NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Financial Statements and
Independent Auditors’ Report

March 31, 2022 and 2021

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York Convention Center
Operating Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the New York Convention Center Operating Corporation (the "Corporation"), as of and for the years ended March 31, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Corporation'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 Corporation, as of March 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently know 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 39 through 41 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2022 on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This annual report includes the independent auditors' report, management's discussion and analysis, and the financial statements of New York Convention Center Operating Corporation ("NYCCOC", the "Javits Center", or the "Center"). The financial statements include notes and required supplementary information that explain in more detail the information in the annual report. Readers should consider management's discussion and analysis in conjunction with the financial statements taken as a whole.

The financial statements of the Javits Center report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the Center's financial activities and may be summarized as follows:

The Statements of Net Position present the financial position of the Javits Center at the end of each fiscal year reported. It includes all the Center's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Center's creditors (liabilities). It also provides the basis for evaluating the net position of the Center and assessing the Center's liquidity and financial strength. The current assets and liabilities represent assets expected to be converted into cash and/or utilized and liabilities expected to be paid and/or settled during the subsequent fiscal year.

The Statements of Revenue, Expenses and Changes in Net Position presents the Javits Center's revenue and expenses, for the fiscal years ended March 31, 2022 and 2021. These statements measure the financial performance of the Center during the fiscal years presented and can be used to determine whether the Center has recovered all its costs through space rental and related event services.

The Statements of Cash Flows present cash receipts, cash payments and net changes in cash and equivalents resulting from operating, noncapital financing, capital and related financing and investing activities, and provides answers to such questions as where cash originated from, what cash was used for, and what was the change in Javits Center's cash position for the fiscal years presented.

The mission of the Javits Center is to serve the citizens of the State and City of New York by generating new business and employment opportunities, serving as a catalyst for the continued redevelopment of the local community and operating in the public interest, consistent with the social, economic, and environmental priorities of existing state policy. The Center meets these objectives through maximizing the booking of trade events, public events, and special events (corporate events and conferences) that stimulate spending within the regional economy, create jobs at the Center and in the surrounding community and generate a reliable source of revenue for the State and City of New York.

Overview of the Major Initiatives/Recent Developments

Back to Business

As the US economy continues to reopen, in August 2021, the Javits Center resumed its role as preeminent host to an increasing number of trade shows, conventions, conferences, and special events. For the fiscal year ended March 31, 2022, the Center hosted 62 events, supported by 2,014 employees working approximately 915,000 hours. Total revenue for the year was approximately $125 million, which included event-related revenue of $77 million, supplemented by revenue from the New York Medical Facility (Field Hospital) ($24.6 million) and the Vaccination Center (JAVAX) ($23.6 million). The major facility expansion project, completed in May 2021 and discussed below, enabled the Center to host a wider array of meetings and events, including international business conferences.

COVID-19 Response

Over the past two years, the Javits Center transformed its operations to assist in the unprecedented fight against COVID-19, playing a vital role in the treatment and vaccination of hundreds of thousands of New Yorkers of all ages and backgrounds. The Javits Center served the community as a field hospital from March 2020 to March 2021, providing the opportunity for medical professionals to care for more than 1,000 patients transported from local hospitals. In January 2021, the Javits Center erected JAVAX, the largest vaccination center in the country, which administered 646,000 COVID-19 vaccines to New Yorkers before this temporary facility on Level 3 was closed in July 2021.

In conjunction with the New York State Department of Health and the New York National Guard, these historic operations have proven the importance of convention centers to the surrounding community and reinforced the value of large venues in helping governments respond to large-scale emergencies.

Expansion

On May 11, 2021 Governor Cuomo announced the completion of the $1.5 billion expansion of the Javits Center. This design build project was completed on budget despite the challenges related to COVID-19. The expansion was led by the New York Convention Center Development Corporation ("NYCCDC") working with the Center's operating team to ensure that the new structure meets the existing facility's operating needs. Together, the Center's and NYCCDC's goal was to seamlessly align the existing facility with the expansion building.

The expansion includes more than 200,000 square feet of new meeting room and pre-function space, existing meeting room space, a new exhibition space that resulted in 500,000 gross square feet of contiguous space on Level 3, the largest ballroom/event space (54,000 square feet) in the Northeast. The new exhibition and meeting spaces are equipped with the latest technology in lighting fixtures, heating and cooling systems and wireless connectivity. The western portion of the fourth level of the expansion includes a year-round, rooftop pavilion with views over the Hudson River, which can accommodate up to 1,500 guests, along with an outdoor entertainment space with the same capacity. The eastern portion of the fourth level includes a one-acre rooftop vegetable garden, known as the Farm. The Farm produces fruit and vegetables to be utilized in catering to events held at the Center and is the largest of its kind in Manhattan.

Overview of the Major Initiatives/Recent Developments (Continued)

Expansion, Continued

The expansion provides for a four-level truck marshalling facility that accommodates approximately 200 tractor trailer trucks simultaneously and 27 new loading docks, reducing truck trips, improving air quality, traffic flow and pedestrian safety. The expansion also includes a transformer building designed to power the expanded convention center and plays a role in the Center's continued focus on reducing expenses and increasing energy efficiency.

Infrastructure

With a robust capital plan, made possible by funds supplied by the building's owner, NYCCDC and an active maintenance program supported by surplus receipts from Javits Center's operations, the Center is consistently improving infrastructure through a series of upgrades that enhance operations, improve public safety, and create a better experience for customers, business partners, employees, and stakeholders. The Javits Center continued to improve its infrastructure despite the challenges related to COVID-19 and after reopening in August 2021, implementing key enhancements that will increase the overall safety of the building. The Center replaced the HVAC and electrical power distribution equipment that had reached full life expectancy; installed new fire alarm and smoke control systems, now in the last phase of the permitting process; renovated the Javits Center's command center; and expanded energy, sustainability, and resiliency projects by adding new emergency and standby power generators, and stormwater retention systems.

Construction of a solar farm began in spring of 2022, located on the Center's 6.75-acre green roof. The project is being developed by Siemens and exists as a back-to-back purchase power agreement with the New York Power Authority and the Javits Center. It will be Manhattan's largest rooftop solar farm, providing 1.7 megawatts (MW) of solar energy for the facility and include 3.5 MW of battery storage. The Javits Center solar farm is an important project to help meet the aggressive targets outlined in the Climate Leadership and Community Protection Act ("Climate Act"). The Javits Center is leading the way to aid the State in a path toward economy-wide carbon neutrality.

Excess solar power will be stored in batteries, providing the Center with off-grid, renewable energy. The battery system will be integrated into the facility's unique microgrid, with controllability in how the Center draws its power. The microgrid is part of the Center's resiliency program and includes three diesel generators which can provide the facility with enough power to be off grid for six consecutive days if needed. Pairing the solar battery storage system into the microgrid provides a clean energy source, and it will be the first battery storage system to participate in the Con Edison Demand Response program.

Sustainability

The Center continues to enhance its robust sustainability program to improve the quality of life for our employees, visitors, and the surrounding neighborhood. The Center strives to be a model of sustainable practices for the exhibition industry, buildings across New York State and the surrounding community and has achieved LEED certification.

Overview of the Major Initiatives/Recent Developments (Continued)

Sustainability, Continued

Rooftop Habitats - There have been 37 species of birds surveyed by New York City Audubon on the green roof to date, plus five bat species and thousands of arthropods. Five thriving beehives are located on the green roof and four additional hives will be added to the new one-acre rooftop farm this summer. In September of 2021, the Center launched its first micro growing season on the Farm, which includes soil for produce, a 3,500 square foot all season greenhouse with hydroponics, seedling growing and microgreens, and a 10,000 square foot orchard and perennial food forest. All the produce grown on the Farm is used for meals during events held at the venue, with any excess produce donated through the JavitsCares program, a robust effort that redirects excess goods from events to local non-profit organizations.

Energy Conservation - As part of the sustainability program the Center continues to be enrolled in three demand response programs, under which consumers are paid for reducing energy during peak periods of local high demand. Utilizing the building management system, the Center monitors the energy consumption level and responds accordingly to assist local agencies managing the region's output. As a result, the Center has achieved significant savings.

Community

The primary mission of the Javits Center is to spur economic activity, but the Center continues to support the community through a variety of initiatives.

The JavitsCares program facilitates the donation of various goods and materials to non-profit organizations for use in schools, churches, and theatre groups. The Center works closely with event organizers and exhibitors to identify, secure, and transport a wide range of items left behind at the conclusion of events. These items, such as furniture, household products and construction materials, are typically purchased for one-time use at the event, however, are repurposed under JavitsCares with a donation to non-profit organizations and community groups throughout New York. To date, over 10,000 items, amounting to over 132,000 lbs. of various tables, seating, lighting, and storage items have been donated to Materials for the Arts, Hour Children, Pioneer Works, Covenant House, Housing Works, Council for the Arts and Big Reuse. The Center has also helped to coordinate food rescue of over 100,000 lbs. to local organizations fighting food insecurity and food waste, including City Harvest, Rethink Food, The Bowery Mission, and New York Common Pantry.

In partnership with the Marian B. and Jacob K. Javits Foundation, the Javits Center has continued the Javits Juniors Scholarship Program, an effort designed to support the higher education of New York City high school students and encourage them to seek ways to improve their community through public service and innovative thinking. The program, in its fifth year and in coordination with the New York City Department of Education, the Fund for Public Schools and several event industry leaders, is facilitating six $10,000 college scholarships to local high school seniors from two schools on Manhattan's West Side.

Overview of the Major Initiatives/Recent Developments (Continued)

Current Business

The Javits Center is in the events business. This broad heading includes business to business events, business to consumer events and special events. The latter includes conferences, lectures, seminars, graduations, film premieres, charitable events, and other forms of entertainment. Revenue is generated by fees associated with the renting of space to event organizers and providing the necessary services and labor required to produce an event. Services include, but are not limited to, electrical, telecommunications, plumbing, audiovisual, set up furnishings and equipment, cleaning, catering and food concessions, security, advertising, and sponsorship opportunities. The labor provided includes freight movement, rigging, carpet installation, electrical services, internet products and services, booth erection and dismantling.

As a result of COVID-19 induced governmental restrictions placed on large gatherings, the conference and events industry was among the first to be affected by the pandemic and among the last to return to a new functional normal. During Fiscal 2022, as the governmental restrictions around large events were relaxed, the U.S. economy began to rebound, and business travel increased, the Center began to resume its prominent role as host to a portion of the events that it served prior to 2020. While the Center did realize meaningful revenue from its temporary role as a Field Hospital and JAVAX, the effects of COVID-19 resulted in the loss of approximately $108 million of event-related revenue (or 58%) in Fiscal 2022 relative to two years prior.

2022 Financial Highlights

The Javits Center has reopened to full capacity for trade shows, conventions, conferences, and special events in August 2021. A total of 62 events were held in fiscal year 2022 which included 44 recurring events and 18 new events.

The Javits Center's total operating revenue increased $64.8 million (107.8%) to $124.9 million driven by the return of hosting events and rental fees from the Field Hospital and JAVAX.

The Javits Center's total operating expenses increased $53.2 million (94.8%) to $109.3 million, primarily resulting from an increase in event related labor and facility maintenance.

Javits Center's total net position increased to $61.2 million, mainly driven by net income of $9.3 million. Unrestricted - board designated increased by $4.3 million to cover the total liability for the other postemployment benefits obligation. This impact was substantially offset by a $4.1 million decrease in net investment in capital assets related to fiscal year depreciation net of change in lease liabilities.

Summarized Statements

SUMMARIZED STATEMENTS OF NET POSITION

Summarized statements of net position at March 31, 2022 and 2021 are as follows:

	March 31, 2022 (000's)	March 31, 2021 (000's)	Increase/ (Decrease)
Assets:			
Current assets	$ 110,318	102,010	8,308
Capital assets, non-current	32,150	37,909	(5,759)
Noncurrent assets	4,516	4,776	(260)
Total assets	146,984	144,695	2,289
Deferred outflows of resources	13,820	11,828	1,992
Liabilities:			
Current liabilities	34,453	41,609	(7,156)
Noncurrent liabilities	3,348	18,623	(15,275)
Other postemployment benefits obligation, non-current	42,467	38,282	4,185
Total liabilities	80,268	98,514	(18,246)
Deferred inflows of resources	19,320	6,067	13,253
Net position:			
Net investment in capital assets	28,840	32,983	(4,143)
Unrestricted - board designated	43,255	38,971	4,284
Unrestricted deficit	(10,879)	(20,012)	9,133
Total net position	$ 61,216	51,942	9,274

Financial Analysis

- **Current Assets** - Current assets increased by $8.3 million (8.1%) to $110.3 million, resulting in a current ratio of 3.2 to 1. The increase is primarily attributable to a $4.4 million increase in other assets, a $2.2 million increase in accounts receivable, and a $1.1 million increase in unbilled show costs. The increase in other assets is mainly driven by $4.9 million of construction in progress costs for expansion related projects funded by NYCCDC and the timing of the related billing and payments. The increase in both accounts receivable and unbilled show costs at year-end are generally driven by the overall increase of services performed and billed for events.

- **Capital Assets, Non-current** - Capital Assets, Non-current decreased by $5.8 million (15.2%) to $32.2 million. The decrease reflects the impact from $6.3 million of depreciation and amortization expense, partially offset by a modest amount of Javits-funded capital additions during the year of $0.5 million.

- **Deferred Outflows of Resources** - Deferred outflows of resources are sums paid towards future contributions for retirement and other postemployment benefits, which will be reflected in actuarial valuations in subsequent years. As a result of Accounting and Financial Reporting under GASB Statements No. 68 and No. 75 and the accompanying changes of assumptions or other inputs and net differences between planned and actual investment earnings on respective plan investments, deferred outflows of resources increased by $2.0 million.

- **Current Liabilities** - Current liabilities decreased by $7.2 million (17.2%) to $34.5 million in fiscal year 2022. The decrease is primarily driven by a $17.3 million reduction in advances for capital improvements from affiliate, which relates to the payments received in fiscal year 2021 from NYCCDC for the acquisition of furniture, fixtures and equipment for the expansion project. This impact was partially offset by an increase of $7.7 million of unearned revenue for deposits on hand for future events, an increase of $1.8 million in accounts payable and $1.7 million in accrued expenses. The increase of unearned revenue, accounts payable and accrued expenses are related to the timing of cash payments received in advance of events closing out, as well as cash payments disbursed for operations in relation to year end.

- **Non-current Liabilities** - Non-current liabilities decreased by $15.3 million (82.0%) to $3.3 million. The decrease is primarily related to a $13.8 million decrease in the net pension liability related to the changes in actuarial assumptions and the difference between projected and actual investments earnings on pension plan investments related to GASB Statement No. 68. Additionally, the overall decrease reflects a $1.5 million reduction in lease liabilities related to payments made on leased equipment.

- **Other Postemployment Benefits Obligation, Non-current** - Other postemployment benefit obligation, non-current ("OPEB") increased by $4.2 million (10.9%) to $42.5 million, mainly due to employees accruing benefits for and additional year of service and the decrease in the discount rate.

- **Deferred Inflows of Resources** - Deferred inflows of resources reflect the difference between changes in the actuarial valuations for Pension and Other Postemployment Benefits (OPEB). As a result of Accounting and Financial Reporting for Pensions and OPEB, GASB Statements No. 68 and No. 75, and the accompanying changes of actuarial assumptions and net differences between planned and actual investment earnings on pension plan investments, deferred inflows of resources increased by $13.3 million.

- **Net Position** - Net position increased to $9.3 million (17.9%) to $61.2 million as a result of net income in fiscal year 2022. The Board of Directors reserved $43.3 million in unrestricted net position for other postemployment benefit obligations, an increase of $4.3 million over fiscal year 2021 due to the obligation's annual growth. This impact was substantially offset by a $4.1 million decrease in the net investment in capital assets related to fiscal year depreciation and amortization expense and the net of change in lease liabilities.

2021 Financial Highlights

The COVID-19 pandemic has severely impacted the event industry. All fiscal year 2021 planned events were cancelled or postponed resulting in significant losses of planned operating revenue. With the erection of and services provided to the Field Hospital and JAVAX we were able to partially offset the loss in revenue.

The Javits Center's total operating revenue decreased $124.9 million (67.5%) to $60.1 million. Service revenue decreased $112.1 million (72.3%) to $42.8 million related to event cancellation due to the pandemic.

The Javits Center's total operating expenses decreased $126.6 million (69.3%) to $56.1 million, primarily resulting from a significant decrease in event revenue. The Center also made substantive efforts to minimize operating costs during the pandemic.

Javits Center's total net position decreased to $51.9 million related to net loss of $1.5 million. Unrestricted - board designated increased by $.5 million to cover the total liability for the other postemployment healthcare obligation. Net investment in capital assets decreased by $3.5 million related to fiscal year depreciation.

Summarized statements of net position at March 31, 2021 and 2020 are as follows:

	March 31, 2021 (000's)	March 31, 2020 (000's)	Increase/ (Decrease)
Assets:			
Current assets	$ 102,010	81,501	20,509
Capital assets, non-current	37,909	43,125	(5,216)
Noncurrent assets	4,776	5,470	(694)
Total assets	144,695	130,096	14,599
Deferred outflows of resources	11,828	5,288	6,540
Liabilities:			
Current liabilities	41,609	28,281	13,328
Noncurrent liabilities	18,623	10,171	8,452
Other postemployment benefits obgligation, non-current	38,282	37,926	356
Total liabilities	98,514	76,378	22,136
Deferred inflows of resources	6,067	5,589	478
Net position:			
Net investment in capital assets	32,983	36,494	(3,511)
Unrestricted - board designated	38,971	38,497	474
Unrestricted deficit	(20,012)	(21,574)	1,562
Total net position	$ 51,942	53,417	(1,475)

Financial Analysis

- **Current Assets** - Current assets increased by $20.5 million (25.2%) to $102.0 million, resulting in a current ratio of 2.45 to 1. The increase of $20.5 million is attributable to a $20.1 million increase in cash and equivalents, a $4.2 million increase in short-term investments, and a $2.9 million increase in accounts receivable. The increase in cash and equivalents and short-term investments is related to payment on services provided for the Field Hospital and significant reductions made in non-essential operating costs that were paused during the COVID-19 pandemic. The increase in accounts receivable at year-end is related to the billing of the services provided to JAVAX. The increases are offset by a $6.3 million decrease in other current assets primarily related to timing of billing and payments from NYCCDC related to capital projects and a $0.4 million reduction in unbilled show costs due to no event activity at year-end.
- **Deferred Outflows of Resources** - Deferred outflows of resources are sums paid towards future contributions for retirement and other postemployment benefits, which will be reflected in actuarial valuations in subsequent years. As a result of Accounting and Financial Reporting for under GASB Statements No. 68 and No. 75 and the accompanying changes of assumptions or other inputs and net differences between planned and actual investment earnings on pension plan investments, deferred outflows of resources increased by $6.5 million.
- **Current Liabilities** - Current liabilities increased by $13.3 million (47.1%) to $41.6 million in fiscal year 2021. The increase is primarily due to an increase in advance for capital improvements from affiliate of $18.3 million, which relates to the payments received from NYCCDC for the acquisition of furniture, fixtures and equipment for the expansion and an increase of $1.6 million of unearned revenue for deposits on hand for future events. The increases are offset by reductions in capital lease payable ($4.2 million) related to payments made on leased equipment for the expansion, insurance claim reserve ($2.1 million) due to a decrease in claims during the fiscal year due to minimal event activity and a $0.3 million decrease in accounts payable and accrued expenses related to the timing of cash payments.
- **Non-current Liabilities** - Non-current liabilities increased by $8.4 million (83.1%) to $18.6 million. The increase is primarily related to a $10.2 million increase in the net pension liability related to the changes in actuarial assumptions and the difference between actual investments earnings on pension plan investments related to GASB Statement No. 68. The increase is offset by reductions in capital lease payable ($1.8 million) related to payments made on leased equipment.
- **Other Postemployment Benefits Obligation, Non-current** - Other postemployment benefit obligation, non-current ("OPEB") increased by $0.4 million (0.9%) to $38.3 million, mainly due to employees accruing benefits for and additional year of service and the decrease in the discount rate.
- **Net Position** - Net position fell $1.5 million (2.8%) to $51.9 million as a result of the net loss in Fiscal 2021. The Board of Directors reserved $39.0 million in unrestricted net position for other postemployment benefit obligations, an increase of $0.5 million over fiscal year 2020 due to the obligation's annual growth. This resulted in a $20.0 million unrestricted deficit.

SUMMARIZED CAPITAL ASSETS

Summarized capital assets at March 31, 2022 and 2021 are as follows:

	March 31, 2022 (000's)	March 31, 2021 (000's)	Increase/ (Decrease)
Construction in progress	$ -	6,792	(6,792)
Furniture, fixtures and equipment	27,095	26,297	798
Other capital assets	2,904	2,904	-
Improvements to Center	41,728	41,728	-
Right of use assets	14,281	7,743	6,538
Total capital assets	86,008	85,464	544
Less accumulated depreciation and amortization	(53,858)	(47,555)	(6,303)
	$ 32,150	37,909	(5,759)

- **Capital Assets** - Capital assets, net of depreciation and amortization for fiscal year 2022 decreased $5.8 million to $32.1 million (15.2%) compared to fiscal year 2021. The decrease is attributable to $6.3 million in depreciation and amortization for the fiscal year. Subsequent to the COVID-19 pandemic, the Center incurred a modest amount of capital additions to furniture, fixtures, and equipment which increase by $0.8 million. In addition, $6.8 million related to the completed network infrastructure project were transferred from construction in progress to furniture, fixtures and equipment, and right of use assets, respectively.

Summarized capital assets at March 31, 2021 and 2020 are as follows:

	March 31, 2021 (000's)	March 31, 2020 (000's)	Increase/ (Decrease)
Construction in progress	$ 6,792	12,749	(5,957)
Furniture, fixtures and equipment	26,297	20,066	6,231
Other capital assets	2,904	2,904	-
Improvements to Center	41,728	41,625	103
Right of use assets	7,743	7,743	-
Total capital assets	85,464	85,087	377
Less accumulated depreciation and amortization	(47,555)	(41,962)	(5,593)
	$ 37,909	43,125	(5,216)

- **Capital Assets** - Capital assets, net of depreciation and amortization for fiscal year 2021 decreased $5.2 million to $37.9 million or 12.1% over fiscal year 2020. The decrease is attributable to $5.6 million in depreciation and amortization for the fiscal year. During the COVID-19 pandemic the Center paused all non-essential capital projects. Furniture, fixtures, and equipment net increase of $6.2 million was related to transfers from construction in progress for the completion of the workforce management solution and enhancements made to the online ordering system. A $0.1 million improvement to the Center reflects an elevator piston replacement.

SUMMARIZED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Summarized statements of revenue, expenses, and changes in net position for the years ended March 31, 2022 and 2021 are as follows:

	March 31, 2022 (000's)	March 31, 2021 (000's)	Increase/ (Decrease)
Operating revenue:			
Event-related services	$ 69,350	42,841	26,509
Space rental	49,925	278	49,647
Advertising, concession and other	5,619	16,998	(11,379)
Total operating revenue	124,894	60,117	64,777
Total operating expenses	109,251	56,073	53,178
Depreciation and amortization	6,303	5,593	710
Income (loss) from operations	9,340	(1,549)	10,889
Total nonoperating income (expense)	(66)	74	(140)
Change in net position	9,274	(1,475)	10,749
Total net position at beginning of year	51,942	53,417	(1,475)
Total net position at end of year	$ 61,216	51,942	9,274

- ***Operating Revenue*** - Total operating revenue was $124.9 million, an increase of $64.8 million (107.8%) from $60.1 million in fiscal year 2021. The increase of $49.6 million (>10,000%) in event related services and space rental revenue of $26.5 million (61.9%) were attributed to revenue from the Field Hospital of $24.6 million, JAVAX of $23.6 million and the return of event hosting in August 2021. Advertising, concession, and other revenue decreased by $11.4 million (66.9%) which was primarily due to services and maintenance in connection with the Field Hospital and JAVAX in fiscal year 2021.

- ***Operating Expenses*** - Total operating expenses increased by $53.2 million (94.8%) to $109.3 million from $56.1 million. Employee compensation and benefits increased by $47.1 million (164.5%) driven by event and JAVAX related labor. Facility operating expenses increased by $4.5 million (26.8%) driven by higher utilities cost, additional facility repair and maintenance and reiterated service contracts which were paused in fiscal year 2021. Selling, general and administrative expenses increased by $1.7 million (20.4%) primarily driven by higher insurance premiums related to the expansion.
- ***Nonoperating Income (Expense)*** - Net interest income (expense) decreased by $141K attributable to significantly lower interest rates available on investments and lower investment position throughout the year.
- ***Change in Net Position*** - Net position increased $9.3 million (17.9%) to $61.2 million as a result of the net surplus in fiscal year 2022.

Summarized statements of revenue, expenses, and changes in net position for the years ended March 31, 2021 and 2020 are as follows:

	March 31, 2021 (000's)	March 31, 2020 (000's)	Increase/ (Decrease)
Operating revenue:			
Event-related services	$ 42,841	154,913	(112,072)
Space rentals	278	25,896	(25,618)
Advertising and other	16,998	4,172	12,826
Total operating revenue	60,117	184,981	(124,864)
Total operating expenses	56,073	182,695	(126,622)
Depreciation and amortization	5,593	6,592	(999)
Loss from operations	(1,549)	(4,306)	2,757
Total nonoperating income	74	1,444	(1,370)
Change in net position	(1,475)	(2,862)	1,387
Total net position at beginning of year	53,417	56,279	(2,862)
Total net position at end of year	$ 51,942	53,417	(1,475)

- **Operating Revenue** - Total operating revenue was $60.1 million, a decrease of $124.9 million (67.5%) from $185.0 million in fiscal year 2020. The decrease of $25.6 million (98.9%) in space rental and decrease of event related services revenue of $112.0 million (72.3%) were attributed to the COVID-19 pandemic due to restrictions on gatherings and the result of event cancellations and postponements. Space rental of $278K was related to the virtual events utilizing the broadcast studio. Event related services was attributed to the Field Hospital and JAVAX. Advertising, concession, and other revenue increased $12.8 million (307.5%) which was primarily due to services in connection with the erection and maintenance of the Field Hospital and JAVAX, including equipment rental, patient meals, and other professional services, including coronavirus disease remediation cleaning, and administrative staffing.
- **Operating Expenses** - Total operating expenses decreased $126.6 million (69.3%) to $56.1 million from $182.7 million because of the COVID-19 impact on operations and the controlling of costs while events were restricted due to the pandemic. Employee compensation and benefits decreased by $122.7 million (81.1%) driven by no event related labor and furlough of employees. Facility operating expenses decreased by $3.0 million (15.4%) driven by lower utilities) pausing certain service contracts, including repairs and maintenance, and restricting purchases of building supplies. These savings were partially offset by an increase in the Field Hospital and JAVAX related professional services. Selling, general and administrative expenses decreased by $0.6 million (7.4%) primarily driven by controlled spending in in training, and other event related expenses such as credit card fees and temporary service which was partially offset by an increase in insurance premiums, bad debt and equipment rental related to the Field Hospital and JAVAX.
- **Nonoperating Income** - Interest income decreased by $1.4 million attributable to significantly lower interest rates available on short-term investments and lower investment position throughout the year.
- **Change in Net Position** - Net position decreased $1.5 million (2.8%) to $51.9 million as a result of the net loss in fiscal year 2021.

OPERATING RESULTS AND HIGHLIGHTS

The Javits Center prepares and obtains approval from the Board of Directors for an annual operating budget and a five-year capital plan ($141.6 million). These plans are not changed during the year and are tools to assist in the management of the business. Elements of the five-year capital plan in any given year are only approved as cash and investment surplus is available for the project to proceed. The capital plan provides for replacement of many assets that are past their useful life and other areas that require a retrofit or complete upgrade to assimilate the existing facility to the expansion. Management has prioritized needs across the facility with the goal of maintaining infrastructure in a sustainable manner and safeguarding the facility's assets by directing appropriate resources to them. The Center has established a funding agreement with NYCCDC to make available funds to keep the building in peak maintenance condition. When a surplus is achieved, moderate goals are set to make necessary improvements. We recognize the importance of making funds available to support and maintain the investments we have made in the building to keep the Center aligned to remain competitive.

SUMMARIZED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

A Summarized Statement of Revenue, Expenses and Changes in Net Position, Plan vs. Actual for the year ended March 31, 2022 is as follows:

	Actual (000's)	Plan (000's)	Variance (000's)
Operating revenue:			
Event-related services	$ 69,350	61,541	7,809
Space rental	49,925	16,655	33,270
Advertising, concession and other	5,619	2,406	3,213
Total operating revenue	124,894	80,602	44,292
Operating expenses:			
Employee compensation and benefits	75,642	74,364	1,278
Facility operating expenses	21,162	16,756	4,406
Selling, general and administrative	9,758	8,443	1,315
Annual other postemployment benefits expenses	2,689	3,514	(825)
Total operating expenses	109,251	103,077	6,174
Depreciation and amortization	6,303	6,433	(130)
Income (loss) from operations	9,340	(28,908)	38,248
Total nonoperating income (expense)	(66)	42	(108)
Net income (loss)	$ 9,274	(28,866)	38,140

Total operating revenue for the year ended March 31, 2022 was $124.9 million, which was $44.3 million (55%) higher than plan of $80.6 million. Space Rental was $33.3 million over plan primary due to rental revenue from the Field Hospital and JAVAX. Service revenue of $69.4 million and Advertising, concession and other revenue of $5.6 million were higher than plan attributed to the return of 62 events and services provided to the Field Hospital and JAVAX.

Total operating expenses were $109.3 million, which was $6.2 million (6%) higher than the plan of $103.1 million. Employee compensation and benefits was $1.3 million (1.7%) higher than the plan due to JAVAX labor and an increase of expansion related facility staff. Facility operating expenses were $4.4 million (26.3%) higher than the plan primarily driven by JAVAX related service contracts and higher cost in utilities. Selling, general and administrative expenses were $1.3 million (15.6%) higher than the plan driven by increases in consultant, temporary service, JAVAX and events related equipment rental and promotion expenses which was partially offset by lower insurance premiums.

Net surplus of $9.3 million was $38.1 million better than plan net loss of $28.9 million primarily due to rental and service revenue from the Field Hospital and JAVAX.

A Summarized Statement of Revenue, Expenses and Changes in Net Position, Plan vs. Actual as of March 31, 2021 is as follows:

	Actual (000's)	Plan (000's)	Variance (000's)
Operating Revenue:			
Event-related services	$ 42,841	160,078	(117,237)
Space rentals	278	26,588	(26,310)
Advertising and other	16,998	3,551	13,447
Total operating revenue	60,117	190,217	(130,100)
Operating Expenses:			
Employee compensation and benefits	28,602	157,387	(128,785)
Facility operating expenses	16,683	21,154	(4,471)
Selling, general and administrative	8,112	10,823	(2,711)
Annual other postemployment benefits expenses	2,676	2,691	(15)
Total operating expenses	56,073	192,055	(135,982)
Depreciation and amortization	5,593	6,790	(1,197)
Loss from operations	(1,549)	(8,628)	7,079
Total nonoperating income	74	1,140	(1,066)
Net loss	$ (1,475)	(7,488)	6,013

All 99 planned events for fiscal year 2021 were cancelled or postponed which resulted in Total Operating Revenue for the year ended March 31, 2021, of $60.1 million, which was $130.1 million (68.4%) lower than plan of $190.2 million. Service revenue of $42.8 million was attributed to the Field Hospital and the services provided for JAVAX. Space rental of $278K was related to virtual events hosted in the broadcast studio during restrictions on gatherings in the events industry. Included in Advertising, concession and other revenue are services in connection with the erection and maintenance of the Field Hospital and JAVAX, including equipment rental, patient meals, and other professional services, including COVID-19 remediation cleaning, and administrative staffing and fees. Certain other concession and advertising revenue share agreements were paused during the pandemic.

Total Operating Expenses were $56.1 million, which was $136.0 million (70.8%) under plan of $192.1 million attributed to the unfavorable revenue variances and controlling costs. Employee compensation and benefits was $128.8 million (81.8%) under plan due to a decrease in all event-related labor and minimizing facility and administration staff expenses. Facility operating expenses were $4.5 million (21.1%) under plan primarily driven by lower cost in utilities ($2.2 million), a decrease in building related supplies ($1.3 million), and facility repair and maintenance ($2.1 million). These decreases were partially offset by an increase in the Field Hospital and JAVAX related professional services ($1.1 million). Selling, general and administrative expenses were $2.7 million (25.2%) under plan driven by decreases in consultant and event related temporary services ($1.9 million), training and travel expenses ($0.6 million), insurance premiums ($0.9 million), uniforms ($0.3 million) and partially offset by an increase in Field Hospital and JAVAX related equipment rental ($1.0 million).

Net loss of $1.5 million was $6.0 million better than plan net loss of $7.5 million due to revenue from the Field Hospital and JAVAX, and a significant decrease and/or pause of any non-essential labor, facility operating expenses, and selling, general and administrative expenses during the pandemic.

Request for Information

This financial report is designed to provide a general overview of the Javits Center's finances for all those with an interest in the New York Convention Center Operating Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Audit Committee Chairman, Jacob K. Javits Convention Center, 655 West 34th Street, New York, New York 10001-1188.

FINANCIAL STATEMENTS

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Statements of Net Position
March 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and equivalents	$ 10,026,223	25,436,008
Short-term investments	80,992,865	64,997,243
Accounts receivable, net of allowances of $205,515 in 2022 and $703,990 in 2021	10,580,983	8,355,305
Unbilled show costs	1,053,594	-
Other current assets	7,664,014	3,221,566
Total current assets	110,317,679	102,010,122
Capital assets, net	32,149,879	37,909,101
Other assets	4,515,689	4,776,181
Total assets	146,983,247	144,695,404
Deferred outflows of resources	13,819,862	11,827,652
Liabilities		
Current liabilities:		
Accounts payable	7,025,882	5,257,671
Accrued expenses, current	4,895,246	3,234,273
Unearned revenue	14,255,681	6,571,113
Lease liability, current	1,541,345	1,843,719
Insurance claim reserve	2,520,935	3,294,276
Advances for capital improvements from affiliate	3,425,746	20,718,733
Other postemployment benefits obligation, current	788,000	689,000
Total current liabilities	34,452,835	41,608,785
Accrued expenses, net of current portion	962,151	923,369
Net pension liability - proportionate share	49,107	13,821,461
Lease liability, net of current portion	2,336,788	3,878,133
Other postemployment benefits obligation, net of current portion	42,467,000	38,282,000
Total liabilities	80,267,881	98,513,748
Deferred inflows of resources	19,320,450	6,066,918
Net position		
Net investment in capital assets	28,840,226	32,983,122
Unrestricted - board designated for other postemployment benefit obligation	43,255,000	38,971,000
Unrestricted deficit	(10,880,448)	(20,011,732)
Total net position	$ 61,214,778	51,942,390

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER OPERATING CORPORATION

Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2022 and 2021

	2022	2021
Operating revenue:		
Event-related services	$ 69,349,951	42,840,621
Space rentals	49,924,750	277,544
Concession commissions	1,636,200	633,985
Advertising and other income	3,982,360	16,364,268
Total operating revenue	124,893,261	60,116,418
Operating expenses:		
Employee compensation and benefits	75,641,864	28,602,247
Facility operating expenses	21,162,402	16,683,218
Selling, general and administrative expenses	9,757,263	8,111,334
Annual other postemployment benefits expenses	2,689,000	2,676,000
Total operating expenses	109,250,529	56,072,799
Operating income before depreciation and amortization expense	15,642,732	4,043,619
Depreciation and amortization expense	(6,303,666)	(5,592,670)
Operating income (loss)	9,339,066	(1,549,051)
Nonoperating income (expense) - interest income (expense), net	(66,678)	74,597
Change in net position	9,272,388	(1,474,454)
Net position at beginning of year	51,942,390	53,416,844
Net position at end of year	$ 61,214,778	51,942,390

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Statements of Cash Flows
Years ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers	$ 130,352,151	58,873,025
Cash paid for operating expenses	(106,069,123)	(47,116,251)
Net cash provided by operating activities	24,283,028	11,756,774
Cash flows from noncapital financing activities:		
Principal payments on insurance financing agreement	(4,209,855)	-
Interest payments on insurance financing agreement	(28,064)	-
Net cash used in noncapital financing activities	(4,237,919)	-
Cash flows from capital and related financing activities:		
Principal payments on lease obligations	(1,843,719)	(6,041,766)
Interest payments on lease obligations	(79,384)	(115,150)
Advance (payments) for capital improvements for affiliate	(17,292,987)	18,272,121
Acquisition of capital assets	(544,444)	(377,269)
Net cash provided by (used in) capital and related financing activities	(19,760,534)	11,737,936
Cash flows from investing activities:		
Purchase of short-term investments	(320,000,000)	(262,437,000)
Proceeds from sales and maturities of short-term investments	304,004,378	258,167,892
Interest received on investments	40,770	184,328
Cash received for collateral	260,492	694,219
Net cash used in investing activities	(15,694,360)	(3,390,561)
Net change in cash and equivalents	(15,409,785)	20,104,149
Cash and equivalents at beginning of year	25,436,008	5,331,859
Cash and equivalents at end of year	$ 10,026,223	25,436,008
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	9,339,066	(1,549,051)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	6,303,666	5,592,670
Insurance financing agreement	4,209,855	-
Changes in:		
Accounts receivables	(2,225,678)	(3,480,379)
Unbilled show costs	(1,053,594)	388,862
Other assets	(487,094)	(71,633)
Due from affiliate	(3,955,354)	7,026,787
Accounts payable	1,768,211	(559,127)
Accrued expenses	1,699,755	344,492
Unearned revenue	7,684,568	1,636,404
Insurance claim reserve	(773,341)	(2,137,843)
Other postemployment benefits obligation	4,284,000	474,000
Net pension and OPEB related accounts	(2,511,032)	4,091,592
Net cash provided by operating activities	$ 24,283,028	11,756,774
Supplemental disclosure of non-cash financing activities - insurance financing agreement	$ 4,209,855	-

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

(a) Reporting Entity

The New York Convention Center Operating Corporation (the "Corporation") is a public benefit corporation established by the State of New York (the "State") to operate the Jacob K. Javits Convention Center of New York (the "Javits Center" or "Center"). As such, it is included as a component unit in the State's annual financial report. As a component unit of the State, the Javits Center is eligible for, and subject to, appropriation of funds as approved in the State's budget. Operating revenue is principally comprised of amounts derived from event-related support services and space rental.

The Center was constructed by the New York Convention Center Development Corporation ("NYCCDC"), another component unit of the State which is jointly owned by the New York State Urban Development Corporation and the Triborough Bridge and Tunnel Authority ("TBTA"), also component units of the State. Construction of the Center was financed with TBTA bonds. Accordingly, the cost of the original construction and financing of the Center are excluded from the accompanying financial statements. The Corporation leases the Center from the State for a nominal amount.

(b) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

Net position of the Corporation and changes therein are classified and reported as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of related debt obligations of those assets.

Unrestricted - board designated net position - net position that the Board of Directors approved and designated to be used to fund the Other Postemployment Benefits ("OPEB") liability (note 8).

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two categories.

The Corporation has adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus". The two statements require that State and Local governments' financial statements include management's discussion and analysis, government-wide financial statements, fund financial statements, notes to financial statements and required supplementary information. The statements require State and Local governments to report infrastructure assets.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The Corporation has elected to not follow subsequent private sector guidance.

Note 1 - Summary of Significant Accounting Policies, Continued

(d) Cash and Equivalents

The Corporation considers cash to consist of all cash on deposit with financial institutions that can be withdrawn without prior notice or penalty. Cash and equivalents are primarily collateralized with government securities held by a financial institution in the name of the Corporation. At times some accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(e) Short-Term Investments

As of March 31, 2022 and 2021, the Corporation's short-term investments consist of U.S. Treasury bills. These investments are specifically identified and held in segregated accounts at depository institutions in the name of the New York State Department of Taxation and Finance. Short-term investments are carried at amortized cost, which approximates fair value, plus accrued interest receivable.

The State's statutes and guidelines authorize the Corporation to invest in obligations of the U.S. Government and its agencies, certificates of deposit, commercial paper, banker's acceptances, and obligations of the State.

(f) Recognition of Revenue and Reserve for Doubtful Accounts

Amounts received for space rental and event-related services in advance of the scheduled event are reported as unearned revenue. Such amounts are recognized as revenue in the accounting period in which the event occurs. Similarly, costs incurred which are directly attributable to an event (primarily labor) are initially recorded as other assets and either expensed or billed to customers at the event's conclusion.

Revenue from advertising is recognized on a straight-line basis over the term of the advertising agreement.

The allowance for possible credit losses provides for risks of losses inherent in the credit extension process. The Corporation maintains an allowance on a specific and general basis at levels considered adequate to meet present and future losses of receivables. Accordingly, these estimates could change in the near term.

(g) Capitalized Costs and Depreciation

Capitalized costs include all capital costs related to the Javits Center since it began operations, including major additions and improvements. These expenditures include construction, design, and engineering costs.

At March 31, 2021, the construction in progress capital cost reflected a total of $6,792,445 related to the on-going capital maintenance and improvements and work intended to facilitate the expansion. At March 31, 2022, the expansion was complete and all maintenance and improvement costs were placed into service.

Depreciation is calculated on a straight-line basis ranging from 3 to 15 years, which is the estimated useful life of the assets.

(h) Security Deposit

During October 2013 and 2014, the Corporation contracted with two insurance companies. The terms of the contracts required the Corporation to pay security deposits which will be held for an indefinite amount of time. As a result, security deposits of $4,515,689 and $4,776,181 as of March 31, 2022 and 2021, respectively, are reflected as non-current other assets in the statements of net position.

Note 1 - Summary of Significant Accounting Policies, Continued

(i) Deferred Outflows and Inflows of Resources

In the statements of net position, in addition to assets, the Corporation will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has two items that qualify for reporting in this category. The first item is related to pension. This represents the effect of the net change in the Corporation's proportion of the collective net pension liability and difference during the measurement period between the Corporation's contributions and its proportionate share of total contributions to the pension system not included in pension expense, and contributions to the pension system subsequent to the measurement date. The second item is related to other postemployment benefits. This represents the Corporation's difference between expected and actual experience and changes of assumptions or other inputs to the health insurance program and contributions to the health insurance program subsequent to the measurement date.

In the statements of net position, in addition to liabilities, the Corporation will sometimes report a separate section of deferred inflows of resources. The separate financial statement element represents an increase in net position that applies to future periods and so will not be recognized as an inflows of resources until then. The Corporation has two items that qualify for reporting in this category. The first item is related to pension. This represents the change in the proportion between the Corporation's contributions and the proportionate share of total plan contributions. The second item is related to other postemployment benefits. This represents the difference between the expected and actual experience and changes of assumptions or other inputs related to the health insurance program.

(j) Retirement Benefits

The Corporation provides retirement benefits for its employees through contributions to the New York State and Local Employees' Retirement System (the "System" or "ERS"). The System provides various plans and options, some of which require employee contributions. See note 7 of the financial statements for additional details.

(k) Other Postemployment Benefits ("OPEB")

The Corporation provides health care benefits for certain of its qualifying retirees through the New York State Health Insurance Program. See note 8 of the financial statements for additional details.

(l) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(m) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

Note 1 - Summary of Significant Accounting Policies, Continued

(n) Risks and Uncertainties

On January 31, 2020, the United States Health and Human Services Secretary declared a public health emergency for the United States to aid the nation's healthcare community in responding to COVID-19. The outbreak of the disease has affected travel, commerce, and financial markets globally, and is expected to result in a significant economic impact and affect economic growth worldwide. The impact to the Corporation and its financial position and future results are not presently determinable due to the uncertainties related to the duration and severity of the COVID-19 outbreak, as well as with regard to what actions may be taken by governmental and other health care authorities, to contain or mitigate its impact.

(o) Reclassifications

Reclassifications have been made to certain 2021 balances in order to conform them to the 2022 presentation.

Note 2 - Short-term Investments

Authorization for investment in securities is governed by written internal guidelines, statutes, and State guidelines. The investments are reported at amortized cost in the statements of net position and amounted to $80,992,865 and $64,997,243 as of March 31, 2022 and 2021, respectively.

The interest rate earned on investments approximated 0.16% and 0.07% for the years ended March 31, 2022 and 2021, respectively.

Fair Value Measurements

Accounting principles generally accepted in the United States of America established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are not observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

The Corporation's short-term investments at March 31, 2022 and 2021 are classified as follows:

	2022			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	$ 80,992,865	-	-	80,992,865

	2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	$ 64,997,243	-	-	64,997,243

Note 3 - 2009 Renovation Project and Due From Affiliate

In December 1999, the United States Trust Company of New York ("USTC") sold $53,500,000 principal amount of Certificates of Participation (the "1999 Certificates"). The 1999 Certificates were sold to provide funds to make a loan to the Corporation, pursuant to a loan agreement dated as of December 31, 1999, between the Corporation and USTC to be used to pay a portion of the purchase price for the acquisition of a parcel of property and the building and improvements thereon (the "Yale Building"), for the purpose of the future expansion of the Javits Center.

In August 2006, the Corporation entered into an agreement to sell the Yale Building to NYCCDC, a related party. The agreement provided that NYCCDC defeased the 2003 Certificates in the amount of $66,200,000. In addition to the defeasance amount, NYCCDC has agreed to make an additional $15,000,000 payment to the Corporation upon the sale or lease of certain property (as defined in the Purchase and Sale Agreement). The Corporation has further agreed to provide additional funding for certain future capital improvements to the Javits Center and its related expansion and has fully reserved this amount in prior years.

The Corporation has previously funded capital expenditures related to the renovation projects of the Javits Center, on behalf of NYCCDC amounting to $3,392,071. These amounts have been recorded as a receivable from NYCCDC and management has also recorded an offsetting reserve of $3,392,071 due to the uncertainty regarding its collectability as of March 31, 2022 and 2021.

The Corporation has entered into an agreement for the procurement of furniture, fixtures, and equipment for the Expansion ("FF&E") on behalf of NYCCDC. NYCCDC is reimbursing an equipment lease as part of the agreement. The Corporation has recorded this lease as an other assets - receivable from NYCCDC and an offsetting lease libility amount to $568,482 in the statements of net position, as the related FF&E is property of NYCCDC.

Note 4 - Other Assets

Other assets at March 31, 2022 and 2021 consist of the following:

	2022	2021
Current other assets:		
Due from affiliate	$ 6,078,062	2,122,708
Prepaid maintenance	282,292	124,035
Prepaid software license subscription	518,167	184,562
Prepaid insurance	298,205	238,264
Prepaid workers compensation escrow	400,000	400,806
Prepaid other	87,288	151,191
	$ 7,664,014	3,221,566
Non-current other assets - security deposit	$ 4,515,689	4,776,181

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Notes to Financial Statements, Continued

Note 5 - Capital Assets

Capital asset activity for the years ended March 31, 2022 and 2021 are summarized as follows:

	2022				
	Balance at March 31, 2021	Additions	Transfers	Retirements	Balance at March 31, 2022
Non-depreciable assets - construction in progress	$ 6,792,445	517,831	(7,310,276)	-	-
Depreciable assets:					
Furniture, fixtures, and equipment	26,296,231	26,613	772,587	-	27,095,431
Video display equipment	194,519	-	-	-	194,519
Telephone equipment	1,715,551	-	-	-	1,715,551
Other equipment	993,551	-	-	-	993,551
Improvements to center	41,728,357	-	-	-	41,728,357
Right of use assets	7,743,427	-	6,537,689	-	14,281,116
Total depreciable assets	78,671,636	26,613	7,310,276	-	86,008,525
Accumulated depreciation and amortization:					
Furniture, fixtures, and equipment	18,153,179	1,756,469	-	-	19,909,648
Video display equipment	113,262	31,450	-	-	144,712
Telephone equipment	1,715,549	2	-	-	1,715,551
Other equipment	993,551	-	-	-	993,551
Improvements to center	19,442,389	2,928,715	-	-	22,371,104
Right of use assets	7,137,050	1,587,030	-	-	8,724,080
Total accumulated depreciation and amortization	47,554,980	6,303,666	-	-	53,858,646
Total capital assets, net	$ 37,909,101	(5,759,222)	-	-	32,149,879

	2021				
	Balance at March 31, 2020	Additions	Transfers	Retirements	Balance at March 31, 2021
Non-depreciable assets - construction in progress	$ 12,748,641	377,269	(6,333,465)	-	6,792,445
Depreciable assets:					
Furniture, fixtures, and equipment	20,066,217	-	6,230,014	-	26,296,231
Video display equipment	194,519	-	-	-	194,519
Telephone equipment	1,715,551	-	-	-	1,715,551
Other equipment	993,551	-	-	-	993,551
Improvements to center	41,624,906	-	103,451	-	41,728,357
Right of use assets	7,743,427	-	-	-	7,743,427
Total depreciable assets	72,338,171	-	6,333,465	-	78,671,636

Note 5 - Capital Assets, Continued

	Balance at March 31, 2020	Additions	Transfers	Retirements	Balance at March 31, 2021
Accumulated depreciation and amortization:					
Furniture, fixtures, and equipment	$ 15,820,019	2,333,160	-	-	18,153,179
Video display equipment	75,600	37,662	-	-	113,262
Telephone equipment	1,711,655	3,894	-	-	1,715,549
Other equipment	993,551	-	-	-	993,551
Improvements to center	16,432,434	3,009,955	-	-	19,442,389
Right of use assets	6,929,051	207,999	-	-	7,137,050
Total accumulated depreciation and amortization	41,962,310	5,592,670	-	-	47,554,980
Total capital assets, net	$ 43,124,502	(5,215,401)	-	-	37,909,101

The Corporation recorded depreciation and amortization expense of $6,303,666 and $5,592,670 for the years ended March 31, 2022 and 2021, respectively.

Note 6 - Unearned Revenue

Unearned revenue consisted of the following at March 31, 2022 and 2021:

	2022	2021
Event-related services	$ 3,682,818	-
Space rentals	10,150,592	6,436,632
Advertising and other	422,271	134,481
	$ 14,255,681	6,571,113

Note 7 - Pension Plan

(a) New York State and Local Employees' Retirement System

The Corporation participates in the New York State and Local Employees' Retirement System (the "System" or "ERS"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net position and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York

Note 7 - Pension Plan, Continued

(a) New York State and Local Employees' Retirement System, Continued

State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Corporation also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information regarding benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System was noncontributory until July 27, 1976. Employees who joined after July 27, 1976 contribute 3.0 percent of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 contribute 3.0 percent to 6.0 percent of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2022	$1,140,321
2021	$2,075,113
2020	$2,011,120

(b) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pension

At March 31, 2022 and 2021, the Corporation reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2021 and 2020, respectively. The total pension liability used to calculate the net pension liability was determined by the actuarial valuation. The Corporation's proportionate share of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Corporation.

	2022	2021
Measurement date	3/31/2021	3/31/2020
Net pension liability - proportionate share	$49,107	13,821,461
Corporation's proportion of the System's net pension liability	0.0493169%	0.0521947%

For the years ended March 31, 2022 and 2021, the Corporation recognized pension expense of $1,095,286 and $4,674,604, respectively. At March 31, 2022, the Corporation's proportionate share was 0.0493169% which was a percentage decrease of 0.0028778 from its proportionate share at March 31, 2021. At March 31, 2022 and 2021, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Note 7 - Pension Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pension, Continued

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 599,727	-	813,449	-
Changes of assumptions	9,029,157	170,293	278,299	240,306
Net difference between projected and actual investment earnings on pension plan investments	-	14,106,365	7,085,553	-
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	107,710	368,792	109,190	162,612
Contributions subsequent to the measurement date	1,140,321	-	2,075,113	-
Total	$ 10,876,915	14,645,450	10,361,604	402,918

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of March 31, 2021 will be recognized in pension expense as follows:

System's Year Ended March 31:	
2022	$ (914,602)
2023	(393,560)
2024	(827,743)
2025	(2,772,951)
Total	$ (4,908,856)

The Corporation's contributions subsequent to March 31, 2021 measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2022.

(c) Actuarial Assumptions

The total pension liability at March 31, 2022 and 2021 was determined by using an actuarial valuation as noted in the following table, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Note 7 - Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	2022	2021
Measurement date	March 31, 2021	March 31, 2020
Actuarial valuation date	April 1, 2020	April 1, 2019
Investment rate of return, net of investment expenses	5.9%	6.8%
Salary scale	4.4% Average	4.2% Average
Decrement tables	April 1, 2015 - March 31, 2020 System Experience	April 1, 2010 - March 31, 2015 System Experience
Inflation rate	2.7%	2.5%

Annuitant mortality rates are based on April 1, 2015 - March 1, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries (SOA) Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2010 system experience, mortality improvements based on the SOA Scale MP-2018.

The actuarial assumptions used in the April 1, 2020 and 2019 valuations are based on the results of an actuarial experience studies for the periods April 1, 2015 - March 31, 2020 and April 1, 2010 - March 31, 2015, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

	2022		2021	
	Target Allocation	Long-term Expected Rate of Return*	Target Allocation	Long-term Expected Rate of Return*
Domestic equity	32.00%	4.05%	36.00%	4.05%
International equity	15.00%	6.30%	14.00%	6.15%
Private equity	10.00%	6.75%	10.00%	6.75%
Real estate	9.00%	4.95%	10.00%	4.95%
Opportunistic/ARS portfolio	3.00%	4.50%	5.00%	4.09%
Credit	4.00%	3.63%	0.00%	0.00%
Real assets	3.00%	5.95%	3.00%	5.95%
Bonds and mortgages	0.00%	0.00%	17.00%	0.75%
Fixed income	23.00%	0.00%	0.00%	0.00%
Cash	1.00%	0.50%	1.00%	0.00%
Inflation-indexed bonds	0.00%	0.00%	4.00%	0.50%
	100.00%		100.00%	

*The real rate of return is net of the long-term inflation assumption of and 2.00% and 2.50% for 2022 and 2021, respectively.

Note 7 - Pension Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% and 6.8% as of March 31, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Corporation's proportionate share of the net pension liability as of March 31, 2022 and 2021 calculated using the current discount rate, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2022		
	1% Decrease (4.9%)	Current Rate (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension (asset) liability	$ 13,630,148	49,107	(12,475,792)

	2021		
	1% Decrease (5.8%)	Current Rate (6.8%)	1% Increase (7.8%)
Proportionate share of the net pension liability	$ 25,366,283	13,821,461	3,188,631

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
Measurement date	3/31/2021	3/31/2020
Total pension liability	$(220,680)	(194,596)
Net position	220,580	168,115
Net pension liability	$ (100)	(26,481)
ERS net position as a percentage of total pension liability	99.95%	86.39%

Note 8 - Other Postemployment Benefits

As a participating employer of New York State Health Insurance Program (the "Program"), the Corporation provides healthcare benefits for retirees and other former employees under the provisions of the Program. Eligibility, under the Program for the retiree healthcare benefits require that (i) the employee must have at least 10 years of State service with the Corporation or at least 10 years of combined service with participating employers or agencies of the State, (ii) the employee must qualify for retirement as a member of a retirement system administered by the State, and (iii) The employee must be enrolled in the Program as an enrollee or dependent when they retire. The plan does not currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan and there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Employees covered by benefit terms

At March 31, 2022 and 2021, the following employees were covered by the benefit terms:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	53	64
Covered spouse of retirees	25	-
Inactive plan members entitled to but not yet receiving benefits	1	3
Active plan members	105	119
	184	186

Total OPEB Liability

The Corporation's total OPEB liability as of March 31, 2022 and 2021, amounting to $43,255,000 and $38,971,000, were determined by an actuarial valuation as of April 1, 2021 and 2020, respectively.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2022	2021
Inflation	2.50%	2.50%
Salary increases including wage inflation	3.00% - 8.00%	3.00% - 8.00%
Discount rate	2.27%	2.94%

Healthcare cost trend rates:

• Drugs	6.00% in 2022 and 8.00% in 2021, decreasing to 4.50%
• Pre-Medicare Medical	5.50% in 2022 and 2021, decreasing to 4.50%
• Medicare Medical	4.80% in 2022 and 5.10% in 2021, decreasing to 4.50%

The discount rate was calculated using the Fidelity Municipal GO AA Index as of March 31, 2021 for the 2022 valuation, and the S&P Municipal 20 Year High Grade Rate Index as of March 31, 2020 for the 2021 valuation.

Annuitant mortality rates are based on April 1, 2015 - March 1, 2020 System experience with adjustments for mortality improvements based on the SOA Scale MP-2020. The previous actuarial valuation used April 1, 2010 system experience, mortality improvements based on SOA Scale MP-2018.

Note 8 - Other Postemployment Benefits, Continued

Changes in the Total OPEB Liability

		2022	2021
Total OPEB liability as of April 1,	$	38,971,000	38,497,000
Changes for the year:			
Service cost		2,139,000	2,201,000
Interest		1,198,000	1,329,000
Differences between expected and actual experience		796,000	33,000
Changes of assumptions		861,000	(2,457,000)
Plan sponsor contributions		(710,000)	(632,000)
Total changes		4,284,000	474,000
Total OPEB liability as of March 31,	$	43,255,000	38,971,000

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the Corporation's total OPEB liability as of March 31, 2022 and 2021, using the current discount rate as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

		2022		
		1% Decrease (1.27%)	Current Rate (2.27%)	1% Increase (3.27%)
Total OPEB liability	$	53,325,000	43,255,000	35,708,000

		2021		
		1% Decrease (1.94%)	Current Rate (2.94%)	1% Increase (3.94%)
Total OPEB liability	$	47,928,000	38,971,000	32,246,000

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

The following presents the Corporation's total OPEB liability as of March 31, 2022 and 2021, using current healthcare cost trend rates as well as what the Corporation's total OPEB liability would be if it were calculated using rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

		2022		
		1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	$	34,841,000	43,255,000	54,794,000

		2021		
		1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	$	31,217,000	38,971,000	49,604,000

Note 8 - Other Postemployment Benefits, Continued

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ended March 31, 2022 and 2021, the Corporation recorded OPEB expense of $2,689,000 and $2,676,000, respectively. At March 31, 2022 and 2021, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 722,000	687,000	29,000	824,000
Changes of assumptions or other inputs	1,350,000	3,988,000	727,000	4,840,000
Corporation's contributions subsequent to the measurement date	870,947	-	710,048	-
Total	$ 2,942,947	4,675,000	1,466,048	5,664,000

The Corporation’s contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are as follows:

Year ending	
2023	$ (648,000)
2024	(648,000)
2025	(648,000)
2026	(457,000)
2027	(292,000)
Thereafter	90,000
Total	$ (2,603,000)

Note 9 - Leases

The Corporation leases equipment under various lease agreements that expire through August 2024. The gross amount of the equipment under the leases as of March 31, 2022 and 2021 was $14,281,116. At March 31, 2021, $6,537,689 of this equipment was recorded in construction in progress. Accumulated amortization on the equipment amounted to $8,724,080 and $7,137,050 at March 31, 2022 and 2021, respectively. Amortization of this leased equipment is included in depreciation and amortization expense on the statements of revenue, expenses, and changes in net position.

Note 9 - Leases, Continued

The total of the finance lease for the equipment for the years ended March 31, 2022 and 2021 amounted to $3,878,133 and $5,721,852, respectively. The principal payments on the leases for the years ended March 31, 2022 and 2021 totaled $1,843,719 and $6,041,766, respectively.

Future minimum payments under the finance agreement are as follows:

Year ending March 31,	Principal	Interest
2023	$ 1,541,345	56,908
2024	1,554,534	30,273
2025	782,254	5,065
	$ 3,878,133	92,246

Note 10 - Estimated Litigation and Insurance Claims

There are various litigation and claims proceedings in which the Corporation is involved, including arbitration proceedings with Unions which currently or formerly represented Corporation employees, Equal Employment Opportunity Commission ("EEOC") complaints, personal injury, and property damage claims, as well as contractual claims. Generally, these develop in the normal course of business.

While the ultimate outcome of these matters cannot presently be determined, estimated liabilities for litigation and insurance claims are provided in the financial statements when management believes a settlement is probable and the amount can be reasonably estimated.

Management believes the ultimate amounts which may be required to settle such litigation in excess of insurance coverage carried by the Corporation will not have a material effect on its financial condition, beyond that which has been provided for in the financial statements.

Note 11 - Other Commitments and Contingencies

The Corporation entered into a food and beverage agreement effective May 3, 2019 with a vendor. The vendor began operating on June 16, 2019. The agreement is for 10 years and runs through June 15, 2029 with an optional 5-year period at the Corporation's discretion, contingent on the approval of the State Comptroller. The agreement provides for a share of the net receipts for the concession services. In December 2020, the Center entered into an amendment to the agreement with the vendor to guarantee any negative net receipts from the period April 1, 2020 through March 31, 2022, if the Center does not exercise the option for the extended term of the agreement or terminates the current agreement early. As of March 31, 2022, there were no negative net receipts and the Center has no plans to terminate the agreement.

At March 31, 2021, the Corporation's management proposed a Capital Plan amounting to $141,575,000, to be made under the five-year budget for the Javits Center. The proposed plan is intended to allow the Center to continue to operate effectively while bringing the building up to peak maintenance condition. It is the intention of the Corporation that both NYCCDC and the Corporation pay for and record their respective capital outlays in their separate financial statements.

Note 11 - Other Commitments and Contingencies, Continued

Future operations of the Corporation may require additional financing by the State to the extent that operating, and capital expenditures exceed revenue from operations. For Fiscal 2022 operations, no appropriations were made by the State Legislature. As of March 31, 2022, the Corporation is not aware of any State Legislature proposed appropriations for Fiscal 2023.

Note 12 - Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Net Pension Liability
Year ended March 31, 2022

	2022	2021	2020	2019	2018	2017	2016
Corporation's proportion of the net pension liability	0.0493169%	0.0521947%	0.0517816%	0.0556461%	0.0539285%	0.0515835%	0.0544342%
Corporation's proportionate share of the net pension liability	$ 49,107	13,821,461	3,668,886	1,795,946	5,067,243	8,279,299	1,838,920
Corporation's covered payroll	$ 8,030,523	16,069,337	15,918,333	15,819,063	16,195,996	15,730,483	14,570,941
Corporation's proportionate share of the net pension liability as a percentage of its covered payroll	0.61%	86.01%	23.05%	11.35%	31.29%	52.63%	12.62%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Notes to schedule:

(1) The following is a summary of assumption changes:

	2022	2021	2020	2019	2018	2017	2016
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increase	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost-of-living adjustments	1.4%	1.3%	1.3%	1.4%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%

(2) The amounts presented for each fiscal year were determined as of the March 31, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 measurement dates of the plans.

(3) Data not available prior to fiscal year 2016 implementation of GASB No. 68 - "Accounting and Financial Reporting for Pensions."

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of the Corporation's Pension Contributions
Year ended March 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 1,140,321	2,075,113	2,011,120	2,051,164	2,176,080	2,168,869	2,203,928	2,672,399	2,600,268	2,471,405
Contribution in relation to the contractually required contribution	(1,140,321)	(2,075,113)	(2,011,120)	(2,051,164)	(2,176,080)	(2,168,869)	(2,203,928)	(2,672,399)	(2,600,268)	(2,471,405)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Corporation's covered payroll	$ 8,030,523	16,069,337	15,918,333	15,819,063	16,195,996	15,730,483	14,570,941	14,323,790	13,488,121	14,252,494
Contribution as a percentage of covered payroll	14.20%	12.91%	12.63%	12.97%	13.44%	13.79%	15.13%	18.66%	19.28%	17.34%

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of Changes in the Corporation's
Total OPEB Liability and Related Ratios
Year ended March 31, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 2,139,000	2,201,000	2,081,000	1,902,000	2,106,000
Interest	1,198,000	1,329,000	1,388,000	1,310,000	1,156,000
Differences between expected and actual experience	796,000	33,000	(1,015,000)	(94,000)	-
Changes of assumptions or other inputs	861,000	(2,457,000)	(1,103,000)	1,120,000	(3,499,000)
Plan sponsor contributions	(710,000)	(632,000)	(639,000)	(488,000)	(471,000)
Net change in total OPEB liability	4,284,000	474,000	712,000	3,750,000	(708,000)
Total OPEB liability at beginning of year	38,971,000	38,497,000	37,785,000	34,035,000	34,743,000
Total OPEB liability at end of year	$ 43,255,000	38,971,000	38,497,000	37,785,000	34,035,000
Covered payroll	$ 10,342,278	10,879,968	10,879,968	10,922,438	10,922,438
Total OPEB liability as a percentage of covered payroll	418.23%	358.19%	353.83%	345.94%	311.61%

Notes to schedule:

(1) Changes of assumptions or other inputs - Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	2021	2020	2019	2018
2.27%	2.94%	3.29%	3.51%	3.67%

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

(3) There are no assets accumulated in a trust that meet the crietria in GASB Statement No. 75, paragraph 4.

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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

The Board of Directors
New York Convention Center
Operating Corporation:

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 New York Convention Center Operating Corporation (the "Corporation"), and the related notes to financial statements, and have issued our report thereon dated June 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 the Corporation'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2022

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
New York Convention Center
Operating Corporation:

Report on Investment Program Compliance

Opinion on Investment Compliance

We have audited the New York Convention Center Operating Corporation's (the "Corporation"), compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2022.

In our opinion, the New York Convention Center Operating Corporation complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2022.

Basis for Opinion Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Investment Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on investment compliance. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Investment Compliance

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York.

Auditor's Responsibilities for the Audit of Investment Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's investment compliance.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over investment compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over investment compliance but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over investment compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over investment compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Investment Compliance section above and was not designed to identify all deficiencies in internal control over investment compliance that might be material weaknesses or significant deficiencies in internal control over investment compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over investment compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over investment compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over investment compliance. Accordingly, no such opinion is expressed.

This report is intended solely for the information and use of management of the Corporation, the New York State Office of the State Comptroller, the New York State Division of the Budget, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2022