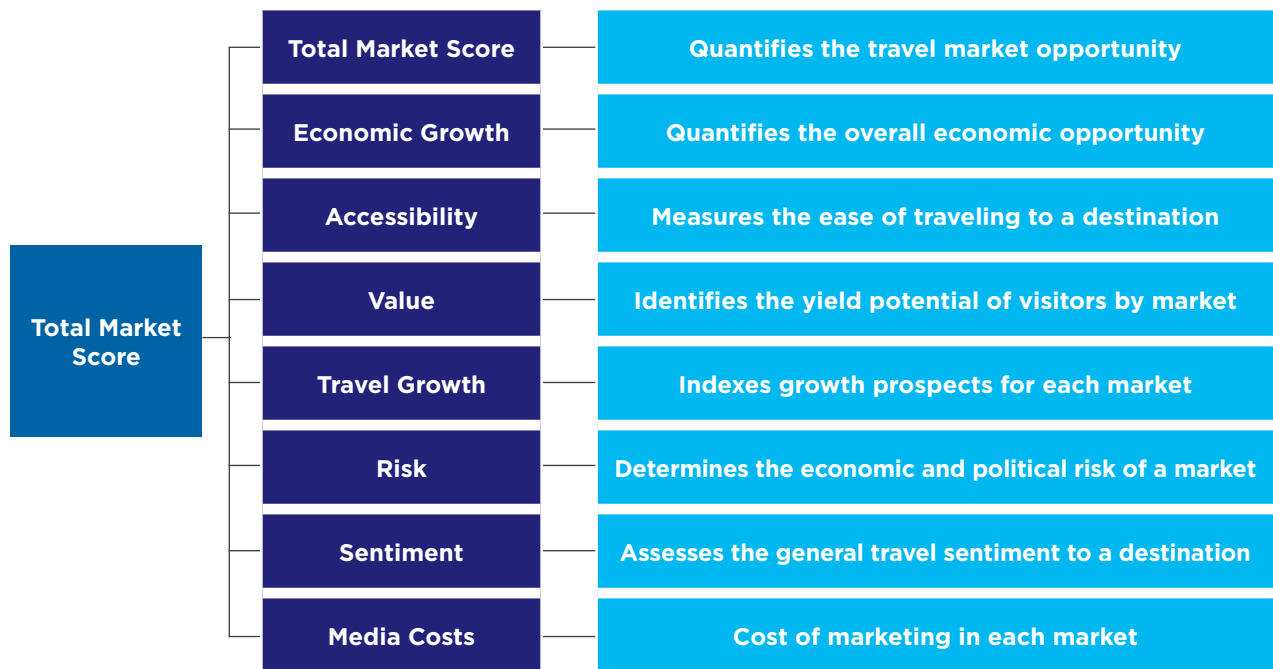
WHERE BRAND USA MARKETS: INTERNATIONAL TARGET MARKETS, PLACES, AND CHANNELS

MARKET SELECTION

Brand USA focuses on markets, audiences, and media channels that enable our organization to optimize performance against our mission to increase international arrivals and spending. For a second consecutive year, Brand USA partnered with Tourism Economics, a subsidiary of Oxford Economics, to develop a market selection model based on macroeconomic indicators as well as opportunities across a selected number of established and emerging markets.

The current model includes 32 indicators that quantify travel market size, spending power, growth prospects, and the potential responsiveness of each market. These indicators are aggregated to a total market score, which is the primary driver to determine resource allocation by market. This process ensures the consideration of all potential markets on a harmonized basis.

MARKET SCORECARD





COLUMBIA RIVER GORGE, OREGON



FRANKLIN, TENNESSEE

TARGET TRAVELER POPULATIONS

Brand USA's target travel segments and populations may vary year-to-year and country-by-country to track with changes to the travel, media, and market environments. Marketing often targets affluent, educated travelers. We also match our media and messaging to cultural preferences and past consumer reactions to marketing campaigns.

In FY2022, Brand USA broadly targeted potential travelers aged 18 to 59, with the objectives of increasing brand perception, consideration, engagement, and bookings for travel to the USA.

MEDIA CHANNELS

Brand USA's paid media channels are used to reach, engage, and inspire travelers to visit the USA. Channel allocation is determined by consumer behavior, consumption habits and trends, efficiencies within the market, and desired message. 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.

The total expenditure and ratio of media channels deployed in each market during FY2022 are detailed in the following charts.

MEDIA OPTIMIZATION: EXPENDITURES BY MARKET AND MEDIA TYPE

Country	ATL-OOH	Digital	Print	Radio	Trade Show	TV	Multi-Media/Infrastructure	Total Marketing
Australia		\$1,261,987.22			\$463,160.53		\$310,449.58	\$2,035,597.33
Brazil		\$1,565,328.33	\$10,100.00		\$155,498.88	\$58,752.00	\$269,925.13	\$2,059,604.34
Canada		\$6,516,469.84	\$44,209.50		\$179,737.92	\$192,737.30	\$1,887,784.94	\$8,820,939.50
France		\$870,794.69	\$7,114.00		\$28,405.41		\$260,811.59	\$1,167,125.69
Germany		\$3,255,138.15	\$56,145.70		\$2,196,742.79		\$1,301,910.76	\$6,809,937.40
India		\$581,457.57			\$180,571.17		\$180,071.84	\$942,100.58
Japan					\$126,124.70		\$17,331.68	\$143,456.38
Mexico	\$24,668.00	\$3,997,063.10	\$8,750.00		\$310,517.46	\$75,959.00	\$2,296,390.41	\$6,713,347.97
South Korea		\$378,307.90			\$285,005.13		\$38,540.97	\$701,854.00
United Kingdom	\$2,026,354.56	\$11,573,086.00	\$235,504.16	\$120,000.00	\$1,484,261.08	\$2,188,108.96	\$4,407,556.17	\$22,034,870.93
Global/Other Markets		\$6,310,444.31	\$658,174.83	\$0.00	\$4,005,399.78	\$44,974.56	\$18,511,508.94	\$29,530,502
Total Marketing	\$2,051,022.56	\$36,310,077.11	\$1,019,998.19	\$120,000.00	\$9,415,424.85	\$2,560,531.82	\$29,482,282.01	\$80,959,337
Overhead								\$7,703,175
Total Operating Expenses								\$88,662,512

MEDIA OPTIMIZATION: EXPENDITURES BY MARKET AND MEDIA TYPE

Country	ATL-OOH	Digital	Print	Radio	Trade Show	TV	Multi-Media/Infrastructure	Total Marketing*
Australia		3%			5%		1%	3%
Brazil		4%	1%		2%	2%	1%	3%
Canada		18%	4%		2%	8%	6%	11%
France		2%	1%				1%	1%
Germany		9%	6%		23%		4%	8%
India		2%			2%		1%	1%
Japan					1%			
Mexico	1%	11%	1%		3%	3%	8%	8%
South Korea		1%			3%			1%
United Kingdom	99%	32%	23%	100%	16%	85%	15%	27%
Global/Other Markets		17%	65%		43%	2%	63%	36%
Total Marketing	3%	45%	1%	0.1%	12%	3%	36%	100%

*Individual figures may not equal the total due to rounding

Digital channels, which include search, display, social media, and online video, comprised the majority of media types employed for marketing and advertising operations throughout FY2022.

Brand USA's primary research and other industry studies indicate that digital channels are the most-used information source in the consumer travel decision-making process. Digital channels

are also the most effective for delivering inspirational content and authentic storytelling that transcends traditional advertising—facilitating greater consumer interest and engagement. For these reasons, Brand USA has continued to optimize content marketing and storytelling methods and increased its expenditure on digital media.



RALEIGH, NORTH CAROLINA

EMERGING MARKETS

Traditionally, Brand USA deploys its marketing efforts and initiatives throughout both established and emerging markets. We define emerging markets as those outside the top five inbound markets that are anticipated to increase significantly over the next 10 years. Because we take the national view, some countries we consider to be emerging markets may be fairly established for individual players at the corporate and state or city levels.

As our approach in FY2022 was to drive a recovery campaign for the travel industry, most of our paid media was placed in the most responsive markets, such as Canada, Germany, Mexico, and the U.K. With the exception of China and Japan, we resumed the majority of paid media activities in the last quarter of the fiscal year. We even started to increase these activities in new regions, such as Colombia, where we added paid social media. We anticipate that emerging markets will play a significant role in

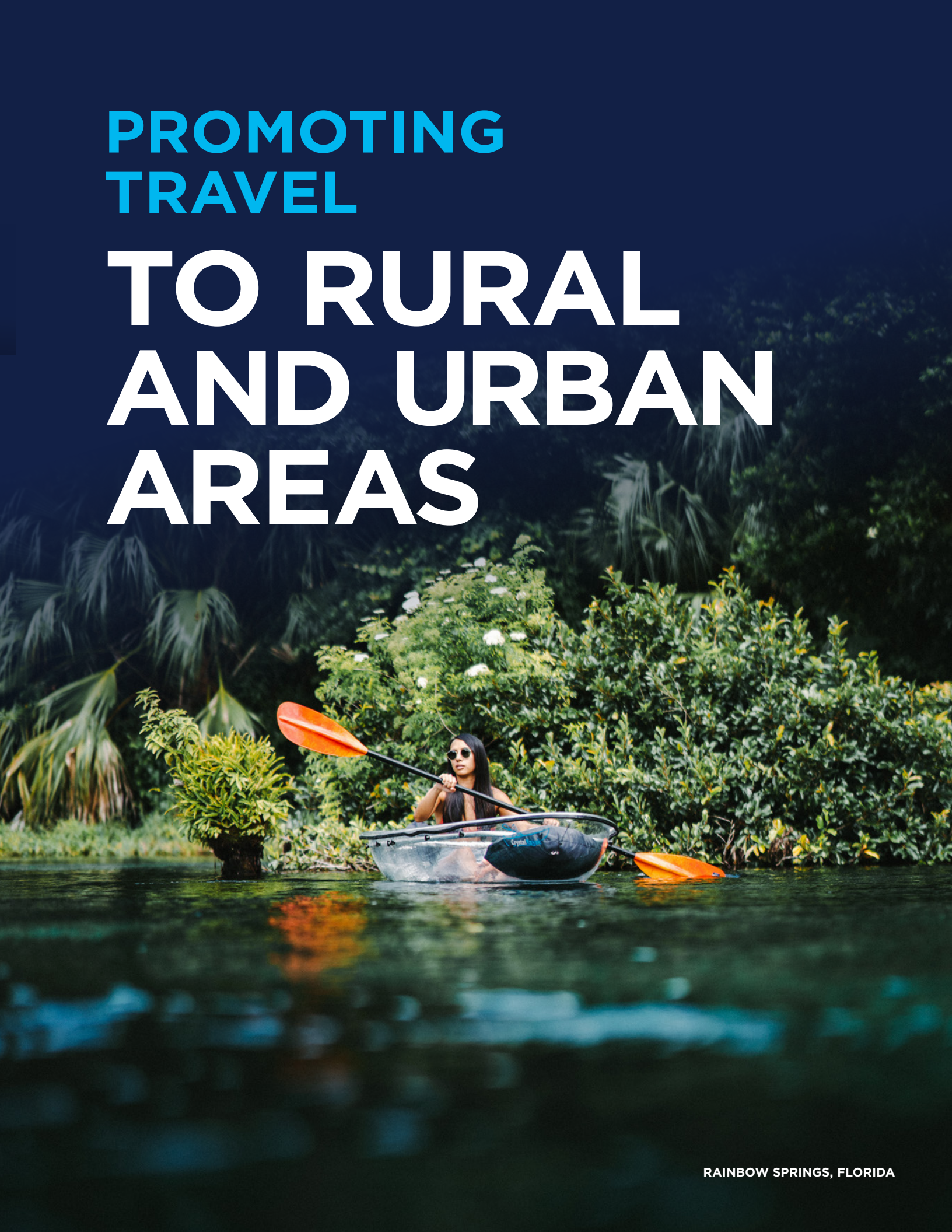
stimulating new travel in the years to come as the travel sector makes progress toward recovery.

Brand USA’s global infrastructure enables large segments of the travel industry to connect with potential customers that would be difficult for them to reach on their own. This effect is naturally more pronounced in emerging markets than in most established ones in which more enterprises have a presence. For example, digital channels are “always on” and are universally accessible—allowing inspirational content and partner messaging to reach beyond traditional markets. The GoUSA TV streaming channel puts USA travel content directly in front of audiences on a truly global basis. Finally, innovative programs like Brand USA Travel Week U.K. and Europe forge relationships in emerging markets within Europe, such as Croatia, Czech Republic, Hungary, Poland, and Romania.



**PROMOTING
TRAVEL**

TO RURAL AND URBAN AREAS



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 IN RURAL AREAS

As borders reopened in November 2021, Brand USA encouraged travelers the world over to go beyond our gateways to explore the endless discoveries to be had in small towns, coastal communities, and quaint villages nationwide.

Examples of how Brand USA promoted international travel to rural areas in FY2022 included:

INFLUENCER PROGRAM

Influencers were a core component of Brand USA's recovery strategy to prove the USA was ready to welcome the world back. Traveling the country on multistate, regional itineraries, small groups of influencers from key markets told authentic, credible stories to their engaged audiences.



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.

GoUSATV

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 distribution agreements with Samsung TV Plus, Reach TV, Go Transit, Plex, and others, viewers watched a total of 39 million minutes of content featuring urban and rural destinations on the connected tv channel in FY2022.





CAPE HENLOPEN, DELAWARE



Brand USA brought destination marketing organizations and travel companies throughout the United States together with the top-producing U.K. and European travel trade in Frankfurt, Germany, for B2B meetings and media engagements. Participants also discussed trends, challenges, innovations, and opportunities to drive future visitation to, through, and beyond the gateways of the United States.



Brand USA Insider Guides are multi-state, self-drive itineraries developed in conjunction with content marketing campaigns, promotions, and industry trends. Brand USA currently promotes 33 Insider Guides to the travel trade. These guides cover all 50 states, the District of Columbia, and at least two U.S. territories.



The USA Discovery Program is Brand USA's official online travel agent training tool. This program provides in-depth courses that cover the diverse destinations and experiences available in the USA. Travel agents acquire greater exposure and tools to sell U.S. travel products and can earn general and specific accreditations as USA Specialists.

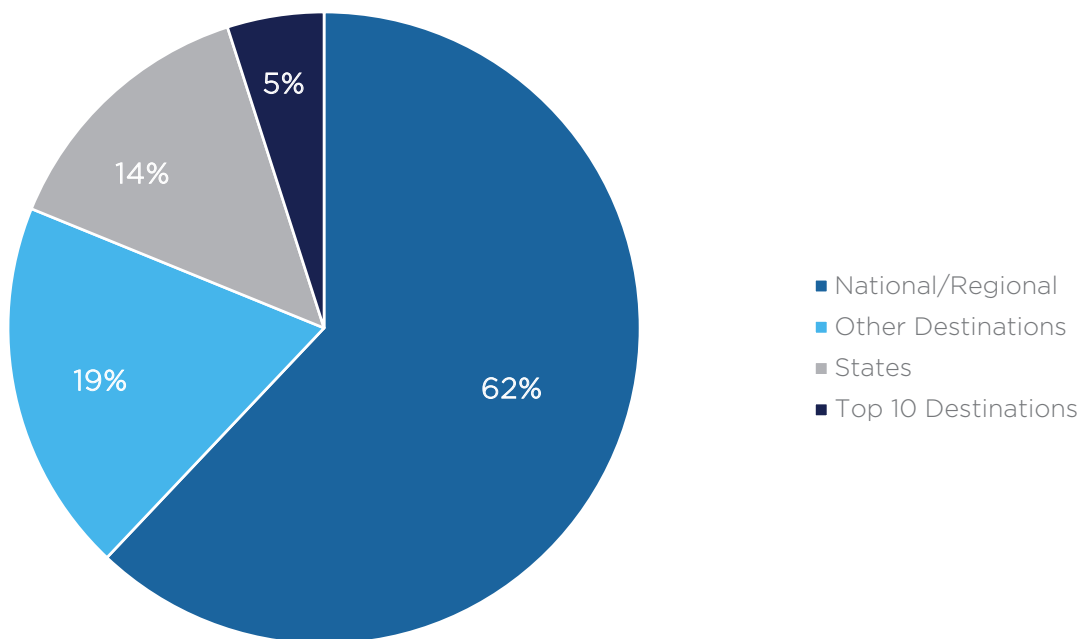


RURAL AND URBAN REPRESENTATION IN PRIMARY PROGRAMS:

Consumer Marketing	Gateway	Urban Non-Gateway	Rural
Influencer Program	9%	37%	54%
Social Media Content	5%	26%	68%
GoUSA TV	7%	39%	54%
Cooperative Marketing Programs	3%	30%	66%

Travel Trade Programs	Gateway	Urban Non-Gateway	Rural
Brand USA Travel Week U.K. & Europe	7%	37%	56%
Brand USA Global Marketplace	9%	31%	60%
Brand USA Insider Guides	2%	22%	76%
USA Discovery Program	8%	15%	77%

WEBPAGES VISITED



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

OBJECTIVES REVIEW



PERFORMANCE AGAINST OBJECTIVES

OBJECTIVE	MEASURE(S)	OUTCOMES
<p>Help the U.S. travel and tourism sector recovery by driving international visitation and spending to the United States on a market-by-market basis as conditions warrant</p>	<ul style="list-style-type: none"> ■ MEASURE 1: Inbound visitation and spending attributable to Brand USA as well as the return to the U.S. economy for each dollar spent ■ MEASURE 2: Value of attributable bookings driven through activation co-ops and partner programs ■ MEASURE 3: Tactical campaign KPIs, such as: <ul style="list-style-type: none"> ○ Impact on sentiment about the USA and intent to visit the USA ○ Social engagements and engagement rates ○ Impressions/Cost Per Thousand (CPM) ○ Video views and video completion rate 	<ul style="list-style-type: none"> ■ Attributable FY22 impacts include: <ul style="list-style-type: none"> ○ Nearly 328,000 visits ○ \$905 million in incremental, direct visitor spending ○ \$1.9 billion in total economic impact ○ \$261 million in federal, state, and local taxes ○ Sustained 12,132 jobs earning \$563 million in personal income ○ Return on investment of marketing dollars of 11.2:1 and overall operational costs of 10.2:1 ■ Campaign KPIs: <ul style="list-style-type: none"> ○ Markets: Australia, Brazil, Canada, Colombia, France, Germany, India, Korea, Mexico, and U.K. ○ Impressions: 3,356,645,473 ○ Engagements: 14,374,807 ○ Completed video views: 665,889,174 ○ Video views (started): 1,425,452,612



ASBURY PARK, NEW JERSEY



OBJECTIVE	MEASURE(S)	OUTCOMES
<p>Help U.S. travel and tourism industry stakeholders reengage international markets</p>	<ul style="list-style-type: none"> ■ MEASURE 1: Percentage of partners engaged in international promotion with Brand USA in FY2018-2019 that returned to the international market with Brand USA in FY2022 ■ MEASURE 2: Number of markets with partners reentering through Brand USA ■ MEASURE 3: Representation of all parts of the country, including rural and urban areas alike 	<ul style="list-style-type: none"> ■ Partners engaged in international promotion with Brand USA: <ul style="list-style-type: none"> ○ FY2019: 363 ○ FY2020: 262 ○ FY2021: 183 ○ FY2022: 286 ■ Markets targeted by partner programs: <ul style="list-style-type: none"> ○ FY2019: 10 ○ FY2022: 7 ■ Access facilitated by Brand USA Global Marketplace <ul style="list-style-type: none"> ○ 8,000 B2B meetings in 30 countries ■ Market-regions accessible via International Pavilion <ul style="list-style-type: none"> ○ Australia/New Zealand; Benelux; Brazil; France; Germany, Austria, and Switzerland; India; Ireland; Italy; Japan; Mexico; Nordic Region; South Korea; Spain; and U.K. ■ Rural/Urban representation: Represented all parts of the country, including rural areas, urban non-gateway areas, and gateway cities (see Rural/Urban section of this report for more detail)

OBJECTIVE	MEASURE(S)	OUTCOMES
<p>Integrate critical themes into Brand USA recovery campaign and content efforts</p>	<ul style="list-style-type: none"> ■ MEASURE 1: Integrate a multicultural marketing strategy into recovery campaign and ongoing content, digital, and event platforms ■ MEASURE 2: Integrate communication of U.S. travel policies into recovery campaign and ongoing content, digital, and event platforms ■ MEASURE 3: Integrate other relevant themes as warranted 	<ul style="list-style-type: none"> ■ Integrated multicultural marketing into campaigns such as influencer trips, United Stories, and GoUSA TV series like <i>Ellis Family Vacation</i>. ■ Convened an industry consortium to conduct groundbreaking research on the incremental value of integrating multicultural assets into marketing, communications, and product offerings. ■ In more mature markets, the multiplier effect is driven by a stronger interest in multicultural activities from experienced travelers who typically have a higher income. <ul style="list-style-type: none"> ○ +46% in average spend per person per night in Canada ○ +14% in average spend per person per night in the U.K. ■ Travel policy communications: Communicated travel policies on an ongoing basis to help consumers, stakeholders, and media navigate a rapidly evolving environment.
<p>Maintain sound financial management and corporate governance</p>	<ul style="list-style-type: none"> ■ MEASURE 1: Overhead as percentage of overall budget ■ MEASURE 2: Compliance with Travel Promotion Act and corporate bylaws 	<ul style="list-style-type: none"> ■ Overhead: 9% of total budget ■ Compliance certification: Brand USA certifies it is in compliance with its competitive procurement policy, all organizational policies, and the Travel Promotion Act.

AUDITED FINANCIAL STATEMENTS AND NOTES



VENTURA, CALIFORNIA



THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Financial Statements

September 30, 2022 and 2021

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Corporation for Travel Promotion, dba Brand USA (the Organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 (x) to the financial statements, in 2022, the Organization adopted new accounting guidance, Accounting Standard Codification (ASC) Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2022. 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 3, 2023

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Statements of Financial Position

September 30, 2022 and 2021

Assets	2022	2021
Assets:		
Cash and cash equivalents	\$ 49,685,303	49,791,517
Investments	291,059,892	27,142,025
Accounts receivable, net	22,726,608	37,007,950
Accounts receivable with related party	825,000	500,000
In-kind assets, net	14,047,985	30,066,758
Prepaid expenses and other current assets	5,050,491	4,654,498
Operating lease right-of-use asset	3,581,646	—
Property and equipment, net	1,417,117	438,377
Intangible assets, net	4,985,401	5,554,215
Total assets	\$ 393,379,443	155,155,340
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 13,650,975	4,876,766
Accrued expenses and other liabilities	12,199,745	4,536,858
Operating lease liabilities	4,497,111	—
Total liabilities	30,347,831	9,413,624
Net assets:		
Without donor restriction	340,584,319	107,266,469
With donor restriction	22,447,293	38,475,247
Total net assets	363,031,612	145,741,716
Total liabilities and net assets	\$ 393,379,443	155,155,340

See accompanying notes to financial statements.

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Statement of Activities

Year ended September 30, 2022
(with summarized financial information for fiscal year 2021)

	2022			2021
	Without donor restriction	With donor restriction	Total	Total
Support and revenue:				
Travel promotion fund proceeds	\$ 92,862,104	—	92,862,104	34,132,132
Congressional relief fund proceeds	200,000,000	—	200,000,000	—
Partner contributions	25,261,978	7,230,027	32,492,005	14,296,850
In-kind contributions, net	1,047,570	—	1,047,570	18,745,600
Forgiveness of Paycheck Protection Program loan	1,545,157	—	1,545,157	—
Investment income	1,989,936	—	1,989,936	535,277
Trade show and other revenue	755,494	—	755,494	951,896
Sponsorships	386,243	—	386,243	384,431
Release from restrictions	23,257,981	(23,257,981)	—	—
Total support and revenue	347,106,463	(16,027,954)	331,078,509	69,046,186
Expenses:				
Program services	99,175,213	—	99,175,213	39,310,317
General and administrative	9,340,420	—	9,340,420	8,373,361
Total expenses	108,515,633	—	108,515,633	47,683,678
Unrealized loss on investments	(5,272,980)	—	(5,272,980)	(424,394)
Total change in net assets	233,317,850	(16,027,954)	217,289,896	20,938,114
Net assets, beginning of year	107,266,469	38,475,247	145,741,716	124,803,602
Net assets, end of year	\$ 340,584,319	22,447,293	363,031,612	145,741,716

See accompanying notes to financial statements.

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Statement of Functional Expenses

Year ended September 30, 2022
(with summarized financial information for fiscal year 2021)

	2022			2021
	Program services	General and administrative	Total	Total
Salaries	\$ 3,864,627	3,325,228	7,189,855	6,730,561
Benefits	839,723	722,521	1,562,244	1,527,609
General and administrative	811,770	675,300	1,487,070	1,250,786
Communication	271,344	129,163	400,507	328,805
Insurance	63,631	30,289	93,920	46,538
Information technology	768,810	365,965	1,134,775	889,307
Legal	—	220,570	220,570	240,000
Accounting and audit	—	139,168	139,168	134,887
Professional services	—	723,667	723,667	396,373
Advertising and media	64,576,672	—	64,576,672	14,255,449
Market activation	4,106,949	—	4,106,949	2,110,263
Product development	69,250	—	69,250	109,000
Trade shows	4,235,195	—	4,235,195	3,998,285
Research	1,997,442	—	1,997,442	2,299,206
In-kind expenses	17,066,343	—	17,066,343	10,668,541
Travel	503,457	289,546	793,003	239,513
Depreciation and amortization	—	1,739,682	1,739,682	2,051,938
Bad debt expense	—	979,321	979,321	406,617
Total	\$ 99,175,213	9,340,420	108,515,633	47,683,678

See accompanying notes to financial statements.

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Statements of Cash Flows

Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net cash from operating activities:		
Change in net assets	\$ 217,289,896	20,938,114
Adjustments to reconcile change in net assets to cash from operating activities:		
Realized and unrealized loss on investments	5,585,116	467,296
Depreciation and amortization	1,739,682	2,051,938
Amortization of operating lease right-of-use asset	(3,581,646)	—
Change in operating assets and liabilities:		
Accounts receivable including related parties	13,956,342	(19,420,934)
In-kind assets	16,018,773	(8,077,059)
Prepaid expenses and other current assets	(395,993)	4,000,825
Accounts payable	8,774,209	(212,795)
Accrued expenses and other current liabilities	9,208,044	(1,032,508)
Operating lease liabilities	4,497,111	—
Net cash used in operating activities	<u>273,091,534</u>	<u>(1,285,123)</u>
Net cash from investing activities:		
Purchases of investments	(318,257,427)	(13,935,977)
Proceeds from sales of investments	48,754,444	13,485,000
Purchase of property and equipment	(1,351,459)	—
Purchase of website and development	(798,149)	(780,388)
Net cash used in investing activities	<u>(271,652,591)</u>	<u>(1,231,365)</u>
Net cash from financing activities:		
Forgiveness of Paycheck Protection Program loan	(1,545,157)	1,545,157
Net cash used in financing activities	<u>(1,545,157)</u>	<u>1,545,157</u>
Net change in cash and cash equivalents	(106,214)	(971,331)
Cash and cash equivalents, beginning of year	<u>49,791,517</u>	<u>50,762,848</u>
Cash and cash equivalents, end of year	\$ <u><u>49,685,303</u></u>	<u><u>49,791,517</u></u>

See accompanying notes to financial statements.

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Notes to the Financial Statements

September 30, 2022 and 2021

(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 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 visa application fees collected under Section 217(h)(3)(B)(i)(I) of the Immigration and Nationality Act (8 U.S.C. 1187(h)(B)(i)(I)). For 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 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, making funds 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.

During fiscal year 2022, the U.S. Congress passed the Restoring Brand USA Act, which is part of the Consolidated Appropriations Act of 2022, which appropriated to CTP \$250 million for marketing the United States to travelers from countries permitted to enter the United States, for purposes of reigniting international travel to the United States in the wake of the COVID-19 pandemic.

(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) 958, Not-For-Profit Presentation of Financial Statements.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the CTP’s financial statements for the year ended September 30, 2021, from which the summarized information was derived.

(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.

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THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Notes to the Financial Statements

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(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(h). 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 life cycle of converting financial assets to cash or settling financial liabilities. The reserve is not intended to replace or eliminate a permanent loss of funds. As of September 30, 2022, and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 49,685,303	49,791,517
Investments	291,059,892	27,142,025
Accounts receivable from related party	825,000	500,000
Accounts receivable, net	<u>22,726,608</u>	<u>37,007,950</u>
Total financial assets	364,296,803	114,441,492
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>\$ 363,796,803</u>	<u>113,941,492</u>

(d) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances, taking into account the credit worthiness of donors and history of collection. Management provides for 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, 2022 and 2021, the allowance for doubtful accounts was \$2,336,449 and \$1,367,128, 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) Sequestration Refund and Receivable

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 varied rates from fiscal years 2013 through 2021. CTP's funds received from the Department of Treasury under the Travel Promotion Act

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THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

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were automatically reduced by sequestration of 5.7% in fiscal year 2022 and 2021. As a result, CTP 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 in the amount of \$1,758,927.

In fiscal year 2022, The Department of Commerce issued a sequestration refund of \$56.5M, representing accumulated withholdings from 2013 through 2021, and this amount was provided to CTP and is recognized as revenue for the year ended September 30, 2022.

As of September 30, 2022, the remaining amount of the sequestration refund due to CTP that has not been received is recorded as an accounts receivable in the amount of \$3,924,875.

(f) In-Kind Assets and Contributions

CTP receives in-kind contributions from donors and records them as in-kind assets and in-kind contribution revenue. In-kind assets are marketing assets which include, but are not limited to, advertising campaigns, content licenses, and production services. The assets have no donor-imposed restrictions and are used to further the mission. CTP does not sell contributed assets for monetary gain.

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 licensing and advertising contributions are determined using the market, programming cost or licensing pattern approach method. The fair value of in-kind contributions is determined through a documented valuation assessment process that uses both publicly available pricing and valuation experts.

CTP contracts with independent experts with relevant experience and industry expertise to provide fair market valuations for in-kind assets donated by comparing prices for similar items, examining published rate cards and discounts, and conducting local in-market surveys of specialists.

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 2022 and 2021 is discussed in note 2(f).

CTP capitalizes in-kind assets until the benefit of such contributions has been utilized, since in-kind assets generally provide future benefits through the performance periods. In-kind assets are expensed as used and, as such, an in-kind asset balance will remain in any given fiscal year end for media that is scheduled to be used in future fiscal periods. During the fiscal years ending September 30, 2022 and 2021, \$17,066,343 and \$10,668,541 of in-kind assets were utilized in marketing programs, respectively. No in-kind assets were monetized.

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(g) In-Kind Assets Allowance

CTP has recorded an allowance for in-kind assets in the amount of \$1,211,180 and \$1,292,632, respectively, as of September 30, 2022 and 2021. 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.

CTP's 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 changes in net assets.

CTP follows an investment policy that anticipates a sufficient return while maintaining capital preservation as the highest priority and ensuring adequate liquidity. The return is tertiary to preservation of capital and meeting 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 of Financial Instruments

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.

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;

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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) Leases

For CTP's operating leases, an assessment is performed to determine if an arrangement is a lease at inception. Right-of-use ("ROU") assets represent CTP's right to use an underlying asset for the lease term, and lease liabilities represent the organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU asset also includes any prepaid lease payments made, less incentives. Lease expense is recognized on a straight-line basis over the lease term. As the information necessary to determine the rate implicit in CTP's leases is not readily available, the company elected to apply the private company practical expedient which permits a private entity lessee to use a risk-free discount rate. The company elected to use a 10 year Treasury borrowing risk free rate which aligns with the lease term.

CTP has elected, as an accounting policy for its leases of real estate, to account for lease and non-lease components in a contract as a single lease component. In addition, the recognition requirements are not applied to leases with a term of 12 months or less. Rather, the lease payments for short-term leases are recognized on the statement of activities on a straight-line basis over the lease term. As of September 30, 2022, CTP had no leases with a term of 12 months or less.

(k) Property and Equipment

Property and equipment are 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.

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(l) 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, 2022 and 2021.

(m) 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.

(n) Net Asset Presentation

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

Net assets with donor restrictions are comprised of 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. As of September 30, 2022, and 2021, CTP had no gifts with donor restrictions or 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, in-kind contributions, government grants, and unrestricted donations and pledges. In-kind contributions consist of donated advertising and marketing campaigns, which are scheduled to benefit CTP in future periods. 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.

(o) 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. Management has determined that matching funds are an unconditional promise to give and therefore revenue recognition occurs at submission. Matching funds submitted that exceed the allowable amount in a given year can be carried forward and applied against a future year. It is expected that the full amount of the matching fund receivable of \$11,040,975 will be collected in fiscal year 2023.

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For fiscal years 2022 and 2021, CTP collected matching funds from the Department of Commerce of \$26 million and \$49 million, respectively. Due to the impact of COVID-19, only \$13 million and \$62 million (instead of \$100 million) was made available to CTP for matching in the fiscal years 2022 and 2021, respectively. The remaining \$13 million from fiscal year 2021 was matched in the 2022 fiscal year.

(p) Congressional Relief Fund Proceeds

The Restoring Brand USA Act requires the Department of the Treasury to make \$250 million available for the CTP. Of this amount \$200 million is considered to be an unconditional promise to give and therefore revenue recognition occurred upon passage of the Restoring Brand USA Act. The remaining \$50 million is subject to matching requirements and is therefore considered a conditional promise to give. It will not be recognized as revenue until the barriers on which they depend are substantially met (i.e. submission of matching funds).

(q) Partner Contributions

Partner contributions are recognized in the year of commitment as unconditional promises to give and are classified as with donor restriction or without donor restriction, based on donor intention and time restrictions.

(r) 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.

(s) Income Taxes

CTP is exempt from federal income taxes under 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 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 include any uncertain tax positions.

(t) 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.

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As of September 30, 2022 and 2021, approximately 64% and 78% of accounts receivable came from one grantor.

For fiscal 2022 and 2021, approximately 100% and 76% of in-kind contributions came from three donors.

For fiscal 2022 and 2021, approximately 42% and 24% of cash contributions came from three donors.

(u) Related Parties

For 2022 and 2021, \$3,671,000 and \$850,000, respectively, of partner contributions came from organizations affiliated with members of the Board of Directors.

(v) 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.

(w) 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 3, 2023, which is the date the financial statements were available to be issued as approved by management.

(x) Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes ASC 840, *Leases (Topic 840)*. The ASU introduces a model for lessees requiring most leases to be reported on the balance sheet. CTP adopted this ASU and the related amendments on October 1, 2021, under the effective date method, which resulted in no adjustment to net assets. CTP's financial statements are presented in accordance with Topic 842 as of September 30, 2022, while prior period amounts are not adjusted and continue to be reported in accordance with Topic 840.

CTP adopted ASC 842 – Lease Accounting in fiscal year 2022. The transition requires lessees with operating leases longer than 12 months to recognize a right-of-use assets and liability for all years presented, based on the present value of the remaining minimum rental payments reported under the current guidance. This resulted in a right-of-use (ROU) asset of \$3,581,646 and related liability of \$4,497,111 in 2022. Existing deferred rent of \$915,465 as of September 30, 2022 is included as a reduction to the initial measurement of operating lease assets. The ROU asset and liability represent CTP's right to use its office facilities its obligation to make lease payments. The asset is recognized at the reporting date based on the present value of minimum lease payments over the term, and

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amortized on the straight-line basis. Adoption of this standard did not have a material impact on CTP's statement of activities, statement of functional expenses, and statement of cash flows.

(y) COVID-19 Impact and Strategic Direction

In March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries were severely impacted. During the current fiscal year, governments have been slowly lifting restrictions that were put in place in order to mitigate the spread of the virus. Management continues to carefully monitoring the situation, and its impact on travel and business operations.

(i) Impact on Travel

Many of the legal restrictions or limitations related to COVID-19 both in America and abroad have been lifted, eliminating a drag on international travel. Consumer studies have shown that people have a strong desire to return to travel, and some target markets have returned or are very close to pre-pandemic levels of travel. The major outlier is China, which was a strong provider of international travel in total and represented the number one spend market in the years prior to 2020. Though China has recently lifted restrictions on international travel, CTP does not expect to see travel or spend rebound as swiftly as other markets.

(ii) Impact on Business Operations

The Travel Promotion Fund is seeded by prior year visa application fees, which meant that the CTP's programmatic activity was well under pre-pandemic levels in fiscal year 2021. However, in fiscal year 202, CTP's programmatic activity continued to be under pre-pandemic levels; though spending increased as the year progressed for two reasons: 1) increased funding from the Restoring Brand USA Act (see Note 1) and 2) vastly improved demand for international travel from most target markets.

(3) Investments

The following table summarizes CTP's investment returns for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest Income	\$ 2,302,072	535,277
Realized loss	(312,136)	(42,902)
Unrealized loss	<u>(5,272,980)</u>	<u>(424,394)</u>
Net investment return	<u>\$ (3,283,044)</u>	<u>67,981</u>

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Notes to the Financial Statements

September 30, 2022 and 2021

The following table summarizes CTP's investments by asset class for the years ended September 30, 2022 and 2021:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Certificates of deposit	\$ 6,784,220	6,467,398	3,745,489	3,747,031
Corporate bonds	289,577,356	284,592,494	23,432,481	23,394,994
Total investments	\$ 296,361,576	291,059,892	27,177,970	27,142,025

(4) Fair Value Measurements of Financial Instruments

The following table presents information about CTP's financial instruments measured at fair value on a recurring basis as of September 30, 2022 and 2021:

	2022			
	Fair value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 6,467,398	—	6,467,398	—
Corporate bonds	284,592,494	—	284,592,494	—
	\$ 291,059,892	—	291,059,892	—

	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	—

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.

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(5) Property and Equipment

Property and equipment consist of the following at September 30, 2022 and 2021:

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
As of September 30, 2022:			
Furniture	\$ 1,870,192	(646,200)	1,223,992
Computer equipment	262,955	(262,955)	—
Leasehold improvements	<u>1,566,170</u>	<u>(1,373,045)</u>	<u>193,125</u>
	\$ <u>3,699,317</u>	<u>(2,282,200)</u>	<u>1,417,117</u>
	<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>

For 2022 and 2021, depreciation expense of \$372,719 and \$275,849, 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, 2022 and 2021:

	<u>Useful life</u>	<u>Cost basis</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
As of September 30, 2022:				
Website	3 years	\$ 29,168,146	(27,582,745)	1,585,401
License	3 years	878,382	(878,382)	—
Brand name	Indefinite	<u>3,400,000</u>	—	<u>3,400,000</u>
		\$ <u>33,446,528</u>	<u>(28,461,127)</u>	<u>4,985,401</u>

(Continued)

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Notes to the Financial Statements

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	<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		582,429	—	582,429
		<u>\$ 32,648,379</u>	<u>(27,094,164)</u>	<u>5,554,215</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 2022 and 2021, CTP capitalized \$1,380,578 and \$300,400, respectively, of new website development costs. During fiscal 2022 and 2021, CTP recognized \$1,366,963 and \$1,776,090, 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 \$936,721, \$508,991, and \$139,689 for fiscal 2023, 2024, and 2025, respectively.

(7) Leases

CTP has an operating lease for its office that expires in December 2025. Minimum rental payments under the lease are recognized on a straight-line basis over the term of the lease, including any periods of free rent. There are no options to extend or terminate the lease and CTP does not recognize options as part of the ROU asset and liability. CTP does not have any subleases as of September 30, 2022.

Total rent expense for the lease for the years ended September 30, 2022 and 2021 totaled \$1,168,367 and \$1,036,150, respectively.

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As of September 30, 2022, CTP weighted average remaining lease term was 3.25 years and the weighted average discount rate was 2.13%. The maturities of operating lease liabilities were as follow:

As of September 30, 2022:	
2023	\$ 1,421,167
2024	1,456,774
2025	1,493,162
2026	<u>286,316</u>
Total lease payments	\$ 4,657,419
Less imputed interest	\$ <u>160,308</u>
Total lease liability	\$ <u><u>4,497,111</u></u>

As of September 30, 2021, 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>—</u>
	\$ <u><u>6,043,914</u></u>

The related deferred rent liability for the operating lease at September 30, 2021 totaled \$1,129,250, and is recorded as a component of accrued expenses in the statements of financial position.

(8) Commitments and Contingencies

(a) Paycheck Protection Program

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 was uncollateralized and was fully guaranteed by the Federal government. CTP met certain requirements such as maintaining employment levels during its covered period and using the funds for payroll, rent, and utility expenses. In November 2021 the loan was forgiven and CTP recorded \$1,545,157 as contribution revenue in fiscal year 2022.

(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.

(Continued)

THE CORPORATION FOR TRAVEL PROMOTION, dba BRAND USA

Notes to the Financial Statements

September 30, 2022 and 2021

(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, with U.S. Travel Association, was the premier sponsor of the IPW Conference (the Conference) for five years from 2016 through 2020. The contract was later extended 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 2016, with payments increasing by \$50,000 in each subsequent fiscal year through fiscal 2020 and by 2.5% each subsequent year through 2024. For the fiscal years ended September 30, 2022 and 2021, CTP made annual payments of \$1,575,938 and \$1,537,500 respectively.

(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, 2022 and 2021, CTP has a tax deferral liability of \$109,950 and \$297,882, 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



IN-KIND CONTRIBUTIONS

IN-KIND CONTRIBUTOR	DESCRIPTION	AMOUNT*
Air Canada	Digital display and consumer email marketing in Canada	\$489,446
BBC	Television and digital display advertising in Europe	\$2,757,190
Televisa	Mobile video and desktop display advertising in Mexico	\$440,570
Total		\$3,687,206

*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 40 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.



BLOOMINGTON, MINNESOTA

A hiker with a large red backpack stands on a rocky trail overlooking a turquoise lake with kayakers and a rocky coastline. The hiker is wearing a red shirt, black pants, and a grey cap, and is using a trekking pole. The lake is filled with several kayakers in yellow and red kayaks. The coastline is rocky and covered in green trees. The sky is a clear, light blue.

BRAND USA
LEADERSHIP
AND
BOARD OF
DIRECTORS

PICTURED ROCKS NATIONAL LAKESHORE, MICHIGAN

BRAND USA LEADERSHIP



CHRISTOPHER THOMPSON

PRESIDENT AND CHIEF
EXECUTIVE OFFICER



Donald Richardson, CPA

CHIEF FINANCIAL OFFICER AND CHIEF
DIVERSITY AND INCLUSION OFFICER



STACI MELLMAN

SENIOR VICE PRESIDENT,
INTEGRATED MARKETING



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 TRADE DEVELOPMENT



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 Secretary of Commerce in consultation with the Secretary of State and the Secretary of Homeland Security.

As required by the Travel Promotion Act as amended, 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; restaurant or food service; small business or retail; travel distribution services; attractions or recreation; state-level tourism offices; city-level

convention and visitor bureaus; commercial or private 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, at time of publication the following business leaders serve on the board of directors for Brand USA.



TODD DAVIDSON

*BOARD CHAIR,
CHIEF EXECUTIVE OFFICER,
TRAVEL OREGON*



DONALD MOORE

*BOARD VICE CHAIR,
SENIOR VICE PRESIDENT,
BUSINESS RENTAL SALES &
GLOBAL CORPORATE ACCOUNTS,
ENTERPRISE HOLDINGS INC.*



KEIKO MATSUDO ORRALL

*BOARD VICE CHAIR,
EXECUTIVE DIRECTOR,
MASSACHUSETTS OFFICE OF
TRAVEL & TOURISM*



ELLIOTT FERGUSON

*BOARD TREASURER,
PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
DESTINATION DC*



NOEL IRWIN HENTSCHEL

*BOARD SECRETARY,
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER,
AMERICANTOURS INTERNATIONAL, LLC*



LAUREN BAILEY

*CHIEF EXECUTIVE OFFICER
AND CO-FOUNDER,
UPWARD PROJECTS*



KRISTEN ESPOSITO

*PRINCIPAL,
ESPOSITO GLOBAL PARTNERS*



MARK HOPLAMAZIAN

*PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
HYATT HOTELS CORPORATION*



TIM MAPES

*SENIOR VICE PRESIDENT
AND CHIEF MARKETING &
COMMUNICATIONS OFFICER,
DELTA AIR LINES INC.*



ALLEN ORR

*FOUNDER,
ORR IMMIGRATION LAW FIRM*



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*PRESIDENT,
DISNEY VACATION CLUB,
ADVENTURES & EXPEDITIONS, AND
ENRICHMENT PROGRAMS, DISNEY
PARKS, EXPERIENCES AND PRODUCTS*

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EXCEPTIONAL AND UNEXPECTED TRAVEL EXPERIENCES

 VisitTheUSA.com

 [VisitTheUSA](https://TikTok.com/VisitTheUSA)

 Facebook.com/VisitTheUSA

 YouTube.com/VisitTheUSA

 [@VisitTheUSA](https://Instagram.com/VisitTheUSA)

 Available on Roku, Apple TV, Amazon Fire, iOS, and Android



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MAY **2023**

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