



**Osceola Convention and
Visitors Bureau, Inc.
d/b/a Experience Kissimmee**

Financial Statements
Years Ended September 30, 2019 and 2018

Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

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Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

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Independent Auditor's Report

Board of Directors
Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

Report on the Financial Statements

We have audited the accompanying financial statements of Osceola Convention and Visitors Bureau, Inc. d/b/a Experience Kissimmee (the "Organization"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA LLP

Certified Public Accountants
August 12, 2020

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Financial Statements

Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

Statements of Financial Position

<i>September 30,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 4,620,866	\$ 1,934,238
Certificates of deposit	884,143	1,495,341
Accounts receivable	—	23,800
Prepaid expenses and other assets	845,636	921,928
Security deposit	39,759	39,759
Property and equipment, net	438,175	589,540
Total Assets	\$ 6,828,579	\$ 5,004,606
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,422,815	\$ 1,157,467
Accrued payroll and related expenses	412,993	239,953
Deferred rent liability	91,542	93,180
Deferred revenue	50,000	—
Total liabilities	1,977,350	1,490,600
Commitments and contingencies (Notes 6 and 9)		
Net assets without donor restrictions:		
Undesignated	2,446,817	1,109,594
Board designated	2,404,412	2,404,412
Total net assets without donor restrictions	4,851,229	3,514,006
Total Liabilities and Net Assets	\$ 6,828,579	\$ 5,004,606

See accompanying notes to financial statements.

Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

Statements of Activities

<i>Year Ended September 30,</i>	2019	2018
Revenues and support:		
Tourist development tax funding	\$ 22,034,175	\$ 20,019,655
Grant funding	1,755,340	1,574,235
In-kind donations	2,215,139	1,694,417
Advertising revenue	51,699	237,729
Promotional participation	263,471	246,321
Interest income	49,864	17,635
Other income	25,343	21,181
Total revenues and support	26,395,031	23,811,173
Expenses:		
Program expenses	23,020,922	22,441,482
Management and general administration	2,036,886	2,277,651
Total expenses	25,057,808	24,719,133
Change in net assets without donor restrictions	1,337,223	(907,960)
Net assets without donor restrictions, beginning of year	3,514,006	4,421,966
Net assets without donor restrictions, end of year	\$ 4,851,229	\$ 3,514,006

See accompanying notes to financial statements.

Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

Statements of Cash Flows

<i>Year Ended September 30,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,337,223	\$ (907,960)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	180,940	173,552
Loss on disposal of equipment	416	—
Cash provided by (used for):		
Accounts receivable	23,800	(8,440)
Prepaid expenses and other assets	76,292	(436,754)
Accounts payable and accrued expenses	265,348	208,691
Accrued payroll and related expenses	173,040	(22,496)
Deferred rent liability	(1,638)	76,233
Deferred revenue	50,000	—
Net cash provided by (used for) operating activities	2,105,421	(917,174)
Cash flows from investing activities:		
Purchase of property and equipment	(33,312)	(42,923)
Proceeds from sale of equipment	3,321	—
Purchase of certificates of deposit	(1,724,260)	(1,739,256)
Proceeds from maturity of certificates of deposit	2,335,458	1,003,000
Net cash provided by (used for) investing activities	581,207	(779,179)
Net increase (decrease) in cash and cash equivalents	2,686,628	(1,696,353)
Cash and cash equivalents, beginning of year	1,934,238	3,630,591
Cash and cash equivalents, end of year	\$ 4,620,866	\$ 1,934,238

See accompanying notes to financial statements.

Osceola Convention and Visitors Bureau, Inc.
d/b/a Experience Kissimmee

Notes to Financial Statements

1. Nature of the Organization

The Osceola Convention and Visitors Bureau, Inc. d/b/a Experience Kissimmee (“Experience Kissimmee” or the “Organization”) was incorporated on October 1, 2014, under the laws of the state of Florida as a not-for-profit organization to promote the Osceola County (the “County”) area as a destination for tourists, conventions and trade shows, and to provide services to these groups. Experience Kissimmee transitioned from public governance with Osceola County to a private organization steered by a Board of Directors, enabling Experience Kissimmee to be more opportunistic and entrepreneurial in generating traveler awareness and stimulating business growth and development for the community. Strong partnerships among tourism leaders and businesses are integral to success for the Organization in the implementation of broad-based and targeted sales and marketing campaigns and programs and communications with media, travel trade and consumers from around the world.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Experience Kissimmee are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Osceola Convention and Visitors Bureau, Inc.
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Notes to Financial Statements

Accounts Receivable

Accounts receivable represent amounts due under advertising and promotional participation contracts, which are due in less than one year. The Organization provides for losses on receivables based on historical experience and any other circumstances which may affect the ability of payors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts when management determines the receivable will not be collected. Management believes receivables under these contracts are fully collectible and has not provided an allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the associated remaining term of their leases.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During fiscal years 2019 and 2018, there was no impairment of long-lived assets.

Deferred Rent Liability

Deferred rent liability represents provisions for future rent increases. The difference between rent expense recorded and the amount paid is recorded as deferred rent liability in the accompanying statements of financial position. The deferred rent liability is amortized as a reduction of rent expense on a straight-line basis over the term of the lease.

Revenue Recognition

Tourism development tax and grant funding are recognized when earned, and in the period to which it relates, in accordance with the 2014 Tourist Promotion Agreement between the Organization and the County. Advertising revenue primarily relates to online advertising placed on Experience Kissimmee's website, and is recognized in the period to which it relates. Promotional participation revenues are recognized when the related event takes place. Payments for services received in advance are recorded as deferred revenue until earned.

Osceola Convention and Visitors Bureau, Inc.
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Notes to Financial Statements

Donated Goods and Services

Experience Kissimmee periodically receives or coordinates the donation of items, such as airline tickets, attraction tickets, and hotel rooms, which are used in efforts to promote the Osceola County area as a tourist and convention destination. The value of donated goods and services has been recorded as in-kind donations in the accompanying statements of activities at their estimated fair-value at the date of receipt. Donated goods and services totaled \$2,215,139 and \$1,694,417 for the years ended September 30, 2019 and 2018, respectively, which were recorded as in-kind donations and promotional services expenses in the statements of functional expenses presented in Note 11.

Advertising Expense

Purchased advertising media is expensed when the related media is published or broadcast. Costs incurred in advance of an advertising program, such as printing and production, are recorded as prepaid expenses until the corresponding media is published or broadcast, at which time it is expensed.

Advertising expense amounted to \$5,896,856 and \$5,098,642 for the years ended September 30, 2019 and 2018, respectively, which is included in promotional services expenses in the statements of functional expenses presented in Note 11.

Functional Allocation of Expenses

The information presented in Note 11 present expenses by function and natural classification. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Occupancy, information technology, website and depreciation and amortization are allocated based on the number of employees per function.

Income Taxes

Experience Kissimmee has been granted recognition as a tax-exempt entity under Section 501(c)(6) of the Internal Revenue Code and under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes is reflected in the accompanying financial statements. However, Experience Kissimmee is subject to income taxes on net revenues earned from advertising revenue. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Experience Kissimmee has a deferred tax asset related to net operating loss carryforwards available to offset future unrelated business income that is fully reserved.

Experience Kissimmee identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statements of financial position. Experience Kissimmee has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, Experience Kissimmee would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Experience Kissimmee's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

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Notes to Financial Statements

Fair Value Measurements

Experience Kissimmee reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy 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 described below:

Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, accounts payable and accrued expenses and accrued payroll and related expenses.

The Organization's Level 1 financial assets consist of certificates of deposit and are valued at cost plus interest. The Organization has no Level 2 or 3 financial instruments at September 30, 2019 and 2018.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

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Notes to Financial Statements

The standard is effective for annual periods beginning after December 15, 2021, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Organization is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Contributions Received and Contributions Made

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. The Organization is currently evaluating the impact of this ASU on its financial statements and has not yet determined the method by which it will adopt the standard.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently evaluating the impact of this ASU on its financial statements.

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Notes to Financial Statements

Accounting Pronouncement Adopted

Effective October 1, 2018, Experience Kissimmee adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. Experience Kissimmee’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

3. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

<i>September 30,</i>	2019	2018
Promotional costs	\$ 340,820	\$ 388,744
Other	128,776	163,640
Membership dues	137,668	104,593
Trade show registrations	66,895	100,793
Event sponsorships	75,245	86,868
Promotional supplies	96,232	77,290
	\$ 845,636	\$ 921,928

Osceola Convention and Visitors Bureau, Inc.
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Notes to Financial Statements

4. Property and Equipment, Net

Property and equipment consist of the following:

<i>September 30,</i>	Useful Life	2019	2018
Furniture and fixtures	7 years	\$ 320,074	\$ 317,880
Equipment	5 years	267,020	251,218
Software	5 years	396,374	396,374
Leasehold improvements	7 years	36,498	36,498
		1,019,966	1,001,970
Less: accumulated depreciation and amortization		(581,791)	(412,430)
		\$ 438,175	\$ 589,540

Depreciation and amortization expense was \$180,940 and \$173,552 for the years ended September 30, 2019 and 2018, respectively.

5. Board Designated Net Assets

The Board of Directors has established two reserve accounts, an operating reserve and a marketing reserve, which totaled \$2,404,412 at September 30, 2019 and 2018. The operating reserve totaled \$2,004,190 at September 30, 2019 and 2018 and is intended to ensure six months uninterrupted organization operations in the event of an unexpected decline in funding. The marketing reserve, totaled \$400,222 at September 30, 2019 and 2018, and is to be used to fund unbudgeted, opportunistic sales, marketing, and advertising campaigns. Spending from either reserve account is subject to approval by a majority vote of the Board of Directors.

6. Operating Lease

Experience Kissimmee has a non-cancelable operating lease for office space which expires on April 30, 2023. Future minimum lease payments under this non-cancelable operating lease as of September 30, 2019 are approximated as follows:

<i>Year Ending September 30,</i>	
2020	\$ 438,000
2021	451,000
2022	464,000
2023	278,000
	\$ 1,631,000

Rent expense amounted to \$471,060 and \$527,391 for the years ended September 30, 2019 and 2018, respectively, which is included in occupancy expenses in the statements of functional expenses presented in Note 11.

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Notes to Financial Statements

7. Tourist Development Tax Funding

Experience Kissimmee receives support from the County from the Tourist Development Tax (“TDT”), presently being levied under the Tourist Promotion Agreement dated August 18, 2014 (the “Agreement”). Under the Agreement, Experience Kissimmee began receiving monthly payments on October 1, 2014. Monthly payments are based on an annual calculation of 45% of the Net TDT, defined as the amount of TDT (including the “First Four Pennies,” the “Fifth Penny” and the “Sixth Penny”) available for appropriation after deducting:

- The amount the County discounts for reasonably anticipated receipts
- The County’s budgeted cost of collection, audit and enforcement

As part of the Agreement, 3.5% of the net TDT is allocated to Experience Kissimmee for grant funding assistance to organizations conducting special events and projects that increase room nights and revenue for the County, as recommended by the County and approved by Experience Kissimmee. The Organization accounts for grant funding as principal transactions. Therefore, these amounts are reflected as grant funding revenue and grants to private organizations on the accompanying statements of activities.

8. Employee Benefit Plan

Experience Kissimmee maintains a defined contribution plan (the “Plan”) that covers substantially all eligible employees. Participants may contribute a percentage of pre-tax earnings, as defined in the Plan, up to an annual maximum allowed under the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Experience Kissimmee utilizes the Internal Revenue Service (IRS) Safe Harbor matching formula for employer contributions based on the following: 100% of the first 3% of participants’ contributions, then 50% of the next 2% of participants’ contributions. Such percentages are subject to change at Experience Kissimmee’s discretion.

Experience Kissimmee can also make an elective contribution to eligible participants, regardless of whether the employee contributes to the Plan. The percentage of this contribution is subject to change at Experience Kissimmee’s discretion. To receive the employer discretionary contribution, the employee must still be actively employed on the last day of the Plan year. For the years ended September 30, 2019 and 2018, Experience Kissimmee elected to make matching contributions equal to 100% of the first 3% of eligible participants’ contributions, plus 50% of the next 2% of participants’ contributions, which amounted to \$114,126 and \$117,170, respectively.

9. Contingencies

In the normal course of conducting its business, Experience Kissimmee may be involved in litigation. Experience Kissimmee is not a party to any litigation which management believes could result in any judgments that would have a material adverse effect on its financial position, liquidity or results of future operations.

Osceola Convention and Visitors Bureau, Inc.
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Notes to Financial Statements

10. Concentrations of Credit Risk

Financial instruments which potentially subject Experience Kissimmee to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposit in financial institutions in excess of Federal Deposit Insurance Corporation limits. Experience Kissimmee maintains its cash and cash equivalents and certificates of deposit with what management believes to be a high-credit, quality financial institution and the Organization has not experienced any losses on such accounts.

Experience Kissimmee receives a substantial amount of its support from the County. During 2019 and 2018, 90% and 91%, respectively, of Experience Kissimmee's total revenues and support were from the tourist development tax funding and grant funding from the County. If a significant reduction in the level of tourist development taxes collected by the County or a severe economic downturn on businesses in the Osceola County tourism industry occurred, this may have an adverse effect on Experience Kissimmee's programs and activities.

11. Statements of Functional Expenses

<i>Year Ended September 30, 2019</i>	Program	Management and General Administration	Total
Promotional services	\$ 15,593,928	\$ —	\$ 15,593,928
Personnel costs	4,164,988	1,130,493	5,295,481
Grants to private organizations	2,065,013	—	2,065,013
Research	296,587	—	296,587
Website	188,402	47,100	235,502
Occupancy	373,665	97,395	471,060
Information technology	194,809	50,776	245,585
Depreciation and amortization	143,530	37,410	180,940
Professional services and fees	—	159,969	159,969
Other expenses	—	513,743	513,743
	\$ 23,020,922	\$ 2,036,886	\$ 25,057,808

<i>Year Ended September 30, 2018</i>	Program	Management and General Administration	Total
Promotional services	\$ 16,387,622	\$ —	\$ 16,387,622
Personnel costs	3,365,003	1,110,498	4,475,501
Grants to private organizations	1,527,314	—	1,527,314
Research	205,465	—	205,465
Website	309,907	131,710	441,617
Occupancy	370,099	157,292	527,391
Information technology	154,281	65,570	219,851
Depreciation and amortization	121,791	51,761	173,552
Professional services and fees	—	64,321	64,321
Other expenses	—	696,499	696,499
	\$ 22,441,482	\$ 2,277,651	\$ 24,719,133

Osceola Convention and Visitors Bureau, Inc.
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Notes to Financial Statements

12. Financial Assets and Liquidity Resources

As of September 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as program and operating expenses, were as follows:

<u>September 30,</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,620,866
Certificates of deposit	884,143
Net financial assets and liquidity resources available within one year	\$ 5,505,009

Experience Kissimmee’s cash flows have seasonal variations during the year mainly attributable to tourist development tax collections and advertising spending. As part of Experience Kissimmee’s liquidity management, it maintains adequate funds to be available as its general expenditures, liabilities, and other obligations come due. In addition, as discussed in Note 5, Experience Kissimmee maintains a board designated operating and marketing reserve which are available for general operations and unbudgeted marketing opportunities, respectively, pending approval from the Board. The board designated operating and marketing reserves fund balance of \$2,404,412 at September 30, 2019 is included in the above amount of financial assets and liquidity resources available within one year.

13. Subsequent Events

Experience Kissimmee has evaluated events and transactions occurring subsequent to September 30, 2019 as of August 12, 2020, which is the date the financial statements were available to be issued. Subsequent events occurring after August 12, 2020 have not been evaluated by management. No material events have occurred since September 30, 2019 that require additional recognition or disclosure in the financial statements, except as follows:

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The results on the Central Florida tourism industry began in mid-March with the announcement that all the three major theme parks in Orlando (Walt Disney World, Universal Studios Parks and Resorts, and SeaWorld) would close to guests starting March 16, 2020. Additional travel bans were implemented and a stay at home order was ordered by the Osceola Board of County Commissioners.

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Experience Kissimmee's primary source of revenue, tourist development tax funding, was reduced starting in April 2020. To offset the reduction in this funding, Experience Kissimmee adjusted annual marketing plans for the remainder of fiscal 2020. Experience Kissimmee also reduced labor and other operating expenses starting in April. If needed, additional measures may be taken to offset a longer-term impact to this crisis. These measures might include additional furloughs and media reductions, or a labor force restructure. Although Experience Kissimmee cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal years 2020 and 2021.

CARES Act

On March 27, 2020 the Coronavirus Aid, Relief and Economics Security ("CARES") Act was enacted. The CARES Act was enacted to address the economic fallout of the COVID 19 outbreak on the economy. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments and net operating loss carryback periods. It also appropriated funds for the Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance the Organization is eligible for these funds or will be able to obtain them. The Organization continues to examine the impact that the CARES Act may have on its business. Currently, the Organization does not anticipate relief from the CARES Act that will have a significant impact to its financial statements as of the date of this report.