

Dallas Tourism Public Improvement District Corporation

Financial Statements
September 30, 2025 and 2024



Dallas Tourism Public Improvement District Corporation

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Independent Auditors' Report

The Board of Directors
Dallas Tourism Public Improvement District Corporation

Opinion

We have audited the accompanying financial statements of Dallas Tourism Public Improvement District Corporation (Organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of September 30, 2025 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Organization as of and for the year ended September 30, 2024 were audited by other auditors whose report dated January 24, 2025 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



A Limited Liability Partnership

Arlington, Texas
February 5, 2026

Dallas Tourism Public Improvement District Corporation
Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 21,033,578	\$ 17,191,352
Investments	15,046,832	14,340,003
Accounts receivable, net	5,128,649	5,874,371
Prepaid expenses	339,410	451,376
Total assets	<u>\$ 41,548,469</u>	<u>\$ 37,857,102</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 998,413	\$ 1,529,639
Accrued expenses	392,592	474,768
Total liabilities	1,391,005	2,004,407
Net assets without donor restrictions	40,157,464	35,852,695
Total liabilities and net assets	<u>\$ 41,548,469</u>	<u>\$ 37,857,102</u>

See notes to financial statements.

Dallas Tourism Public Improvement District Corporation
Statements of Activities
Years Ended September 30, 2025 and 2024

	2025	2024
Net assets without donor restrictions		
Revenue and support		
Tourism public improvement district assessment	\$ 20,926,919	\$ 21,334,135
Special events trust funds	2,920,602	3,064,902
Investment income, net	913,498	1,021,854
Interest income	365,045	442,776
Total revenue and support	25,126,064	25,863,667
Expenses		
Program services		
Incentives and sales efforts	7,963,934	11,575,662
Marketing	9,075,101	9,479,943
Sites and FAMS	1,231,026	1,875,095
Event funding applications	1,323,772	1,519,475
Total program services	19,593,833	24,450,175
Support services	1,227,462	1,243,754
Total expenses	20,821,295	25,693,929
Change in net assets	4,304,769	169,738
Net assets at beginning of year	35,852,695	35,682,957
Net assets at end of year	\$ 40,157,464	\$ 35,852,695

See notes to financial statements.

Dallas Tourism Public Improvement District Corporation
Statement of Functional Expenses
Year Ended September 30, 2025

	Program Services				Total Program Services	Support Services	Total
	Incentives and Sales Efforts	Marketing	Sites and FAMS	Event Funding Applications			
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,437	\$ 70,437
Convention and event commitments	6,841,165	-	-	1,323,772	8,164,937	-	8,164,937
Marketing and promotional activities	43,631	7,613,822	78,957	-	7,736,410	1,199	7,737,609
Sponsorships	460,667	150,000	142,452	-	753,119	19,097	772,216
Professional services	2,778	1,258,512	95,113	-	1,356,403	585,679	1,942,082
Tradeshows and events	480,275	-	31,462	-	511,737	-	511,737
Client development	77,552	52,767	883,022	-	1,013,341	-	1,013,341
Occupancy and computer services	57,665	-	-	-	57,665	48,346	106,011
Miscellaneous	-	-	20	-	20	36,761	36,781
Research	-	-	-	-	-	464,653	464,653
Postage and delivery	201	-	-	-	201	1,290	1,491
Total expenses by function	\$ 7,963,934	\$ 9,075,101	\$ 1,231,026	\$ 1,323,772	\$ 19,593,833	\$ 1,227,462	\$ 20,821,295

See notes to financial statements.

Dallas Tourism Public Improvement District Corporation
Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services						Total
	Incentives and Sales Efforts	Marketing	Sites and FAMS	Event Funding Applications	Total Program Services	Support Services	
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,631	\$ 67,631
Convention and event commitments	8,669,828	-	185,434	1,517,107	10,372,369	-	10,372,369
Marketing and promotional activities	126,402	8,121,229	15,081	-	8,262,712	-	8,262,712
Sponsorships	1,311,910	85,000	74,100	-	1,471,010	15,122	1,486,132
Professional services	58,444	1,220,828	112,046	-	1,391,318	593,375	1,984,693
Tradeshows and events	1,054,542	-	84,665	-	1,139,207	13,335	1,152,542
Client development	268,884	41,836	1,400,611	-	1,711,331	13,545	1,724,876
Occupancy and computer services	71,533	-	-	-	71,533	25,002	96,535
Miscellaneous	13,419	11,050	3,158	2,368	29,995	125,943	155,938
Research	-	-	-	-	-	388,757	388,757
Postage and delivery	700	-	-	-	700	1,044	1,744
Total expenses by function	\$ 11,575,662	\$ 9,479,943	\$ 1,875,095	\$ 1,519,475	\$ 24,450,175	\$ 1,243,754	\$ 25,693,929

See notes to financial statements.

Dallas Tourism Public Improvement District Corporation
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 4,304,769	\$ 169,738
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Change in allowance for credit losses	(17,734)	75,542
Changes in operating assets and liabilities		
Accounts receivable	763,456	(2,359,908)
Prepaid expenses	111,966	(184,313)
Accounts payable	(531,226)	513,184
Accrued expenses	(82,176)	(1,130,398)
Net cash provided (used) by operating activities	4,549,055	(2,916,155)
Cash flows from investing activities		
Proceeds from sales of investments	5,200,000	2,303,671
Purchases of investments	(5,906,829)	-
Net cash provided (used) by investing activities	(706,829)	2,303,671
Net change in cash and cash equivalents	3,842,226	(612,484)
Cash and cash equivalents at beginning of year	17,191,352	17,803,836
Cash and cash equivalents at end of year	\$ 21,033,578	\$ 17,191,352

See notes to financial statements.

Dallas Tourism Public Improvement District Corporation

Notes to Financial Statements

1. Organization and Nature of Operations

Dallas Tourism Public Improvement District Corporation (Organization) was incorporated on July 2, 2012, as a Texas independent section 501(c)(6) nonprofit corporation. It was formed by resolution of the City of Dallas (City) under Chapter 372 of the Texas Local Government Code. The Organization is designed to significantly increase the funding available to market and provide incentives to enhance the City's performance as a convention and tourism destination.

The Organization is governed by a board of directors (Board) consisting of and elected by members of the Organization. The Organization is funded by the assessment of a fee of two percent, net of fees retained by the City, of room rental rates by certain hotels with greater than 100 rooms in Dallas. The fees are remitted to the City by the hotels and then by the City to the Organization to implement the funded activities of the Organization.

On August 1, 2012, the Organization and the Dallas Convention & Visitors Bureau (Visit Dallas) entered into a contract with a term of 60 months for the provision of various services by Visit Dallas to promote visitation and hotel activity through increased convention, group and leisure travel.

On July 30, 2017, the contract between the Organization and Visit Dallas was extended by a term of 14 months. On October 1, 2018, the contract between the Organization and Visit Dallas was extended by a term of 132 months.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

The Organization's cash and cash equivalents consist of cash on deposit with banks and liquid investments with original maturities of three months or less. The Organization places its cash within a network of high-credit-quality financial institutions to ensure coverage of municipal fund cash balances within Federal Deposit Insurance Corporation (FDIC) insurance limits. The Organization uses minority-owned banks to the extent possible through a bank network that includes most of the nation's minority depository institutions. From time to time, these balances may exceed FDIC insurance limits.

Dallas Tourism Public Improvement District Corporation

Notes to Financial Statements

Investments

The Organization records investments in debt securities as held to maturity and are valued at cost in the statements of financial position. Under this method of accounting, the carrying value of such investments are not adjusted for fluctuations in fair value and any unrealized gains or losses are not recognized. Realized gains and losses are recognized in the period in which they are received. Interest income is recorded as earned.

The Public Funds Investment Act (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Organization to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The Organization is authorized to invest in the following instruments provided that they meet the guidelines of the investment policy:

1. Direct obligations of the United States Treasury.
2. Obligations of United States government agencies and instrumentalities, including mortgage backed securities and collateralized mortgage obligations (CMO) which pass the Federal Reserve's bank test.
3. FDIC-insured and/or collateralized certificates of deposit as allowed by law.
4. Commercial paper rated A1/PI or equivalent by two nationally recognized rating agencies, with a maximum stated maturity of three-hundred sixty-five (365) days.
5. AAA or equivalent rated, constant dollar, Texas local government investment pools as defined by the Act.
6. AAA-rated, SEC-registered money market mutual funds which strive to maintain a \$1 net asset value.
7. FDIC-insured brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the Organization's safekeeping agent. Before purchase, the investment officer(s) or investment advisor must verify the FDIC status of the bank to ensure that the bank is FDIC insured.
8. General debt obligations of any state or political subdivision of any US state, rated AA or higher.

Dallas Tourism Public Improvement District Corporation

Notes to Financial Statements

9. Fully collateralized, direct repurchase agreements executed through a primary government securities dealer. A Bond Market Association Master Repurchase Agreement and independent third-party safekeeping are required. A flex repurchase agreement used for bond funds must match the expected expenditure schedule of the bonds.
10. Banker's acceptances with a maximum stated maturity of one-hundred twenty (120) days accepted by a US registered bank rated not less than A 1/P1 by two nationally recognized rating agencies.
11. Reverse repurchase agreements executed for investment purposes with a primary securities dealer. The proceeds may not be invested in any security with a maturity date longer than the maturity date of the reverse repurchase agreement.
12. Investment Pools as allowed by law which must also be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one (1) nationally recognized rating service. A public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at \$1.00 net asset value, when rounded and expressed to two decimal places.

Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

Accounts Receivable

Accounts receivable are comprised primarily of assessments that have not been remitted from the City and receivables from Visit Dallas for qualified Texas Event Trust Funds events. All accounts receivable are expected to be collected within one year.

Allowance for Credit Losses

An allowance for credit losses is an estimate based upon the historical account write-off trends and other economic factors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

The allowance for credit losses was \$66,099 and \$83,833 at September 30, 2025 and 2024, respectively. No allowance for credit losses was recorded against the municipal receivable based on historical experience and full realization subsequent to year end.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. The Organization has not incurred any losses on such assets.

Dallas Tourism Public Improvement District Corporation
Notes to Financial Statements

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor stipulations. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions at September 30, 2025 or 2024.

Support and investment income having donor stipulations which are satisfied in the period the support is received are recorded as revenue and net assets without donor restrictions.

Additionally, the Organization’s management of net assets without donor restrictions is based on the service plan adopted by the Board. The allocation among service plan categories is reviewed annually for any necessary changes. Net assets without donor restrictions by service plan category consist of the following at September 30:

	2025	2024
Incentives and sales efforts	\$ 25,627,731	\$ 24,796,923
Marketing and promotions	643,327	1,118,220
Sites and FAMS	5,719,529	4,981,757
Event incentives	1,481,327	1,145,348
Operations/research/administration	278,736	408,736
Unrestricted public	6,406,814	3,401,711
Total net assets without donor restrictions	\$ 40,157,464	\$ 35,852,695

Revenue Recognition

The Organization receives the majority of its funding through assessments levied by the City. Revenue is recognized as such funds are collected by hotels for remittance to the City.

Assessment Fee

Under the provisions of the Organization, the assessed fees, which are 2% (net of fees retained by the City) of the room rate per night in hotels with more than 100 rooms and subject to the City’s hotel occupancy tax, are collected by the hotels and remitted to the City within 15 days following the end of the month. Assessments are disbursed to the Organization in the month following receipt by the City. Revenue from these fees is recognized when they are determinable by the Organization in the month of the hotel stay.

Dallas Tourism Public Improvement District Corporation

Notes to Financial Statements

Texas Event Trust Funds

The Texas Event Trust Funds program disburses a portion of augmented state revenue derived from hosting qualified events in the state of Texas if certain statutory and administrative requirements are met. The Organization receives funds from Visit Dallas for Texas Event Trust Funds qualified events. Revenue, less allowance, equal to allowable expenditures is recognized for events once the Office of the Governor provides the Organization with a letter of approval and the event has occurred.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. For the years ended September 30, 2025 and 2024, advertising and marketing costs totaled \$7,737,609 and \$8,262,712, respectively.

Functional Expenses

The costs of providing the various program and support services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions benefited. The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. However, income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income tax liability for the year ended September 30, 2025. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Use of Estimates

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

3. Investments

The Organization's investment portfolio consists of cash and cash equivalents and debt securities which are recorded at amortized cost.

Dallas Tourism Public Improvement District Corporation

Notes to Financial Statements

The tables below summarize the amortized cost and fair value for held-to-maturity (HTM) securities, disaggregated by class of instrument, at September 30, 2025 and 2024:

September 30, 2025		
Instrument Class	Amortized Cost	Fair Value
Cash and cash equivalents	\$ 7,425,796	\$ 7,425,796
US treasury securities	15,046,832	15,142,925
Total investment portfolio	\$ 22,472,628	\$ 22,568,721

September 30, 2024		
Instrument Class	Amortized Cost	Fair Value
Cash and cash equivalents	\$ 7,219,125	\$ 7,219,125
US treasury securities	14,340,003	14,464,230
Total investment portfolio	\$ 21,559,128	\$ 21,683,355

Net investment and interest income consists of the following for the years ended September 30:

	2025	2024
Interest and dividends	\$ 905,534	\$ 888,291
Bond amortization	41,201	133,563
Interest income	365,045	442,776
Investment fees	(33,237)	-
Total investment and interest income	\$ 1,278,543	\$ 1,464,630

The tables below summarize the fair value and the net carrying amount of the HTM securities by contractual maturity for the year ended September 30, 2025 and 2024:

September 30, 2025		
Contract Maturity	Net Carrying Value	Fair Value
Within one year	\$ 5,197,511	\$ 5,209,600
Due after one year through five years	9,849,320	9,933,325
Total	\$ 15,046,831	\$ 15,142,925

Dallas Tourism Public Improvement District Corporation
Notes to Financial Statements

September 30, 2024

<u>Contract Maturity</u>	Net Carrying Value	Fair Value
Within one year	\$ 4,280,595	\$ 4,383,126
Due after one year through five years	10,059,408	10,081,104
Total	\$ 14,340,003	\$ 14,464,230

4. Visit Dallas

The Organization reimburses Visit Dallas monthly for nominal costs and management fees due per the management agreement. Accounts payable include amounts due to Visit Dallas of \$229,902 and \$198,164 at September 30, 2025 and 2024, respectively.

5. City of Dallas Contract

On August 10, 2016, the Organization entered into a contract with the City for convention facility promotion, advertising and tourism development with a thirteen-year term until September 30, 2029, at the estimated annual amounts from \$11 million to \$17.4 million annually for a total of approximately \$293 million (based on 2.0% assessment attached to hotel stays that are subject to the City's hotel occupancy tax at hotels with 100 or more rooms). The contract does not contain a provision for renewal.

The contract coincides with the existence of the Organization, as set forth by its members in the creating petition and application. The City or the Organization may terminate the contract for cause subject to required timely written notice. Furthermore, the contract is subject to review and audit by the City. Such audits could result in a request for reimbursement by the City or termination of the contract.

6. Concentrations

The Organization received 83% and 82% of its total revenue and support from the special hotel/motel occupancy assessment fees during the years ended September 30, 2025 and 2024, respectively.

The total accounts receivable balance at September 30, 2025 and 2024 primarily consists of accounts receivable from the City of Dallas and Visit Dallas.

Dallas Tourism Public Improvement District Corporation
Notes to Financial Statements

7. Line of Credit

In June 2024, the Board for the Organization approved to be the guarantor on a revolving credit facility Visit Dallas had entered into with PNC Bank. The line of credit had a borrowing limit of \$5,000,000 and guaranteed by up to \$10,000,000 in the Organization’s investments with an unpaid balance due, if any, at the maturity date of March 25, 2026. The line of credit has a variable interest rate of SOFR plus 1.75%. At September 30, 2025 there had been no draws on the line of credit by Visit Dallas.

8. Liquidity

The Organization’s financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date are as follows at September 30:

	2025	2024
Cash and cash equivalents	\$ 21,033,578	\$ 17,191,352
Investments	5,197,511	4,280,595
Accounts receivable	5,128,649	5,874,371
Financial assets available to meet cash needs for general expenditures within one year	\$ 31,359,738	\$ 27,346,318

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization is also required to comply with Ch. 2256 of the Texas Government Code as well as the investment policy of the City. For this reason, the availability of some financial assets may be affected by the governing service plan allocation.

9. Subsequent Events

Management has evaluated subsequent events through February 5, 2026, the date which the financial statements were available to be issued, and concluded that no additional disclosures are required.