

CALL TO ORDER

The California Travel and Tourism Commission (CTTC) Meeting was held at 12:30 p.m. PST Oct. 19, 2015 in Oakland, with Chair Sima Patel presiding.

Attendance

Sima Patel (Ridgemont Hospitality); Jay Jamison (Pismo Coast Village Inc.); Bob Muhs (Avis/Budget Group Inc.); Doug Myers (San Diego Zoo Global)

Also Present: Matthew Sabbatini (Visit California); Sonja Spowart (Visit California); Ed Fahey (RINA Accountancy Corporation); Dana Bains (RINA Accounting Corporation)

Absent

None

Motion by Chair Patel to approve the June 30, 2015 Audit Committee Meeting minutes.

OFFICER REPORTS.

Sima Patel- Chair (Ridgemont Hospitality)

The meeting agenda/discussion topics were introduced: Required audit communications (Governance letter), overview of the 2015 audit process, overview of the audit opinion and related audited financial statements & accounting footnotes, Industry performance review and 2015-16 audit service plan.

Following the audit report and discussion, the agenda included discussion and possible vote on Finance-Operations and Accounting Structure, followed by agenda items for future meetings and public comments.

RINA ACCOUNTANCY CORPORATION REPORT

- The Audit Committee reviewed the independent audit for fiscal year ended June 30, 2015 prepared by RINA Accountancy Corp.
- VISIT CALIFORNIA received another unqualified audit opinion - the best result possible!
- This marks the 18th consecutive year of clean audits.
- No deficiencies or material weaknesses were noted in accounting procedures or processes.
- At management's request, RINA compiled a ProfitCents performance review outlining how Visit California stacked up against like-sized peers in the Media & Communications sector. They provided an overview of the resulting analytics in a comprehensive report that covered profitability, liquidity, leverage, and activity related ratios. In most financial indicator categories, Visit California compared favorably

against their peers or squarely within the sector range. Visit California had much stronger than sector program efficiency (program service expenses/ total expenses), and operating reliance (program revenue/total expenses).

In the few instances that Visit California fell shy of the sector, management and RINA identified the validating reasons and satisfied themselves that such indicators were improving year-on-year for the organization. RINA's engagement partner led the Audit Committee through the complete survey, and the new report was very positively received.

- Following the conclusion of the audit report by RINA, Chair Patel motioned to approve the audit report.
- Motion was seconded by Bob Muhs and unanimously approved and the Committee accepted the audit report

The Audit Committee thoroughly explored the proposed finance/operations accounting structure as outlined on the Option A/Option B matrix document.

- In summary, Option A reflects the current accounting/finance structure with Moss Adams preparing compilation reports, tax returns and performing sundry routine accounting procedures, and RINA performing the annual independent audit.
- Option B proposed that one accounting perform all accounting and audit related tasks, and that periodic review financials be produced rather than compilation reports.
- Following vigorous discussion, the Audit Committee arrived at a recommendation to be considered for approval by the full board. The recommended approach is that the Board approve a hybrid of the current structure.
- Jay Jamison motioned that the proposed accounting structure continue to retain both accounting firms in various capacities as detailed below:
 - ✓ Moss Adams will continue to serve as Visit California's CPA firm of record (until we go out to bid again). They will prepare periodic compilations, complete all corporate tax filings and perform sundry accounting related tasks such as general ledger and bank reconciliations. The Committee supports Moss Adams continuing their performance of these routine accounting tasks as they enhance the degree of independent checks and balances and transactional transparency.
 - ✓ RINA will continue to serve as Visit California's independent auditor (until we go out to bid again), and they will conduct the annual independent audit. In addition, the Committee proposes that RINA perform periodic financial statement reviews of the compilations prepared by Moss Adams. This

added measure will provide periodic statements complete with all accounting related footnotes, and will provide limited assurance that no material modifications should be made to the financial statements. Such assurance was not previously provided by compilation reports.

The Committee felt strongly about keeping the two-agency structure for the sake of independence and transparency, and to enhance the perception of the same, for the benefit of the industry and all the related constituents. Further, they felt their recommendation prudent to allow the newly recruited CFO Sonja Spowart, the opportunity to deliberately assess Visit California processes and not create an environment where all variables were changing concurrently.

Unanimous approval followed Jay Jamison's motion.

AGENDA ITEMS FOR FUTURE MEETINGS

- None

PUBLIC COMMENT

Chair Patel opened the floor up for public comment. There was none.

ADJOURNMENT

Motion by Chair Patel to adjourn the Audit Committee Meeting.