

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rhode Island Convention Center Authority
Providence, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Rhode Island Convention Center Authority (the Authority), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the entity'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 Rhode Island Convention Center Authority, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rhode Island 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Authority adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Authority is dependent upon annual appropriations of lease revenue by the General Assembly of the State of Rhode Island to fund debt service on its outstanding bonds. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Rhode Island Convention Center Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 GAAS 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 GAAS 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 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 Rhode Island 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 Rhode Island 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

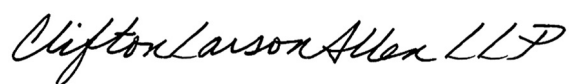
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rhode Island Convention Center Authority’s basic financial statements. The accompanying schedule of travel and entertainment expenses and the statements and schedules in the State of Rhode Island required format including: the statement of net position, statement of activities, schedule of debt service to maturity – long-term debt, and a schedule of changes in long-term debt (collectively, the supplementary information) on pages 37-42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of the Rhode Island 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 solely 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 Rhode Island 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 Rhode Island Convention Center Authority’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 29, 2022

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of the Rhode Island Convention Center Authority (the Authority), a Component Unit of the State of Rhode Island (the State), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2022. The Authority's financial statements, accompanying notes and supplementary information should be read in conjunction with the following discussion.

Introduction

The Authority was created in 1987 by the Rhode Island General Assembly as a public corporation, instrumentality, and agency of the State, having a distinct legal existence from the State and not constituting a department of State government. The Authority was created for the purpose of constructing, managing, and operating a facility to house conventions, trade shows, exhibitions, displays, meetings, banquets, and other events, as well as facilities related thereto such as parking lots and garages, connection walkways, hotels, and office buildings, including any retail facilities that are incidental to and located within any of the foregoing, and to acquire land. The Authority has managed its facilities through third-party management contracts since inception. The powers of the Authority are vested in a board of commissioners (Board) having eleven members. The Governor of the State has the power to appoint eight members. The Mayor of the City of Providence has the power to appoint two members and the City Council of the City of Providence has the power to appoint one member. The Chairperson, Vice Chairperson, Secretary, and Treasurer are elected by the members of the Board.

On December 2, 1993, the Rhode Island Convention Center (the Convention Center or RICC) and related garage facilities officially opened. The Authority is authorized to lease the Convention Center and the related facilities to the State and to issue its bonds and notes for any of its corporate purposes. The Authority manages the Convention Center and the related facilities pursuant to the terms of a sublease agreement, dated November 1, 1991, as amended, by and between the State, as sublessor, and the Authority, as sublessee (the Sublease). The venue attracts a wide range of local, regional, national, and even international events and generates significant economic impact for the City of Providence (City) and the State.

In 2005, the Authority's enabling legislation was amended to clarify that the Authority could also own, operate, and finance a "civic center." In December 2005, the Authority issued federally taxable bonds to finance the acquisition of the Dunkin' Donuts Center – Providence, which was formerly known as the Providence Civic Center (Civic Center) from the City. In September 2022, the Authority entered into a naming rights agreement, under which the Civic Center is named the Amica Mutual Pavilion – Providence (AMP). The AMP is home to the Providence College men's basketball team (the Friars) and the American Hockey League Providence Bruins, the Boston Bruins' highest-level minor league team. The AMP is also the venue for touring family shows, concerts, and other special events. Seating at the AMP is 12,500 for basketball, 11,000 for ice hockey, and 14,500 for center stage events. The Authority leases the AMP to the State in an arrangement similar to that for the Convention Center. Rental payments from the AMP lease are applied to payments of bonds initially issued for the acquisition and renovation of the AMP. The AMP is a significant participant in and leader of the overall downtown Providence redevelopment.

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In July 2008, the Authority assumed the management of the Veterans Memorial Auditorium, rebranded as The Vets, from the Veterans Memorial Auditorium Foundation, with the approval of the State's Department of Administration (DOA). The Vets is one of the oldest arts venues in Rhode Island and is on the National Register of Historic Places. Operation of The Vets is shared by the DOA and third-party management companies.

The Providence / Warwick Convention & Visitors Bureau markets Rhode Island to local, regional, national, and international audiences. The Convention Center's marketing partners, including area hotels and restaurants, highlight the AMP and the Vets to attract larger conventions and meetings.

In March 2018, the Authority issued the Garrahy Parking Garage Lease Revenue Bonds, 2018 Series A (federally taxable) (2018 Series A Bonds) to provide funds (i) to finance the acquisition, construction, equipping, and improvement of the parking facility adjacent to the Garrahy Courthouse in Providence, Rhode Island (Clifford Street Garage or CSG), (ii) to pay the costs of issuance of the 2018 Series A Bonds, and (iii) to pay capitalized interest on the 2018 Series A Bonds. The parking facility officially opened in March 2020.

On January 30, 2020, the World Health Organization declared the spread of a novel strain of Coronavirus (COVID-19) to constitute a "Public Health Emergency of International Concern." The spread of COVID-19 has caused significant disruption to the hospitality industry and to the Authority's operations, which were closed from mid-March 2020 through July 2021. Since re-opening in August 2021, each of the Authority's facilities have resumed principal ongoing operations. At this time, the extent to which COVID-19 may impact the Authority's financial position or results of operations cannot be reasonably estimated.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements.

The Authority engages only in business-related functions, financed in whole or part by assessments to external stakeholders for goods and services. Consequently, the Authority's financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. These financial statements are intended to provide the reader with a broad overview of the Authority's financial status, similar to private-sector entities.

The statement of net position presents detail on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

Changes in the Authority's net position serve as a useful indicator of whether the Authority's financial position is improving or deteriorating. Readers should also consider other nonfinancial factors when evaluating the Authority's net position. The statement of revenues, expenses and changes in net position presents information regarding how the Authority's net position changed during the year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

All assets, liabilities, and changes in net position are reported as soon as the underlying event affecting the asset or liability, or deferred outflow or inflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position result in cash flows in future periods.

The Authority is dependent upon annual State appropriations of lease revenue by the General Assembly of the State to fund debt service on its outstanding bonds and capital improvements, certain of which are provide via the State's Rhode Island Capital Plan Fund (RICAP). The Authority's appropriations, exclusive of working capital advances, consist of the following for the year ended June 30, 2022:

Debt service, net	\$ 20,102,601
Capital improvements	<u>8,688,920</u>
Total	<u><u>\$ 28,791,521</u></u>

For the year ended June 30, 2022, debt service appropriations from the State are net of \$1,725,201 contributed by the Authority from the operations of the CSG.

2022 Financial Highlights

Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$22,522,835 (net deficit position) at June 30, 2022. Net position totaling \$2,772,798 is unrestricted. Net position totaling \$2,509,171 is restricted to be utilized principally for renewal and replacement of capital assets and operating expenses as reflected in the Authority's bond documentation. The Authority's net deficit position invested in capital assets, net of related payables and long-term debt, totaling (\$27,804,804), is attributable to the Authority's capital assets, related payables and long-term outstanding debt, and associated depreciation.

Operating loss for FY22, exclusive of \$13,868,521 in depreciation and amortization expense, totaled \$607,484, a decrease of \$4,283,241 when compared to FY21.

Net deficit position decreased by \$8,859,796 during FY22.

Overall events hosted by the Authority's operating facilities during the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
RICC	132	-
AMP	104	-
The Vets	<u>62</u>	<u>49</u>
Total	<u><u>298</u></u>	<u><u>49</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Authority's FY22 net nonoperating revenues include \$656,426, \$87,440, \$9,557, and \$179,683 pertaining use of the RICC as an alternate care facility, vaccine distribution at the RICC and AMP, meetings at the Vets, and testing activities at the RICC and AMP, respectively, with the State. The Authority's FY22 net nonoperating revenues also include \$121,925 and \$2,633,275 in Paycheck Protection Program loan forgiveness and Shuttered Venue Operators Grant income, respectively.

Condensed Comparative Information

The following table reflects a summary of changes in certain balances in the statements of net position, and revenues, expenses, and changes in net position (in thousands):

	2022	2021	Increase (Decrease) 2022 v 2021
Net Position			
Current assets	\$ 21,482	\$ 8,123	\$ 13,359
Capital assets, net	145,683	157,285	(11,602)
Other noncurrent assets	23,436	175	23,261
Total assets	<u>190,601</u>	<u>165,583</u>	<u>25,018</u>
Deferred outflows of resources	<u>3,290</u>	<u>4,668</u>	<u>(1,378)</u>
Current liabilities	29,840	20,191	9,649
Noncurrent liabilities	160,950	181,442	(20,492)
Total liabilities	<u>190,790</u>	<u>201,633</u>	<u>(10,843)</u>
Deferred inflows of resources	<u>25,624</u>	-	<u>25,624</u>
Net deficit position	<u>\$ (22,523)</u>	<u>\$ (31,382)</u>	<u>\$ 8,859</u>
Changes in Net Position			
Operating revenues	\$ 23,845	\$ 4,520	\$ 19,325
Operating expenses	<u>38,322</u>	<u>23,418</u>	<u>14,904</u>
Operating loss	(14,477)	(18,898)	4,421
Nonoperating revenue (expenses), net	<u>23,336</u>	<u>25,882</u>	<u>(2,546)</u>
Change in net deficit position	<u>\$ 8,859</u>	<u>\$ 6,984</u>	<u>\$ 1,875</u>
Components of Net Deficit Position			
Net Investment in capital assets, net of related debt	\$ (27,805)	\$ (29,952)	\$ 2,147
Restricted	2,509	300	2,209
Unrestricted	2,773	(1,730)	4,503
Net deficit position	<u>\$ (22,523)</u>	<u>\$ (31,382)</u>	<u>\$ 8,859</u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

2022 Financial Analysis

Total assets of the Authority increased by \$25,018,367 as of June 30, 2022 compared to June 30, 2021. Current assets increased in 2022 by \$13,358,670 in comparison to 2021, which is principally due to cash generated from the Authority's pandemic related activities noted above, capital appropriations from the State, and an increase in receivables, including short-term lease receivables as a result of the Authority's adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021 (GASB 87). Net capital assets decreased by \$11,602,181, which is primarily attributable to depreciation, offset by capital improvements pertaining primarily to the RICC, AMP, and CSG. Noncurrent assets, other than capital assets, increased by \$23,261,878, which is principally due to the Authority's adoption of GASB 87.

Deferred outflows of resources decreased by \$1,377,422 as of June 30, 2022, which is due to amortization of net deferred charges on bond refundings.

During FY22, the Authority's long-term debt decreased by \$14,116,925, which is due to scheduled principal payments of \$13,995,000 on outstanding bonds payable, and the forgiveness of the Paycheck Protection Program loan associated with the operation at The Vets.

Total liabilities of the Authority at June 30, 2022, exclusive of bonds and notes payable, increased by \$3,274,042 due to increases in accounts payable, accrued liabilities, and unearned advances.

Deferred inflows of resources increased by \$25,624,032 as of June 30, 2022, which is due to the Authority's adoption of GASB 87.

2022 Operating Activity

Operating revenues of the Authority increased by \$19,325,501 compared to 2021, which is attributable to the re-opening of the RICC and the AMP after closure due to COVID-19 in FY21 and recognition of lease revenues as a result of the Authority's adoption of GASB 87.

Total operating expenses, exclusive of \$13,868,521 in depreciation and amortization expense, increased by \$15,042,260, which is attributable to the re-opening of the RICC and the AMP after closure due to COVID-19 in FY21.

As a result of the above, the operating loss to the Authority, exclusive of \$13,868,521 in depreciation and amortization expense, was \$607,484 in 2022 compared to \$4,890,725 in 2021.

Requests for Information

This financial report is designed as a general overview of the Authority's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Rhode Island Convention Center Authority, One LaSalle Square, Providence, RI 02903.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS

Current assets:

Cash and cash equivalents	\$ 9,206,770
Cash and cash equivalents, restricted	7,426,180
Accounts receivable, less allowance for doubtful accounts of \$23,000	1,654,969
Due from State	29,982
Prepaid expenses and other assets	614,555
Short-term lease receivable	2,549,148
Total current assets	21,481,604

Noncurrent assets:

Capital assets not being depreciated	47,648,007
Capital assets being depreciated, net	98,034,622
Prepaid expenses and other assets	138,803
Long-term lease receivable	23,204,098
Right-to-use asset, net	93,600
Total noncurrent assets	169,119,130

Total assets	190,600,734
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Deferred outflows of resources:

Deferred charge on refunding	3,290,251
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See accompanying Notes to Financial Statements.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 5,358,460
Unearned advances	3,757,185
Retainage payable	4,623
Due to State	257,740
Capital advance, State	164,768
Current portion of bonds payable	20,250,000
Short-term lease liability	47,297
Total current liabilities	29,840,073

Noncurrent liabilities:

Unearned advances, less current portion	178,257
Accrued liabilities, less current portion	-
Paycheck Protection Program loan	-
Bonds payable, less current portion	160,725,000
Long-term lease liability	46,458
Total noncurrent liabilities	160,949,715

Total liabilities	190,789,788
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Deferred inflows of resources:

Deferred lease revenues	25,624,032
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NET DEFICIT POSITION

Net investment in capital assets	(27,804,804)
Restricted by bond indentures	2,509,171
Unrestricted	2,772,798
Total net deficit position	\$ (22,522,835)

See accompanying Notes to Financial Statements.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES	
Charges for services	\$ 21,230,790
Lease revenue	2,363,123
Other	252,261
Total operating revenues	23,846,174
OPERATING EXPENSES	
Personnel services	13,411,419
Contractual services	3,096,710
Utilities	1,988,228
Repairs and maintenance	819,503
Other supplies and expenses	5,137,798
Depreciation and amortization	13,868,521
Total operating expenses	38,322,179
OPERATING LOSS	(14,476,005)
NONOPERATING REVENUES (EXPENSES)	
State appropriations (inclusive of RICAP appropriations of \$4,300,000)	28,791,521
Interest and investment revenue	196,492
Interest expense and related financing costs	(9,200,827)
Loss on disposal of equipment	(103,037)
Alternate care facility revenue, State	703,490
Alternate care facility expense	(47,064)
Vaccine distribution revenue, State	232,090
Vaccine distribution expense	(144,650)
Meetings revenue, State	10,400
Meetings expense	(843)
Testing revenue, State	424,885
Testing expense	(245,202)
Paycheck Protection Program loan forgiveness income	121,925
Shuttered Venue Operators Grant income	2,633,275
Expenses associated with other financial assistance	(36,654)
Net nonoperating revenues	23,335,801
CHANGE IN NET DEFICIT POSITION	8,859,796
Net deficit position - beginning of year	(31,382,631)
NET DEFICIT POSITION - END OF YEAR	\$ (22,522,835)

See accompanying Notes to Financial Statements.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 21,429,189
Payments to suppliers for goods and services	(10,519,819)
Payments to employees	(13,210,222)
Alternate care facility receipts, State	860,087
Alternate care facility payments	(47,064)
Vaccine distribution receipts, State	968,633
Vaccine distribution payments	(144,650)
Meetings receipts, State	14,800
Meetings payments	(843)
Testing receipts, State	394,903
Testing payments	(245,202)
Shuttered Venue Operators Grant receipts	2,633,275
Other financial assistance payments	<u>(36,654)</u>
Net cash provided by operating activities	2,096,433

CASH FLOWS FROM FINANCING ACTIVITIES

Transfer from State, net	29,274,421
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from:	
Principal and interest payments received under leases	2,424,824
Payment for:	
Capital assets	(1,766,611)
Bonds payable, principal	(13,995,000)
Principal and interest under leases	(39,624)
Interest paid on bonds payable, net of related financing costs	<u>(7,868,624)</u>
Net cash used in capital and related financing activities	(21,245,035)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>5,577</u>
Cash provided by investing activities	<u>5,577</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

10,131,396

Cash and cash equivalents - Beginning of year

6,501,554

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 16,632,950

See accompanying Notes to Financial Statements.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

**SUPPLEMENTAL DISCLOSURES OF NONCASH AND FINANCING
ACTIVITIES**

Recognition of lease receivable and related deferred lease revenues and interest	<u>\$ 27,979,653</u>
Recognition of right-to-use asset and related lease liabilities	<u>\$ 93,755</u>
Disposal of capital assets	<u>\$ 103,037</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (14,476,005)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	13,868,521
Lease revenue	(2,363,123)
Provision for losses on accounts receivable	32,456
Increase in operating assets:	
Accounts receivable	(1,442,386)
Prepaid expenses and other assets	(160,326)
Increase in operating liabilities:	
Accounts payable and accrued liabilities	883,943
Unearned advances	1,356,068
Alternate care facility receipts, State	860,087
Alternate care facility payments	(47,064)
Vaccine distribution receipts, State	968,633
Vaccine distribution payments	(144,650)
Meetings receipts, State	14,800
Meetings payments	(843)
Testing receipts, State	394,903
Testing payments	(245,202)
Shuttered Venue Operators Grant receipts	2,633,275
Other financial assistance payments	(36,654)
Net cash provided by operating activities	<u>\$ 2,096,433</u>

See accompanying Notes to Financial Statements.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Rhode Island Convention Center Authority (Authority or RICCA) is a public corporation and instrumentality created by the General Assembly of the State of Rhode Island and Providence Plantations (the State) in 1987. The Authority was created to facilitate the construction and development of a convention center, parking garages, and related facilities in a city or town within the State (Rhode Island Convention Center or RICC). It is a component unit of the State for financial reporting purposes and, as such, the financial statements of the Authority will be included in the State's comprehensive annual financial report.

In 2005, the Rhode Island House and Senate approved the issuance of bonds to finance the acquisition of the Dunkin' Donuts Center – Providence, which was formerly known as the Providence Civic Center (Civic Center). The legislation authorized the Authority to issue \$92,500,000 in revenue bonds to finance the acquisition from the City of Providence (City) of the real property and improvements constituting the Civic Center; the renovation, equipping, improvement, and redevelopment of the facility; and the costs of issuing and insuring the bonds. In September 2022, the Authority entered into a naming rights agreement, under which the Civic Center is named the Amica Mutual Pavilion – Providence (AMP) (see Note 5).

In July 2008, the Authority entered into a lease with the State's Department of Administration (DOA) and commenced operations of the Veterans Memorial Auditorium (The Vets). Operation of The Vets is shared by the DOA and two facilities-management groups: Professional Facilities Management Inc. of Providence (PFM), and Spectator Management Group (SMG). PFM manages the marketing, bookings, and box office; SMG assists with the physical plant, mechanical operations, and security with volunteer support provided by Johnson & Wales University students. The DOA is responsible for utilities, snow removal, and other ancillary operational support.

In March 2018, the Authority issued the Garrahy Parking Garage Lease Revenue Bonds, 2018 Series A (federally taxable) (2018 Series A Bonds) to finance the acquisition, construction, equipping, and improvement of the parking facility adjacent to the Garrahy Courthouse in Providence, Rhode Island (Clifford Street Garage or CSG), the costs of issuing, and the costs of capitalizing the interest on the bonds.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

The Authority engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties.

The Authority uses the economic resources measurement focus and accrual basis of accounting.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
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NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation, Measurement Focus, and Basis of Accounting (Continued)

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses and depreciation expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

Effective with the adoption of this standard, the Authority recorded a lease receivable and a deferred inflow of resources of \$10,439,098 and a right to use asset and a lease liability of \$77,612.

Revenue Recognition

Revenues are recognized on the accrual basis of accounting. Charges for services consist primarily of the following event-related revenue:

RICC	Rental income, concessions and catering income and parking income.
AMP	Rental income, ticket sales driven, luxury suite income, and concession income.
The Vets	Rental income, ticket sales driven, concession sales, and parking income.
CSG	Parking income.

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NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Cash and Cash Equivalents, Restricted

Unexpended proceeds from the sale of revenue bonds and cash reserves whose use is specified or limited by bond resolutions, enabling legislation, laws or third parties are reported as restricted cash and cash equivalents in the accompanying statement of net position and are classified as either current or noncurrent based on the maturity date of the underlying securities.

Investments

Money market investments having a remaining maturity of one year or less at the time of purchase are reported on the statement of net position at their amortized cost. All other investments are reported at fair value.

The Authority's enabling statute authorizes the Authority to invest in obligations of, or guaranteed by, the United States, or in certificates of deposit or time deposits secured by direct obligations of, or guaranteed by, the United States. The statute also authorizes the Authority to invest proceeds from the sale of any bonds in such obligations, securities, and other investments as provided in the resolutions under which such bonds were authorized, principally commercial repurchase agreements.

Capital Assets and Depreciation

Capital assets are stated at cost. Cost includes direct and indirect project costs, through the date of completion of each component of the Authority's property. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 or repairs that increase the service utility or extend the useful life of the asset and an initial estimated useful life in excess of one year.

Land and easements consist of land and an intangible asset. Land is recorded at cost and it is not depreciated. The intangible asset consists of a perpetual easement agreement and is recorded at fair value and it is not amortized. In accordance with GASB Statement No. 51, intangible assets with indefinite useful lives are not subject to amortization. Equipment consists of facility furniture, fixtures, and equipment. Ordinary maintenance, repairs and replacements are charged directly to operations as incurred.

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NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation (Continued)

The Authority provides for depreciation using the straight-line method over the following estimated useful lives of the assets with one-half year of depreciation taken in the fiscal year the asset is placed in service and that of disposal.

Land		-
Easements		-
Construction in progress		-
Building and facilities	25 to 30 years	
Equipment	5 to 15 years	

The Authority evaluates its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Authority did not record any impairment losses during the year ended June 30, 2022.

Deferred Outflows of Resources

The Authority reports deferred charge on bond refunding in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

The Authority reports deferred lease revenues in the statement of net position as a deferred inflow of resources. Deferred lease revenues represent the present value of future receipts under leases in which the Authority acts as lessor. This amount is deferred and recognized as revenue over the lease term.

Unearned Advances

Unearned advances arise when resources are received by the Authority before it has a legal claim to them. In subsequent periods, when the Authority has legal claim to the resources, revenue is recognized.

Bonds Payable

Included in revenue bonds payable are balances for bond discounts and premiums. These balances are amortized using the interest method, meaning amortization is based on interest payments over the terms of the series.

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JUNE 30, 2022**

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Alternate Care Facility Revenue and Expense

Rental and service income and personnel, utilities, and supplies expenses associated with the State's use of the RICC as an alternate care facility under the terms of a special use license agreement are reported as nonoperating revenue and expense in the accompanying statement of revenues, expenses, and changes in net position.

Vaccine Distribution Revenue and Expense

Rental and service income and personnel, utilities, and supplies expenses associated with the State's use of the RICC and the AMP for COVID-19 vaccine distribution under the terms of a memorandum of agreement are reported as nonoperating revenue and expense in the accompanying statement of revenues, expenses, and changes in net position.

Meetings Revenue and Expense

Rental income and contractual and supplies associated with the State's use of The Vets to host the Rhode Island superior court grand jury are reported as nonoperating revenue and expense in the accompanying statement of revenues, expenses, and changes in net position.

Testing Revenue and Expense

Rental and service income and personnel, utilities, and supplies expenses associated with the State's use of the RICC and the AMP for COVID-19 testing are reported as nonoperating revenue and expense in the accompanying statement of revenues, expenses, and changes in net position.

Net Position

The Authority's net position has been segregated into the following three components:

Net Investment in Capital Assets

Represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct, or improve these assets, increased by deferred outflows of resources related to those assets, if any.

Restricted Net Position

Those that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position

A residual category for the balance of net position. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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 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.

Subsequent Events

Subsequent events have been evaluated through September 29, 2022, the date the financial statements are available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including restricted amounts, consist of the following:

Deposits	\$ 9,869,181
Cash equivalents	<u>6,763,769</u>
Total	<u><u>\$ 16,632,950</u></u>

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NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Restricted cash and cash equivalents consist of the following as of June 30, 2022:

Accounts mandated by bond indentures and required uses:

renewal and replacement account - capital costs and costs of maintaining, repairing, replacing, renovating, and improving each facility:

RICC	\$ 1,645,921
AMP	2,347,087
CSG	458,557

Operating reserve fund (Note 7) - operating and maintenance expenses	22,544
General revenue fund - general operating expenses	2,116,536
2006 Series A revenue fund - operating expenses of the AMP	1,747
2018 Series A construction fund - CSG	121,899
2018 Series A debt service fund, interest - CSG	143,730
2018 Series A debt service fund, principal - CSG	114,684
2018 Series A capitalized interest account	767
2021 Series A construction fund	2,259
Total mandated by bond indentures	<u>6,975,731</u>

Accounts mandated by agreements:

Vets - Rhode Island Capital Plan Fund (RICAP)	211,065
AMP - Food and beverage capital improvements	129,454
Total mandated by agreements	<u>340,519</u>

Arts conservation and maintenance fund - conservation and maintenance of public works of art in conjunction with the Rhode Island State Council on the Arts and general rebate account

	109,930
Total restricted cash and cash equivalents	<u><u>\$ 7,426,180</u></u>

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. Carrying amounts of the Authority's cash equivalents, held by the Bank of New York Mellon Trust Company, N.A. (Bank of New York), consist of the following:

BlackRock Federal Fund Institutional Shares	\$ 521,052
Fidelity Institutional Money Market Government Portfolio - Class I & III	6,242,717
Total	<u><u>\$ 6,763,769</u></u>

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NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

BlackRock Federal Fund Institutional Shares is designed to maintain a stable share price of \$1, and maintains a dollar weighted average maturity of 21 days as of June 30, 2022. At June 30, 2022, approximately 99% of the securities in which the funds are invested are backed by the full faith and credit of the United States government; the remainder is neither insured nor guaranteed by the United States government. As of June 30, 2022, the funds were rated AAA-mf by Moody’s Investors Services (Moody’s) and AAAM by Standard & Poor’s (S&P).

Fidelity Institutional Money Market Government Portfolio Class I and Class III are designed to maintain a stable share price of \$1, and maintains a dollar weighted average maturity of 17 days as of June 30, 2022. At June 30, 2022, approximately 99% of the securities in which the funds are invested are backed by the full faith and credit of the United States government; the remainder is neither insured nor guaranteed by the United States government. As of June 30, 2022 and 2021, the funds were rated AAA-mf by Moody’s and AAAM by S&P.

These investments are used as temporary cash management investments. The fair value of these money market funds reflects the net asset value reported by the fund administrator, which is a stable \$1 per unit. The underlying investments, which are short-term cash equivalent type investments, are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Deposits

Under the “Rhode Island Collateralization of Public Deposits Act,” depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall, at a minimum, insure or pledge eligible collateral equal to 100% of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of deposits, regardless of maturity. These deposits were not required to be collateralized based on the criteria set forth in the Rhode Island Collateralization of Public Deposits Act.

The Authority’s bank balances, excluding money market accounts were as follows:

Bank balance	\$ 10,524,978
Bank balance insured by federal depository insurance and depositors insurance fund	4,059,369
Uninsured balance	6,465,609
Collateralized - collateral held by third-party custodian in the Authority’s Name	6,465,609
Uninsured and uncollateralized	\$ -

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NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market value interest rates.

Although it has no established policy, the Authority manages its exposure to declines in fair values by limiting the term of liquid investments to less than 60 days.

Managed investments are subject to interest rate risk. The risk associated with investments maturing beyond 60 days is mitigated by continuous evaluation of the portfolio's performance. The Authority receives monthly investment performance reports from its investment advisor and reviews the reports to determine if market conditions reflect the investment performance policies of the Authority.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment and is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. Although it has no established policy, the Authority manages its exposure to credit risk by monitoring the ratings assigned to such securities, as applicable.

Concentration of Credit Risk

The Authority has no policy limiting an investment in any one issuer that is in excess of 5% of the Authority's total investments; however, the Authority continually evaluates alternative investment options to diversify its portfolio and maximize interest income.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Authority's deposits and investments may not be returned. The Authority does not have a deposit or investment policy for custodial credit risk. The Authority manages the custodial credit risk of its cash and cash equivalents through analysis and review of the custodians' or counterparties' credit worthiness.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
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NOTE 3 CAPITAL ASSETS

	2022			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land and easements	\$ 46,808,078	\$ -	\$ -	\$ 46,808,078
Construction in progress	<u>2,798,948</u>	<u>2,330,519</u>	<u>(4,289,538)</u>	<u>839,929</u>
Total capital assets not being depreciated	<u>49,607,026</u>	<u>2,330,519</u>	<u>(4,289,538)</u>	<u>47,648,007</u>
Capital assets being depreciated:				
Buildings and facilities	274,345,395	4,027,716	-	278,373,111
Equipment	<u>50,271,793</u>	<u>238,523</u>	<u>(376,534)</u>	<u>50,133,782</u>
Total capital assets being depreciated	<u>324,617,188</u>	<u>4,266,239</u>	<u>(376,534)</u>	<u>328,506,893</u>
Less: accumulated depreciation for:				
Buildings and facilities	(181,190,837)	(9,690,930)	-	(190,881,767)
Equipment	<u>(35,748,567)</u>	<u>(4,138,734)</u>	<u>296,797</u>	<u>(39,590,504)</u>
Total accumulated depreciation	<u>(216,939,404)</u>	<u>(13,829,664)</u>	<u>296,797</u>	<u>(230,472,271)</u>
Total capital assets being depreciated, net	<u>107,677,784</u>	<u>(9,563,425)</u>	<u>(79,737)</u>	<u>98,034,622</u>
Total capital assets, net	<u>\$ 157,284,810</u>	<u>\$ (7,232,906)</u>	<u>\$ (4,369,275)</u>	<u>\$ 145,682,629</u>

Substantially all capital assets at both June 30, 2022 are pledged as collateral for the revenue bonds (see Note 7).

At June 30, 2022, accounts payable and accrued liabilities includes \$673,463 pertaining to capital assets.

NOTE 4 LEASES

The Authority, acting as lessor, leases its arena, suites, and parking facilities under long-term, noncancelable lease agreements. The leases expire at various dates through July 2045 and provide for renewal options ranging from 1 to 20 years. During the year ended June 30, 2022, the Entity recognized \$1,725,093 and \$152,880 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

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NOTE 4 LEASES (CONTINUED)

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the Authority received variable payments as required by lease agreements totaling approximately \$1,275,000.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30.</u>	Total Lease Receivable		
	Principal	Interest	Total
2023	\$ 2,661,113	\$ 273,987	\$ 2,935,100
2024	2,594,074	244,759	2,838,833
2025	2,465,240	217,143	2,682,383
2026	1,417,688	194,512	1,612,200
2027	1,440,732	178,668	1,619,400
2028 - 2032	5,088,595	682,805	5,771,400
2033 - 2037	3,723,546	461,454	4,185,000
2038 - 2042	3,935,944	249,056	4,185,000
2043 - 2047	2,538,279	42,471	2,580,750
Total	<u>\$ 25,865,211</u>	<u>\$ 2,544,855</u>	<u>\$ 28,410,066</u>

The Entity leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through June 2027 and provide for renewal options ranging from one to two years.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, the Authority made variable payments as required by lease agreements totaling approximately \$156,000.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30.</u>	Total Lease Payable		
	Principal	Interest	Total
2023	\$ 47,297	\$ 756	\$ 48,053
2024	22,414	357	22,771
2025	15,382	169	15,551
2026	7,060	48	7,108
2027	1,602	4	1,606
Total	<u>\$ 93,755</u>	<u>\$ 1,334</u>	<u>\$ 95,089</u>

As of June 30, 2022, the Authority acquired through outstanding leases \$132,457 and \$38,857 in right-to-use equipment assets and related accumulation amortization, respectively.

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NOTE 5 UNEARNED ADVANCES

Unearned advances consisted of the following as of June 30, 2022:

Current unearned advances:

Advanced ticket sales	\$ 2,263,752
Deposits	1,388,369
Other unearned fees	<u>105,064</u>
Total current portion	<u>3,757,185</u>

Long-term unearned advances:

Other unearned fees	<u>178,257</u>
Total	<u>\$ 3,935,442</u>

Advanced ticket sales consist of revenue collected prior to an event, including sales collected by the venues and through other outlets. Deposits include other fees collected by the venues for event and rental deposits and facility fees. Other unearned fees include unearned revenue relating principally to contributions for capital improvements advanced by SMG (see Note 8).

Effective September 1, 2022, the Authority entered into a naming rights, sponsorship, and advertising agreement with Amica Mutual Insurance Company, which expires August 31, 2032 and includes an option for Amica to renew the agreement for 10 years at mutually agreeable terms. Under the terms of the agreement, Amica will pay the Authority an annual fee of \$650,000 in advance, which is adjusted annually by the "Consumer Price Index for all Urban Consumers, U.S. City Average All Items" (CPI Adjustment) and cannot result in a decrease or exceed a 3.0% increase. Annually, Amica will also promote events at the AMP and RICC via a minimum sponsorship of \$200,000. The Authority can earn up to \$50,000 in an annual bonus based on attendance growth and customer satisfaction, as described in the agreement.

NOTE 6 PAYCHECK PROTECTION LOAN PROGRAM, SHUTTERED VENUE OPERATORS GRANT, AND STATE FISCAL RECOVERY FUND

On April 8, 2021, The Vets received loan proceeds of \$121,925 under the Paycheck Protection Program (PPP). The PPP, which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The PPP loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks from the date of the loan proceeds so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest, and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

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NOTE 6 PAYCHECK PROTECTION LOAN PROGRAM, SHUTTERED VENUE OPERATORS GRANT, AND STATE FISCAL RECOVERY FUND (CONTINUED)

The PPP loan matures two years from the date of the first disbursement of proceeds to The Vets (the PPP Loan Date), is unsecured, guaranteed by the U.S. Small Business Administration (SBA), and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first 10 months and payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period.

The Vets applied for PPP loan forgiveness and received approval from the SBA in October 2021. The Authority recognized \$121,925 in forgiveness under the PPP loan program during the year ended June 30, 2022, which is included in nonoperating revenues in the accompanying statement of revenues, expenses, and changes in net position. If it is determined that The Vets was not eligible to receive the PPP loans or that The Vets did not adequately comply with the rules, regulations, and procedures applicable to the SBA's loan program, then The Vets could be subject to penalties and could be required to repay the amounts previously forgiven.

During the fiscal year ended June 30, 2022, The Vets was awarded \$2,633,275 in funding under the Shuttered Venue Operators Grant (SVOG) program, which was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act (ARPA). The SVOG program is administered by the SBA. SVOG funds were spent by The Vets prior to June 30, 2022 and were used for specific eligible expenses, including payroll, rent, utilities, insurance, worker protection, independent contractors, maintenance, state and local taxes and fees, advertising, transportation, and capital expenses relating to producing a theatrical or live performing arts production, administrative costs, and other ordinary and necessary business expenses. The Authority recognized \$2,633,275 in SVOG grant income during the year ended June 30, 2022, which is included in nonoperating revenues in the accompanying statement of revenues, expenses, and changes in net position.

In June 2022, the State of Rhode Island House Finance Committee voted to award the Authority \$9,000,000 in operating support of the RICC and the AMP and \$1,000,000 for an event stimulus program at the RICC and the AMP. As a result, the State has appropriated to the Authority \$10,000,000 for the fiscal year ending June 30, 2023 from the State Fiscal Recovery Fund (SFRF), which was established by ARPA. SFRF funds must be used to respond to the COVID-19 public health emergency, address the pandemic's negative impacts to industries such as tourism, travel, and hospitality, support services to disproportionately impacted communities, provide premium wage for eligible workers performing essential work, invest in water, sewer, and broadband infrastructure, and replace lost public sector revenue.

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JUNE 30, 2022**

NOTE 7 BONDS PAYABLE

The Authority's bond indebtedness at June 30, 2022 is as follows:

	Date of Issue	Date of Maturity	Interest Rate (%)	Original Issue	Balance June 30, 2022
Bonds Payable:					
Revenue Bonds:					
2006 Series A	06/08/06	05/15/35	5.38% - 6.06%	\$ 92,500,000	\$ 60,950,000
2018 Series A	03/06/18	05/15/42	2.24% - 4.12%	45,000,000	40,550,000
Refunding Revenue Bonds:					
2015 Series A	04/01/05	05/15/23	2.00% - 5.00%	31,900,000	-
2017 Series A	11/21/17	05/15/27	2.28% - 3.26%	68,720,000	61,515,000
2021 Series A	04/01/21	05/15/26	1.11%	32,170,000	17,960,000
Total Bonds Payable					<u>\$ 180,975,000</u>

The Authority is limited to the issuance of bonds or notes in an aggregate principal amount of \$305,000,000. At June 30, 2022, outstanding bond and note indebtedness totals \$180,975,000.

In November 2017, the 2009 Series A Bonds outstanding in the amount of \$64,800,000 were advance refunded via the Authority's issuance of Revenue Refunding Bonds, 2017 Series A (federally taxable) (2017 Series A Bonds).

Concurrent with the issuance of the 2009 Series A Bonds, a financial guaranty insurance policy was issued by Assured Guaranty Corp. (AGC). The policy provided maximum coverage for principal and interest payments on the 2009 Series A Bonds of \$127,472,366. Coverage under the policy terminated with the advance refunding of the 2009 Series A Bonds.

Simultaneous with the issuance of the 2009 Series A and Series B Bonds (2009 Series Bonds), a Debt Service Reserve Fund Facility (the Facility) was issued by Assured Guaranty Municipal Corp. (AGM), formerly Financial Security Assurance, Inc. (FSA) to meet the Debt Service Reserve Fund requirement. The Facility provides maximum coverage of \$16,230,945. Coverage under the Facility expires at the earlier of May 15, 2027 or the date upon which the bonds issued under 1991 General Revenue Bond Resolution (i.e., 2017 Series A and 2021 Series A) are no longer outstanding. In March 2022, AGM was rated by Moody's as A1. In July 2022, AGM was rated by S&P as AA.

In March 2018, the Authority issued the Garrahy Parking Garage Lease Revenue Bonds, 2018 Series A (federally taxable) (2018 Series A Bonds), in an aggregate amount of \$45,000,000 for the purpose of (i) financing the acquisition, construction, equipping and improvement of the CSG, (ii) paying the costs of issuance, and (iii) paying capitalized interest on the 2018 Series A Bonds. The bonds mature between 2019 and 2042.

In April 2021, the 2015 Series A Bonds outstanding in the amount of \$30,080,000 were advance refunded via the Authority's issuance of Revenue Refunding Bonds, 2021 Series A (federally taxable) (2021 Series A Bonds).

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 BONDS PAYABLE (CONTINUED)

During April 2021, the Authority issued its 2021 Series A Bonds in an aggregate amount of \$32,170,000 for the purpose of refunding the Authority's outstanding 2015 Series A Bonds and to pay the costs of issuance. The 2021 Series A Bonds mature between 2021 and 2026. The net proceeds of \$32,013,491 (after payment of \$156,509 in issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the escrow agent and the Authority. The proceeds were used to acquire United States Treasury Securities – State and Local Government Series (SLGS). All investment income on and the maturing principal of the SLGS held in the escrow deposit fund will be irrevocably deposited by the Authority for payment on the refunded bonds, which are considered defeased. In May 2021 and May 2022, \$10,250,000 and \$10,765,000, respectively, of the defeased debt was redeemed. In May 2023, \$9,065,000 of the defeased debt is scheduled to be redeemed. The Authority refunded the 2015 Series A Bonds to reduce debt service payments in 2021 and 2022 and to provide the opportunity for future economic benefits associated with the elimination of the private use restrictions of tax-exempt bonds.

All outstanding indebtedness is subject to optional and mandatory redemption provisions. Mandatory redemption is required for certain bonds over various years through 2027 at the principal amount of the bonds. Certain bonds may be redeemed early, at the option of the Authority, at amounts ranging from 100% to 102% of the principal balance.

Outstanding indebtedness is collateralized by all rents receivable (if any) under a lease and agreement between the Authority and the State covering all property purchased by the Authority for the site (see Note 9), all other revenues and receipts from the project, a mortgage on constructed facilities, land financed by proceeds of the bonds, and amounts held in various accounts into which bond proceeds were deposited. In addition, outstanding indebtedness is insured under certain financial guaranty insurance policies.

Rhode Island Capital Plan Fund (RICAP)

In June 2021, the Authority and the DOA entered into an agreement, as amended in July 2021 and again in June 2022 (RICAP Agreement), that provides for total proposed appropriations from RICAP of \$27,927,500 for capital projects at the RICC, \$23,362,500 to fund the Renewal and Replacement Fund established in the 2006 Series A Bonds for capital projects at the AMP, and \$1,425,000 for capital projects at The Vets for fiscal years ending 2022 through 2027. RICAP funding for The Vets pertains to assets owed by the State.

The proposed RICAP appropriations for capital projects at the RICC are \$2,000,000, \$7,350,000, \$10,237,500, \$3,340,000, \$2,500,000, and \$2,500,000 for FY22, FY23, FY24, FY25, FY26, and FY27, respectively.

The proposed RICAP appropriations for capital projects at the AMP are \$2,300,000, \$8,150,000, \$6,212,500, \$2,100,000, \$2,300,000, and \$2,300,000 for FY22, FY23, FY24, FY25, FY26, and FY27, respectively.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 BONDS PAYABLE (CONTINUED)

Rhode Island Capital Plan Fund (RICAP) (Continued)

The proposed RICAP appropriations for capital projects at The Vets are \$285,000, \$765,000, \$100,000, \$75,000, \$100,000, and \$100,000 for FY22, FY23, FY24, FY25, FY26, and FY27, respectively.

Under the RICAP Agreement, amounts are subject to annual appropriations by the Rhode Island General Assembly and any unexpended funds from one fiscal year will be carried over to the subsequent fiscal year.

For the fiscal year ended June 30, 2022, the Authority was appropriated RICAP funds totaling \$2,000,000 and \$2,300,000 for the RICC and AMP, respectively. These funding allocations are included in nonoperating revenues in the accompanying statement of revenues, expenses, and changes in net position.

For the fiscal year ended June 30, 2022, the State advanced \$285,000 in RICAP funding to the Authority for capital projects at The Vets of which \$120,232 was incurred for projects at The Vets pertaining to State assets. As a result, \$164,768 is reported as a capital advance from the State as of June 30, 2022 in the accompanying statement of net position.

At June 30, 2022, aggregate scheduled principal and interest payments due on the Authority's bonds through maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 20,250,000	\$ 7,463,671
2024	20,525,000	7,007,660
2025	21,225,000	6,305,807
2026	21,975,000	5,560,380
2027	21,095,000	4,777,568
2028 - 2032	33,240,000	16,414,130
2033 - 2037	29,305,000	6,545,018
2038 - 2042	13,360,000	1,766,638
Total	<u>\$ 180,975,000</u>	<u>\$ 55,840,872</u>

Changes in bonds payable during the year ended June 30, 2022 were as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	<u>\$ 194,970,000</u>	<u>\$ -</u>	<u>\$ (13,995,000)</u>	<u>\$ 180,975,000</u>	<u>\$ 20,250,000</u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 BONDS PAYABLE (CONTINUED)

Surety Bonds

The Authority maintains an agreement with AMBAC Indemnity Corporation (AMBAC) under which AMBAC provides the Authority with surety bond coverage to meet Debt Service Reserve Fund requirements for the RICC. The surety bond provides a maximum coverage of \$15,200,000. Coverage under the surety bond expires on May 15, 2023.

The Authority maintains additional agreements with AMBAC for the RICC under which AMBAC provides the Authority with separate surety bond coverages to meet Debt Service Reserve Fund and Operating Reserve Fund requirements, respectively. The surety bond relating to the Debt Service Reserve Fund requirements replaced mandated investments and provides a maximum coverage of approximately \$8,755,000. The surety bond relating to the Operating Reserve Fund requirements also replaced mandated investments and provides a maximum coverage of approximately \$3,895,000. Coverage under both surety bonds expires on May 15, 2027.

The Debt Service and Operating Reserve Fund Facilities are required to have a credit rating in one of the three highest categories by Moody's and S&P. As of June 30, 2022, AMBAC's credit rating did not meet the aforementioned requirement.

Debt Compliance

The Authority is required by the Internal Revenue Service, as well as its various bond resolutions, to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Authority must comply with various restrictions on investment earnings from bond proceeds. The Authority is in compliance with all tax code provisions and bond covenants with exception of certain maintenance of funds requirements as explained below.

Maintenance of Funds

During the year ended June 30, 2022, the Authority was unable to fund the Operating Reserve requirement of the restrictive covenants for the RICC and the AMP pursuant to the indentures.

During the year ended June 30, 2022, the Authority satisfied the Debt Service Reserve requirement of the restrictive covenants for the RICC pursuant to the indenture due to the surety bond the Authority acquired from AGM.

At June 30, 2022, the balance in the Authority's Renewal and Replacement Fund for the AMP was greater than the minimum balance required by the 2006 Series A bonds.

During the year ended June 30, 2022 and 2021 the Authority funded the Renewal and Replacement requirement included in the 2018 Series A Bonds.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER COMMITMENTS AND RELATED PARTY TRANSACTIONS

Collective Bargaining Agreements

At June 30, 2022, SMG, the management company that operates the RICC and AMP, has several collective bargaining agreements, which expire at various dates through April 2024, covering approximately 88% of SMG's labor force. Collective bargaining agreements that have expired cover approximately 54% of SMG's labor force.

SMG contributes to several union-sponsored multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans differ from single-employer plans. The potential risks include, but are not limited to, the use of SMG's contributions to provide benefits to employees of other participating employers, SMG becoming obligated for other participating employers' unfunded obligations, and, upon SMG's withdrawal from a plan, SMG being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. SMG has no intention of withdrawing from the plans.

Contributions are payable monthly and are determined on the basis of the number of hours worked by the respective employees. The union pension plans do not account for plan assets and liabilities separately for participating employers. Accordingly, information regarding the plans' assets, liabilities, and pension benefit obligations applicable to SMG is not available.

The Authority's legal counsel has determined that it is possible that the Authority could be responsible for funding the unfunded pension obligations attributable to SMG's labor force, past and present, who are beneficiaries of the union-sponsored multiemployer defined benefit plans to which SMG contributes, although the weight of the case law on this question would favor the Authority's position that it is not responsible for these obligations if it were to seek to avoid paying any actual withdrawal liability claim.

RICC and AMP Management Agreements

The Authority has a management agreement with SMG which was amended effective July 1, 2019, the terms of which expired on June 30, 2022, under which SMG provides various services relating to the operations of the RICC, including its parking facilities, the AMP, and the CSG. The management agreement contains various provisions for an extension to June 30, 2023, 2024, 2025, or 2026 if certain financial targets are reached pertaining to annual and cumulative results during the years ended June 30, 2022, 2021, and 2020. Based on the terms of the management agreement, the Authority funds payroll and related costs of SMG's labor force, which have been included in personnel services on the statement of revenues, expenses, and changes in net position. For the year ended June 30, 2022, SMG personnel services totaled \$11,797,243.

The Authority incurs an annual base management fee of \$200,000 for the RICC, including its parking garages and \$50,000 for the AMP. Management fees are embedded in the operating budgets of both entities and are requested in a monthly funding format.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER COMMITMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)

RICC and AMP Management Agreements (Continued)

In addition to the base management fees, the Authority incurs incentive compensation consisting of both quantitative and qualitative components. The quantitative component for the RICC is based upon certain food and beverage and parking revenue benchmarks. The quantitative component for the AMP is conditional upon the AMP achieving an annual deficit reduction or break-even results.

The qualitative portion of the incentive fee cannot exceed \$60,000 and \$40,000 annually for the RICC and AMP, respectively.

The base management fees were \$250,000 for the year ended June 30, 2022. The Authority advances funds to SMG to pay operating expenses of the RICC and the AMP.

Under the terms of the management agreement, SMG is committed to advance \$750,000 in two equal installments to the Authority for operation and maintenance of the RICC, including its parking garages, and the AMP. The first installment was advanced in October 2011 and the second was due July 2017. The Authority's repayment of SMG's advances is forgiven ratably during the term of the agreement. Upon termination of the management agreement, any unforgiven balance shall be paid by the Authority to SMG within 30 days of expiration.

The Vets Management Agreement

The Authority has a management agreement with PFM, which expired on June 30, 2021, relating to the operations of The Vets. The agreement with PFM provided for annual payments of \$125,000 for management services and \$125,000 for centralized operating services, which are adjusted bi-annually by the CPI Adjustment, not to exceed 3.0%. The agreement also provided for a quantitative incentive fee equal to 25% of net income from self-presented shows, as defined in the agreement. The management agreement was extended under the same terms through June 30, 2022.

Effective July 1, 2022, the Authority and PFM entered into a new management agreement, which expires on June 30, 2027 and is automatically renewed through June 30, 2032, subject to provisions defined in the agreement. The new agreement provides for annual payments of \$150,000 for management services and \$300,000 for centralized operating services, which is adjusted annually by the CPI Adjustment, not to exceed 3.5%. The new agreement also provides for an annual quantitative incentive fee equal to the first \$125,000 of net income, as defined in the new agreement, 50% of net income in excess of \$125,000, and 25% of net income from self-presented shows and certain rental shows, as defined in the agreement.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER COMMITMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)

Providence / Warwick Convention & Visitors Bureau (CVB)

Pursuant to agreements between the Authority and the CVB, which expired on June 30, 2022, the CVB provides marketing and other services to the Authority; fees for these services were \$750,000 for the year ended June 30, 2022.

Effective July 1, 2022, the Authority and the CVB entered into a new agreement, which expires on June 30, 2025. Under the terms of the new agreement, the CVB will receive \$630,000 annually for general marketing services and an amount to be agreed-upon annually for targeted marketing services to promote the shared goal of maximizing hotel room nights in Providence, Rhode Island and generating significant direct spend in the Providence market associated with activity at the RICC. The amount agreed-upon for targeted marketing services during the fiscal year ending June 30, 2023 is \$120,000.

Net Metering Credit Sales Agreement

The Authority has entered into a net metering credit sales agreement with a renewable energy solutions provider under which the Authority has agreed to purchase 100% of the net metering credits generated by a wind energy facility up to a maximum of 8,300,000 kilowatt hours (kWh) per year (the NMC Target). The renewable energy solutions provider shall request that the Authority's electric distribution company allocate the monthly net metering credits purchased by the Authority to the Authority's account with the electric distribution company. Each month, the Authority shall pay the renewable energy solutions provider an amount equal to 69% of the net metering credits purchased.

The obligations of the renewable energy solutions provider and the Authority are contingent upon i) sufficient energy generation by the wind energy facility, which is leased to the renewable energy solutions provider and subleased to the Authority, and ii) the electric distribution company's acceptance and allocation of the net metering credits to the Authority's account with the electric distribution company. The net metering credit sales agreement expires in FY44 and provides conditions and options for both parties under which the NMC Target may be reduced.

NOTE 9 LEASE REVENUE FROM STATE

The Authority maintains a Lease and Agreement, dated November 1, 1991 and amended July 1, 1993 (the Agreement), with the State. The Agreement establishes provisions for the Authority, as lessor, to lease the RICC and related facilities (including the land on which the sites are located) to the State. The State has the option to purchase the leased property at any time during the lease term for the sum of all obligations of the Authority then outstanding plus \$1. The lease term extends until such time as all outstanding indebtedness (see Note 7) is paid in full.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 LEASE REVENUE FROM STATE (CONTINUED)

Minimum annual lease payments from the State are equal to the debt service costs of the Authority. In the event of an operating deficit (excluding depreciation), annual lease payments may be increased by the amount of the deficit. The obligation of the State to pay such rentals is subject to and dependent upon annual appropriations of such payments being made by the Rhode Island General Assembly for such purpose. Those appropriations are made in connection with the State's annual budgetary process and are therefore dependent upon the State's general financial resources and factors affecting such resources. The Authority was appropriated \$20,102,601 for the year ended June 30, 2022, respectively, from the State, exclusive of working capital advances and represents the net debt service for the RICC, AMP, and CSG. For the year ended June 30, 2022, debt service appropriations from the State are net of \$1,725,201 contributed by the Authority from the operations of the CSG.

The Authority's ability to continue operations is dependent upon receipt of the annual State appropriation of lease revenue.

The Authority has entered into a sublease agreement with the State, for a term equal to the term of the above Lease and Agreement, whereby the Authority subleases the RICC and related facilities from the State for \$1 per year.

NOTE 10 COMMITMENT AND CONTINGENCIES

Through June 30, 2022, the Authority's remaining commitment under contracts entered into with vendors associated with construction projects totaled approximately \$2,241,000.

The Authority is involved in various claims and legal actions arising in the ordinary course of business and construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Authority's financial position or results of operations.

NOTE 11 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, errors and omissions, property casualty and liability, and workers' compensation claims for which the Authority carries commercial insurance. Management believes the Authority has access to sufficient funds for potential claims, if any, that are subject to deductibles or are in excess of stated coverage maximums. The Authority is not aware of any potential claims. During the past five years, claims settled have not exceeded the Authority's coverage, and there have been no significant reductions in insurance coverage. Accordingly, the Authority has not recorded a reserve for potential claims.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 RETIREMENT PLANS

The Authority sponsors two retirement plans: the Rhode Island Convention Center Authority Retirement Plan, a defined contribution 401(a) plan and the RI Convention Center Authority 457 Plan, a deferred compensation 457(b) plan. The retirement plans allow for employee and discretionary employer contributions and cover substantially all full-time employees who meet the eligibility requirements. The Authority is the administrator of the plans, under which benefits are 100% vested, cannot be forfeited, and the Authority can establish and amend benefit terms. For the year ended June 30, 2022 the Authority contributed \$35,037 to the 457(b) and 401(a) plans.

NOTE 13 CORONAVIRUS

On January 30, 2020, the World Health Organization declared the spread of a novel strain of Coronavirus (COVID-19) to constitute a “Public Health Emergency of International Concern.” The spread of COVID-19 has caused significant disruption to the hospitality industry and to the Authority’s operations, which were closed from mid-March 2020 through July 2021. Since re-opening in August 2021, each of the Authority’s facilities have resumed principal ongoing operations. At this time, the extent to which COVID-19 may impact the Authority’s financial position or results of operations cannot be reasonably estimated.

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
ACCOMPANYING INFORMATION TO FINANCIAL STATEMENTS
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
YEAR ENDED JUNE 30, 2022**

Payee	Purpose	Amount
<u>RICCA</u>		
Various	Miscellaneous amounts under \$200	\$ 309
<u>RICC</u>		
Senior Sales Manager	NOA - air, hotel, parking	715
Senior Sales Manager	Expo Expo - hotel, taxi - Dec '21	689
General Manager	Aurora Club - Complex meeting	262
Various	Miscellaneous amounts under \$200	498
	Total RICC	<u>2,164</u>
<u>AMP</u>		
Senior Director of Sales, Marketing, & Booking	EAMC - hotel, taxi, baggage - May '22	1,541
Senior Director of Sales, Marketing, & Booking	IEBA conference - hotel, taxi, bags - Nov '21	1,531
Executive Assistant / Booking	IEBA conference - hotel, bags - Nov '21	1,356
Senior Director of Sales, Marketing, & Booking	IEBA conference - Nashville, TN - Meals - Oct'21	625
Senior Director of Sales, Marketing, & Booking	EAMC - airfare - May '22	480
Senior Marketing Specialist	EAMC - airfare - May '22	480
Executive Assistant / Booking	IEBA conference - airfare - Oct '21	443
Senior Director of Sales, Marketing, & Booking	IEBA conference - airfare - Oct '21	443
Senior Director of Sales, Marketing, & Booking	J Taylor - B Leff / T Fitch	409
Senior Director of Sales, Marketing, & Booking	EAMC - meals - May '22	294
Various	Miscellaneous amounts under \$200	303
	Total AMP	<u>7,906</u>
<u>The Vets</u>		
Office Manager	Cheesecake Factory - staff holiday lunch	247
Office Manager	Cheesecake Factory - Vets Foundation Board lunch	207
Various	Miscellaneous amounts under \$200	567
	Total VMA	<u>1,021</u>
	Grand total	<u>\$ 11,400</u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
ATTACHMENT B STATEMENT OF NET POSITION
STATE OF RHODE ISLAND REQUIRED FORMAT
JUNE 30, 2022**

Statement of Net Position

Attachment B

Assets:

Current assets:

Cash and cash equivalents	\$ 9,206,770
Investments	-
Receivables, net	4,204,117
Restricted assets:	
Cash and cash equivalents	7,426,180
Investments	-
Receivables, net	-
Other assets	-
Due from primary government	29,982
Due from other component units	-
Due from other governments	-
Inventories	-
Other assets	614,555
Total current assets	<u>21,481,604</u>

Noncurrent assets:

Investments	-
Receivables, net	23,204,098
Due from other governments and agencies	-
Restricted assets:	
Cash and cash equivalents	-
Investments	-
Receivables, net	-
Other assets	-
Due from other component units	-
Net pension asset	-
Net OPEB asset	-
Capital assets - nondepreciable	47,648,007
Capital assets - depreciable, net	98,034,622
Other assets, net of amortization	232,403
Total noncurrent assets	<u>169,119,130</u>
Total assets	<u>190,600,734</u>

Deferred outflows of resources:

Deferred loss on advance debt refunding	3,290,251
Deferred pension amounts	-
Deferred OPEB amounts	-
Other deferred outflows of resources	-
Total deferred outflows of resources	<u>3,290,251</u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
ATTACHMENT B STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

Statement of Net Position (Continued)	Attachment B
Liabilities:	
Current liabilities:	
Cash overdraft	\$ -
Accounts payable	5,358,460
Due to primary government	257,740
Due to other component units	-
Due to other governments	-
Accrued expenses	-
Compensated absences	-
Unearned revenue	3,757,185
Capital advance, primary government	164,768
Other current liabilities	51,920
Current portion of long-term debt	20,250,000
Total current liabilities	29,840,073
Noncurrent liabilities:	
Due to primary government	-
Due to other component units	-
Due to other governments	-
Net pension liability	-
Net OPEB obligation	-
Unearned revenue	178,257
Notes payable	-
Loans payable	-
Obligations under capital leases	-
Compensated absences	-
Bonds payable	160,725,000
Other liabilities	46,458
Total noncurrent liabilities	160,949,715
Total liabilities	190,789,788
Deferred inflows of resources:	
Deferred gains on refunding	-
Deferred pension amounts	-
Deferred OPEB amounts	-
Other deferred inflows of resources	25,624,032
Total deferred inflows of resources	25,624,032
Net position:	
Net investment in capital assets	(27,804,804)
Restricted:	
Debt	-
Other	2,509,171
Nonexpendable	-
Capital projects	-
Unrestricted	2,772,798
Total net position	\$ (22,522,835)

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
ATTACHMENT C STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

<u>Statement of Activities</u>	<u>Attachment C</u>
Expenses	\$ 48,100,456
Program revenues:	
Charges for services	21,230,790
Operating grants and contributions	-
Capital grants and contributions	-
Total program revenues	<u>21,230,790</u>
Net (expenses) revenues	(26,869,666)
General revenues:	
Interest and investment earnings	196,492
Miscellaneous revenue	6,741,449
Total general revenues	<u>6,937,941</u>
Transfers from primary government	28,791,521
Extraordinary items	-
Change in net position	<u>8,859,796</u>
Total net deficit position - beginning	<u>(31,382,631)</u>
Total net deficit position - ending	<u><u>\$ (22,522,835)</u></u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
ATTACHMENT D SCHEDULE OF DEBT SERVICE TO MATURITY – LONG-TERM DEBT
YEAR ENDED JUNE 30, 2022**

Attachment D

**Schedule of Debt Service to Maturity
Long-Term Debt**

Bonds Payable

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 20,250,000	\$ 7,463,671
2024	20,525,000	7,007,660
2025	21,225,000	6,305,807
2026	21,975,000	5,560,380
2027	21,095,000	4,777,568
2028 - 2032	33,240,000	16,414,130
2033 - 2037	29,305,000	6,545,018
2038 - 2042	13,360,000	1,766,638
Total	<u>\$ 180,975,000</u>	<u>\$ 55,840,872</u>

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
ATTACHMENT E SCHEDULE OF CHANGES IN LONG-TERM DEBT
YEAR ENDED JUNE 30, 2022**

	Schedule of Changes in Long-Term Debt					Attachment E
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 194,970,000	\$ -	\$ (13,995,000)	\$ 180,975,000	\$ 20,250,000	\$ 160,725,000
Notes payable	-	-	-	-	-	-
Notes payable - direct borrowings	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Lease liabilities	-	93,755	-	93,755	47,297	46,458
Paycheck Protection Program loan	121,925	-	(121,925)	-	-	-
Net pension liability	-	-	-	-	-	-
Net OPEB obligation	-	-	-	-	-	-
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	2,579,374	1,356,068	-	3,935,442	3,757,185	178,257
Accrued liabilities	61,892	-	(61,892)	-	-	-
Compensated absences	-	-	-	-	-	-
Arbitrage rebate	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-
Funds held for others	-	-	-	-	-	-
Retainage payable	129,002	-	(124,379)	4,623	4,623	-
Total	\$ 197,862,193	\$ 1,449,823	\$ (14,303,196)	\$ 185,008,820	\$ 24,059,105	\$ 160,949,715



**INDEPENDENT AUDITORS' 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**

Board of Commissioners
Rhode Island Convention Center Authority
Providence, Rhode Island

We have audited, in accordance with the 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, the financial statements of the Rhode Island Convention Center Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rhode Island Convention Center Authority's basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rhode Island Convention Center Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rhode Island Convention Center Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Rhode Island Convention Center 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

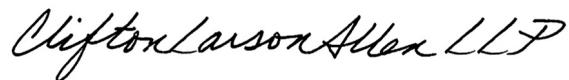
As part of obtaining reasonable assurance about whether Rhode Island Convention Center Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Rhode Island Convention Center Authority's Response to Finding

Rhode Island Convention Center Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. Rhode Island Convention Center Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 29, 2022

**RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2022**

2022-001	Restrictive Covenants
Type of Finding	Noncompliance
Prior Year Finding	Yes
Criteria	Bond indentures require that the Authority fund the Operating Reserve requirement of the restrictive covenants for the RICC and the AMP.
Condition	During the year ended June 30, 2022, the Authority was unable to fund the Operating Reserve requirement of the restrictive covenants for the RICC and the AMP pursuant to the indentures.
Context	The Authority is currently in violation of certain debt indentures with respect to the Operating Reserve requirement.
Effect	As a result of this fund not being funded, the Authority is in noncompliance with certain bond indentures.
Cause	The Authority does not have sufficient cash flow to fund the Operating Reserve.
Recommendation	We recommend that the Authority fund the Operating Reserve.
Views of Responsible Officials and Planned Corrective Action	Authority Response The Authority will fund the Operating Reserve provided there is sufficient cash flow. Given that the Authority continues to make timely and complete debt service payments, it would make little sense for the trustee to declare a default for reserve fund noncompliance. In fact, this has been the practical practice over several years as the Authority has failed to maintain adequate reserves due to insufficient State appropriations. If a default was declared, the Authority would have 90 days to cure and would seek a legislative appropriation to remedy the default. Of course, annual appropriations in excess of debt service requirements would assist in building reserves and reaching the requirements.