



ALBANY
CONVENTION
CENTER
AUTHORITY

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

ALBANY CONVENTION CENTER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Albany Convention Center Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Albany Convention Center Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Convention Center Authority, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Albany Convention Center Authority 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 opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Albany Convention Center Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Albany Convention Center Authority'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 Albany Convention Center Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Albany Convention Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Albany Convention Center Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Albany Convention Center Authority's internal control over financial reporting and compliance.

UHY LLP

Albany, New York
March 28, 2024

Albany Convention Center Authority Management Discussion and Analysis December 31, 2023 and 2022

The following is a discussion and analysis of the Albany Convention Center Authority, and its financial statements that reflect the financial activity that took place during the year ended December 31, 2023.

Authority Background

The Albany Convention Center Authority (ACCA) was created on September 21, 2004 by the enactment of Title 28-BB of the Public Authorities Law (Chapter 468 of the Laws of 2004). The general purpose of the ACCA is to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention facility located in the City of Albany (the Project).

The Authority Board consists of nine members, three are appointed by the Governor of New York State, one is appointed by the Temporary President of the Senate, one is appointed by the Speaker of the Assembly, two are appointed by the Albany County Executive, with the advice and consent of the County Legislature and two are appointed by the Mayor of the City of Albany, with the advice and consent of the Common Council. All members of the board shall serve at the pleasure of their appointing authority. As of January 1, 2024, one position remains open, pending an appointment by the Albany County Executive. Subsequently, Mr. Michael McLaughlin, Deputy County Executive was named to fill that vacancy by Albany County Executive Daniel P. McCoy.

Significant activities during 2023 were as follows:

The Albany Capital Center (ACC):

At the beginning of 2023, event bookings were a little light. After a robust focus on sales efforts and highlighting alternative revenue sources and operational savings, 2023 financially ended close to pre-pandemic levels.

Despite the industry seeing some changes coming out of the pandemic, it seems that activities are getting back to normal levels. Compression is starting to occur on event days which requires planners and organizations to start looking ahead for reserving dates. Events drawing big economic impact included sports, meetings, and conventions.

2023 ACC Event Summary:

- 153 events
- 250 event days
- 19,376 room-nights
- 89,133 attendees

2024 Event Calendar as of December 31, 2023:

- 97 events
- 180 event days
- 8,641 room-nights
- 51,477 attendees
- 19 event contracts are pending.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

The Albany Capital Center (ACC) (continued):

2025 Event Calendar as of December 31, 2023:

- 14 events
- 34 event days
- 2,974 room-nights
- 22,042 attendees
- 6 event contracts are pending.

The success of the Albany Capital Center in both marketing and operations is directly attributable to ASM Global onsite staff, whose focus is on bookings out 12-24 months, while working closely with Discover Albany to identify the long lead events, those 24 months and beyond. Discover Albany utilizing strategic underwriting by the ACCA also supports the marketing of Albany as a destination and that of Albany County as the hub of the Capital Region.

The survey process implemented in 2018 to obtain feedback on the experience related to each event was continued in 2023. Following each event, ASM Global issued a survey to all attendees and meeting planners sharing the results with the ACCA Board on a quarterly basis in review of those metrics having to do with the guest experience. In so doing the performance of the ASM Global staff, the exclusive caterer, and preferred vendors including those for audio/visual, and decorating is measured by these metrics as a means of determining the Performance/Productivity and Quality Incentive Fee portion, if any, that would be payable to ASM Global Albany annually.

Those metrics directly related to the Performance/Productivity and Quality Incentive Fee are presented to the Economic Impact Committee for a recommendation to the ACCA Board.

Certain of the qualifications, related to operations cost being under budget and revenue exceeding budget, and having met certain of the qualitative metrics, ASM Global Albany was paid a Performance/Productivity and Quality Incentive Fee for FY 2023.

In accordance with the Contract, the base fee was adjusted for inflation and paid in full each year. Recognizing the need to remain competitive and improve upon product delivery, the ACCA undertook significant capital improvements at The Albany Capital Center in FY 2023, investing in energy saving initiatives, capital improvements delivering operational benefits, safety improvements, future expansion development and design, aesthetic changes, and additional storage.

The Albany Convention Center Authority (ACCA):

To accurately assess the economic impact that the Albany Capital Center has upon the Capital Region, in 2017 the ACCA established the Economic Impact Committee, comprised of ACCA Board Members and Staff, and entered a Memorandum of Understanding (MOU) with the Albany County Convention and Visitors Bureau (ACCVB) a/k/a Discover Albany to provide an independent third-party review of the actual economic impacts resulting from events held at the ACC. Discover Albany staff meets with the Economic Impact Committee and reports to the ACCA Board on a quarterly basis and the resulting information is posted to the ACCA Website, distributed to stakeholders, and presented at the public meetings of the ACCA Board.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

The Albany Convention Center Authority (ACCA) (continued):

From the ACC booking reports and data from hotels, ASM Global and event organizers, Discover Albany inputs the data into the Destinations International's Economic Impact Calculator (EIC), a recognized and respected standard analysis tool for the hospitality industry. The EIC Report generated is the sum of visitor, meeting planner, and exhibitor spending and forms the basis for the summary provided to the ACCA including visitor count, hotel room nights, sales tax receipts and Full Time Equivalent (FTE) jobs generated.

The ACCA tracks performance and measures the impact upon the local and regional economy, as a critical component of its mission is to provide significant economic and social benefits to the City of Albany, Albany County, and the Capital Region. Utilizing the economic indicators provide by Discover Albany, the Albany Capital Center has, since opening March 1, 2017, generated the following as per their report presented January 23, 2024:

• Total Visitor Spending	\$79,730,148
• Sales Tax:	
○ NY State Sales Taxes: \$4,233,938	
○ Albany County Sales Taxes: \$4,644,688	
○ Total Sales Tax Collected related to events at the ACC:	\$8,788,626
• Attendees	539,259
• Hotel Room Nights	114,029
• Total Events	967
• Full Time Equivalent Jobs supported by The ACC Events	28,215

For 2023, the ACCA share of the Albany County Hotel/Motel Occupancy Tax (HOT) continued at 3/6ths (3 points) of the total county receipts from the 6% tax charged to hotel guests that took effect with Substantial Completion of the Albany Capital Center on March 1, 2017. The tax was renewed in 2020 by the State of New York as part of its budget process and has been extended to December 31, 2024.

In FY 2023 the receipts increased directly due to increases in both occupancy and room rate such that the total of the Occupancy Tax receipts to the ACCA were approximately 125% of the budgeted amount established in August of 2022 when developing the budget for the Occupancy Tax working with Discover Albany.

The distributions from Albany County each quarter served to cover the operating losses incurred by the Albany Capital Center which permitted the ACCA to maintain its reserve fund in accordance with the contract with ASM Global Albany, and funding of capital improvement accounts necessary to maintain the facility in good working order and added to in FY 2023.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

Other Significant Activities:

The ACCA remains committed to maintaining the efficiency and appearance of the Albany Capital Center in recognition of the significant investment by New York State and the important ongoing funding source that is the ACCA share of the Albany County Hotel/Motel Occupancy Tax.

During FY 2023 the ACCA underwrote the following capital improvement projects:

1. Complete A & E Design for the Repurposing of Stair 1.
2. Update design solution for soft surface wall protection.
3. Repairs to sound attenuation panels C-2.
4. Kitchen & Dishwasher Performance & Efficiency Upgrades.
5. Replace, Upgrade and Increase # of AED Units.
6. Paint interior HM doors & frames to match revised building standard color.
7. HVAC System: Energy Savings and Operation Review with DDC Control Upgrades/ Replacement.
8. Fire Protection System: Energy Savings and Reliability Review of Variable Frequency Drive
9. Additional Carpet Extractor: To Significantly Reduce Cleaning and Prep Time Between Events.
10. Replace Point-of-Use Water Heaters Units to Increase Energy Savings & Lower Failure Rate.
11. Add chair rail at C-2 Level.
12. Install fenced storage enclosures on parking levels G-1, and G-2
13. Main Lobby Upgrades including signage, mural enhancement & addition of branding statement.
14. Replace all interior trash receptacles.
15. Renovate office space for temporary use by ACCA Executive Director and future use by ASM.
16. Add reflective high-vis emergency route signage at all interior stairwell doors.
17. Purchase new upgraded snow removal equipment.
18. Purchase work type pickup truck with plow.
19. Replace lighting under NYSERDA/National Grid Program.

Through an expanded social media presence coordinated with the operator ASM Global Albany, and updates to its website, the ACCA in accordance with its mission and the enabling legislation furthered the promotion of Albany as a destination and the Albany Capital Center as a premier meeting and convention space, producing response metrics that continue to exceed industry averages. Additionally, the ACCA sought opportunities to participate in cooperative print advertising and the sponsorship of community events as a responsible public partner.

Overview of the Financial Statements:

The financial statements provide summary information about the ACCA's 2023 and 2022 operations including net position. The notes provide explanation and additional details about the financial statements.

The ACCA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and Government Accounting Standards Board (GASB). Revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

Net Position:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>\$ Change</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,788,296	\$ 3,630,033	\$ (1,841,737)
Certificates of deposit	7,051,090	2,000,000	5,051,090
Accounts receivable	517,059	759,652	(242,593)
Due from County of Albany, New York	1,382,476	1,390,947	(8,471)
Prepaid expenses and other	146,680	96,984	49,696
Total current assets	<u>10,885,601</u>	<u>7,877,616</u>	<u>3,007,985</u>
NONCURRENT ASSETS			
Net pension asset	-	9,021	(9,021)
Capital assets, net of accumulated depreciation	67,359,898	69,338,233	(1,978,335)
Total assets	<u>78,245,499</u>	<u>77,224,870</u>	<u>1,020,629</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total assets and deferred outflows of resources	<u>\$78,310,446</u>	<u>\$77,290,069</u>	<u>\$ 1,020,377</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 293,666	\$ 295,559	\$ (1,893)
Deferred revenue	306,652	396,946	(90,294)
Accrued wages and employee benefits	13,054	7,537	5,517
Total current liabilities	<u>613,372</u>	<u>700,042</u>	<u>(86,670)</u>
NONCURRENT LIABILITIES			
Net pension liability	16,137	-	16,137
OPEB obligation	104,986	102,413	2,573
Total liabilities	<u>734,495</u>	<u>802,455</u>	<u>(67,960)</u>
DEFERRED INFLOWS OF RESOURCES			
Total liabilities, deferred inflows of resources and net position	<u>12,670</u>	<u>73,522</u>	<u>(60,852)</u>
NET POSITION			
Total liabilities, deferred inflows of resources and net position	<u>77,563,281</u>	<u>76,414,092</u>	<u>1,149,189</u>
Total liabilities, deferred inflows of resources and net position	<u>\$78,310,446</u>	<u>\$77,290,069</u>	<u>\$ 1,020,377</u>

Significant Changes to Net Position:

- The decrease in cash and cash equivalents and increase in certificates of deposit were primarily a result of adding CDARS to the financial portfolio to gain interest income.
- The material change of approximately \$1.9 million in capital assets results primarily from depreciation.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

Revenue and Expenses:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>
Revenues	<u>\$ 2,336,485</u>	<u>\$ 2,349,176</u>	<u>\$ (12,691)</u>
Expenses			
Salary and wages	136,826	126,763	10,063
Fringe benefits (gain)	4,133	(498,903)	503,036
Insurance	111,045	96,277	14,768
Office expense	41,045	21,571	19,474
Professional fees	176,444	177,091	(647)
Contractual services	3,270,603	3,409,441	(138,838)
Depreciation expense	2,268,581	2,251,796	16,785
Total expenses	<u>6,008,677</u>	<u>5,584,036</u>	<u>424,641</u>
Operating loss	<u>(3,672,192)</u>	<u>(3,234,860)</u>	<u>(437,332)</u>
Appropriations and other revenues			
Hotel-Motel Occupancy Tax	4,560,634	4,294,600	266,034
Interest income	260,747	5,685	255,062
Total appropriations and other revenue	<u>4,821,381</u>	<u>4,300,285</u>	<u>521,096</u>
Change in net position	1,149,189	1,065,425	83,764
Total net position beginning of year	<u>76,414,092</u>	<u>75,348,667</u>	<u>1,065,425</u>
Total net position end of year	<u><u>\$77,563,281</u></u>	<u><u>\$76,414,092</u></u>	<u><u>\$ 1,149,189</u></u>

Significant Changes to Revenues and Expenses and Appropriations and Other Revenues (Losses):

- Fringe benefit costs related to post-retirement health care costs materially increased in 2023 over 2022 as the result of an annual adjustment to post-retirement benefit obligations (OPEB).
- Contractual services decreased by approximately \$139,000 due primarily to operational changes and energy efficiency improvements by ASM.
- Appropriations and other revenue increased by approximately \$521,000 as related to an increase in funds received from hotel occupancy tax and interest income gained.
- There was an overall increase in receipts of the Hotel-Motel Occupancy Tax in 2023 as the hotel sector continues to recover post-pandemic.
- The total net position increase was due to a combination of an increase in revenues over budget and a reduction in contractual services.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2023 and 2022**

Currently Known Facts and Circumstances:

- The Albany County Hotel Motel Occupancy Tax currently resides within the NYS Budget and is scheduled to expire next on: December 31, 2024.
- The material impacts of inflation that began in FY 2022, especially in those costs for insurance, energy, durable goods, and consumable products including costs in the food and beverage categories have not eased and remain a concern for management throughout FY 2024.
- There remain concerns for FY 2024 and the ongoing recovery of the hospitality industry in general and specifically the convention, meeting, and tradeshow sectors. The impacts of inflation, any corporate cost control strategies that may limit employment travel, and the potential for recession in FY 2024 Q-3 being discussed may present challenges for the Albany Capital Center in meeting its revenue projections.
- The ACCA continues to invest in the facility to maintain its appearance, functionality, and improve efficiencies. The ACCA supports ASM in its efforts to control costs through the proper management of labor, aggressive purchasing of both goods and services, and the management of energy use.
- The receipts from Albany County Hotel, Motel Occupancy Tax increased in FY 2023 as the hotel industry exhibited more signs of recovery, with Occupancy, Room Rate, and Revenue per Available Room (RevPar) again approaching those pre-pandemic levels. As noted, concerning revenue there remain concerns in FY 2024, especially in Q-3 should there be a downturn in business travel and a combination of fewer conventions and tradeshow than projected.
- The ACCA relies upon estimates from Discover Albany when establishing its annual budget for the total receipts to come from the Albany County Hotel, Motel Occupancy Tax. In planning for FY 2024 the estimate provided by Discover Albany is \$4.02 M, in reflection of what appears to be the modest recovery of the hotel industry.

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,788,296	\$ 3,630,033
Certificates of deposit	7,051,090	2,000,000
Accounts receivable	517,059	759,652
Due from County of Albany, New York	1,382,476	1,390,947
Prepaid expenses and other	146,680	96,984
Total current assets	<u>10,885,601</u>	<u>7,877,616</u>
NONCURRENT ASSETS		
Net pension asset	-	9,021
Capital assets, net of accumulated depreciation	<u>67,359,898</u>	<u>69,338,233</u>
Total assets	<u>78,245,499</u>	<u>77,224,870</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>64,947</u>	<u>65,199</u>
Total assets and deferred outflows of resources	<u>\$ 78,310,446</u>	<u>\$ 77,290,069</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 293,666	\$ 295,559
Deferred revenue	306,652	396,946
Accrued wages and employee benefits	13,054	7,537
Total current liabilities	<u>613,372</u>	<u>700,042</u>
NONCURRENT LIABILITIES		
Net pension liability	16,137	-
OPEB obligation	<u>104,986</u>	<u>102,413</u>
Total noncurrent liabilities	<u>121,123</u>	<u>102,413</u>
Total liabilities	<u>734,495</u>	<u>802,455</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,670</u>	<u>73,522</u>
NET POSITION		
Net investment in capital assets	67,359,898	69,338,233
Unrestricted	<u>10,203,383</u>	<u>7,075,859</u>
Total net position	<u>77,563,281</u>	<u>76,414,092</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 78,310,446</u>	<u>\$ 77,290,069</u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ 2,336,485	\$ 2,349,176
Expenses		
Salaries and wages	136,826	126,763
Fringe benefits (gain)	4,133	(498,903)
Insurance	111,045	96,277
Office and other expense	41,045	21,571
Professional fees	176,444	177,091
Contractual services (Note 9)	3,270,603	3,409,441
Depreciation	<u>2,268,581</u>	<u>2,251,796</u>
Total expenses	<u>6,008,677</u>	<u>5,584,036</u>
Operating loss before appropriations and other revenues	<u>(3,672,192)</u>	<u>(3,234,860)</u>
Appropriations and other revenues		
Hotel-Motel Occupancy Tax	4,560,634	4,294,600
Interest income	<u>260,747</u>	<u>5,685</u>
Total appropriations and other revenues	<u>4,821,381</u>	<u>4,300,285</u>
Change in net position	1,149,189	1,065,425
Total net position, beginning of year	<u>76,414,092</u>	<u>75,348,667</u>
Total net position, end of year	<u><u>\$ 77,563,281</u></u>	<u><u>\$ 76,414,092</u></u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services	\$ 2,488,784	\$ 2,048,256
Personal service payments	(168,311)	(156,558)
Cash payments to vendors, contractors and other professionals	<u>(3,631,986)</u>	<u>(3,646,227)</u>
Net cash used in operating activities	<u>(1,311,513)</u>	<u>(1,754,529)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from County of Albany	<u>4,569,105</u>	3,912,710
Net cash provided by non-capital and related financing activities	<u>4,569,105</u>	<u>3,912,710</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(308,986)</u>	<u>(186,740)</u>
Net cash used in capital and related financing activities	<u>(308,986)</u>	<u>(186,740)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of certificates of deposit	<u>(5,051,090)</u>	(2,000,000)
Cash received from interest	<u>260,747</u>	5,685
Net cash used in investing activities	<u>(4,790,343)</u>	<u>(1,994,315)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,841,737)</u>	<u>(22,874)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,630,033</u>	<u>3,652,907</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,788,296</u>	<u>\$ 3,630,033</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss before appropriations and other revenues (losses)	\$ (3,672,192)	\$ (3,234,860)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,287,321	2,281,529
Net changes in assets and liabilities:		
Accounts receivable	242,593	(467,748)
Prepaid expenses and other	(49,696)	(25,295)
Change in deferred outflows, inflows, net pension and OPEB liabilities (assets)	(32,869)	(530,453)
Accounts payable and accrued expenses	(1,893)	53,715
Deferred revenue	(90,294)	166,828
Accrued wages and employee benefits	<u>5,517</u>	<u>1,755</u>
Net cash used in operating activities	<u>\$ (1,311,513)</u>	<u>\$ (1,754,529)</u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 — FINANCIAL REPORTING ENTITY

The Albany Convention Center Authority (Authority) is a Public Benefit Corporation created by the State of New York (State) Legislature in 2004 to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage and maintain a convention center facility (Project) to be located in the City of Albany, New York (City). Operations began with the creation of the Authority's Board in February 2006. The Authority's Board consists of nine members: three members appointed by the Governor of the State, one member each appointed by the Temporary President of the State Senate and the Speaker of the State Assembly, respectively, two members appointed by the Mayor of the City of Albany with the advice and consent of the City's Common Council, and two members appointed by the County of Albany, New York (County) Executive with the consent and advice of the County Legislature.

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the State of New York's basic financial statements based on the State's responsibility for the appointment of a majority of the Authority members, and their approval of certain debt issuances. As a component unit, the Authority's financial statements may be discretely presented in the State of New York's basic financial statements. The accompanying financial statements present the financial position and the changes in net position and cash flows of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

The Authority constructed a convention center (Capital Center) at a cost of approximately \$78.8 million primarily funded through the New York State Office of General Services (OGS). The Capital Center opened for operations in March 2017.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of GASB Statement No. 20, as amended, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

The more significant accounting policies are described below:

Basis of Accounting

The Authority's activities are accounted for similar to those often found in the private sector, using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Cash and Cash Equivalents

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. These deposits are fully collateralized by federal deposit insurance or secured under a collateral pledge and control agreement.

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(A COMPONENT UNIT OF THE STATE OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The Authority manages its investments pursuant to Section 98(a) of the State Finance Law. Permitted investments are defined as obligations in which the State Comptroller may invest which include obligations of the United States and its Federal agencies, collateralized time deposits, commercial paper, bankers acceptances and repurchase agreements.

Certificates of Deposit

Certificates of Deposit include investments in a CD Option account (formerly known as CDARS) which consist of certificates of deposit with original terms over three months when purchased. These investments are held until maturity and carried at amortized cost. The Authority's certificates of deposit bear interest at rates ranging from 4.74% to 5.16% with original terms ranging from 26 to 52 weeks. The certificates of deposit are fully collateralized by federal deposit insurance.

Due from the County of Albany, New York

During 2006, enabling legislation authorized a portion of Hotel-Motel Occupancy Tax (HOT) revenue collected and remitted to the treasury of the County of Albany be set aside for use by the Authority (Note 5). The HOT revenue is recognized when earned based on management's estimates using budgeted and historical collection data adjusted each quarter based on actual amounts collected and deposited into an account designated by the Authority. Due from County of Albany, New York consists of the Authority's estimated share of hotel taxes collected on behalf of the Authority. No allowance has been established at either December 31, 2023 and 2022 for estimated uncollectible amounts due from Albany County as these amounts are considered fully collectible.

Income Taxes

The Authority is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from state and federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reporting of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

Pension

The Authority accounts for pensions in accordance with GASB 68, Accounting and Financial Reporting for Pensions (GASB 68). This statement addresses accounting and financial reporting for pensions provided to Authority employees that are administered by the New York State and Local Employees' Retirement System. This statement also requires various note disclosures and required supplementary information. However due to the overall immaterial impact of this pension accounting on the statements of revenues, expenses, and changes in net position such note disclosures and required supplementary information have not been included.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

The Authority provides health insurance for certain qualifying retirees. The Authority uses GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

NOTE 3 — CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents are categorized in accordance with criteria established by the GASB to give an indication of the level of risk assumed. Cash and cash equivalents as of December 31, are reflected below.

	2023		2022	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash and cash equivalents	\$1,788,296	\$1,856,360	\$3,630,033	\$3,590,311
	<u>\$1,788,296</u>	<u>\$1,856,360</u>	<u>\$3,630,033</u>	<u>\$3,590,311</u>

The cash and cash equivalents were covered by FDIC insurance or otherwise collaterally secured at December 31, 2023.

NOTE 4 — HOTEL-MOTEL OCCUPANCY TAX

During 2006, legislation was amended which authorizes the County of Albany to impose and collect taxes from occupants of hotel-motel rooms in the County. Among other amendments, this legislation authorized a portion of hotel and motel occupancy taxes collected and remitted to the treasury of the County be deposited into a fund held separate and for the benefit of the Authority. Funds in excess of expenses and outstanding applications for withdrawals submitted by the Authority may be invested in accordance with certain provisions of law. Investment income earned is retained by the fund and made available to the Authority along with all other moneys of the fund. The County transfers money to the Authority's operating account on a quarterly basis which is to be used by the Authority for the convention center. This tax was originally subject to a sunset provision and ended in December 2008. This tax was re-enacted during 2009 with the tax imposed for the period from November 1, 2009 through December 31, 2010. The provisions of the legislation have been further extended through December 31, 2024. As of March 1, 2017, upon substantial completion of the Albany Capital Center, the Authority's share of the Hotel-Motel Occupancy Tax increased from 1% to 3%. The Hotel-Motel Occupancy Tax revenues for the years ended December 31, 2023 and 2022 were \$4,560,634 and \$4,294,600, respectively. \$1,382,476 and \$1,390,947 of these revenues were due from the County of Albany, New York at December 31, 2023 and 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 — CAPITAL ASSETS

The following schedule summarizes the capital assets of the Authority and related changes for the years ended December 31, 2023 and 2022:

	January 1, 2023	Additions	Deletions	Transfers	December 31, 2023
Land	\$ 4,070,381	\$ -	\$ -	\$ -	\$ 4,070,381
Construction in progress	33,300	82,253	-	-	115,553
Building and building improvements	76,100,093	23,904	-	-	76,123,997
Furniture, equipment and other	2,277,815	202,829	-	-	2,480,644
Total	82,481,589	308,986	-	-	82,790,575
Less: accumulated depreciation	(13,143,356)	(2,287,321)	-	-	(15,430,677)
Capital assets, net	<u>\$ 69,338,233</u>	<u>\$ (1,978,335)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,359,898</u>
	January 1, 2022	Additions	Deletions	Transfers	December 31, 2022
Land	\$ 4,070,381	\$ -	\$ -	\$ -	\$ 4,070,381
Construction in progress	-	33,300	-	-	33,300
Building and building improvements	75,948,924	151,169	-	-	76,100,093
Furniture, equipment and other	2,275,544	2,271	-	-	2,277,815
Total	82,294,849	186,740	-	-	82,481,589
Less: accumulated depreciation	(10,861,827)	(2,281,529)	-	-	(13,143,356)
Capital assets, net	<u>\$ 71,433,022</u>	<u>\$ (2,094,789)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,338,233</u>

Building and building improvements, furniture, equipment and other assets are capitalized and depreciated over a period consistent with the underlying estimated useful life when placed in service. Depreciation expense related to building and building improvements, furniture, equipment and other assets was approximately \$2,287,300 and \$2,281,500 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 — RETIREMENT BENEFITS

One employee of the Authority participates in the New York State and Local Employees' Retirement System ("System" or "ERS").

The System is a cost-sharing multiple-employer defined benefit plan administered by the State Comptroller. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. The System issues a financial report that includes financial statements and other information for the System which is available to the public. The financial report may be obtained from the New York State and Local Employees' Retirement System at www.osc.state.ny.us/retire.

ALBANY CONVENTION CENTER AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 6 — RETIREMENT BENEFITS (Continued)

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Authority to the pension accumulation fund. The rate was 12.9% and 18.0% for the Authority's active employee for 2023 and 2022, respectively. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

The Authority recognized net pension expense of approximately \$18,100 and \$12,600 for the years ended December 31, 2023 and 2022, respectively which is included in fringe benefits in the statements of revenue, expenses and changes in net position.

At December 31, 2023 and 2022 the Authority reported deferred outflows of resources, deferred inflows of resources, and liabilities for its proportionate share of the ERS deferred outflows of resources, deferred inflows of resources, and net pension liability, respectively. The ERS net pension liability is measured as of March 31 each year, and the total pension liabilities were determined by an actuarial valuation as of April 1, 2022 and 2021, with updated procedures used to roll forward the total pension liability to March 31, 2023 and 2022, respectively. The Authority's proportion was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for each fiscal year ended on the measurement date. At the March 31, 2023 and 2022 measurement date, the Authority's proportion was 0.0000753% and 0.0001104%, respectively.

The Authority has reported additional deferred outflows of resource as of December 31, 2023 and 2022 for employer contributions made subsequent to the measurement dates.

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS

The Authority provides certain health care benefits for retired employees and their covered dependents.

Plan Description and Funding Policy

The Authority administers its retiree health insurance plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for qualifying retirees and their covered dependents and can be amended by action of the Authority. The Plan does not currently issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The Authority pays the full cost of eligible retiree health insurance. The Authority currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of pre-funding additional benefits if so determined by the Authority.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

At both January 1, 2023 and January 1, 2022, the actuarial valuation dates, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>1</u>
	<u><u>1</u></u>

Total OPEB Liability

At December 31, 2023 and 2022, the Authority reported a liability of \$104,986 and \$102,413, respectively. The total OPEB liability as of December 31, 2023 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. The total OPEB liability as of December 31, 2022 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate used in December 31, 2023 measurement – 3.25%

Discount rate used in December 31, 2022 measurement – 3.75%

Healthcare cost trend rates – 6.21% for 2023 (decreasing to an ultimate rate of 4.30% by 2062)

The discount rate was based on the Bond Buyer 20-Bond General Obligation Bond Index.

Mortality rates were based on the Pri.H-2012 No Collar Mortality Table with generational improvements using Scale MP-2021.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2021	<u>\$ 128,543</u>
Changes for the year:	
Service cost	3,929
Interest	4,967
Changes of benefit terms	-
Differences between expected and actual experience	(11,977)
Changes of assumptions or other inputs	(23,049)
Benefit payments	-
Net changes	<u>(26,130)</u>
Balance at December 31, 2022	<u>\$ 102,413</u>
Changes for the year:	
Service cost	-
Interest	3,328
Changes of benefit terms	-
Differences between expected and actual experience	(6,230)
Changes of assumptions or other inputs	5,475
Benefit payments	-
Net changes	<u>2,573</u>
Balance at December 31, 2023	<u>\$ 104,986</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 117,471</u>	<u>\$ 104,986</u>	<u>\$ 94,478</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 94,549</u>	<u>\$ 104,986</u>	<u>\$ 117,120</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2023 and December 31, 2022, the Authority recognized OPEB (benefit) expense of \$(31,698) and \$(525,913), respectively. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,230
Changes of assumptions or other inputs	<u>5,475</u>	<u>-</u>
Total	<u>\$ 5,475</u>	<u>\$ 6,230</u>

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,977
Changes of assumptions or other inputs	<u>-</u>	<u>23,049</u>
Total	<u>\$ -</u>	<u>\$ 35,026</u>

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended December 31</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	<u>\$ 5,475</u>	<u>\$ (6,230)</u>
	<u>\$ 5,475</u>	<u>\$ (6,230)</u>

NOTE 8 — LINE OF CREDIT

The Authority has available a revolving demand line of credit totaling \$250,000 with a bank. Borrowings under the line bear interest at Prime Rate plus 2.0%, adjusted annually (10.5% at December 31, 2023). Interest on outstanding borrowings is due monthly. There were no borrowings outstanding at December 31, 2023 and 2022.

ALBANY CONVENTION CENTER AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 9 — FACILITY OPERATOR AGREEMENTS

The management, operations and marketing of the Albany Capital Center is facilitated through a Management Agreement with ASM Global. The term of the initial agreement commenced on September 1, 2014 and ended on December 31, 2020. In July 2020, the Authority extended the term of the agreement under an amended and restated management agreement through December 2025, with an option to extend for an additional five-year period.

As part of this agreement ASM Global is responsible for the financial activity of the Albany Capital Center. ASM Global financially manages all revenues collected by the Albany Capital Center from rental income; income from food and beverage sales; revenue received from the operation of parking lots and other ancillary income. In turn, ASM Global utilizes these revenues to pay for expenses associated with operating the facility (i.e., salaries of permanent and temporary staff who orchestrate events and handle administrative functions; utility expenses; the promotion and advertising of the Albany Capital Center; and general facility maintenance and repair expenses). Financial activity of the Albany Capital Center is reviewed by management.

The operating results of the Albany Capital Center is incorporated annually into the Authority's basic financial statements.

During the years ended December 31, 2023 and 2022, revenues from the Albany Capital Center are as follows:

	<u>2023</u>	<u>2022</u>
Direct event income		
Rental income	\$ 623,686	\$ 500,939
Service revenue	237,005	490,105
Ancillary income		
Food and beverage catering	942,753	899,599
Booth rental	2,126	1,452
Parking	125,274	84,309
Electrical	46,370	54,296
Audio visual	212,829	165,072
Other	-	21,601
Other operating income		
Advertising	78,381	93,643
Other	68,061	38,160
Total revenues	<u>\$ 2,336,485</u>	<u>\$ 2,349,176</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 9 — FACILITY OPERATOR AGREEMENTS (Continued)

During the years ended December 31, 2023 and 2022, contractual services expenses from the Albany Capital Center are as follows:

	<u>2023</u>	<u>2022</u>
Service expenses	\$ 693,052	\$ 837,748
Salaries and wages	1,143,979	1,117,433
Payroll taxes and benefits	325,442	284,726
General and administrative	270,466	250,958
Operating	74,569	84,109
Repairs and maintenance	262,340	251,577
Supplies	11,314	1,138
Insurance	44,562	44,709
Utilities	254,250	344,312
Depreciation	18,740	29,733
Management fee	171,889	162,998
Total expenses	<u>\$ 3,270,603</u>	<u>\$ 3,409,441</u>

As base compensation to ASM Global for providing services, the Authority pays ASM Global during each fiscal year. Under a 2021 amended and restated management agreement, the annual fixed fee is \$90,000 adjusted annually by change in the CPI-U through December 31, 2025.

ASM Global is also entitled to annual quantitative and qualitative incentive fees, as defined, with respect to each fiscal year. The incentive fee under the initial term of the agreement shall not exceed 50% of the aggregate compensation of fixed fee and incentive fee in any given fiscal year and shall be calculated as follows:

- (A) Quantitative incentive fee: not to exceed 70% of the annual fixed fee, equal to 25% of the amount by which the actual operating revenues exceed the revenue benchmark; provided, however, such eligibility is contingent upon ASM Global operating within the approved budget.
- (B) Qualitative incentive fee: an amount equal to 30% of annual fixed fee, eligible upon meeting the criteria defined in the Management Agreement.

Beginning in 2021, The incentive fee under the amended and restated management agreement shall not exceed 250% of the fixed fee, and total compensation (aggregate of the fixed fee and incentive fee) shall not exceed 5% of operating revenues and shall be calculated as follows:

- (A) Performance/Productivity incentive fee: not to exceed 200% of the annual fixed fee, equal to 20% of fixed fee if operating revenues exceed the operating revenues from the immediately preceding fiscal year; provided, however, such eligibility is contingent upon ASM Global operating within the approved budget; and 20% of the fixed fee if annual attendance was between 100,000 and 150,000, or 45% of the fixed fee if annual attendance was over 150,000; and 20% of the fixed fee if annual event days were between 300 and 320, or 45% of the fixed fee if annual event days were in excess of 320; and 20% of the fixed fee if annual events were between 200 and 220, or 45% of the fixed fee if annual events were in excess of 220; and 20% of the fixed fee if annual hotel room nights generated were between 30,000 and 35,000, or 45% of the fixed fee if annual hotel nights generated were in excess of 35,000.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 9 — FACILITY OPERATOR AGREEMENTS (Continued)

(B) Qualitative incentive fee: an amount not to exceed 50% of annual fixed fee, eligible upon meeting the criteria defined in the Management Agreement.

The incentive fees earned for the years ended December 31, 2023 and 2022 were \$71,056 and \$66,870, respectively.

In accordance with the terms of the Management Agreement, the Authority is required to provide the operator certain operating funds sufficient to meet operating expenses. During 2023 and 2022, the Authority provided ASM Global with \$882,247 and \$1,406,596, respectively, to meet operating expenses.

NOTE 10 — SHUTTERED VENUE OPERATORS GRANT

In July 2021, the Authority received a Shuttered Venue Operators Grant ("SVOG") from the Small Business Administration ("SBA") in the amount of \$627,703. The grant covered certain eligible operating expenses during the period of March 2020 through July 2022. The Authority applied the grant to costs incurred during the year ended December 31, 2021 and the entire \$627,703 was included in grant revenue for the year ended December 31, 2021.

According to the rules of the SBA, the Authority is required to retain the SVOG documentation related to employment records for four years and all other records documenting compliance and eligibility for three years following the receipt of funds, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Authority's judgments pertaining to satisfying SVOG compliance or eligibility, the Authority may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 11 — RISKS AND UNCERTAINTIES

From time to time, the Authority may be involved in legal proceedings and litigation arising in the normal course of business. In the opinion of management, the outcome of any outstanding proceedings and litigation will not materially affect the financial position, results of operations and cash flows of the Authority.

The impacts of the world-wide pandemic and specifically those experienced in the United States are largely known at this time and with few exceptions related to its variants, the effects of COVID-19 are only minimally impacting the Albany Capital Center operations at this time.

Full recovery in the convention, meeting and tradeshow segments are not expected until 2024, the Authority maintains its conservative approach when budgeting revenue, making every effort to control costs during this period of significant inflation and in preparation for the possibility of fewer bookings in the latter part of 2024.

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY CONVENTION CENTER AUTHORITY

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SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY

Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ -	\$ 3,929	\$ 5,983	\$ 33,637
Interest	3,328	4,967	13,209	12,406
Changes of benefit terms	-	-	-	(1,486)
Differences between expected and actual experience	(6,230)	(11,977)	(545,885)	(29,155)
Change of assumptions or other inputs	5,475	(23,049)	788	50,915
Benefit payments	-	-	-	-
Net change in total OPEB liability	2,573	(26,130)	(525,905)	67,803
Total OPEB liability - beginning	<u>102,413</u>	<u>128,543</u>	<u>654,448</u>	<u>586,645</u>
Total OPEB liability - ending	<u>\$ 104,986</u>	<u>\$ 102,413</u>	<u>\$ 128,543</u>	<u>\$ 654,448</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board
Albany Convention Center Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States, the financial statements of the Albany Convention Center Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 28, 2024