Audited Consolidated Financial Statements
& Consolidating Information

WASHINGTON, D.C. CONVENTION AND TOURISM CORPORATION & AFFILIATE

September 30, 2014

Washington, D.C. Convention and Tourism Corporation & Affiliate

Contents

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
Washington, D.C. Convention and
Tourism Corporation & Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Washington, D.C. Convention and Tourism Corporation & Affiliate (the Organization), which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Washington, D.C. Convention and Tourism Corporation & Affiliate as of September 30, 2014 and 2013 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.

Washington, DC
January 15, 2015

Washington, D.C. Convention and Tourism Corporation & Affiliate

Consolidated Statements of Financial Position

September 30,		2014		2013
Assets				
Cash and cash equivalents	$	**1,449,025**	$	1,401,431
Accounts receivable, net of allowance for doubtful accounts of $70,000 in 2014 and 2013		**1,169,760**		1,078,105
Investments		**3,185,696**		3,028,976
Prepaid expenses		**248,801**		202,894
Deferred compensation plan assets		**876,733**		844,323
Property and equipment, net		**381,759**		460,125
Total assets	$	**7,311,774**	$	7,015,854
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	**953,500**	$	921,312
Deferred revenue		**600,278**		473,611
Deferred rent		**345,313**		568,753
Liability for supplemental executive retirement plan		**179,117**		130,439
Liability for pension benefits		**1,340,092**		1,082,188
Deferred compensation liabilities		**876,733**		844,323
Total liabilities		**4,295,033**		4,020,626
Net assets				
Unrestricted		**3,016,741**		2,995,228
Total liabilities and net assets	$	**7,311,774**	$	7,015,854

See notes to the consolidated financial statements.

Consolidated Statements of Activities

Year Ended September 30,	2014	2013
Unrestricted activities		
Revenue and support		
Hotel tax receipts	**$ 10,203,477**	$ 10,469,286
Grants	**3,837,029**	3,558,555
Partnership dues	**2,007,693**	2,097,363
Program participation fees	**668,563**	518,137
Registration services	**455,838**	509,343
Publications	**256,529**	192,660
Investment income	**181,980**	45,629
Special events	**130,611**	102,500
In-kind contributions	**20,837**	27,145
Other income	**3,748**	-
Total revenue and support	**17,766,305**	17,520,618
Expenses		
Program services		
Marketing and communications	**6,048,798**	5,956,344
Convention sales and services	**3,626,516**	4,156,539
Tourism	**2,135,838**	1,633,811
Visitor services	**593,240**	655,081
Registration services	**440,806**	509,871
Total program services	**12,845,198**	12,911,646
Supporting services		
General and administration	**3,701,718**	3,855,408
Partnership services	**873,780**	832,872
Total supporting services	**4,575,498**	4,688,280
Total expenses	**17,420,696**	17,599,926
Change in unrestricted net assets before other items	**345,609**	(79,308)
Pension-related changes other than net periodic pension cost	**(324,096)**	426,198
Change in net assets	**21,513**	346,890
Net assets, beginning of year	**2,995,228**	2,648,338
Net assets, end of year	**$ 3,016,741**	$ 2,995,228

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended September 30,	2014	2013
Cash flows from operating activities		
Change in net assets	$ 21,513	$ 346,890
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	154,256	229,994
Net gain on investments	(93,877)	(1,393)
Changes in assets and liabilities:		
Accounts receivable	(91,655)	606,650
Prepaid expenses	(45,907)	42,911
Deferred compensation plan assets	(32,410)	(32,321)
Accounts payable and accrued expenses	32,188	143,977
Deferred revenue	126,667	(70,049)
Deferred rent	(223,440)	(181,572)
Liability for supplemental executive retirement plan	48,678	(24,563)
Liability for pension benefits	257,904	(337,038)
Deferred compensation liabilities	32,410	32,321
Total adjustments	164,814	408,917
Net cash provided by operating activities	186,327	755,807
Cash flows from investing activities		
Net purchases of money market funds	-	(67,104)
Sales of investments	23,606	9,458
Purchases of investments	(86,449)	(2,969,937)
Purchases of property and equipment	(75,890)	(153,700)
Net cash used in investing activities	(138,733)	(3,181,283)
Cash flows from financing activities		
Proceeds from line of credit	550,000	-
Principal payments on line of credit	(550,000)	-
Net cash used in financing activities	-	-
Net increase (decrease) in cash and cash equivalents	47,594	(2,425,476)
Cash and cash equivalents, beginning of year	1,401,431	3,826,907
Cash and cash equivalents, end of year	$ 1,449,025	$ 1,401,431
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	677	$ -

See notes to the consolidated financial statements.

A. Organization and Summary of Significant Accounting Policies

Organization: Washington, D.C. Convention and Tourism Corporation (the Corporation), operating as Destination DC, was incorporated in 2001 as a merger between two existing corporations: DC Committee to Promote Washington and Washington Convention and Visitors Association, Inc. The Corporation was formed for the purpose of improving the image of the District of Columbia (DC) and to collectively market the DC area to prospective meeting and convention clients, U.S. and international tour organizers, and business and leisure travelers.

The American Experience Foundation, Inc. (the Foundation) was incorporated in the District of Columbia in 2001. The purpose of the Foundation is to identify artistic, cultural, historical, and educational programs planned in Washington, DC for the upcoming years and increase awareness of the arts, culture, and heritage of the nation's capital by communicating the availability of such events and educational opportunities to the general public.

Principles of consolidation: The consolidated financial statements include the accounts of the Corporation and the Foundation (the Organization). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Income tax status: The Corporation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code. It is subject to taxes on its unrelated business income.

The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and has been classified as an other than private foundation under Section 509(a)(3) of the code.

The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions that are material to the financial statements. The Organization's income tax returns are generally subject to examination by the Internal Revenue Service and state and local taxing authorities for three years after they were filed.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: The preparation of consolidated 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 reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, the Organization considers all demand deposits, highly liquid money market investments with an original maturity of 90 days or less, and certificates of deposits regardless of maturity to be cash equivalents except those held within its investment portfolio.

Accounts receivable: Accounts receivable are presented at the net realizable value, or the amount the Organization expects to collect. The Organization's management periodically reviews the status of all accounts receivable balances for collectability. The Organization provides for probable losses on accounts receivable using the allowance method. The allowance is determined based on management's experience and collection efforts. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred revenue: Income received in advance of the period in which it is earned is deferred to subsequent years.

Net assets: For consolidated financial statement purposes, net assets are as follows:

> Unrestricted: Represents those net assets that are available for the Organization's operating activities.
>
> Temporarily restricted: Represents the portion of net assets that have been restricted by donors for specified purposes.

Contributions: Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period. All other donor-restricted support is reported as an increase in temporarily restricted net assets and then reclassified to unrestricted net assets when the restriction expires.

Functional allocation of expenses: The costs of providing the various programs have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through January 15, 2015, which is the date the consolidated financial statements were available to be issued.

B. CONCENTRATION OF CREDIT RISK

The Organization maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

C. INVESTMENTS

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing investments are not necessarily an indication of risk.

> Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes;
>
> Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data; and
>
> Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

C. INVESTMENTS – CONTINUED

Investments classified within Level 1 include mutual funds (fixed income and equity) and common stocks which were valued based on quoted prices for identical assets in active markets.

Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

Investments recorded at cost include money market funds. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

The following is a summary of the input levels used to determine fair value of assets measured at fair value on a recurring basis, at September 30,:

2014

	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income funds	$ 2,625,887	$ 2,625,887	$ -	$ -
Equity funds	419,084	419,084	-	-
Common stocks	101,267	101,267	-	-
	$ 3,146,238	$ 3,146,238	$ -	$ -
Investments, at cost				
Money market funds	39,458			
Total Investments	**$ 3,185,696**			

2013

	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income funds	$ 2,502,290	$ 2,502,290	$ -	$ -
Equity funds	369,816	369,816	-	-
Common stocks	89,765	89,765	-	-
	$ 2,961,871	$ 2,961,871	$ -	$ -
Investments, at cost				
Money market funds	67,105			
Total Investments	**$ 3,028,976**			

C. Investments – continued

The following is a summary of investment income for the years ended September 30,:

	2014	2013
Interest and dividends	$ 88,103	$ 44,236
Net gain on investments	93,877	1,393
	$ 181,980	**$ 45,629**

D. Retirement Plans

Defined benefit pension plan:

The Organization provides a defined benefit pension plan (the Plan) to full-time employees who have completed one year of service and are at least 21 years old. The Plan is a defined benefit plan with full vesting after five years of service is performed and is entirely paid for by the Organization. The Organization's Board of Directors adopted a resolution on January 31, 2002, to freeze its defined benefit plan to all new participants and to freeze all future benefit accruals, effective February 28, 2002.

The following table sets forth the funded status of the Plan as of September 30,:

	2014	2013
Accumulated benefit obligation	$ (3,914,076)	$ (3,628,984)
Projected benefit obligation	$ (3,914,076)	$ (3,628,984)
Plan assets at fair value	2,573,984	2,546,796
Funded status	**$ (1,340,092)**	**$ (1,082,188)**

Under generally accepted accounting principles, certain pension-related items, such as net gains/losses, are recognized as a change in unrestricted net assets but are not included in net periodic pension cost. Such items are systematically amortized and recognized as a component of net periodic pension cost. The balance of the pension-related items in unrestricted net assets that have not yet been recognized as net periodic pension cost consisted of an unrecognized net loss of $1,965,434 and $1,677,887 at September 30, 2014 and 2013, respectively. The amount of unrecognized net loss that is expected to be amortized and recognized as a component of net periodic pension cost for the year ending September 30, 2015, is $89,893.

D. RETIREMENT PLANS – CONTINUED

Pension-related changes other than net periodic pension cost consisted of the following during the year ended September 30,:

	2014	2013
Net (loss) gain	$ (362,646)	$ 297,074
Amortization of net loss to net periodic pension cost	75,099	95,159
	$ (287,547)	**$ 392,233**

Pension benefits were determined using the following rates for the years ended September 30,:

	2014	2013
Discount rate	4.25%	4.75%
Expected long-term rate of return on plan assets	7.75%	7.75%
Rate of increase in future compensation levels	N/A	N/A

Authorized investments under the plan's investment policy consist of real estate, common and preferred stocks, debenture bonds, and common trust funds. The investment objective is on long-term growth of assets with a goal of hedging inflation. The overall expected long-term rate-of-return on assets is determined and monitored based on returns comparable to returns for similar investment options. The investment asset model has 55% in equity and 45% in fixed income.

Accounting standards use the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

> Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;
>
> Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data; and
>
> Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments classified within Level 1 include mutual funds (fixed income and equity) which were valued based on quoted prices for identical assets in active markets.

Investments classified within Level 3 include managed future funds, which were valued at estimated net asset value as reported by the fund managers. The Organization determined the value of the managed futures funds based on the fair values of the underlying securities as determined by the fund managers.

D. Retirement Plans – Continued

Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

Investments recorded at cost include cash and cash equivalents and money market funds. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

A summary of the plan's investments by investment class at fair value as of September 30,:

	2014			
	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income funds	653,097	653,097		
Equity funds	1,327,581	1,327,581		
Managed futures funds	519,459			519,459
	$ 2,500,137	$ 1,980,678	$ -	$ 519,459
Investments, at cost				
Cash and cash equivalents	2,511			
Money market funds	71,336			
Total Investments	$ 2,573,984			

	2013			
	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income funds	831,212	831,212		
Equity funds	1,175,999	1,175,999		
Managed futures funds	486,191			486,191
	$ 2,493,402	$ 2,007,211	$ -	$ 486,191
Investments, at cost				
Cash and cash equivalents	53,394			
Total Investments	$ 2,546,796			

D. Retirement Plans – Continued

The following is a reconciliation of the beginning and ending balances for the managed futures funds for the years ended September 30,:

	2014	2013
Beginning balance	$ 486,191	$ 254,903
Change in unrealized gain (loss)	24,168	(18,712)
Purchases	9,100	250,000
Ending balance	$ 519,459	$ 486,191

Employer contributions, benefits paid, and net periodic benefit costs were as follows for the year ended September 30,:

	2014	2013
Employer contributions	$ 79,455	$ 10,994
Benefits paid	251,209	231,079
Net periodic benefit cost	49,812	66,189

The Organization is expected to make contributions of $44,454 during the year ending September 30, 2015.

Estimated future benefits expected to be paid from the plan are as follows as of September 30, 2014:

Year Ending September 30,	
2015	$ 247,339
2016	241,891
2017	245,940
2018	236,962
2019	226,692
2020-2024	1,132,388
	$ 2,331,212

Supplemental executive retirement plan:

The Organization has a non-qualified closed retirement plan for former officers as designated by the Executive Committee. Investments purchased consist entirely of money market funds and are recorded at market value. The investments and related earnings are used to fund the deferred compensation payments to the participants based on their highest five years of compensation during their period of service.

D. Retirement Plans – Continued

The following table sets forth the funded status of the supplemental executive retirement plan as of September 30,:

	2014	2013
Accumulated benefit obligation	$ (809,771)	$ (780,415)
Projected benefit obligation	$ (809,771)	$ (780,415)
Plan assets at fair value	630,654	649,976
Funded status	**$ (179,117)**	**$ (130,439)**

Under generally accepted accounting principles, certain pension-related items, such as net gains/losses, are recognized as a change in unrestricted net assets but are not included in net periodic pension cost. Such items are systematically amortized and recognized as a component of net periodic pension cost. The balance of the pension-related items in unrestricted net assets that have not yet been recognized as net periodic pension cost consisted of an unrecognized net loss of $566,886 and $530,337 at September 30, 2014 and 2013, respectively. The amount of unrecognized net loss that is expected to be amortized and recognized as a component of net periodic pension cost for the year ending September 30, 2015, is $30,151.

Pension-related changes other than net periodic pension cost consisted of the following during the years ended September 30,:

	2014	2013
Net (loss) gain	$ (63,557)	$ 5,930
Amortization of net loss to net periodic cost	27,008	28,035
	$ (36,549)	**$ 33,965**

Pension benefits were determined using the following rates for the years ended September 30,:

	2014	2013
Discount rate	3.75%	4.25%
Expected long-term rate of return on plan assets	7.75%	7.75%
Rate of increase in future compensation levels	N/A	N/A

Assets for the supplemental plan are reflected as assets in the statement of financial position in accordance with accounting principles generally accepted in the United States of America.

The investment objective is a balanced growth of assets with a goal of hedging inflation, and the investment asset ranges are 2%-20% in money market funds, 20%-40% in intermediate bond funds, and 60%-80% in equities.

D. Retirement Plans – Continued

Investments classified within Level 1 include mutual funds (fixed income and equity) and common stocks which were valued based on quoted prices for identical assets in active markets.

Investments classified within Level 3 include managed future funds, which were valued at estimated net asset value as reported by the fund managers. The Organization determined the value of the managed futures funds based on the fair values of the underlying securities as determined by the fund managers.

Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

Investments recorded at cost include cash and cash equivalents. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

A summary of the plan's investments by investment class at fair value as of September 30,:

	2014			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investments, at fair value				
Fixed income funds	83,229	83,229		
Equity funds	237,419	237,419		
Common stocks	125,880	125,880		
Managed futures funds	177,588			177,588
	$ 624,116	$ 446,528	$ -	$ 177,588
Investments, at cost				
Cash and cash equivalents	6,538			
Total Investments	$ 630,654			

	2013			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investments, at fair value				
Fixed income funds	88,176	88,176		
Equity funds	248,192	248,192		
Common stocks	134,566	134,566		
Managed futures funds	168,833			168,833
	$ 639,767	$ 470,934	$ -	$ 168,833
Investments, at cost				
Cash and cash equivalents	10,209			
	$ 649,976			

D. RETIREMENT PLANS – CONTINUED

The following is a reconciliation of the beginning and ending balances for the managed futures funds for the year ended September 30,:

	2014	2013
Beginning balance	$ 168,833	$ 72,669
Change in unrealized loss	8,755	(3,836)
Purchases	-	100,000
Ending balance	$ 177,588	$ 168,833

Benefits paid and net periodic benefit costs were as follows for the year ended September 30,:

	2014	2013
Benefits paid	$ 61,371	$ 56,354
Net periodic benefit cost	12,129	9,402

No contribution is expected to be made during the year ending September 30, 2015. Estimated future benefits expected to be paid from the plan are as follows as of September 30, 2014:

Year Ending September 30,	
2015	$ 74,875
2016	73,669
2017	71,826
2018	69,401
2019	66,497
2020-2024	281,206
	$ 637,474

457(b) Deferred compensation plan:

During the year ended September 30, 2004, the Organization established a 457(b) deferred compensation plan for certain management or highly compensated employees. The Organization may choose to make a non-elective contribution on behalf of one or more employees participating in the plan. The Organization made contributions to the plan of $13,000 for each of the years ended September 30, 2014 and 2013, respectively. The Organization had plan assets and liabilities totaling $74,465 and $58,801 at September 30, 2014 and 2013, respectively. The plan assets consisted of investments valued using quoted prices in an active market.

D. Retirement Plans – Continued

457(f) Deferred compensation plan:

During the year ended September 30, 2007, the Organization established a 457(f) deferred compensation plan for certain management or highly compensated employees. The Organization may choose to make a non-elective contribution on behalf of one or more employees participating in the plan. The Organization made contributions to the plan of $30,000 for each of the years ended September 30, 2014 and 2013, respectively. The Organization had plan assets and liabilities totaling $171,614 and $135,545 at September 30, 2014 and 2013, respectively.

401(k) retirement plan:

The Organization sponsors a 401(k) retirement plan for employees who have completed 90 days of service and are at least 21 years old. The Organization matches 100% of the participants' contributions up to 10% of the participants' compensation. The Organization's 401(k) retirement plan contributions for the years ended September 30, 2014 and 2013, amounted to $293,308 and $314,767, respectively.

E. Property and Equipment

Acquisitions of property and equipment greater than $1,000 are recorded at cost and depreciated over their estimated useful lives of five to ten years using the straight-line method. Leasehold improvements are recorded at cost and amortized over the remaining life of the lease.

Property and equipment consisted of the following at September 30,:

	2014	2013
Computer equipment and software	$ 516,303	$ 442,559
Furniture and fixtures	426,441	424,295
Automobiles	71,748	71,748
Leasehold improvements	1,046,905	1,046,905
	2,061,397	1,985,507
Less: accumulated depreciation and amortization	(1,679,638)	(1,525,382)
	$ 381,759	**$ 460,125**

F. COMMITMENTS AND CONTINGENCIES

Office space: The Organization currently has an operating lease for office space that expires January 31, 2016. The lease agreement provides for a total of 20 months of free rent over the lease term. The lease agreement also provides for reimbursements to cover leasehold improvements. As a result, a deferred rent abatement and a deferred rent incentive were recognized to allocate the benefit of the free rent and reimbursements for leasehold improvements throughout the term of the lease, and accordingly will be amortized as a reduction of rent expense on a straight-line basis over the life of the lease.

Office equipment: The Organization also has leased office equipment under various operating leases that expire at various dates through 2018.

Rent expense for the years ended September 30, 2014 and 2013, was $797,197 and $796,702, respectively.

The future minimum lease payments under all of the above operating leases are as follows:

Year Ending September 30,	Office space	Equipment	Total
2015	947,006	33,592	980,598
2016	318,362	25,133	343,495
2017	-	24,741	24,741
2018	-	10,211	10,211
	$ 1,265,368	$ 93,677	$ 1,359,045

Line of credit: During the year ended September 30, 2010, the Organization obtained a $1 million line of credit with a bank. The line of credit bears interest at LIBOR plus 2.4% with a minimum rate of 3.0% and expired September 30, 2014. There was no balance due on the line of credit as of September 30, 2014 and 2013.

Independent Auditor's Report on the Consolidating Information

To the Board of Directors
Washington, D.C. Convention and
Tourism Corporation & Affiliate

We have audited the consolidated financial statements of Washington, D.C. Convention and Tourism Corporation & Affiliate as of and for the year ended September 30, 2014, and our report thereon dated January 15, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on page one. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities and changes in net assets are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Washington, DC
January 15, 2015

Washington, D.C. Convention and Tourism Corporation & Affiliate

Consolidating Statement of Financial Position
September 30, 2014

	Corporation	Foundation	Eliminations	Total
Assets				
Cash and cash equivalents	$ 1,332,379	$ 116,646	$ -	**$ 1,449,025**
Accounts receivable	1,196,306	5,000	(31,546)	**1,169,760**
Investments	3,185,696			**3,185,696**
Prepaid expenses	248,801			**248,801**
Deferred compensation plan assets	876,733			**876,733**
Property and equipment, net	381,759			**381,759**
Total assets	$ 7,221,674	$ 121,646	$ (31,546)	**$ 7,311,774**
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$ 953,500	$ 31,546	$ (31,546)	**$ 953,500**
Deferred revenue	600,278			**600,278**
Deferred rent	345,313			**345,313**
Liability for supplemental executive retirement plan	179,117			**179,117**
Liability for pension benefits	1,340,092			**1,340,092**
Deferred compensation liabilities	876,733			**876,733**
Total liabilities	4,295,033	31,546	(31,546)	**4,295,033**
Net assets				
Unrestricted	2,926,641	90,100		**3,016,741**
Total liabilities and net assets	$ 7,221,674	$ 121,646	$ (31,546)	**$ 7,311,774**

Consolidating Statement of Activities

Year Ended September 30, 2014

	Corporation	Foundation	Eliminations	Total
Unrestricted activities				
Revenue and support				
Hotel tax receipts	$ 10,203,477	$ -	$ -	**$ 10,203,477**
Grants	3,837,029			**3,837,029**
Partnership dues	2,007,693			**2,007,693**
Program participation fees	708,563		(40,000)	**668,563**
Registration services	455,838			**455,838**
Publications	256,529			**256,529**
Investment income	181,980			**181,980**
Special events		130,611		**130,611**
In-kind contributions	20,837			**20,837**
Other income	71	3,677		**3,748**
Total revenue and support	17,672,017	134,288	(40,000)	**17,766,305**
Expenses				
Program services				
Marketing and communications	6,048,798			**6,048,798**
Convention sales and services	3,626,516			**3,626,516**
Tourism	2,135,838			**2,135,838**
Visitor services	593,240			**593,240**
Registration services	440,806			**440,806**
Total program services	12,845,198	-	-	**12,845,198**
Supporting services				
General and administration	3,629,984	111,734	(40,000)	**3,701,718**
Partnership services	873,780			**873,780**
Total supporting services	4,503,764	111,734	(40,000)	**4,575,498**
Total expenses	17,348,962	111,734	(40,000)	**17,420,696**
Change in unrestricted net assets before other item	323,055	22,554	-	**345,609**
Pension-related changes other than net periodic pension cost	(324,096)			**(324,096)**
Change in net assets	(1,041)	22,554	-	**21,513**
Net assets, October 1, 2013	2,927,682	67,546		**2,995,228**
Net assets, September 30, 2014	$ 2,926,641	$ 90,100	$ -	**$ 3,016,741**