

Liquidator:	Reviewer:	2018	GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY	2018	Serial Number
Field Audited by:		Informative Return for Income Tax Exempt Organizations			<input type="checkbox"/> AMENDED RETURN
Date: ___/___/___		UNDER SECTION 1101.01 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 2011, AS AMENDED			Receipt Stamp
R	M	N	TAXABLE YEAR BEGINNING ON Jul/01 20 18 AND ENDING ON Jun/30 20 19		

Organization's Name
Corporación para la Promoción de Puerto Rico como Destino, Inc.

Postal Address 500 Calle de la Tanca Street, St 402B

San Juan PR Zip Code 00901-1969

Location of Organization - Number, Street, City
500 Calle de la Tanca Street, St 402B
San Juan PR 00901-1969

Type of Activities (i.e. Educational, Charitable, etc.)
Promotion & Tourism

Employer's Identification Number
66-0888522

Department of State Registry Number
396870

Municipal Code
79

Merchant's Registration Number
11132380017

Telephone Number
(787) 474 5076

Date Incorporated
Day 08 Month 06 Year 2011

Place Incorporated
Puerto Rico



Case No. 2018-1101-01-333

Paragraph of Section 1101.01 under which the exemption was granted 1101 (a)(2)(I)

Date of Hacienda certification granting the exemption 2/20/2019

Type of organization:
 1. Corporation
 2. Trust
 3. Association not incorporated
 4. Other (Indicate)

Date operations began
Day 01 Month 07 Year 2018

Part I Summary

1. Briefly summarize the organization's mission and the most significant activities and programs:
Promotion and Tourism

2. Check here if you submitted copy of the income statement for the taxable year

3. Number of members with voting rights in the board of directors of the entity (3) **13**

4. Number of independent members with voting rights in the board of directors (4) **13**

5. Number of individuals employed during the current taxable year (5) **0**

6. Total number of volunteers during the current taxable year (6) **0**

7. Indicate the total unrelated business income of the exempt organization, if applicable (Submit Schedule A Exempt Organization) (7) **0.00**

		Previous Year		Current Year	
Income	8. Income, dues, contributions (Part II, line 8) (8)	0.00	146,132.00	0.00	26,075,525.00
	9. Program Service revenue (Part II, line 9(f)) (9)	1,572,200.00	2,410.00	154,950.00	4,083,466.00
	10. Investment income (Part II, line 14) (10)	0.00	1,574,610.00	30,460,073.00	1,552,594.00
	11. Other income (Part II, line 19) (11)	0.00	22,016.00	5,294,791.00	17,613.00
12. Total income (Add lines 8 through 11) (12)		1,574,610.00	30,460,073.00	1,552,594.00	25,165,282.00
Expenses	13. Total expenses related with the income (Part III, line 30) (13)	1,552,594.00	25,165,282.00	0.00	0.00
	14. Contributions, gifts and grants paid (Part III, line 31(d)) (14)	0.00	0.00	0.00	0.00
	15. Dividends and other distributions to members, shareholders or depositors (15)	0.00	0.00	0.00	0.00
	16. Other expenses (Part III, line 34) (16)	0.00	0.00	0.00	0.00
17. Total expenses (Add lines 13 through 16) (17)		1,552,594.00	25,165,282.00	0.00	0.00
18. Income less expenses (Subtract line 17 from line 12) (18)		22,016.00	5,294,791.00	17,613.00	5,312,404.00
Net Assets	19. Total Assets (Part IV, line 10) (19)	1,388,650.00	13,376,987.00	1,371,037.00	8,064,583.00
	20. Total Liabilities (Part IV, line 14) (20)	1,371,037.00	8,064,583.00	17,613.00	5,312,404.00
	21. Net Assets (Subtract line 20 from line 19) (21)	17,613.00	5,312,404.00	0.00	0.00
Tax and Payments	22. Income tax determined on the exempt organization's unrelated business income (Schedule A Exempt Organization) (22)			0.00	0.00
	23. Less: (a) Income tax withheld at source on payments for services rendered, interests or dividends for the taxable year (See instructions) (23a)			0.00	0.00
	(b) Other payments, withholding and credits (Submit detail) (23b)			0.00	0.00
	(c) Total payments, withholding and credits (Add lines 23(a) and 23(b)) (23c)			0.00	0.00
	24. Balance of tax to be pay by the organization (If line 22 is higher than line 23(c), enter here the result of line 22 less line 23(c). Otherwise, enter zero in this line and continue with line 25) (24)			0.00	0.00
25. Balance to be refunded (If line 23(c) is higher than line 22, enter the result of line 23(c) less line 22. Otherwise, enter zero) (25)			0.00	0.00	

OATH

I hereby declare under penalty of perjury that this return (including the schedules and statements attached) has been examined by me, and to the best of my knowledge and belief the facts in the same are true, correct and complete, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

MA Lopez CFD 1/15/2020
 Official signature Title Date

SPECIALIST'S USE ONLY

I hereby declare under penalty of perjury that this return (including the schedules and statement attached) has been examined by me, and to the best of my knowledge and belief, is a true, correct, and complete return. The declaration of the person who prepares this return is with respect to the information received and may be verified.

Specialist's name (Print) Rene Mirabal **Registration number** 5143 **Check if self-employed specialist**

Firm's name Value Added Accounting Services Inc **Date**

Specialist's signature Rene Mirabal **Address** PO Box 270076 San Juan PR **Zip code** 00928

NOTE TO TAXPAYER
 Indicate if you made payments for the preparation of your return: Yes No. If you answered "Yes", require the Specialist's signature and registration number.
 Retention Period Ten (10) years

Part II		Income, Dues, Contributions, etc.				
Income, Dues, Contributions, Etc.	1. Dues, assessments, etc. from members, excluding services and other charges properly included on line 17. (See instructions Parts II and III)	(1)			0 00	
	2. Dues, assessments, etc. from affiliated organizations (See instructions Parts II and III)	(2)			0 00	
	3. Legislative grants and contributions	(3)			0 00	
	4. Contributions, gifts, grants, etc. received (See instructions Parts II and III)	(4)			0 00	
	5. Patronage dividends (or patronage refund) received (See instructions Parts II and III)	(5)			0 00	
	6. Income from fundraising activities	(6)			0 00	
	7. Other non-cash contributions	(7)			146,132 00	
	8. Total of income, dues, contributions, etc. (Add lines 1 through 7. Transfer this amount to line 8 of Part I)	(8)			146,132 00	
Program Service Revenues	9. *Income from Program Services carried out by the organization (Submit detail if you need additional lines)					
	(a) Coop Marketing	(9a)			247,725 00	
	(b) Promotion of PR as a destination	(9b)			25,827,800 00	
	(c)	(9c)			0 00	
	(d)	(9d)			0 00	
	(e)	(9e)			0 00	
(f) Total income from Program Services carried out by the organization (Add lines 9(a) through 9(e). Transfer this amount to line 9 of Part I)	(9f)			26,075,525 00		
Investment Income	10. Interests	(10)			0 00	
	11. Dividends	(11)			154,950 00	
	12. Gains (losses) from the sale of capital assets (Submit Schedule D Corporation)	(12)			0 00	
	13. Exempt income (Submit Schedule IE Corporation)	(13)			0 00	
14. Total investment income (Add lines 10 through 13. Transfer this amount to line 10 of Part I)	(14)			154,950 00		
Other Income	15. (a) Gross rents	(15a)			0 00	
	(b) Less: Rental expenses	(15b)			0 00	
	(c) Income (loss) from rent activities	(15c)			0 00	
	16. Royalties	(16)			0 00	
	17. Gross income from commercial activities including the exempt income from a registered investment company or real estate investment trust (Specify which)	(17)			0 00	
	18. Miscellaneous income (Submit detail)	(18)			4,083,466 00	
19. Total other income (Add lines 15(c) through 18. Transfer this amount to line 11 of Part I)	(19)			4,083,466 00		
20. Total income (Add lines 8, 9(f), 14 and 19)	(20)			30,460,073 00		
Part III Disposition of Income, Dues, Contributions, etc. (See inst.)		(A) Program Services	(B) Fundraising	(C) General and Administrative	(D) Total	
Declared Income Related Expenses	21. Compensation to officers, directors, trustees and key employees (Complete Part V)	(21)	0 00	0 00	0 00	0 00
	22. Salaries, wages and commissions to employees. Number of employees <input type="text" value="0"/>	(22)	2,823,664 00	0 00	481,378 00	3,305,042 00
	23. Interests	(23)	0 00	0 00	0 00	0 00
	24. Taxes (Such as property, income, social security, unemployment, etc.)	(24)	1,042,624 00	0 00	218,740 00	1,261,364 00
	25. Rents	(25)	114,913 00	0 00	32,456 00	147,369 00
	26. Professional services	(26)	479,972 00	0 00	97,044 00	577,016 00
	27. Depreciation	(27)	245,331 00	0 00	29,604 00	274,935 00
	28. Dues, assessments, etc. to affiliated organizations	(28)	0 00	0 00	0 00	0 00
	29. Miscellaneous expenses (Submit detail)	(29)	19,489,114 00	0 00	110,442 00	19,599,556 00
	30. Total expenses related with the declared income (Add lines 21 through 29. Transfer the total of Column (D) to line 13 of Part I)	(30)	24,195,618 00	0 00	969,664 00	25,165,282 00
Contributions	31. Contributions, gifts and grants paid (Include the name and social security number to whom they were paid). Submit detail if you need additional lines.					
	(a)	(31a)	0 00	0 00	0 00	0 00
	(b)	(31b)	0 00	0 00	0 00	0 00
	(c)	(31c)	0 00	0 00	0 00	0 00
(d) Total contributions, gifts and grants paid (Add lines 31(a) through 31(c). Transfer to line 14 of Part I)	(31d)	0 00	0 00	0 00	0 00	
Other Payments	32. Benefits paid to members or their dependents:					
	(a) Death, sickness, hospitalization, disability, life insurance or pensions benefits	(32a)				0 00
	(b) Other benefits	(32b)				0 00
33. Additions to surplus and reserves (Submit itemized schedule)	(33)				0 00	
34. Total other expenses (Add lines 32 and 33. Transfer to line 16 of Part I)	(34)				0 00	
35. Total Expenses (Add lines 30, 31(d) and 34)	(35)				25,165,282 00	
36. Excess (deficit) for the year (Subtract line 35 from line 20)	(36)				5,294,791 00	
37. Fund balance at the beginning of the year	(37)				17,613 00	
38. Other changes in the fund's balance (Submit detail)	(38)				0 00	
39. Fund balance at the end of the year	(39)				5,312,404 00	

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

STATEMENT ATTACHED TO FORM 480.70(OE)

INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS

FOR THE YEAR ENDED ON 06/30/2019

Page 2, Part II, Line 7 - Other non-cash contributions

Description	Amount
Donated Services	\$146,132
Total	\$146,132

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

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INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS

FOR THE YEAR ENDED ON 06/30/2019

Page 2, Part II, Line 18 - Miscellaneous income

Description	Amount
Gain on transfer of net assets from PRCB	\$4,083,466
Total	<u>\$4,083,466</u>

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

STATEMENT ATTACHED TO FORM 480.70(OE)

INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS

FOR THE YEAR ENDED ON 06/30/2019

Page 2, Part III, Line 29 - Miscellaneous expenses (Service Programs)

Description	Amount
Office Utilities, Maintenance & Repairs	\$60,085
Fam Tours	\$346,177
Travel	\$242,708
Advertising	\$8,891,900
Local industry/community events	\$282,987
Digital content development	\$434,668
Strategic advisory board	\$143,780
Insurance	\$38,309
Trade Shows	\$1,355,537
Office Stationery & Supplies	\$63,672
Site Inspection	\$126,633
Sales and marketing events	\$474,734
Commitments to definite groups	\$972,725
Miscellaneous Expenses	\$129,979
Research projects and tools	\$1,299,961
Public Relations	\$2,619,657
Sales and marketing consultants	\$477,351
Telephone	\$111,530
Website development	\$867,625
Training	\$145,817
Booth and Promotional Materials	\$231,174
Recruitment	\$32,115
IT Infrastructure, licenses & support	\$139,990
Total	\$19,489,114

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

STATEMENT ATTACHED TO FORM 480.70(OE)

INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS

FOR THE YEAR ENDED ON 06/30/2019

Page 2, Part III, Line 29 - Miscellaneous expenses (General and Administrative)

Description	Amount
Insurance	\$7,746
Miscellaneous Expenses	\$13,270
Telephone	\$22,550
IT Infrastructure, licenses & support	\$18,859
Office Stationery & Supplies	\$17,984
Recruitment	\$1,525
Training	\$11,537
Office Utilities, Maintenance & Repairs	\$16,971
Total	\$110,442

Part IV		Balance Sheet			
		Beginning of the year		Ending of the year	
Assets		Total		Total	
1. Cash	(1)	1,219,793	00	11,886,763	00
2. Notes and accounts receivable	(2)	0	00	21,153	00
Less: Reserve for bad debts		(0	00)	(0	00)
3. Inventories	(3)	0	00	0	00
4. Investments in governmental obligations	(4)	0	00	0	00
5. Investments in non-governmental funds	(5)	0	00	0	00
6. Investments in corporate stocks (See instructions Part IV)	(6)	0	00	0	00
7. Other investments (Submit detail)	(7)	0	00	375,473	00
8. Capital assets:					
(a) Depreciable or depletable assets (Submit itemized schedule)	(8a)	127,989	00	855,538	00
Less: Reserve for depreciation (or depletion)		(625	00)	(275,560	00)
(b) Land	(8b)	0	00	0	00
9. Other assets (Itemize)	(9)	41,493	00	513,620	00
10. Total Assets	(10)	1,388,650	00	13,376,987	00
Liabilities					
11. Accounts payable	(11)	493,920	00	5,370,030	00
12. Bonds, notes and mortgages payable					
(a) with original maturity date of less than 1 year	(12a)	827,800	00	900,662	00
(b) with original maturity date of 1 year or more	(12b)	0	00	1,793,891	00
13. Other liabilities (Submit detail)	(13)	49,317	00	0	00
14. Total Liabilities	(14)	1,371,037	00	8,064,583	00
Stockholder's Equity					
15. Capital stock					
(a) Preferred stocks	(15a)	0	00	0	00
(b) Common stocks	(15b)	0	00	0	00
16. Membership certificates	(16)	0	00	0	00
17. Paid-in capital or capital surplus (donated capital if a trust)	(17)	0	00	0	00
18. Surplus reserves (Itemize)	(18)	0	00	0	00
19. Earned surplus and undivided profits	(19)	17,613	00	5,312,404	00
20. Total Stockholder's Equity	(20)	17,613	00	5,312,404	00
21. Total Liabilities and Stockholder's Equity	(21)	1,388,650	00	13,376,987	00

Part V		List of Officers, Directors or Key Employees				
Name and title	Social security number	Number of weekly hours dedicated to the institution	Compensation	Contributions to pension or deferred compensation plans	Allowances or expenses account	
To be provided upon request		0	0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	
			0 00	0 00	0 00	

Corporación para la Promoción de Puerto Rico como Destino, Inc.
66-0888522
GOVERNMENT OF PUERTO RICO
STATEMENT ATTACHED TO FORM 480.70(OE)
INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS
FOR THE YEAR ENDED ON 06/30/2019
Page 3, Part IV, Line 7 - Other investments (Ending of the year)

Description	Amount
Investments (UBS portfolio)	\$375,473
Total	\$375,473

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

STATEMENT ATTACHED TO FORM 480.70(OE)

INFORMATIVE RETURN FOR INCOME TAX EXEMPT ORGANIZATIONS

FOR THE YEAR ENDED ON 06/30/2019

Page 3, Part IV, Line 9 - Other assets (Ending of the year)

Description	Amount
Prepaid Expenses	\$513,620
Total	<u>\$513,620</u>

Part VI Compensation in Excess of \$5,000 Paid to Independent Contractors for Professional Services	
Name and address	Social Security or employer identification number
	Type of service
	Compensation
To be provided upon request	0 00
	0 00
	0 00
	0 00
	0 00

Part VII Questionnaire

Section A. Board of Director and Management

	Yes	No
1. (a) Indicate the number of members with voting rights in the board of directors at the end of the taxable year (1a) 13 (If there is a significant difference in the voting rights among the members of the board of directors, or if board of directors delegates sufficient authority to an executive committee or to a committee of similar nature, submit explanation)		
(b) Provide the number of members with voting rights included in line 1(a), above, who are independent (1b) 13		
2. Indicate if any officer, director, trustee or key employee keep a familiar or commercial relation with any other officer, director or key employee (2)	<input checked="" type="checkbox"/>	
3. Indicate if the organization delegates the control of the entity management aspects, customarily performed by and under the direct supervision of officers, directors, trustees or key employees, to management companies or other person outside the entity (3)	<input checked="" type="checkbox"/>	
4. Indicate if the organization made significant changes to the entity's constitutive documents after the filing of the informative return for income tax exempt organizations corresponding to the previous taxable year (4)	<input checked="" type="checkbox"/>	
5. Indicate if the organization became aware during the year of a significant diversion of the organization's assets (5)	<input checked="" type="checkbox"/>	
6. Does the organization have members or stockholders? (6)	<input checked="" type="checkbox"/>	
7. (a) Does the organization have members, stockholders or other persons with power to elect or appoint one or more members of the board of director? (7a)	<input checked="" type="checkbox"/>	
(b) Are any management decision reserved to (or subject to approval by) members, stockholders or persons other than the board of directors? (7b)	<input checked="" type="checkbox"/>	
8. Indicate if the organization contemporaneously documents the meetings or actions undertaken during the year by the following: (a) The boards of directors (8a)	<input checked="" type="checkbox"/>	
(b) Each committee with authority to act in representation of the board of directors (8b)	<input checked="" type="checkbox"/>	
9. Indicate if there is any director, officer, trustee or key employee that cannot be reached at the entity's electronic mail address (If the answer is "Yes", provide the name and electronic mail address) (9)	<input checked="" type="checkbox"/>	

Section B. Organization's Policies

10. (a) Indicate if the organization has local chapters, branches or affiliates (10a)	<input checked="" type="checkbox"/>	
(b) If "Yes", indicate if the organization has written policies and procedures that govern the activities of such chapters, affiliates and branches to ensure that its operations are consistent with the organization's exempt purposes (10b)	<input checked="" type="checkbox"/>	
11. (a) Indicate if the organization provided a complete copy of this Form 480.70(OE) to all members of the board of directors before filing the form (11a)	<input checked="" type="checkbox"/>	
(b) Describe the process, if any, used by the organization to review Form 480.70(OE): Reviewed with CFO		
12. (a) Indicate if the organization has a written conflict of interest policy (12a)	<input checked="" type="checkbox"/>	
(b) Indicate if the officers, directors, trustees and key employees are required to annually disclosed interests that could give rise to conflicts with the organization (12b)	<input checked="" type="checkbox"/>	
(c) Indicate if the organization regularly and consistently monitors and enforces the compliance of these policies. If "Yes", provide examples of how this monitoring is performed (12c)	<input checked="" type="checkbox"/>	
13. Indicate if the organization has a written whistleblowing policy (13)	<input checked="" type="checkbox"/>	
14. Indicate if the organization has a written document retention and destruction policy (14)	<input checked="" type="checkbox"/>	
15. Indicate if the process for determining compensation of the following persons includes the review and approval by independent persons, the revision of comparative information, and contemporaneous substantiation of the deliberation: (a) The organization's Chief Executive Officer (CEO), Executive Director and top management officials (15a)	<input checked="" type="checkbox"/>	
(b) Other officers and key employees of the organization (15b) (If "Yes", describe the process to determine the compensation of these officers)	<input checked="" type="checkbox"/>	
16. (a) Indicate if the organization invests in, contributes assets to, or participates in a joint venture or similar arrangement with a taxable entity during the year (16a)	<input checked="" type="checkbox"/>	
(b) If "Yes", indicate if the organization follows a written policy or procedure requiring the evaluation of the participation in joint venture arrangements under the applicable tax law, and takes steps to safeguard the organization's exempt status with respect to such arrangements (16b)	<input checked="" type="checkbox"/>	

Retention Period: Ten (10) years

Section C. Other Information

		Yes/No
17.	If you do not have the case number, did you request the exemption under Section 1101.01 of the Code? If "Yes", indicate the date requested and the paragraph of Section 1101.01 under which you requested it: _____ If you have not requested tax exemption, do not complete this form. You must file Form 480.20 (Corporation Income Tax Return).	(17) N A
18.	Indicate if the organization have an administrative opinion under which the tax exemption was granted with special conditions (Submit copy) ..	(18) X
19.	Indicate if the organization have exemption under the Federal Internal Revenue Code. If "Yes", indicate the date it was granted (Submit copy): _____	(19) N A
20.	Has the organization been audited or is currently under investigation by the Department of the Treasury?	(20) X
21.	The books are in care of <u>Corporacion para la Promocion de Puerto Rico como Destino, Inc.</u> Address: <u>same</u>	
22.	Accounting method used: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other(s) If you checked other(s) explain: _____	
23. (a)	During this year, did the organization derived income from unrelated activities?	(23a) X
23. (b)	If "Yes", did you include the duly completed Schedule A Exempt Organization with this return?	(23b) N A
Indicate the unrelated business activities, the NAICS code and the merchant's registration number, if applicable, of such activities. In addition, indicate the purpose of such activities in the organization. Submit detail, if you need additional space. _____ _____		
24. (a)	Indicate if the organization have employees	(24a) X
24. (b)	If "Yes", did you file the Withholding Statements (Forms 499R-2/W-2PR or 499R-2c/W-2cPR)?	(24b) X
25. (a)	Indicate if the organization have contracted professional services	(25a) X
25. (b)	If "Yes", did you file the Informative Returns (Forms 480.5, 480.6A, 480.6B, 480.6C)?	(25b) X
25. (c)	Have you made any withholding at source?	(25c) X
25. (d)	If "Yes", indicate the tax rate applied: _____	
26. (a)	Indicate if you made payments to entities not engaged in trade or business in Puerto Rico	(26a) X
26. (b)	If "Yes", have you made the withholding at source?	(26b) X
27.	If the organization is exempt under Section 1101.01(10) of the Code, indicate the name of the organization that holds the title of the property. _____	
28.	Indicate if the organization is a successor from another organization that previously existed	(28) X
Name of the previous organization: _____ Address: _____		
29.	Indicate if the organization leased real property to (or) from other person or groups of persons related to the organization	(29) X
30.	Indicate the number of members or participants <u>0</u>	
31.	Indicate if the organization is in good standing with the filing of the Department of State's Annual Reports	(31) X
32. (a)	Indicate if during the taxable year the organization established or discontinued any Program Service	(32a) X
32. (b)	If "Yes", did you notify the same to the Department of the Treasury? Indicate the notification date _____	(32b) N A
33.	Indicate whether the organization had any changes in the type of income, character, purpose for which it was organized or form of operating, that has not been previously informed to the Secretary of the Department of the Treasury (Submit detail of the changes)	(33) X
34.	Indicate if during the year the organization was liquidated, dissolved or finished	(34) X
If "Yes", submit detail and a copy of the Department of the State's dissolution. _____		
35.	Indicate whether the organization is controlled, or if it controls another institution	(35) X
If "Yes" indicate the name and the employer identification number of said institution: _____		
36.	Indicate if any entity withheld income tax at source to the organization on any payment for services rendered during the taxable year. If "Yes", include such amount in line 23(a) of Part I and include the corresponding Informative Return with this return	(36) X

Retention Period Ten (10) years

Schedule E <small>Rev. 02-15</small>	<h2 style="margin:0;">DEPRECIATION</h2>				<h1 style="margin:0;">2018</h1>	
<small>Taxable year beginning on <u>Jul/01</u>, 2018, and ending on <u>Jun/30</u>, 2019</small>						
Entity's Name Corporación para la Promoción de Puerto Rico como Destino, Inc					Social Security or Employer Identification Number 66-0888522	
1. Type of property (in case of a building, specify the material used in the construction).	2. Date acquired.	3. Original cost or other basis (exclude cost of land). Basis for automobiles may not exceed from \$30,000 per vehicle.	4. Depreciation claimed in prior years	5. Estimated useful life to compute the depreciation.	6. Depreciation claimed this year.	
(a) Current Depreciation						
See Statement Attached	Various	691,030	625	Various	176,894	
		00	00		00	
		00	00		00	
Total			625		176,894	
		00	00		00	
(b) Flexible Depreciation						
		00	00		00	
		00	00		00	
		00	00		00	
Total			0		0	
(c) Accelerated Depreciation						
		00	00		00	
		00	00		00	
		00	00		00	
Total			0		0	
(d) Amortization (i.e. Goodwill)						
Leasehold improvements		134,714	0	0	70,584	
Leasehold improvements		22,945	0	0	14,490	
		00	00		00	
Total			0		85,074	
(e) Automobiles (See instructions)						
		00	00		00	
		00	00		00	
		00	00		00	
Total			0		0	
(f) Vehicles under financial lease (Form 480 7D) (Amount of vehicles <u>1</u> (01) (02)					12,967	
TOTAL: (Add total of lines (a) through (f) of Column 6. Transfer to Schedules K, L, M and N Individual, whichever applies, or the corresponding line of other returns) (10)					274,935	

Retention Period: Ten (10) years

Corporación para la Promoción de Puerto Rico como Destino, Inc.

66-0888522

GOVERNMENT OF PUERTO RICO

FOR THE YEAR ENDED ON 06/30/2019

Current Depreciation

Type of property	Date acquired	Original cost or other basis	Depreciation claimed in prior years	Estimated useful life	Depreciation claimed this year
Computer equipment		\$219,685	\$625	0	\$61,240
Booth for trade shows		\$394,000	\$0	0	\$98,912
Furniture and fixtures		\$6,640	\$0	0	\$1,628
Computer equipment		\$68,631	\$0	0	\$14,671
Furniture and fixtures		\$2,074	\$0	0	\$443
				Total	\$176,894

**DEDUCTION FOR CONTRIBUTIONS TO QUALIFIED
RETIREMENT PLANS AND TAX ON CERTAIN CONTRIBUTIONS**

Taxable year beginning on Jul 01 2018 and ending on Jun 30 2019

Complete one Form for each plan to which a contribution was made that you claim as deduction under Section 1033.09 of the Code.

Taxpayer's Name Corporación para la Promoción de Puerto Rico como Destino, Inc.		Taxpayer's Employer Identification Number 66-0888522	
Name of the Qualified Retirement Plan Discover Puerto Rico Retirement Plan (PR)		Trust's Employer Identification Number 66-0901843	

Type of Plan:

1 Defined Benefit Plan, or

2 Defined Contribution Plan (Fill in all applicable ovals):

1 Profit-sharing 2 Money Purchase 3 Stock Bonus 4 Employee Stock Purchase Plan

5 Plan includes cash or deferred contributions arrangement 6 Self-employed individual benefit plan

PART I - COMPUTATION OF THE DEDUCTION FOR CONTRIBUTIONS TO THE PLAN

1. Maximum limit on the deduction (See instructions).....	(01)		0 00
2. Contributions to the Plan:			
A) Contributions for the current year (See instructions)	(2A)	0 00	
B) Pre-tax contributions	(2B)	96,723 00	
C) Employer contributions (matched, discretionary and others)	(2C)	46,774 00	
D) Total contributions for current year (Add lines 2A through 2C)	(2D)		143,497 00
3. Contributions carried from previous years	(03)		0 00
4. Total contributions to the plan (Add lines 2D and 3)	(04)		143,497 00
5. Deductible amount for current year (The smaller of line 1 or 4)	(05)		0 00
6. Nondeductible contributions for current year (Subtract line 5 from line 4. If zero or less, enter zero)	(06)		143,497 00

PART II - TAX ON NONDEDUCTIBLE CONTRIBUTIONS

7. Nondeductible contributions for the current year (Enter here the amount of Part I, line 6)	(07)		143,497 00
8. Less: Share of nondeductible contributions attributable to:			
A) Contributions for taxable years beginning before January 1, 2011 (Section 1033.09(a)(5)(C)(i)(II) of the Code)	(8A)		0 00
B) Contributions returned to the taxpayer before the last day to file the income tax return (Section 1033.09(a)(5)(D) of the Code)	(8B)		0 00
9. Amount of nondeductible contributions subject to tax (Subtract lines 8A and 8B from line 7)	(09)		143,497 00
10. Tax rate	(10)		x 10%
11. Tax on nondeductible contributions (See instructions)	(11)		14,350 00

PART III - CAPITAL GAIN ON PROPERTY CONTRIBUTIONS

If the contributions to a plan for the current year were made totally or partially in property other than cash or employer's stocks, complete the following section:

12. Fair market value of the property contributed at the moment of the contribution	(12)		0 00
13. Less: Adjusted basis of the property at the moment of the contribution	(13)		0 00
14. Gain or loss on contributions (Transfer this amount to Schedule D of the taxpayer's return. See instructions)	(14)		0 00

PART IV - TAX ON EXCESS CONTRIBUTIONS

If the plan includes a cash or deferred contributions arrangement and for the year of the plan that ended with or during the taxable year of the taxpayer the plan did not comply with the actual deferral percentage test of Section 1081.01(d)(3) of the Code, complete the following section:

15. Total excess contributions to the plan under the actual deferral percentage test	(15)		0 00
16. Excess contributions corrected on or before the last day to file the income tax return	(16)		0 00
17. Excess contributions not corrected on time (Subtract line 16 from line 15)	(17)		0 00
18. Tax rate	(18)		x 10%
19. Tax on excess contributions (See instructions)	(19)		0 00

PART V - GENERAL INFORMATION REGARDING THE PLAN

1. Effective date of the plan	(01)	Day 20 Month 06 Year 2018
2. Date of the most recent qualification letter issued by the Department of the Treasury	(02)	Day 21 Month 09 Year 2018
3. Date of the application for qualification of the plan / most recent amendments submitted to the Department of the Treasury	(03)	Day 13 Month 07 Year 2018
4. Last day of the year of the plan that ended with or during the taxpayer's taxable year	(04)	Day 30 Month 06 Year 2019
5. Number of employees of the taxpayer at the last day of the year of the plan	(05)	38
6. Number of employees of the taxpayer eligible to participate in the plan at the last day of the year of the plan	(06)	38
7. Number of participants in the plan at the last day of the year of the plan:		
A) Active participants	(7A)	26
B) Inactive and retired participants / separated receiving benefits	(7B)	0
C) Total participants (Add lines 7A and 7B)	(7C)	26
8. Total compensation paid to participants in the plan during the current taxable year	(08)	1,541,950 00
9. If the plan benefits individuals who are self-employed, enter the income earned by such individuals for the current taxable year with respect to the industry or business that keeps the plan	(09)	0 00



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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Corporación para la Promoción de Puerto Rico Como Destino, Inc.

We have audited the accompanying financial statements of Corporación para la Promoción de Puerto Rico Como Destino, Inc., a Puerto Rico Not-for-Profit Organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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.

Auditors' 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 entity'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.

Form AS 6042.1

Rev. Jan 28 15

Commonwealth of Puerto Rico
DEPARTMENT OF THE TREASURY

Serial Number

Receipt Stamp

**DEDUCTION FOR CONTRIBUTIONS TO QUALIFIED
RETIREMENT PLANS AND TAX ON CERTAIN CONTRIBUTIONS**

Taxable year beginning on Jul 01 2018 and ending on Jun 30 2019

Complete one Form for each plan to which a contribution was made that you claim as deduction under Section 1033.09 of the Code.

Taxpayer's Name Corporación para la Promoción de Puerto Rico como Destino, Inc.	Taxpayer's Employer Identification Number 66-0888522
Name of the Qualified Retirement Plan Discover Puerto Rico Retirement Plan (US Plan)	Trust's Employer Identification Number 66-0888522

Type of Plan:

1 Defined Benefit Plan, or

2 Defined Contribution Plan (Fill in all applicable ovals):

1 Profit-sharing 2 Money Purchase 3 Stock Bonus 4 Employee Stock Purchase Plan

5 Plan includes cash or deferred contributions arrangement 6 Self-employed individual benefit plan

PART I - COMPUTATION OF THE DEDUCTION FOR CONTRIBUTIONS TO THE PLAN

1. Maximum limit on the deduction (See instructions).....	(01)		0 00
2. Contributions to the Plan:			
A) Contributions for the current year (See instructions).....	(2A)	0 00	
B) Pre-tax contributions.....	(2B)	33,845 00	
C) Employer contributions (matched, discretionary and others).....	(2C)	16,922 00	
D) Total contributions for current year (Add lines 2A through 2C).....	(2D)	50,767 00	
3. Contributions carried from previous years.....	(03)		0 00
4. Total contributions to the plan (Add lines 2D and 3).....	(04)		50,767 00
5. Deductible amount for current year (The smaller of line 1 or 4).....	(05)		0 00
6. Nondeductible contributions for current year (Subtract line 5 from line 4. If zero or less, enter zero).....	(06)		50,767 00

PART II - TAX ON NONDEDUCTIBLE CONTRIBUTIONS

7. Nondeductible contributions for the current year (Enter here the amount of Part I, line 6).....	(07)		50,767 00
8. Less: Share of nondeductible contributions attributable to:			
A) Contributions for taxable years beginning before January 1, 2011 (Section 1033.09(a)(5)(C)(i)(II) of the Code).....	(8A)		0 00
B) Contributions returned to the taxpayer before the last day to file the income tax return (Section 1033.09(a)(5)(D) of the Code).....	(8B)		0 00
9. Amount of nondeductible contributions subject to tax (Subtract lines 8A and 8B from line 7).....	(09)		50,767 00
10. Tax rate.....	(10)		x 10%
11. Tax on nondeductible contributions (See instructions).....	(11)		5,077 00

PART III - CAPITAL GAIN ON PROPERTY CONTRIBUTIONS

If the contributions to a plan for the current year were made totally or partially in property other than cash or employer's stocks, complete the following section:

12. Fair market value of the property contributed at the moment of the contribution.....	(12)		0 00
13. Less: Adjusted basis of the property at the moment of the contribution.....	(13)		0 00
14. Gain or loss on contributions (Transfer this amount to Schedule D of the taxpayer's return. See instructions).....	(14)		0 00

PART IV - TAX ON EXCESS CONTRIBUTIONS

If the plan includes a cash or deferred contributions arrangement and for the year of the plan that ended with or during the taxable year of the taxpayer the plan did not comply with the actual deferral percentage test of Section 1081.01(d)(3) of the Code, complete the following section:

15. Total excess contributions to the plan under the actual deferral percentage test.....	(15)		0 00
16. Excess contributions corrected on or before the last day to file the income tax return.....	(16)		0 00
17. Excess contributions not corrected on time (Subtract line 16 from line 15).....	(17)		0 00
18. Tax rate.....	(18)		x 10%
19. Tax on excess contributions (See instructions).....	(19)		0 00

PART V - GENERAL INFORMATION REGARDING THE PLAN

1. Effective date of the plan.....	(01)	Day 20	Month 06	Year 2018
2. Date of the most recent qualification letter issued by the Department of the Treasury.....	(02)	Day	Month	Year
3. Date of the application for qualification of the plan / most recent amendments submitted to the Department of the Treasury.....	(03)	Day	Month	Year
4. Last day of the year of the plan that ended with or during the taxpayer's taxable year.....	(04)	Day 30	Month 06	Year 2019
5. Number of employees of the taxpayer at the last day of the year of the plan.....	(05)			12
6. Number of employees of the taxpayer eligible to participate in the plan at the last day of the year of the plan.....	(06)			12
7. Number of participants in the plan at the last day of the year of the plan:				
A) Active participants.....	(7A)			7
B) Inactive and retired participants / separated receiving benefits.....	(7B)			0
C) Total participants (Add lines 7A and 7B).....	(7C)			7
8. Total compensation paid to participants in the plan during the current taxable year.....	(08)			650,948 00
9. If the plan benefits individuals who are self-employed, enter the income earned by such individuals for the current taxable year with respect to the industry or business that keeps the plan.....	(09)			0 00

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporación para la Promoción de Puerto Rico Como Destino, Inc., as of June 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.

Emphasis of Matter

Effect of Adopting New Accounting Standard

As discussed in Note 1, Corporación para la Promoción de Puerto Rico Como Destino, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

San Juan, Puerto Rico
November 18, 2019.



RSM Puerto Rico
RSM PUERTO RICO
Norma I. Vazquez Rodriguez
By: Norma I. Vazquez Rodriguez, CPA
License No. 2319

**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
COMO DESTINO, INC.**



STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,886,763	\$ 1,219,793
Accounts receivable	21,153	-
Prepaid expenses	513,620	41,493
	<u>12,421,536</u>	<u>1,261,286</u>
INVESTMENTS	375,473	-
PROPERTY AND EQUIPMENT, net	579,978	127,365
	<u>\$ 13,376,987</u>	<u>\$ 1,388,651</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,409,615	\$ 493,920
Deferred revenues	41,000	827,800
Accrued expenses	960,415	49,318
Obligation under capital lease	8,142	-
Commitments to definite groups	851,520	-
	<u>6,270,692</u>	<u>1,371,038</u>
NON-CURRENT LIABILITIES:		
Obligation under capital lease	4,224	-
Commitments to definite groups	1,789,667	-
	<u>1,793,891</u>	<u>1,371,038</u>
NET ASSETS:		
Without donor restrictions:		
Board designated	1,000,000	-
Undesignated	3,400,943	17,613
	<u>4,400,943</u>	<u>17,613</u>
With donor restrictions	911,461	-
	<u>5,312,404</u>	<u>17,613</u>
	<u>\$ 13,376,987</u>	<u>\$ 1,388,651</u>

The accompanying notes are an integral part of these statements of financial position.



**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
COMO DESTINO, INC.**

STATEMENTS OF ACTIVITIES
For the years ended June 30, 2019 and 2018

	2019		2018	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
	Total	Total	Total	Total
REVENUES AND SUPPORT:				
Contributions from Puerto Rico Tourism Company	\$ 25,827,800	\$ -	\$ 25,827,800	\$ -
Gain on transfer of net assets from Puerto Rico Convention Bureau	2,223,750	1,859,716	4,083,466	-
Contributed services	146,132	-	146,132	-
Coop. advertising and events participation	247,725	-	247,725	-
Investment return	133,380	21,570	154,950	2,410
Net assets released from restrictions	969,825	(969,825)	-	-
	<u>29,548,612</u>	<u>911,461</u>	<u>30,460,073</u>	<u>1,574,610</u>
				<u>\$ 1,572,200</u>
OPERATING EXPENSES:				
Program services:				
Marketing/Sales Promotion	22,054,693	-	22,054,693	-
Research	1,423,390	-	1,423,390	-
Local Industry/Community Engagement	717,535	-	717,535	-
Support services:				
Payroll and related benefits	-	-	-	146,629
Management and general	969,664	-	969,664	-
	<u>25,165,282</u>	<u>-</u>	<u>25,165,282</u>	<u>1,151,822</u>
				<u>\$ 1,552,594</u>
INCREASE IN NET ASSETS BEFORE PROVISION FOR INCOME TAX	<u>4,383,330</u>	<u>911,461</u>	<u>5,294,791</u>	<u>22,016</u>
PROVISION FOR INCOME TAX	-	-	-	(4,403)
INCREASE IN NET ASSETS	<u>4,383,330</u>	<u>911,461</u>	<u>5,294,791</u>	<u>17,613</u>
NET ASSETS, beginning of year	<u>17,613</u>	<u>-</u>	<u>17,613</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 4,400,943</u>	<u>\$ 911,461</u>	<u>\$ 5,312,404</u>	<u>\$ 17,613</u>

The accompanying notes are an integral part of these statements



**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
COMO DESTINO, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2019 and 2018

June 30, 2019

	Program Services			Local Industry/ Community/ Engagement	Support Services		Total
	Marketing/Salos Promotion	Research			Management and general		
Advertising	\$ 8,891,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,891,900
Booth and promotional material	231,174	-	-	-	-	-	231,174
Commitments to definite groups	972,725	-	-	-	-	-	972,725
Depreciation and amortization	234,610	3,360	-	7,361	29,604	-	274,935
Digital content development	434,668	-	-	-	-	-	434,668
Employee benefits and payroll taxes	957,818	21,325	-	63,481	218,740	-	1,261,364
Facilities rental	106,668	175	-	8,070	32,456	-	147,369
Familiarization tours	346,177	-	-	-	-	-	346,177
Local industry/community events	-	-	-	282,987	-	-	282,987
Insurance	35,504	879	-	1,926	7,746	-	46,055
Other expenses	125,293	1,468	-	3,218	13,270	-	143,249
Professional services	444,826	11,016	-	24,130	97,044	-	577,016
Public relations	2,525,022	-	-	94,635	-	-	2,619,657
Recruitment	19,153	195	-	12,767	1,525	-	33,640
Research projects and tools	-	1,299,961	-	-	-	-	1,299,961
Salaries	2,547,737	78,961	-	196,966	481,378	-	3,305,042
Sales and marketing consultants	477,351	-	-	-	-	-	477,351
Sales and marketing events	474,734	-	-	-	-	-	474,734
Site inspections	126,633	-	-	-	-	-	126,633
Software licenses	133,160	2,141	-	4,689	18,859	-	158,849
Strategic advisory board	143,780	-	-	-	-	-	143,780
Supplies and miscellaneous equipment	59,103	97	-	4,472	17,984	-	81,656
Telephone/internet	103,363	2,560	-	5,607	22,550	-	134,080
Trade shows	1,355,537	-	-	-	-	-	1,355,537
Training	141,651	1,160	-	3,006	11,537	-	157,354
Travel	242,708	-	-	-	-	-	242,708
Utilities and office maintenance	55,773	92	-	4,220	16,971	-	77,056
Website development and management	867,625	-	-	-	-	-	867,625
	\$ 22,054,693	\$ 1,423,390	\$ -	\$ 717,535	\$ 969,664	\$ -	\$ 25,165,282

Continues...



**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
COMO DESTINO, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2019 and 2018**

Continued...

	June 30, 2018			
	Program Services Marketing/sales promotion	Support Services Management and general	Payroll and related benefits	Total
Advertising	\$ 57,900	\$ -	\$ -	\$ 57,900
Board of directors and committees meetings	-	21,330	-	21,330
Depreciation and amortization	-	625	-	625
Digital content development	14,884	-	-	14,884
Insurance	-	1,625	-	1,625
Local industry/community events	12,431	-	-	12,431
Marketing research	47,100	-	-	47,100
Miscellaneous equipment and supplies	-	38,557	-	38,557
Miscellaneous	-	328	-	328
Professional services	-	728,681	-	728,681
Promotional material	564	-	-	564
Public relations	88,839	-	-	88,839
Recruitment	-	278,326	-	278,326
Relocation	-	16,855	-	16,855
Repair and maintenance	-	5,817	-	5,817
Salaries and benefits	-	-	146,629	146,629
Sales and marketing events	-	-	-	-
Software licenses	2,444	-	-	2,444
Telephone	-	7,651	-	7,651
Trade shows	-	1,360	-	1,360
Training	5,868	-	-	5,868
Travel	-	7,401	-	7,401
Website development and management	-	43,266	-	43,266
	24,113	-	-	24,113
	\$ 254,143	\$ 1,151,822	\$ 146,629	\$ 1,552,594

The accompanying notes are an integral part of these statements.

**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
COMO DESTINO, INC.**

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,294,791	\$ 17,613
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	274,935	625
Unrealized gain on investments	(97,566)	-
Loss on disposition of property and equipment	28,965	-
Gain on transfer of net assets	(4,083,466)	-
Changes in operating assets and liabilities-		
Decrease (increase) in assets:		
Accounts receivable	4,650	-
Prepaid expenses	(243,111)	(41,493)
Increase (decrease) in liabilities-		
Accounts payable	3,915,695	493,920
Deferred revenues	(790,800)	827,800
Accrued expenses	911,097	49,318
Commitments to definite groups	287,934	-
Net cash provided by operating activities	<u>5,503,124</u>	<u>1,347,783</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(726,718)</u>	<u>(127,990)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received on Asset Transfer Agreement	5,897,492	-
Payment to principal of obligation under capital lease	<u>(6,928)</u>	<u>-</u>
Net cash provided by financing activities	<u>5,890,564</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,666,970	1,219,793
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,219,793</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 11,886,763</u>	<u>\$ 1,219,793</u>

The accompanying notes are an integral part of these statements.

CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO COMO DESTINO, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

1) Organization and summary of significant accounting policies:

- A) Organization – The Corporación para la Promoción de Puerto Rico como Destino, Inc., is a Destination Marketing Organization (DMO), created under the provisions of Act No. 17 of March 30, 2017, known as Act for the Promotion of Puerto Rico as Destination (Act No. 17). The purpose of Act No. 17 was to combine within the Organization the sales and marketing efforts performed by the Puerto Rico Convention Bureau (the Bureau) for the groups and convention segment, and those performed by the Puerto Rico Tourism Company (PRTC) for the leisure segment in order to unify the brand and provide consistency in the efforts to attract visitors and increase the exposure of Puerto Rico as a tourist destination worldwide.

On June 8, 2017, the Corporación para la Promoción de Puerto Rico como Destino, Inc. was incorporated as a Not-for-Profit entity under the laws of the Commonwealth of Puerto Rico.

On February 28, 2018, the Organization and PRTC entered into an Agreement for Destination Marketing Services (the DMS Agreement), whereby the Organization assumed PRTC's current function of marketing the island to non-residents as a visitor destination. It establishes the obligations of the Organization and PRTC in accordance with the requirements imposed by Act No. 17. Among the provisions covered by the DMS Agreement are the following: (i) mutual obligations, (ii) annual business and marketing plan, (iii) reporting and accounting, (iv) funding, and (v) key performance indicators. It has an initial term of ten (10) years.

On June 29, 2018, the Organization and the Bureau entered into an Asset Transfer Agreement, (the AT Agreement) whereby, the Bureau agreed to transfer its assets, as defined in the AT Agreement, in consideration of the assumption of certain liabilities by the Organization, and the condition that the Organization will continue to provide the marketing services previously performed by the Bureau. The effective date of the Agreement was determined as of July 1, 2018, when the Organization assumed its marketing responsibilities and the Bureau ceased to do so.

To accomplish its objectives, the Organization established the following programs:

- Marketing/Sales Promotion – Refers to all the activity and investments directed to increasing awareness, improving perception and generating demand for Puerto Rico as a destination for visitors.
 - Research – Refers to the investment made in different tools, initiatives and studies to help understand the market and Puerto Rico's position in it. Also, includes resources to measure results of the efforts of the Organization and overall industry performance.
 - Local Industry/Community Engagement – Refers to efforts related to engaging the community in the collaborative effort of promoting Puerto Rico as a destination. It includes efforts to communicate the work that the Organization does and how all communities can work alongside with of the Organization, providing a unified message and branding.
- B) Summary of significant accounting policies – The accounting policies used by the Organization conform to predominant industry practices and follow accounting principles generally accepted in the United States of America (U.S. GAAP). The following summarizes the most significant accounting policies:



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NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

Basis of presentation – Not-for-profit organizations are required to present a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. In addition, resources are classified for accounting and reporting purposes into two categories of net assets in accordance with external donor-imposed restrictions:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds will be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of June 30, 2019 and 2018, the Organization's net assets are classified as net assets with donor restrictions and net assets without donor restrictions.

Accounting estimates – The preparation of financial statements in conformity U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses recognized during the reporting period.

Cash and cash equivalents – Consist of cash in banks and money market funds.

Allowance for doubtful accounts – The Organization provides an allowance for doubtful accounts based on the evaluation of amounts that are estimated as likely to become unrealizable. The estimate is based on the historical collection experience and review of the current status of receivable amounts. It is reasonably possible that such estimate could change.

Unconditional promises – Unconditional promises to give that are expected to be collected or paid are recorded at net realizable value and/or at the present value of their estimated future payments. Conditional promises to give are not included as support revenue or as expense until conditions are substantially met. As of June 30, 2019 and 2018, the Organization had no conditional promises to pay.

Investments – Investments are reported at cost, if purchased or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investments return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.



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Property and equipment – Is stated at cost, or if donated, at the fair value at date of receipt. In the case of vehicle under capital lease, it is stated at the present value of the net minimum lease payments. Maintenance, repairs and minor improvements are expensed when incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Description	Estimated Useful Life
Computer equipment	3 years
Leasehold improvements	5 years or lease term, whichever is less
Furniture and fixtures	5 years
Booth for trade shows	3 years
Vehicle under capital lease	Lease term

At the time property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the books and the resulting gain or loss, if any, is credited or charged to operations. Property and equipment is capitalized if it has a cost of \$1,000 or more.

Revenue recognition – Contributions received are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded at fair value, which is net of estimated uncollectible amounts.

The Organization recognize contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized when received. Conditional promises to give are recognized as contribution revenue and receivables when the condition on which they depend are substantially met or explicitly waived by the donor, that is, when the conditional promise becomes unconditional.

Contributed services, assets and in-kind contributions – Contributed goods or services are recognized if services received: (a) create or enhance nonfinancial assets, (b) require specialized skills, and (c) are provided by individuals possessing those skills. The Organization recognizes the fair value of goods or services as both revenue and expense in the period received and used. Contributed services and supplies are recognized at the fair value of such items.

Investment return – Investment income or loss (including realized and unrealized gains and losses on investments, interests, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restriction unless the income or loss is restricted by donor or law.

Operational expenditures – Operational expenditures related to the promotional activities of the Organization are detailed in the accompanying statements of activities and functional expenses. Those expenses that are not directly related to the promotional activities of the Organization are accounted for as management and general.



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Advertising costs – The Organization follows the policy of charging the costs of all advertising campaigns and promotions as they are incurred. Advertising costs for the years ended June 30, 2019 and 2018 amounted to approximately \$8,892,000 and \$58,000.

Income tax – The Organization is exempt from Puerto Rico income taxes under the provisions of Section 1101(a)(2)(i) of the Puerto Rico Internal Revenue Code of 2011, as amended. In addition, the Organization requested the federal tax exemption pursuant to Section 501(c)(3) of the United States Internal Revenue Code.

U.S. GAAP requires the Organization's management to evaluate tax positions taken and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax positions taken by the Organization and concluded that as of June 30, 2019, the Organization had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

All tax returns through the year ended June 30, 2018, have been appropriately filed by the Organization. However, based on the statute of limitation established on Section 6010.05 (a)(1) of the Puerto Rico Internal Revenue Code of 2011, as amended, the income tax returns filed by the Organization for the year ended June 30, 2018 can still be audited by the Puerto Rico Treasury Department.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using standard industry allocation methodology. Total amount allocated for the year ended June 30, 2019 was approximately \$5.3 million.

Since the year ended June 30, 2018 was a startup year, payroll or administrative expenses were not allocated into program expenses.

Fair value measurements – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market or observable inputs are the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market input.

The valuation techniques are based upon observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 – Significant inputs to the valuation model that are unobservable.

The Organization maintains policies and procedures to value financial instruments using the best and most relevant data available.



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Adoption of new accounting standard – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). This ASU simplifies and improves how a Not-for-Profit Organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation in the accompanying financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recent accounting standard – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This new accounting standard requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. This ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Management is evaluating the impact that this standard will have, if any, on the Organization's financial statements.

2) Concentrations of risks:

Financial instruments, which potentially subject the Organization to concentration of credit risks, consist principally of cash and investment securities.

As of June 30, 2019 and 2018, the Organization had deposits of approximately \$12,198,000 and \$1,383,000, respectively, in a financial institution. The amount by which these deposits exceeded the Federal Deposit Insurance Corporation (FDIC) guarantee of \$250,000 in 2019 and 2018 were approximately \$11,948,000 and \$1,133,000, respectively.

The Organization had cash and investments with a brokerage firm as of June 30, 2019, aggregating approximately \$7,000 and \$375,000, respectively. Balances are insured up to \$500,000, with a limit of \$250,000 for cash, by the Security Investor Protection Corporation (SIPC). As of June 30, 2019, the Organization had no balances in excess of SIPC limits.

As it is customary for DMO's, revenues of the Organization are concentrated on room tax support received from PRTC under the provisions of Act No. 17. During the years ended June 30, 2019 and 2018, room tax support amounted to approximately 85% and 100% of total revenues, respectively.

3) Asset Transfer Agreement:

As described in Note 1, on June 29, 2018, the Organization and the Bureau entered into an Asset Transfer Agreement, (the Agreement) whereby, the Bureau agreed to transfer its assets, in consideration of the assumption of certain liabilities, by the Organization, and the condition that the Organization will continue to provide the marketing services previously performed by the Bureau. The effective date of the Agreement was determined as of July 1, 2018, when the Organization assumed its marketing responsibilities and the Bureau ceased to do so.



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The net assets of the Bureau were adjusted to their estimated fair values as of the date of the transfer, which are summarized as follows:

Description	Amount
Assets:	
Current assets	\$ 6,152,312
Property and equipment	29,794
Investment	277,907
	<u>6,460,013</u>
Liabilities:	
Accrued incentive funds	(2,345,757)
Accounts payable	(30,790)
	<u>(2,376,547)</u>
Gain on transfer of net assets	<u>\$ 4,083,466</u>

4) Liquidity and availability:

As of June 30, 2019, the Organization has approximately \$11,900,000 of financial assets available to meet cash needs for expenditures within one year of the statement of financial position date, consisting of cash of approximately \$11,887,000 and accounts receivable of \$21,000. From this amount, \$3,545,000 are subject to contractual restrictions from the business development fund agreement and \$1,000,000 were board designated, as further explained in Notes 8 and 11, respectively, that make them unavailable for general expenditures. The Organization has a goal to maintain financial assets, which consist of cash and accounts receivable, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$4,200,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2018, those financial assets were cash amounting to approximately \$1,220,000. Total amount was available for general expenditures.

5) Accounts receivable:

As of June 30, 2019 and 2018, accounts receivable consist of the following:

Description	2019	2018
Coop advertising and events participation	\$ 15,983	\$ -
Other	5,170	-
	<u>\$ 21,153</u>	<u>\$ -</u>



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**NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

6) Investment securities:

As of June 30, 2019 and 2018, investment securities at fair value and its classification within the fair value hierarchy are as follows:

Description	Classification Level	2019	2018
Closed end funds	1	\$ 281,713	\$ -
Preferred securities	2	93,760	-
		<u>\$ 375,473</u>	<u>\$ -</u>

Closed end funds and preferred securities are principally valued at the regular trading session closing price on the exchange or market in which such funds and preferred securities are principally traded.

Net investment return during the years ended June 30, 2019 and 2018, consists of the following:

Description	2019	2018
Interests and dividends	\$ 57,384	\$ 2,410
Unrealized gains	97,566	-
	<u>\$ 154,950</u>	<u>\$ 2,410</u>

7) Property and equipment:

As of June 30, 2019 and 2018, property and equipment consist of the following:

Description	2019	2018
Computer equipment	\$ 288,316	\$ 19,116
Leasehold improvements	134,714	107,430
Furniture and fixtures	8,714	1,444
Vehicle under capital lease	29,794	-
Booth for trade shows	394,000	-
	<u>855,538</u>	<u>127,990</u>
Less: Accumulated depreciation and amortization, including \$29,794, of vehicle under capital lease	<u>(275,560)</u>	<u>(625)</u>
	<u>\$ 579,978</u>	<u>\$ 127,365</u>



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NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

8) **Business development fund:**

As part of the Asset Transfer Agreement with the Puerto Rico Convention Bureau, Inc., the Organization acquired a contract with the Puerto Rico Tourism Company, for the purpose of providing financial support to potential groups considering Puerto Rico for their event or convention. The Agreement was effective on September 25, 2013, and expires on the date that all funds held in the Business development fund have been disbursed in accordance with the terms of the Agreement. Funds received under this Agreement are initially recorded as with donor restrictions, since the Agreement imposes certain restrictions over the use of the funds. Once the commitments from the prospect groups and conventions are obtained, those net assets with donor restrictions are considered met. For the year ended June 30, 2019, there was approximately \$911,000 of contributions received under this Agreement that were still uncommitted.

9) **Contributed services:**

Contributed services represent promotional, advertising, and related specialized donated services provided by hospitality industry members as part of certain promotional activities. For the year ended June 30, 2019, contributed services were approximately \$146,000.

10) **Employee benefit plans:**

The Organization has two defined contribution plans, which cover substantially all of its employees in Puerto Rico and United States offices that have completed six (6) months of service. Under the provisions of these Plans, employees may elect to contribute up to 10% of their annual salary. The Organization matches up to 50% of the amount contributed by the employees. The employer's contribution to these Plans for the year ended June 30, 2019 amounted to approximately \$67,000, and is included within employee benefits in the statement of activities.

11) **Board-Designated contingency fund:**

During the year ended on June 30, 2019, the Board of Directors approved the establishment of a contingency fund to provide additional funding to target specific future industry needs or recover from any potential future disasters or emergencies. The Contingency Fund was established for an initial amount of \$1,000,000, with a target amount equivalent to three (3) months of operations in a ten-years (10) period. The establishment of a contingency fund is a standard to become an accredited DMO as required by Act No. 17, section 3(q).

12) **Commitments:**

A) Operating lease – The Organization is committed under an operating lease agreement covering the main location offices in Puerto Rico expiring on June 30, 2022. The lease agreement calls for monthly rental payments of \$8,010. During the year ended June 30, 2019, rental expense related to this agreement amounted to approximately \$96,000.



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**NOTES TO FINANCIAL STATEMENTS
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Future minimum payments for the years subsequent to June 30, 2019, are as follows:

Years ending June 30,	Amount
2020	\$ 96,120
2021	96,120
2022	96,120
	\$ 288,360

- B) Capital lease – The Organization is committed under a capital lease agreement covering a vehicle, which calls for monthly payments of approximately \$714, including interest of 4.95%, expiring on December 2020.

Future minimum lease payment requirements for the years subsequent to June 30, 2019, are as follows:

Years ending June 30,	Amount
2020	\$ 8,566
2021	4,283
	12,849
Less: amount representing interest	(483)
	12,366
Current portion	(8,142)
Non-current portion	\$ 4,224

- C) Commitments to definite groups – As of June 30, 2019, the Organization had certain commitments to pay sponsorship for group activities, conferences and conventions to be celebrated in Puerto Rico, as follows:

Years ending June 30,	Amount
2020	\$ 851,520
2021	607,661
2022	724,675
2023	436,595
2024	13,240
	\$ 2,633,691

**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
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**NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

13) Supplemental information to the statements of cash flows:

A) Non-cash investing and financing transactions – During the years ended June 30, 2019 and 2018, non-cash investing and financing transactions are as follows:

Description	2019	2018
Retirement of property and equipment		
Cost	\$ 28,965	\$ -
Accumulated depreciation	\$ -	\$ -
Loss on disposition	\$ (28,965)	\$ -
Transactions related to the net assets transfer		
Investments	\$ 277,907	\$ -
Property and equipment	\$ 29,794	\$ -
Obligation under capital lease	\$ 19,294	\$ -
Gain on transfer of net assets	\$ 4,083,466	\$ -

B) Other cash flows transactions – During the year ended June 30, 2019, total interest paid by the Organization amounted to \$1,638. During the year ended June 30, 2018, total income tax paid by the Organization amounted to \$4,400.

14) Subsequent events:

On September 18, 2019, the Organization received from the United States Internal Revenue Service (IRS), a notice of receipt regarding the Organization's application for exemption from federal income tax. As of date of financial statement issuance, no further communication has been received by the IRS.

On October 24, 2019, the Organization entered into a subrecipient agreement with the Puerto Rico Department of Housing for the management of Community Development Block Grant for Disaster Recovery (CDBG-DR) funds assigned to Puerto Rico for the recovery of damages caused by hurricanes Irma and María. Under the subrecipient agreement the Organization will receive \$8 million of the \$25 million approved for the Tourism and Business Marketing action plan. The performance period of the agreement ends on February 7, 2021. The funds will be on a reimbursement basis.

Management evaluated subsequent events through November 18, 2019, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.



**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
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SUPPLEMENTAL INFORMATION - ALLOCATION OF EXPENSES
For the year ended June 30, 2019

Exhibit I

	Operational Funds	Incentive Fund	Consolidated
EXPENSES			
Salaries and related expenses	\$ 4,566,407	\$ -	\$ 4,566,407
Marketing and sales promotion:			
Advertising	8,891,900	-	8,891,900
Booth and promotional material	231,174	-	231,174
Booth depreciation	98,912	-	98,912
Commitments to definite groups	2,900	969,825	972,725
Digital content development	434,668	-	434,668
Local community/industry events	282,987	-	282,987
Other sales and marketing	165,986	-	165,986
Public relations	2,619,657	-	2,619,657
Research	1,299,961	-	1,299,961
Sales and marketing consultants	477,351	-	477,351
Sales and marketing events	474,734	-	474,734
Sales and marketing training	78,286	-	78,286
Site inspections	472,811	-	472,811
Strategic advisory board	143,780	-	143,780
Tradeshaw	1,355,537	-	1,355,537
Website development and management	867,625	-	867,625
Total Marketing and sales promotion	17,898,269	969,825	18,868,094
Management and general:			
Audit/accounting/payroll fees	61,093	-	61,093
Depreciation expense	176,023	-	176,023
Equipment rental and maintenance	10,640	-	10,640
Facilities rental	147,370	-	147,370
Insurance	46,055	-	46,055
Legal and consulting fees	515,922	-	515,922
Recruitment	33,641	-	33,641
Supplies and Misc. office furniture/equip.	81,655	-	81,655
Telephone/internet/licenses	246,212	-	246,212
Training/onboarding	79,068	-	79,068
Utilities and office maintenance	77,055	-	77,055
Other	255,721	326	256,047
Total Management and general	1,730,455	326	1,730,781
Total Expenses	\$ 24,195,131	\$ 970,151	\$ 25,165,282

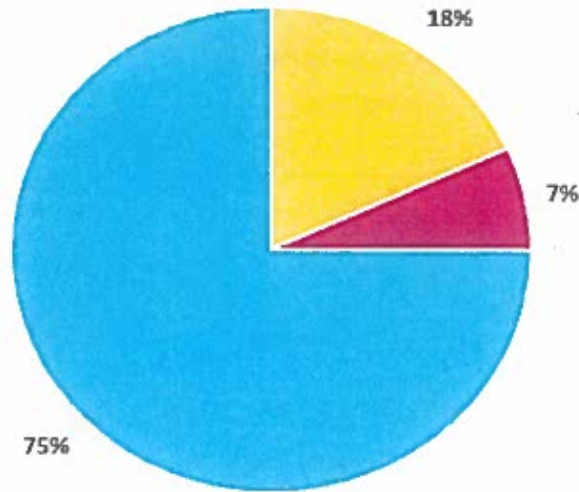
CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO
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SUPPLEMENTAL INFORMATION - ALLOCATION OF EXPENSES
For the year ended June 30, 2019

Exhibit I

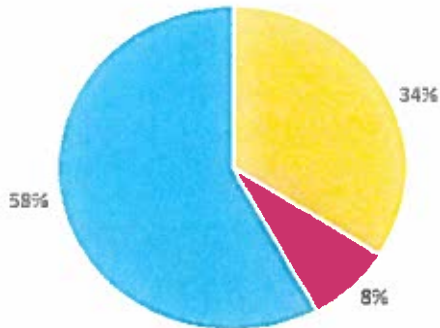
Allocation of Expenses
FY 2018-2019



■ Payroll & Related Expenses ■ General & Administrative Expenses ■ Promotional Expenses

Industry Benchmarks
based on Destinations International 2017 Organizational and Financial Profile Study

DMOs \$20M-\$30M budget



ALL DMOs

