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**ALBANY
CONVENTION
CENTER
AUTHORITY**

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2025 and 2024

ALBANY CONVENTION CENTER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Albany Convention Center Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Albany Convention Center Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Convention Center Authority, as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Albany Convention Center Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the Albany Convention Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Albany Convention Center Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Albany Convention Center Authority's internal control over financial reporting and compliance.

UHY LLP

Albany, New York
March 27, 2026

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2025 and 2024**

The following is a discussion and analysis of the Albany Convention Center Authority, and its financial statements that reflect the financial activity that took place during the year ended December 31, 2025.

Authority Background

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

The Authority Board consists of nine members, three are appointed by the Governor of New York State, one is appointed by the Temporary President of the Senate, one is appointed by the Speaker of the Assembly, two are appointed by the Albany County Executive, with the advice and consent of the County Legislature and two are appointed by the Mayor of the City of Albany, with the advice and consent of the Common Council. All members of the board shall serve at the pleasure of their appointing authority. As of January 1, 2025, all appointed positions were filled.

Significant activities during 2025 were as follows:

January of 2025 set the pace for a record-breaking attendance and revenue year for the Albany Capital Center (“ACC”). This achievement highlights that the demand for events, meetings, and sports has not only returned, but has surpassed pre-pandemic levels in Albany. It also reflects the trust that organizations and event planners place in our teams and the level of excellence consistently delivered.

The venue also received significant industry recognition in 2025 with six national awards and one local award for the facility. Awards voted on by peers and a “Best Places to Work” designation validates our vision and work to deliver excellence for every client.

That recognition solidifies the reputation of the team and the project as the Albany Convention Center Authority kicked off an expansion of the facility that will double the size and provide over 84,000 square feet of rentable space. The facility will provide two additional ballrooms, one historic ballroom and the other a 12,000 square-foot modern multi-purpose room; 5 additional meeting rooms, much needed back of house storage, an additional loading dock; a 2nd kitchen to accommodate multiple events at a time; much needed staff office space; and a beautiful courtyard off State Street. 126 State Street is a historic building that was incorporated into the final design of the expanded convention center. This strategic decision will set the facility apart as being only one of a few venues that have incorporated a historic structure into its programming. The expansion is set to open by the end of 1st quarter 2027 in coordination of the 10th anniversary of the convention center.

The goal of the project is to provide a venue that will attract larger national events resulting in higher attendance, longer stays, and greater economic impact for the community we sit in. To accomplish this goal, the Legends Global sales team is strategically working to attend sales conferences throughout the Northeast to showcase the completed facility. Sales packets and promotional videos have been created to aid in the recruitment of events. In addition, the ACCA is investing in marketing and advertising specifically to attract Meeting, Incentive, Convention, and Exhibit travel (MICE) and business tourism clients to the destination. These efforts will complement the work that the destination marketing organization, Discover Albany, is doing for Albany County.

**Albany Convention Center Authority
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Compression is still real. The onsite Legends Global sales team has been successful in obtaining multi-year contracts as well as responding to RFP's two to three years out. The expansion will enable the team flexibility in welcoming existing and new clients to Albany. Lead generation continues to be strong for both short and long lead events. In 2025 the sales team was responsible for 179 of the 183 events with over 62 of those events generating new business to the ACC. ACC and the ACCA continue to partner with Discover Albany through strategic underwriting and financial investment in sales, client support, economic impact reporting, and marketing.

ASM Global merged with Legends Global in 2025. While this is a significant corporate merger, the staff and operations remained intact and undisturbed. ACCA also approved a five-year extension to the existing operations contract with Legends Global with an effective date of January 1, 2026, highlighting ACCA's extreme satisfaction with their contract.

As part of the operating contract, the survey process has been in place since 2018 obtaining feedback on event experience. Following each event, Legends Global issues a survey to all attendees and meeting planners and shares the results with the ACCA Board on an annual basis. In doing so, the performance of the Legends Global staff, the exclusive caterer, and preferred vendors including those for audio/visual, and decorating is measured by these metrics as a means of determining the Performance/Productivity and Quality Incentive Fee portion, if any, that would be payable to Legends Global Albany annually. In 2025 they received 30% of their surveys back, which is 10% over industry standards. The results reveal perfect 100% in several categories, with all over 90% and all categories scoring well over the other convention center facilities in average percentage rating.

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

Certain of the qualifications, related to operations budget performance and other qualitative metrics, Legends Global Albany was paid a Performance/Productivity and Quality Incentive Fee for 2025. In accordance with the contract, the base fee was adjusted for inflation and paid in full.

2025 ACC Event Summary:

- 183 Events
- 330 Event days
- 115,008 Attendees
- 19,010 Hotel Room Nights

2026 Event Calendar as of January 5, 2026:

- 103 Events
- 196 Event Days
- 67,724 Attendees
- 10,807 Hotel Room Nights
- 32 Event Contracts Pending

2027 Event Calendar as of January 5, 2026:

- 27 Events
- 66 Event Days
- 32,130 Attendees
- 7,765 Hotel Room Nights
- 4 Event Contracts Pending

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

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

The ACCA tracks performance and measures the impact upon the local and regional economy, as a critical component of its mission is to provide significant economic and social benefits to the City of Albany, Albany County, and the Capital Region. Utilizing the economic indicators provided by Discover Albany, the Albany Capital Center has, since opening March 1, 2017, generated the following as reported on January 30, 2026:

• Total Visitor Spending	\$109,893,752
• Sales Tax:	
○ NY State Sales Taxes: \$5,588,964	
○ Albany County Sales Taxes: \$6,244,195	
○ Total Sales Tax Collected related to events at the ACC:	\$11,833,159
• Attendees	711,795
• Hotel Room Nights	152,297
• Events	1,306
• Full Time Equivalent Jobs supported by The ACC Events	28,559

The Albany County occupancy tax was renewed by NYS and Albany County late in 2024 and included a .5% increase allocated to the County Economic Development agency which required a new formula for splitting up the receipts. The ACCA, with this new legislation in 2025 received 6/13th of the total county receipts post-administrative fee. Despite these changes, ACCA’s share of the occupancy tax remained at 3%. This new legislation also is in effective for a three-year period rather than a two- or one-year agreement in previous iterations.

In 2025, there was a decline in overall county hotel occupancy but record years in revenue per available room and hotel revenue generated. The destination did not see the return of a few major events in 2025 in comparison to 2024 resulting in a small decrease in receipts year over year; however, the amount exceeded the budgeted in the 2025 budget. In prior years, the budget process for hotel receipts included Discover Albany providing a projection for the next year. In 2025, with new leadership the ACCA budgeted receipts based on a three-year average of actual receipts to create a more data-based approach to the revenue budgeting process.

The distributions from Albany County in each quarter served to cover the operating losses incurred by the Albany Capital Center, cover expenses incurred by the ACCA, and fund and establish reserves. It is important to note that post-pandemic, Legends Global Albany has reduced the deficit year over year through additional revenues and efficient operations of the building exceeding the

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budget by over \$500,000 continuing the trend of closing the deficit. The remaining funding after closing the operating gap is invested to fund operating reserves in accordance with our operating contract with Legends Global Albany and used to fund capital improvements, future projects, and walkway reserves necessary to maintain the facility in good order. Reserve amounts are budgeted on an annual basis. Additional funds were set aside to prepare for the capital expenditures and debt reserve associated with the expansion project. 2025 specifically saw a \$4.6 million prepaid rent related to the pre-planning and development work for the 126 State Street expansion.

Other Significant Activities:

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

During 2025 the ACCA commenced the following capital improvement projects

- Roof protection pad installation
- New hot water tank pump and new water valves for the kitchen
- New card reader hardware at the main entrance
- New safety mirrors on all three levels of the ACC garage
- Additional emergency life system strobes on Level 2
- Completed kitchen and dishwasher upgrades/part replacement/major PM
- Installed planter arms on exterior lighting poles
- Transitioned to a cloud-based phone system to separate from the MVP Arena in anticipation of the expansion
- Installed additional network capabilities in preparation for the expansion
- Started the Toilet Room Project – expanded the existing toilet rooms on the southwest corner of the 1st floor to allow for the expansion bridge to be set in the spring of 2026
- Continuous painting and beautification throughout the facility
- Invested in the expansion of the walkway camera system to link MVP Arena, Albany Capital Center and Empire State Plaza camera systems to allow for greater security in the walkway
- Engaged with Albany Center Gallery on a mural project consisting of two murals located on W-1 and W-2 connecting to the Empire State Plaza/MVP walkway

ACCA has engaged Baker PR as its marketing and public relations partner. Through coordinated efforts with their team and working with Legends Global, the ACCA is furthering the venues representation and elevating the mission and work of the authority to promote transparency, partnership and community outreach. In addition, the ACCA sought opportunities to participate in industry trades publications and support our partner community organizations.

Overview of the Financial Statements:

The financial statements provide summary information about the ACCA's 2025 and 2024 operations including net position. The notes provide explanations and additional details about the financial statements.

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

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2025 and 2024**

Net Position:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>\$ Change</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 6,365,053	\$ 3,260,542	\$3,104,511
Certificates of deposit	4,562,282	7,755,750	(3,193,468)
Accounts receivable	591,319	795,528	(204,209)
Due from County of Albany, New York	1,665,646	1,668,132	(2,486)
Prepaid expenses and other	4,941,370	911,139	4,030,231
Total current assets	<u>18,125,670</u>	<u>14,391,091</u>	<u>3,734,579</u>
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	<u>64,030,458</u>	<u>65,903,800</u>	<u>(1,873,342)</u>
Total assets	<u>82,156,128</u>	<u>80,294,891</u>	<u>1,861,237</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total assets and deferred outflows of resources	<u>\$82,257,715</u>	<u>\$80,371,719</u>	<u>\$1,885,996</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 543,160	\$ 455,592	\$ 87,568
Deferred revenue	450,978	437,034	13,944
Accrued wages and employee benefits	2,409	2,136	273
Total current liabilities	<u>996,547</u>	<u>894,762</u>	<u>101,785</u>
NONCURRENT LIABILITIES			
Note payable	32,085	-	32,085
Net pension liability	12,170	-	12,170
OPEB obligation	148,283	119,357	28,926
Total liabilities	<u>1,189,085</u>	<u>1,014,119</u>	<u>174,966</u>
DEFERRED INFLOWS OF RESOURCES			
Total liabilities, deferred inflows of resources and net position	<u>18,491</u>	<u>15,515</u>	<u>2,976</u>
NET POSITION			
Total liabilities, deferred inflows of resources and net position	<u>81,050,139</u>	<u>79,342,085</u>	<u>1,708,054</u>
Total liabilities, deferred inflows of resources and net position	<u>\$82,257,715</u>	<u>\$80,371,719</u>	<u>\$1,885,996</u>

Significant Changes to Net Position:

- The increase in cash and cash equivalents is the result of investment in new and existing CDARS in the financial portfolio to gain interest as well as to set aside reserves for future operations and capital improvements. The decrease in certificated of deposit is due to the maturity date of the CDARS, those that had maturities of less than 90 days were included in the cash and cash equivalents line.
- The decrease of approximately \$2 million in capital assets is primarily a result of depreciation.
- Prepaid expenses and other lines increased about \$4 million from 2024 due to the prepaid rent associated with the expansion.

**Albany Convention Center Authority
Management Discussion and Analysis
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Revenue and Expenses:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>
Revenues	\$ 3,240,270	\$ 2,711,266	\$ 529,004
Expenses			
Salary and wages	152,891	151,242	1,649
Fringe benefits	91,298	61,883	29,415
Insurance	124,016	109,695	14,321
Office and other expense	114,882	100,816	14,066
Professional fees	470,047	297,785	172,262
Contractual services	3,808,423	3,608,823	199,600
Depreciation expense	2,140,341	2,143,100	(2,759)
Total expenses	<u>6,901,898</u>	<u>6,473,344</u>	<u>428,554</u>
Operating loss	<u>(3,661,628)</u>	<u>(3,762,078)</u>	<u>100,450</u>
Appropriations and other revenues (expenses)			
Hotel-Motel Occupancy Tax	4,934,944	5,207,226	(272,282)
Interest income	435,105	333,565	101,540
Interest expense	(381)	-	(381)
Other	14	91	(77)
Total appropriations and other revenue	<u>5,369,682</u>	<u>5,540,882</u>	<u>(171,200)</u>
Change in net position	1,708,054	1,778,804	(70,750)
Total net position beginning of year	<u>79,342,085</u>	<u>77,563,281</u>	<u>1,778,804</u>
Total net position end of year	<u><u>\$81,050,139</u></u>	<u><u>\$79,342,085</u></u>	<u><u>\$1,708,054</u></u>

Significant Changes to Revenues and Expenses and Appropriations and Other Revenues:

- The fringe benefits increase was due to increase in health insurance costs for the current employee and the contractual health care coverage. The previous Executive Director retired in 2024, and the Authority is obligated to pay for retirement health care for that individual as well. The changes in salary also caused an increase in mandatory retirement contributions for the year.
- Professional legal fee increase was primarily due to increased legal consultation due to the expansion project. There was also an increase in monthly accounting fees for 2025.
- The contractual services increase was primarily due to an increase in salaries & benefits, general & administrative expenses, insurance, and utilities for the Capital Center.
- Appropriations and other revenues show a decrease in 2025 due to lower hotel occupancy tax compared to 2024. However, some of the decreases were offset by the interest income earned which increased in 2025.

**Albany Convention Center Authority
Management Discussion and Analysis
December 31, 2025 and 2024**

Currently Known Facts and Circumstances:

- The ACCA executed the lease agreement with CIDC Albany, LLC for the 126 State Street expansion. In preparation for the bond that was required to acquire the site and build the expansion, the ACCA entered into two agreements with Albany County: one, an administrative agreement and the other a debt reserve fund agreement. These agreements provided the necessary administrative structure the county required to assume the responsibility of administrating the debt reserve fund agreement. CIDC with The Albany County Community Resource Corporation closed on the project bonding on August 20, 2025. In addition, NYS ESD awarded the project \$10 million dollars in grant funding. Construction started in early September 2025 and is expected to be completed by February 28, 2027. Since the grant funding follows a reimbursement structure, shortly after the closing of the bond, ACCA obtained a Grant Anticipation Note from Key Bank to allow for the cross over funding needed at the end of the construction period until NYS reimburses the final payment.

- The Albany County Hotel Motel Occupancy Tax has been renewed for three years beginning in 2025. There has been a formula change to the legislation to include another entity as part of the distribution of receipts. Although the new legislation increased the tax from 6% to 6.5% to accommodate the additional entity, the resulting amount of funding share received by the ACCA remained consistent at 3% due to the change in the formula. In addition, NYS has approved additional short-term rental legislation that is expected to increase the receipts paid to the ACCA. This legislation is pending approval from Albany County and is anticipated that the additional short-term rental receipts will begin in the third quarter of 2026.

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF NET POSITION

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,365,053	\$ 3,260,542
Certificates of deposit	4,562,282	7,755,750
Accounts receivable	591,319	795,528
Due from County of Albany, New York	1,665,646	1,668,132
Prepaid expenses and other	4,941,370	911,139
Total current assets	<u>18,125,670</u>	<u>14,391,091</u>
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	<u>64,030,458</u>	65,903,800
Total assets	<u>82,156,128</u>	<u>80,294,891</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>101,587</u>	<u>76,828</u>
Total assets and deferred outflows of resources	<u>\$ 82,257,715</u>	<u>\$ 80,371,719</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 543,160	\$ 455,592
Deferred revenue	450,978	437,034
Accrued wages and employee benefits	2,409	2,136
Total current liabilities	<u>996,547</u>	<u>894,762</u>
NONCURRENT LIABILITIES		
Note payable	32,085	-
Net pension liability	12,170	-
OPEB obligation	148,283	119,357
Total noncurrent liabilities	<u>192,538</u>	<u>119,357</u>
Total liabilities	<u>1,189,085</u>	<u>1,014,119</u>
DEFERRED INFLOWS OF RESOURCES	<u>18,491</u>	<u>15,515</u>
NET POSITION		
Net investment in capital assets	63,998,373	65,903,800
Unrestricted	17,051,766	13,438,285
Total net position	<u>81,050,139</u>	<u>79,342,085</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 82,257,715</u>	<u>\$ 80,371,719</u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues	\$ 3,240,270	\$ 2,711,266
Expenses		
Salaries and wages	152,891	151,242
Fringe benefits	91,298	61,883
Insurance	124,016	109,695
Office and other expense	114,882	100,816
Professional fees	470,047	297,785
Contractual services (Note 8)	3,808,423	3,608,823
Depreciation	2,140,341	2,143,100
Total expenses	<u>6,901,898</u>	<u>6,473,344</u>
Operating loss before appropriations and other revenues	(3,661,628)	(3,762,078)
Appropriations and other revenues (expenses)		
Hotel-Motel Occupancy Tax	4,934,944	5,207,226
Interest income	435,105	333,565
Interest expense	(381)	-
Other revenue	14	91
Total appropriations and other revenues	<u>5,369,682</u>	<u>5,540,882</u>
Change in net position	1,708,054	1,778,804
Total net position, beginning of year	<u>79,342,085</u>	<u>77,563,281</u>
Total net position, end of year	<u><u>\$ 81,050,139</u></u>	<u><u>\$ 79,342,085</u></u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services	\$ 3,458,423	\$ 2,563,179
Personal service payments	(224,603)	(234,845)
Cash payments to vendors, contractors and other professionals	<u>(8,452,515)</u>	<u>(4,707,044)</u>
Net cash used in operating activities	<u>(5,218,695)</u>	<u>(2,378,710)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from note payable	32,085	-
Cash paid for interest	(381)	-
Cash received from County of Albany	<u>4,937,430</u>	<u>4,921,570</u>
Net cash provided by non-capital and related financing activities	<u>4,969,134</u>	<u>4,921,570</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(274,515)</u>	<u>(699,610)</u>
Net cash used in capital and related financing activities	<u>(274,515)</u>	<u>(699,610)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of certificates of deposit	3,193,468	(704,660)
Cash received from interest	435,105	333,565
Cash received from other revenue	<u>14</u>	<u>91</u>
Net cash provided by (used) in investing activities	<u>3,628,587</u>	<u>(371,004)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,104,511	1,472,246
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,260,542</u>	<u>1,788,296</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 6,365,053</u>	<u>\$ 3,260,542</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss before appropriations and other revenues (expenses)	\$ (3,661,628)	\$ (3,762,078)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,147,857	2,155,708
Net changes in assets and liabilities:		
Accounts receivable	204,209	(278,469)
Prepaid expenses and other	(4,030,231)	(764,459)
Change in deferred outflows, inflows, net pension and OPEB liabilities (assets)	19,313	(10,802)
Accounts payable and accrued expenses	87,568	161,926
Deferred revenue	13,944	130,382
Accrued wages and employee benefits	<u>273</u>	<u>(10,918)</u>
Net cash used in operating activities	<u>\$ (5,218,695)</u>	<u>\$ (2,378,710)</u>

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 — FINANCIAL REPORTING ENTITY

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

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

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant accounting policies are described below:

Basis of Accounting

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

Cash and Cash Equivalents

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

ALBANY CONVENTION CENTER AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

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

Certificates of Deposit

Certificates of Deposit include investments in a CD Option account (also known as CDARS) which consist of certificates of deposit with original terms over three months when purchased. These investments are held until maturity and carried at amortized cost. The Authority's certificates of deposit bear interest at rates ranging from 3.39% to 3.87% with original terms of 26 weeks. The certificates of deposit are fully collateralized by federal deposit insurance.

Due from the County of Albany, New York

During 2006, enabling legislation authorized a portion of Hotel-Motel Occupancy Tax (HOT) revenue collected and remitted to the treasury of the County of Albany be set aside for use by the Authority (Note 4). The HOT revenue is recognized when earned based on management's estimates using budgeted and historical collection data adjusted each quarter based on actual amounts collected and deposited into an account designated by the Authority. Due from County of Albany, New York consists of the Authority's estimated share of hotel taxes collected on behalf of the Authority.

Income Taxes

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

Use of Estimates

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

Reclassifications

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

Pension

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

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

New Accounting Pronouncements

Effective for the year ended December 31, 2025, the Authority implemented GASB Statement No. 102, "Certain Risk Disclosures," which clarifies the financial reporting requirements for risks related to vulnerabilities due to certain concentrations and constraints. For concentrations or constraints that meet the definition in the standard, governments are required to disclose the concentration or constraint, any related events that could have a substantial impact, and the actions taken by the government to mitigate the risk. Upon evaluation, the implementation of GASB 102 did not have a material impact on the Authority's financial statements or related disclosures. The Authority's existing policies and practices were consistent with the principles outlined in GASB 102.

NOTE 3 — CASH AND CASH EQUIVALENTS

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

	2025		2024	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash and cash equivalents	\$6,365,053	\$6,376,773	\$3,260,542	\$3,276,803
	<u>\$6,365,053</u>	<u>\$6,376,773</u>	<u>\$3,260,542</u>	<u>\$3,276,803</u>

The cash and cash equivalents were covered by FDIC insurance or otherwise collaterally secured at December 31, 2025.

NOTE 4 — HOTEL-MOTEL OCCUPANCY TAX

During 2006, legislation was amended which authorizes the County of Albany to impose and collect taxes from occupants of hotel-motel rooms in the County. Among other amendments, this legislation authorized a portion of hotel and motel occupancy taxes collected and remitted to the treasury of the County be deposited into a fund held separate and for the benefit of the Authority. Funds in excess of expenses and outstanding applications for withdrawals submitted by the Authority may be invested in accordance with certain provisions of law. Investment income earned is retained by the fund and made available to the Authority along with all other moneys of the fund. The County transfers money to the Authority's operating account on a quarterly basis which is to be used by the Authority for the convention center. This tax was originally subject to a sunset provision and ended in December 2008. This tax was re-enacted during 2009 with the tax imposed for the period from November 1, 2009 through December 31, 2010. The provisions of the legislation have been further extended through December 31, 2027. As of March 1, 2017, upon substantial completion of the Albany Capital Center, the Authority's share of the Hotel-Motel Occupancy Tax increased from 1% to 3%. The Hotel-Motel Occupancy Tax revenues for the years ended December 31, 2025 and 2024 were \$4,934,944 and \$5,207,226, respectively, and \$1,665,646 and \$1,668,132 of these revenues were due from the County of Albany, New York at December 31, 2025 and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 5 — CAPITAL ASSETS

The following schedule summarizes the capital assets of the Authority and related changes for the years ended December 31, 2025 and 2024:

	January 1, 2025	Additions	Deletions	Transfers	December 31, 2025
Land	\$ 4,070,381	\$ -	\$ -	\$ -	\$ 4,070,381
Construction in progress	-	48,568	-	-	48,568
Building and building improvements	76,897,927	133,719	-	-	77,031,646
Furniture, equipment and other	2,498,856	92,228	-	-	2,591,084
Total	83,467,164	274,515	-	-	83,741,679
Less: accumulated depreciation	(17,563,364)	(2,147,857)	-	-	(19,711,221)
Capital assets, net	<u>\$ 65,903,800</u>	<u>\$ (1,873,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,030,458</u>
	January 1, 2024	Additions	Deletions	Transfers	December 31, 2024
Land	\$ 4,070,381	\$ -	\$ -	\$ -	\$ 4,070,381
Construction in progress	115,553	18,029	-	(133,582)	-
Building and building improvements	76,123,997	641,598	-	132,332	76,897,927
Furniture, equipment and other	2,480,644	40,085	(23,123)	1,250	2,498,856
Total	82,790,575	699,712	(23,123)	-	83,467,164
Less: accumulated depreciation	(15,430,677)	(2,155,708)	23,021	-	(17,563,364)
Capital assets, net	<u>\$ 67,359,898</u>	<u>\$ (1,455,996)</u>	<u>\$ (102)</u>	<u>\$ -</u>	<u>\$ 65,903,800</u>

Building and building improvements, furniture, equipment and other assets are capitalized and depreciated over a period consistent with the underlying estimated useful life when placed in service. Depreciation expense related to building and building improvements, furniture, equipment and other assets was approximately \$2,147,900 and \$2,155,700 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6 — RETIREMENT BENEFITS

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

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 6 — RETIREMENT BENEFITS (Continued)

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Authority to the pension accumulation fund. The rate was 12.6% and 12.9% for the Authority's active employee for 2025 and 2024, respectively. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

The Authority recognized net pension expense of approximately \$19,500 and \$11,700 for the years ended December 31, 2025 and 2024, respectively which is included in fringe benefits in the statements of revenue, expenses and changes in net position.

At December 31, 2025 and 2024 the Authority reported a liability of \$12,170 and \$0 for its proportionate share of the ERS net pension liability, respectively. The ERS net pension liability is measured as of March 31 each year, and the total pension liabilities were determined by an actuarial valuation as of April 1, 2024 and 2023, with updated procedures used to roll forward the total pension liability to March 31, 2025 and 2024, respectively. The Authority's proportion was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for each fiscal year ended on the measurement date. At the March 31, 2025 and 2024 measurement date, the Authority's proportion was 0.0000710% and 0.0000000%, respectively.

At December 31, 2025 and 2024 the Authority reported deferred outflows of resources of \$67,407 and \$58,509, respectively, which is included in deferred outflows of resources on the statement of net position. Deferred inflows of resources of \$5,620 and 8,234 were reported at December 31, 2025 and 2024, respectively, and included in deferred inflows of resources on the statement of net position.

The Authority has reported additional deferred outflows of resource as of December 31, 2025 and 2024 for employer contributions made subsequent to the measurement dates.

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS

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

Plan Description and Funding Policy

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description and Funding Policy (Continued)

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

Employees Covered by Benefit Terms

At both January 1, 2025 and January 1, 2024, the actuarial valuation dates, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>1</u>
	<u><u>2</u></u>

Total OPEB Liability

At December 31, 2025 and 2024, the Authority reported a liability of \$148,283 and \$119,357, respectively. The total OPEB liability as of December 31, 2025 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025. The total OPEB liability as of December 31, 2024 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2024.

Actuarial Assumptions and Other Inputs

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

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

Discount rate used in December 31, 2025 measurement – 4.75%

Discount rate used in December 31, 2024 measurement – 4.00%

Healthcare cost trend rates – 6.21% for 2025 (decreasing to an ultimate rate of 4.30% by 2062)

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

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2023	<u>\$ 104,986</u>
Changes for the year:	
Service cost	-
Interest	3,330
Changes of benefit terms	-
Differences between expected and actual experience	25,285
Changes of assumptions or other inputs	(10,050)
Benefit payments	<u>(4,194)</u>
Net changes	<u>14,371</u>
Balance at December 31, 2024	<u>\$ 119,357</u>
Changes for the year:	
Service cost	9,265
Interest	5,023
Changes of benefit terms	-
Differences between expected and actual experience	32,752
Changes of assumptions or other inputs	(11,994)
Benefit payments	<u>(6,120)</u>
Net changes	<u>28,926</u>
Balance at December 31, 2025	<u>\$ 148,283</u>

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

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

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 164,627</u>	<u>\$ 148,283</u>	<u>\$ 134,439</u>

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

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

	<u>1.0% Decrease</u>	<u>Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 133,686</u>	<u>\$ 148,283</u>	<u>\$ 165,410</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the years ended December 31, 2025 and December 31, 2024, the Authority recognized OPEB expense of \$24,775 and \$6,772, respectively. At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,180	\$ -
Changes of assumptions or other inputs	<u>-</u>	<u>12,871</u>
Total	<u>\$ 34,180</u>	<u>\$ 12,871</u>

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,319	\$ -
Changes of assumptions or other inputs	<u>-</u>	<u>7,281</u>
Total	<u>\$ 18,319</u>	<u>\$ 7,281</u>

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

<u>Year ended December 31</u>	<u>Amount</u>
2026	\$10,487
2027	8,934
2028	<u>1,888</u>
	<u>\$21,309</u>

NOTE 8 — FACILITY OPERATOR AGREEMENTS

The management, operations and marketing of the Albany Capital Center is facilitated through a Management Agreement with Legends Global. The initial agreement expired December 31, 2020. In July 2020, the Authority executed an amended and restated management agreement, extending the term through December 31, 2023. The agreement was further amended in April 2022, extending the term through December 31, 2025. In September 2025, the Authority executed a second amended and restated management agreement, extending the term through December 31, 2030.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 8 — FACILITY OPERATOR AGREEMENTS (Continued)

As part of this agreement Legends Global is responsible for the financial activity of the Albany Capital Center. Legends Global manages all revenues collected by the Albany Capital Center from facility rental; food and beverage sales; parking lot operations and other ancillary income. In turn, Legends Global incurs expenses associated with operating the facility (i.e., salaries of permanent and temporary staff who orchestrate events and handle administrative functions; utility expenses; the promotion and advertising of the Albany Capital Center; and general facility maintenance and repairs). Financial activity of the Albany Capital Center is reviewed by management.

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

	<u>2025</u>	<u>2024</u>
Direct event income		
Rental	\$ 808,106	\$ 682,658
Service	340,841	292,987
Ancillary income		
Food and beverage catering	1,221,726	1,126,412
Parking	184,648	147,940
Electrical	75,428	51,078
Audio visual and other	283,327	252,162
Other operating income		
Advertising	71,290	85,274
Other	254,904	72,755
Total revenues	<u>\$3,240,270</u>	<u>\$2,711,266</u>

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

	<u>2025</u>	<u>2024</u>
Service	\$ 805,209	\$ 863,735
Salaries and wages	1,205,855	1,178,697
Payroll taxes and benefits	343,951	331,124
General and administrative	384,942	300,820
Operating	70,975	92,406
Repairs and maintenance	286,011	283,740
Insurance	89,457	61,521
Utilities	361,443	260,480
Depreciation	7,516	12,608
Management fee	253,064	223,692
Total expenses	<u>\$3,808,423</u>	<u>\$3,608,823</u>

As base compensation to Legends Global for providing services, the Authority pays Legends Global an annual fixed fee, and has since 2021, adjusted annually for changes in the CPI-U through December 31, 2030.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 8 — FACILITY OPERATOR AGREEMENTS (Continued)

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

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

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

- (A) Performance/Productivity incentive fee: not to exceed 200% of the annual fixed fee, equal to 20% of fixed fee if operating revenues exceed the operating revenues from the immediately preceding fiscal year; provided, however, such eligibility is contingent upon Legends Global operating within the approved budget; and 20% of the fixed fee if annual attendance was between 100,000 and 150,000, or 45% of the fixed fee if annual attendance was over 150,000; and 20% of the fixed fee if annual event days were between 300 and 320, or 45% of the fixed fee if annual event days were in excess of 320; and 20% of the fixed fee if annual events were between 200 and 220, or 45% of the fixed fee if annual events were in excess of 220; and 20% of the fixed fee if annual hotel room nights generated were between 30,000 and 35,000, or 45% of the fixed fee if annual hotel nights generated were in excess of 35,000.
- (B) Qualitative incentive fee: an amount not to exceed 50% of annual fixed fee, eligible upon meeting the criteria defined in the Management Agreement.

The incentive fees earned for the years ended December 31, 2025 and 2024 were \$145,376 and \$119,649 , respectively.

In accordance with the terms of the Management Agreement, the Authority is required to provide the operator certain operating funds sufficient to meet operating expenses. During 2025 and 2024, the Authority provided Legends Global with \$348,600 and 489,120, respectively, to meet operating expenses.

NOTE 9 — SHUTTERED VENUE OPERATORS GRANT

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 9 — SHUTTERED VENUE OPERATORS GRANT (Continued)

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

NOTE 10 — COMMITMENTS AND CONTINGENCIES

In September 2024, the Authority entered into an option to lease agreement with CIDC Albany Center, LLC ("CIDC") for property that will be utilized for expansion and improvements of the Albany Capital Center. The payments required under this option are primarily being used by the Optionor for pre-construction planning, design, and engineering costs for the project. As part of this agreement, an initial installment payment of \$500,000 was made in October 2024 with additional monthly installment payments of \$316,667 required at the beginning of each month from January 1, 2025, through June 30, 2025. The Authority was also required to make an additional \$2,200,000 payment prior to the closing of CIDC's financing for the construction of the building, for a total of \$4,600,000. The Authority made this payment in August 2025. Total payments of \$4,600,00 and \$816,667 have been made under this agreement, as of December 31, 2025 and 2024, respectively, and are included in prepaid and other assets on the statement of net position. The Authority exercised their option to lease in July 2025.

The lease has a thirty-year non-cancelable term with annual base rent payments of \$2,385,000 currently schedule to commence on March 1, 2027. The Authority will account for this lease under GASB 87 upon lease commencement in 2027. The lease includes a purchase option price of an amount equal to the greater of:

(A) Ten Dollars

(B) The principal balance outstanding on CIDC's Tax-Exempt Lease Revenue Bonds (CIDC Albany Center, LLC Project), Series 2025 issued by Albany County Capital Resource Corporation

As part of the Lease agreement, the Authority has agreed to pay an additional \$10,000,000 in prepaid rent by August 2026. In order to fund this additional prepaid rent requirement, the Authority was approved for a \$10,000,000 grant from New York State and Empire State Development ("ESD") in July 2025 that will be paid in 3 equal payments as project costs are incurred for the construction of the project. No funds have been received or earned under this grant as of December 31, 2025.

Due to the third \$3,340,000 ESD payment not being scheduled to be received until after the project is complete, the Authority entered a Loan and Note Purchase Agreement in September 2025 with KeyBank, that allows the Authority to borrow up to \$3,400,000. The Authority will utilize this loan to make their final prepaid rent payment to CIDC and then the balance will be paid off once the final ESD payment is received. At December 31, 2025, \$32,085 is outstanding on the Note Payable and is included in the statement of net position.

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 10 — COMMITMENTS AND CONTINGENCIES (Continued)

Interest payments are due monthly and are based on the 30-Day Term SOFR plus a margin of .65%. For the year ended December 31, 2025, interest expense of the loan was \$381 and is included in the statement of revenues, expenses, and changes in net position. All outstanding principal will be due at maturity of the note in September 2027.

NOTE 11 — ADMINISTRATIVE SERVICES FUNDING AGREEMENT

In August 2025, the Authority entered into an Administrative Services Funding Agreement with the County of Albany, New York ("County"). Commencing on January 1, 2026, the Authority will be required to make an annual payment of \$150,000 to the County, until a total aggregate amount of \$4,500,000 is paid. This payment will be for the operation and maintenance of a walkway connecting the convention center facility to an adjacent parking facility. In December 2025, the Authority prepaid their 2026 payment of \$150,000, this amount is included in prepaid expenses and other on the statement of net position.

NOTE 12 — RISKS AND UNCERTAINTIES

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

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY

Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 9,265	\$ -	\$ -	\$ 3,929	\$ 5,983	\$ 33,637
Interest	5,023	3,330	3,328	4,967	13,209	12,406
Changes of benefit terms	-	-	-	-	-	(1,486)
Differences between expected and actual experience	32,752	25,285	(6,230)	(11,977)	(545,885)	(29,155)
Change of assumptions or other inputs	(11,994)	(10,050)	5,475	(23,049)	788	50,915
Benefit payments	<u>(6,120)</u>	<u>(4,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	28,926	14,371	2,573	(26,130)	(525,905)	67,803
Total OPEB liability - beginning	<u>119,357</u>	<u>104,986</u>	<u>102,413</u>	<u>128,543</u>	<u>654,448</u>	<u>586,645</u>
Total OPEB liability - ending	<u>\$ 148,283</u>	<u>\$ 119,357</u>	<u>\$ 104,986</u>	<u>\$ 102,413</u>	<u>\$ 128,543</u>	<u>\$ 654,448</u>

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



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

Members of the Board
Albany Convention Center Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States, the financial statements of the Albany Convention Center Authority (the Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

UHY LLP

Albany, New York
March 27, 2026