

# **Massachusetts Convention Center Authority**

(A Component Unit of the Commonwealth  
of Massachusetts)

**Financial, Required Supplementary Information  
and Other Supplementary Information**

**For the Fiscal Year Ended June 30, 2022**

## Table of Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Unaudited)	4-13
Financial Statements	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Net Position	15
Statement of Cash Flows	16-17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	20-47
Required Supplementary Information (Unaudited)	
Pension Plan – Schedule of the Authority's Proportionate Share of the Net Pension Liability (Unaudited)	48
Pension Plan – Schedule of the Authority's Contributions (Unaudited)	49
OPEB Plan – Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios (Unaudited)	50-51
OPEB Plan – Notes to the OPEB Schedules (Unaudited)	52-53
OPEB Plan – Schedule of the Authority's Contributions (Unaudited)	54
OPEB Plan – Schedule of Investment Returns (Unaudited)	55
Other Supplementary Information (Unaudited)	
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Budgetary Basis (Unaudited)	56
Reconciliation of GAAP Operating Gain/(Loss)Loss to Statutory Net Cost of Operations and Operating Reimbursement Requests from the Convention Center Fund (Unaudited)	57
Schedule of Consolidated Financial Statements by Operating Segment (Unaudited)	58-59
Schedule of Salary and Other Compensation of Highly Compensated Employees (Unaudited)	60
Report on Internal Control Over Financial Reporting and on Compliance and Other s Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standard</i>	61-62

## Independent Auditor's Report

Board Members  
Massachusetts Convention Center Authority

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Massachusetts Convention Center Authority (the Authority), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Massachusetts Convention Center Authority, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 from 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 (located on pages 4 through 13), and certain pension and other postemployment benefits information (located on pages 48 through 55) 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of revenues, expenses and changes in net position—budget and actual—budgetary basis, the reconciliation of GAAP operating gain (loss) to statutory net cost of operations and operating reimbursement requests from the Convention Center Fund, the schedule of consolidated financial statements by operating segment and the schedule of salary and other compensation of highly compensated employees (hereinafter referred to as supplementary and other information), for the year ended June 30, 2022, located on pages 56 through 60, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses and changes in net position—budget and actual—budgetary basis, the reconciliation of GAAP operating gain/(loss) to statutory net cost of operations and operating reimbursement requests from the Convention Center Fund, the schedule of consolidated financial statements by operating segment and the schedule of salary and other compensation of highly compensated employees supplementary and other information), for the year ended June 30, 2022, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Boston, Massachusetts  
October 20, 2022

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

This Management's Discussion and Analysis (MD&A) of the financial condition and results of operations comments on the Massachusetts Convention Center Authority's (the MCCA or the Authority) operations, performance, and financial condition for the fiscal year ended June 30, 2022.

The MD&A is presented in four sections:

*Background* describes the Authority's legislative history and enabling authority.

*About our Business* describes the Authority's mission, business, objectives and strategies for success.

*Summary of Financial Performance* reviews the key measures used to assess the Authority's performance and how those results in Fiscal Year 2022 (FY22) compared to the results in Fiscal Year 2021 (FY21). It also provides detailed information and analysis about our performance for the past two years. It focuses on our operating results and provides financial information for each of our facilities.

*Risk Assessment* provides an overview of the key risks that could affect our business.

Please refer to the audited *Financial Statements* when reading the MD&A.

**About the Financial Statements**

The Authority maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The financial statements of the Authority are maintained on the full accrual basis of accounting and report business-type activities and fiduciary activities. The Authority's financial report includes five basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position.

While the financial statements provided herein conform to GAAP, a separate schedule is provided as other supplementary information to provide the reader with a reconciliation between the annual GAAP basis operating gain or loss and the Authority's Net Cost of Operations as it is defined under Massachusetts General Law (MGL) and is used to support annual operating funding draws from the Massachusetts Convention and Exhibition Center Fund (CCF). The Net Cost of Operations is commonly used by the Commonwealth of Massachusetts (Commonwealth) and the Authority to report on the Authority's annual financial operating performance and budget.

**BACKGROUND**

The Authority is an independent public authority of the Commonwealth that owns and operates public assembly facilities primarily for the convention, tradeshow, and meetings industry. It was established by Chapter 190 of the Acts of 1982 (Chapter 190), which was subsequently amended by Chapter 629 of the Acts of 1982; Chapter 400 of the Acts of 1983; Chapter 637 of the Acts of 1983; Chapter 78 of the Acts of 1988; Chapter 138 of the Acts of 1991; Chapter 307 of the Acts of 1991; Chapter 110 of the Acts of 1993; Chapter 152 of the Acts of 1997 (Chapter 152); Chapter 23 of the Acts of 1998; Chapter 45 and Chapter 256 of the Acts of 2001; Chapter 139, section 211 of the Acts of 2012; and Chapter 195 of the Acts of 2014 (Chapter 195).

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

Under Chapter 190, the Commonwealth acquired the John B. Hynes Veterans Memorial Auditorium and the Boston Common Garage (the BCG or Garage) from the City of Boston. To manage these newly acquired assets, the legislation created the Authority, which was governed by a seven-member Board of Directors (Board) chaired by the Treasurer of the Commonwealth. The MCCA remodeled and expanded the auditorium building, creating the John B. Hynes Veterans Memorial Convention Center (the Hynes), which was opened in 1988.

In 1997, the Commonwealth passed Chapter 152, which authorized the Authority to construct and manage a new convention facility on the South Boston waterfront, the Boston Convention & Exhibition Center (the BCEC) and provided the MCCA with control over and responsibility for the Springfield Civic Center, its renovation and expansion. Chapter 152 also expanded the Authority's board membership from seven to thirteen, to be chaired by an appointee of the Governor (approved by the mayor) with a six-year term.

In the fiscal year 2003 budget for the Commonwealth, several provisions were enacted affecting the operations, marketing and financial activities of the MCCA. Most significantly, it suspended the Authority's funding for its net operating costs from the State Tourism Fund. This funding mechanism was replaced in fiscal year 2004 by disbursements from the CCF, created by the 1997 Convention Center Act, which authorized the Commonwealth to provide the Authority with up to \$17 million from the CCF to defray the Authority's net cost of annual operations as defined in Chapter 190. This use requires that the State Treasurer and Secretary of Administration and Finance annually certify the availability of funds within the \$17 million cap after payment of debt service which is required to be made first. The funding cap was increased to \$23 million in fiscal year 2005. Chapter 195 increased funding caps for fiscal years 2016, 2017 and 2018 (and subsequent years thereafter, subject to future legislation) to \$25 million, \$26 million and \$28 million, respectively. Finally, in 2010, the Authority and the Secretary agreed that the annual funding cap for the former's net operating costs will be reduced by an equal amount to the annual interest and principal payments made to the Authority related to the \$18 million loan for the construction of the Boston Tea Party Ships and Museums (see discussion in Note 1).

In July 2014, Chapter 195 was adopted, authorizing the Commonwealth to issue an additional \$1 billion in special obligation bonds to finance an expansion of the BCEC. The new law authorized a \$1.3 million square foot expansion of the BCEC, including substantial additions to the exhibit and meeting space, and a second, larger ballroom. Under Chapter 195, funding for the \$1 billion expansion would be supported by the existing CCF, which was created in 1997 to pay for the development and construction of the BCEC, the MassMutual Center (MMC) in Springfield and the Worcester Convention Center, as well as to fund the operations and capital improvements of the MCCA. As of August 2022, the Legislature was considering updated legislation that would authorize the new development at the BCEC while calling for a study of the long-term prospects of the Hynes, including consideration for a potential sale and redevelopment of the property. The final outcome of this legislation remains yet to be determined.

On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable Retiree Pension Trust (Pension Trust) was established for the advance accumulation of funding for future pension contributions. The Pension Trust is presented using the accrual basis of accounting and is reported as a blended component unit in the Authority's financial statements.

On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable Other Post-Employment Benefit (OPEB) Trust (OPEB Trust) was established to administer the single-employer defined benefit OPEB plan that is used to provide postemployment benefits to the Authority's retirees. The OPEB Trust is presented using the accrual basis of accounting and is reported as an OPEB trust fund in the fiduciary funds financial statements.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

The Pension Trust and OPEB Trust and corresponding policies were adopted by the Authority to accumulate resources, for the first time, to fund the Authority's long-term retiree liabilities. Until fiscal year 2017, no funds had been set aside by the Authority for this purpose, despite the large and growing measured liabilities.

On October 21, 2019, the Governor filed legislation that would provide for the sale of the Hynes and allow the proceeds to be used to fund a portion of the cost of an expanded BCEC, among other things (see directly below). This legislation had not been adopted by the State legislature as of the date of these financial statements.

On November 23, 2020, the Authority purchased the Springfield Civic Center Garage (SCCG) from the Springfield Parking Authority (SPA). The SCCG, which is adjacent to the Authority's MMC, is deemed essential by the Authority's Board and management for the marketing and operation of the MMC. The Authority selected a contractor to demolish the existing garage structure, and work has begun for this effort. Following the demolition, the Authority intends to construct in its place a new parking structure that can offer modern parking amenities and other features while supporting the business of the MMC and its customers.

The Authority is considered a discretely presented component unit of the Commonwealth for financial statement reporting purposes, and its annual financial statements are included by the Massachusetts State Comptroller's Office within its Annual Comprehensive Financial Report for the Commonwealth.

## **ABOUT OUR BUSINESS**

### **WHAT WE DO**

The MCCA operates three world-class public assembly facilities that generate significant regional economic activity by attracting conventions, tradeshow, and other events to the Commonwealth. Two of these facilities - the BCEC and the Hynes - generate event-related revenue primarily from the sale and use of meeting and exhibition space, the sale of services that support the use of that space, such as electricity, internet, security, rigging and audio/visual services (together, such services are referred to herein as Support Services), and income from food and beverage sales at the facilities. The third facility, the MMC, generates both arena event revenue, from hosting full seasons of minor league and college hockey games and other arena events and convention event revenue, from the attached convention center, which opened in October 2005. Through these facilities, the MCCA attracts hundreds of thousands of people to the Commonwealth annually, enriching the local economy with hotel and retail spending, and other direct spending on goods and services.

In late summer of 2014, the MCCA opened an outdoor venue named "The Lawn on D," (the Lawn) consisting of 2.7 acres of flexible public and event space immediately adjacent to the BCEC. The Lawn was operated during 2014 and 2015 as an "experimental" project, in which various sales and operating models were evaluated for consideration for a more permanent outdoor venue in the future. The pilot phase's expenses of the Lawn were funded from the Authority's annual capital projects budget. Following deliberations in the fall and winter of 2015 and 2016, the Authority elected to re-open the Lawn in 2016 as a full business segment.

The MCCA also operates a 1,367-space underground public parking garage, the BCG, located in the Back Bay/Beacon Hill neighborhood of Boston. The BCG is a top-tier parking facility in the heart of Boston, providing secure and accessible parking for commuters, nearby residents and tourists alike. The garage generates revenue almost exclusively as a result of parking fees. Currently, the BCG is managed by agreement with a garage management company that also manages a number of other parking facilities in the Greater Boston area.



**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

Effective December 1, 2020, the Authority assumed operations of the existing Springfield Civic Center Garage. The SCCG appears as a separate full business segment, as reported in the Other Supplementary Information section of these financial statements.

**MANAGEMENT'S OBJECTIVES AND STRATEGY**

The Authority's mission is to generate significant regional economic activity by attracting conventions, tradeshows and other events to its world-class facilities, while maximizing the investment return for the residents and businesses in the Commonwealth. To accomplish this, the Authority's management operates the business consistent with strategic business principles for success in the short-term and over longer periods of time. Unifying the management team and the Authority's dedicated employees and contractors in achieving its priorities is part of the Authority's over-arching goal, and management believes it is critical to Boston remaining competitive in the meetings industry.

**SUMMARY OF FINANCIAL PERFORMANCE**

**Condensed Financial Information**

Summary of Net Position

	2022	2021
Cash and investments.....	\$ 67,190,809	\$ 75,322,322
Receivables and other assets.....	652,429,755	644,103,786
Total assets.....	719,620,564	719,426,108
Deferred outflows of resources.....	8,711,372	11,379,971
Total assets and deferred outflows of resources.....	728,331,936	730,806,079
Current liabilities.....	23,925,323	22,031,805
Noncurrent liabilities.....	35,033,567	51,761,059
Total liabilities.....	58,958,890	73,792,864
Deferred inflows of resources.....	31,384,741	5,315,355
Total liabilities and deferred inflows of resources.....	90,343,631	79,108,219
Net position.....	\$ 637,988,305	\$ 651,697,860

In fiscal year 2022, the Authority experienced a sharp recovery across all of its operating segments, driven primarily from the lifting of COVID-19 related government restrictions on large gatherings at the late stages of fiscal year 2021. Most notably, total operating revenues in fiscal year 2022 were \$63.3 million, a 237.9% increase from the prior year. Revenues in virtually all major categories exceeded the amounts reported in the previous period at each segment. Please note: in this section, many of the annual growth statistics are dramatically greater than what would be considered a normal operating result for the Authority, due simply to the equally dramatic decline in revenue during fiscal year 2021.

For most operating segments, total operating expenses remained at levels below those of years prior to the COVID-19 pandemic, as the Authority continued to implement spending and hiring controls through a substantial portion of the year. In fiscal year 2022, total expenses were \$108.2 million, including depreciation, and \$69.9 million without depreciation. For comparison, during fiscal year 2021, the same amounts were \$93.4 million and \$52.7 million, respectively. In fiscal year 2019, these amounts totaled \$137.2 million and \$89.2 million, respectively.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

Two other notable items occurred in fiscal year 2022. The Authority reported a coverage ratio of 0.98, compared to 0.39 achieved in fiscal year 2021. More discussion on this metric is provided later in this section, including its historical significance for the Authority's annual financial performance. This is the closest to 1.00 that the Authority has accomplished in its history. Relatedly, a second key item of note is that the Authority required no funding annually from the CCF to support its net cost of operations. Prior to this year, the lowest amount that the Authority had achieved was \$1.7 million in its fiscal year 2017, which had been the lowest annual funding request since the BCEC opened in 2004.

**RESULTS OF OPERATIONS**

**Condensed Financial Information**

Summary of Activities

	2022	2021
Operating revenues.....	\$ 63,290,119	\$ 18,730,623
Operating expenses.....	108,175,847	93,384,493
Operating income/(loss).....	(44,885,728)	(74,653,870)
Nonoperating revenues/(expenses), net.....	13,049,037	42,635,280
Income/(loss) before capital contributions.....	(31,836,691)	(32,018,590)
Capital contributions:		
Massachusetts CCF - capital contributions.....	21,072,045	26,680,915
Capital assets transferred to other entities.....	(2,944,909)	-
Change in net position.....	(13,709,555)	(5,337,675)
Net position, beginning of year.....	651,697,860	657,035,535
Net position, end of year.....	\$ 637,988,305	\$ 651,697,860

**Operating Revenues**

During FY22, operating revenues were approximately \$63.3 million, an increase of approximately \$44.6 million, or 237.9%, from FY21. The dramatic increase occurred as the Massachusetts, Boston and Springfield economies were re-opened in late Spring 2021 and the Authority was able to operate its core business under limited to no restrictions over the course of the year. Annual operating revenues of \$63.3 million remain 20% below the \$79.1 million that the Authority generated in fiscal year 2019, the last full year prior to the COVID-19 pandemic.

Convention services, which consist of sources, such as Authority sales of event security, electrical, internet and rigging services, recovered dramatically in fiscal year 2022. Total reported revenues were \$19.2 million, which is an 820% increase from fiscal year 2021's amount of \$2.1 million. Show consumption by large event customers and exhibitors recovered sharply and all major revenue sources under this category increased substantially.

In contrast to fiscal year 2021, during which the Authority reported no annual revenues from its food and beverage operations, in fiscal year 2022 total food and beverage revenues were \$7.9 million. These represent the earnings by the Authority's food and beverage operators at its BCEC, Hynes and MMC facilities after the latter's cost of operations and other related charges. Similar to convention services, food and beverage consumption rebounded greatly with the re-opening of the Authority's venues to larger events.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

Parking fees, earned primarily at the BCG and the SCCG, totaled \$13.1 million in fiscal year 2022. This result corresponds to a 60% increase year over year from fiscal year 2021, when revenues fell to \$8.2 million as a result of reduced daily and monthly parking demand during the COVID-19 pandemic. The Authority has witnessed a substantial recovery in parking demand, particularly at the BCG, where commuter and recreational parkers have increased meaningfully.

Commercial revenues, which are generated from lease payments by hotel (BCEC) and restaurant (Hynes) tenants, totaled \$3.4 million in fiscal year 2022. This represents a 49% increase from the prior year's revenue of \$2.3 million, and corresponds to the substantial increase in gross sales earned by the hotels adjacent to the BCEC, on which the Authority earns a percentage on each year. Additionally, all pandemic-related concessions provided by the Authority to its tenants during fiscal year 2020 and fiscal year 2021 expired by the onset of fiscal year 2022.

Other revenues, which can include a variety of sources, most notably waterfront transportation services, but also one-time insurance claims and proceeds from short-term leases, increased during fiscal year 2022 by \$890,000 from \$3.3 million in fiscal year 2021 to \$4.2 million in fiscal year 2022. This corresponding 27% increase was generated, in part, by the Authority restarting operations of its waterfront transportation services revenues in the fall of 2021.

**Operating Expenses**

With the recovery of its core business, the Authority's total operating expenses grew by \$14.8 million, or 16%, from \$93.4 million in fiscal year 2021 to \$108.2 million in 2022. After adjusting to exclude depreciation expense, these amounts were \$52.7 million and \$69.9 million, respectively, for fiscal years 2021 and 2022, an increase of 32%.

Total salaries and benefits expenses in 2022 totaled approximately \$27.8 million, which compares to approximately \$28.7 million in fiscal year 2021, or a 3% annual reduction. During fiscal year 2022, many of the expenses controls implemented as a result of the COVID-19 pandemic, most notably restrictions on filling vacancies and limiting overtime and variable hour shifts, were maintained well into the fiscal year. Furthermore, the Authority has experienced considerable turnover in permanent positions across all its departments and has experienced growing lengths in time for vacant positions to be filled. These trends have generated considerable vacancy savings in fiscal year 2022.

Other operating expenses totaled \$17.3 million in fiscal year 2022. This expense category includes a range of cost items, such as supplies and equipment, software licenses, sales and marketing activities and credit card and other fiscal fees. The 2022 result corresponds to a 95% increase from fiscal year 2021's amount of \$8.9 million. During the year, many expenses that had been reduced dramatically, including sales and marketing expenses, event and building supplies, were increased in line with the recovery of the Authority's business. Additionally, the Authority saw a substantial increase in its credit card processing fees with the return of event and parking demand at its facilities.

The Authority's contracted services expenses totaled \$16.3 million in fiscal year 2022, or an 85% increase from the prior year's level of \$7.5 million. Many of the expenses under this category are incurred in support of event activities at the Authority's venues. For example, services, such as show cleaning and labor, event security and parking services, increased dramatically in fiscal year 2022. Additionally, building system maintenance contracts that were reduced to lower annual fees in lieu of COVID-19 pandemic were restored in fiscal year 2022.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

Utility expenses at the Authority's venues totaled \$8.5 million in fiscal year 2022, which was a 33% change from fiscal year 2021 levels of \$6.4 million. With the return of the Authority's core event business consumption of electricity, water/sewer, natural gas and steam, all increased substantially. However, the Authority continued to implement measures to reduce energy demand, helping to limit the total year over year change.

**Non-operating Revenues (Expenses), Net**

Total fiscal year 2022 non-operating revenues were \$13.0 million, made up of: \$15.1 million in grants from the CCF to support contributions to the Authority's pension and OPEB trusts; \$233,000 in federal grants; \$730,000 in interest earned on the Boston Tea Party Ships and Museum loan; \$2.2 million in non-employer contributions to the pension plan and a \$5.6 million loss in earnings on the Authority's pension trust.

*Interest on Loans*

The Authority recognized \$730,000 in interest earnings related to its \$18 million loan to the Boston Tea Party Ships and Museums. In fiscal 2021 the Authority agreed to allow the borrower to discontinue monthly repayments for the bulk of fiscal year. All unpaid interest was ultimately recognized and added to the balance of the outstanding loan principal and cash payments for interest began in June 2021 and principal in December 2021. Further discussion follows in a later section addressing this event and the loan.

**COMPARISON TO BUDGET**

**Operating Revenues**

Operating revenues in fiscal year 2022 were approximately \$22.7 million more than the Authority's adopted budget, or 55.9% above budget. While the Authority's adopted fiscal year 2022 budget projected a return of large events to its venues, actual attendance and participation by exhibitors has been much stronger than the Authority originally budgeted for the year. This resulted in greater demand for event services and meeting space, particularly at the Boston Convention & Exhibition Center (BCEC). For the BCEC alone, actual fiscal year 2022 revenues were \$10.1 million greater than projected, totaling \$30.7 million vs. a budget of \$20.6 million.

Similarly, parking revenues, most notably at the Boston Common Garage (BCG), bounced back much stronger than the Authority's fiscal year 2022 budget assumed. At the close of the year, total BCG revenues were \$11.1 million, or \$3.3 million greater than the budget of \$7.8 million. The BCG has benefited from greater commuter demand as well as a sharp bounce back in nightlife and weekend attractions in Boston since the summer of 2021.

**Operating Expenses**

After excluding depreciation and other related items not typically included in the Authority's calculation of its net cost of operations, total budgeted expenses in fiscal year 2022 were approximately \$68.4 million. Actual expenses in fiscal year 2022 were approximately \$63.4 million, or 7.4% below budget. The Authority spent less than budgeted on show related costs, especially contracted services, as well as implemented reductions in sales and marketing and other operating expenses. Additionally, the Authority continued to experience substantial vacancy rates for budgeted positions that have been tough to fill in a tight Boston labor market. This has reduced spending on salaries and benefits in fiscal year 2022 below the original budgeted level for the year.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

**Non-operating Revenues/(Expenses), Net**

In fiscal year 2022, non-operating expenses totaled approximately \$3.8 million, compared to the original budget of non-operating expenses of approximately \$1.3 million. The variance of approximately \$2.5 million resulted from reimbursable expenses funded by the capital budget.

**KEY PERFORMANCE METRICS**

	2022	2021
<b>Operating Coverage Ratio Calculation:</b>		
Operating revenue (including investment income and interest on loans).....	\$ 64,334,418	\$ 19,513,060
Operating expense (excluding depreciation, certain amounts paid for restricted net position and amounts paid from the capital budget).....	\$ 65,487,190	\$ 50,626,910
MCCA operating coverage ratio.....	<u>0.98</u>	<u>0.39</u>
Revenue per gross square foot (BCEC).....	\$ 43.10	\$ 8.91
Revenue per gross square foot (Hynes), excluding commercial space.....	\$ 43.44	\$ 12.12
Revenue per gross square foot (MMC).....	\$ 17.04	\$ 6.10
Revenue per attendee (MMC) - Arena.....	\$ 20.97	\$ 26.34
Average revenue per space per day (BCG).....	\$ 22.28	\$ 14.29

The MCCA's management believes one important measure of the Authority's financial performance is its operating coverage ratio, which reveals the degree to which gross revenues from operations (including investment income and interest on loans) cover gross operating expenses (excluding depreciation, amounts paid from restricted net position and the capital budget). Use of this ratio reveals, in part, the degree to which the Authority must rely on non-operating revenue (largely the annual subsidy from the CCF) to offset its net cost of operations. The greater the ratio the more successful the Authority has been in generating resources independently and in meeting its goal to increase its financial self-sufficiency. Historically, management believes during a typical business year this ratio will fluctuate between 0.65 and 0.75 (or +/- 7% from the 0.70 mid-point) depending on event activities in any specific year. However, as diversification of revenue streams and efforts to minimize expense increases, management continues to work to increase the annual coverage ratio to well above the historical target.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

In fiscal years 2022 and 2021, the Authority's operating coverage ratios (defined above) were 0.98 and 0.39, respectively. The fiscal year 2022 result marks a record high amount for this benchmark and indicates the strong rebound that the Authority has seen in its core event business activities over the course of the year. The result reflects a 150% improvement from the previous year and demonstrates how the Authority did not, ultimately, require funding from the CCF to support its operations. Prior to fiscal year 2021, the Authority had experienced meaningful increases from historical levels, helped by improving performance across the Authority's facilities, most notably the BCEC. Continued strong show quality, particularly with respect to consumption of food and beverage and event support services, offset by net pension and net OPEB liabilities, helped make the MCCA's fiscal year 2020 coverage ratio the highest level achieved by the Authority since the BCEC opened in fiscal year 2004. The Authority expects that it will remain a critical measure by which to assess the Authority's financial performance for comparison to prior year, as well as historical results, generally.

The convention centers' revenue-generating performance can also be measured by their Revenue Per Gross Square Feet (Rev. PGSF), which is the total event related revenue achieved in the fiscal year divided by the facility's gross square feet available for rental. This measures the amount of revenue the Authority was able to generate from the facility, assuming that all saleable square feet are equally capable of generating revenue from customers. Management believes this metric is a good reflection of both the number and quality of events leasing convention center space. It is also a helpful -albeit not perfect- measure with which to compare the Authority's performance to other large venues in the U.S. with whom the Authority competes. Generally, but not in all cases, as Rev. PGSF increases so does the venue's profitability since incremental revenues typically more than cover variable expenses.

In fiscal year 2022, the BCEC's Rev. PGSF increased from \$8.91/sq. ft. to \$43.10/sq. ft. as the Authority rebounded from the COVID-19 restrictions in place for the bulk of fiscal year 2021. The Hynes experienced revenue of \$43.44/sq. ft., up substantially from the \$12.12/sq. ft. that was generated at the Hynes during fiscal year 2021. Both the BCEC and Hynes have benefited from a sharp recovery in event related revenues, especially in rental and event support services.

In fiscal year 2022, the MMC's arena top-line performance, as measured by revenue per attendee, was \$20.97, down from \$26.34 generated in fiscal year 2021. Using revenue per gross square foot PGSF as the measurement, performance of the convention center increased from \$6.10/PGSF in fiscal year 2021 to \$17.04/PGSF in 2022, corresponding to the re-opening of the convention to large events at the end of fiscal year 2021.

The BCG performance is measured by its Revenue per Space per Day, which is the total parking revenue achieved in the fiscal year divided by the facility's total number of available spaces per year (1,367 spaces times 365 days). Management believes this metric is a good reflection of our ability to "turn" the space during the day to maximize daily occupancy. In fiscal year 2022, BCG Revenue per Space was \$22.28, recovering sharply from fiscal year 2021's \$14.29. In fiscal year 2022, the BCG witnessed substantial growth in demand in daily and monthly parkers corresponding to the re-opening of offices for workers and recreational and entertainment attractions for visitors to the city.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

---

**CONSTRUCTION ACTIVITIES**

During fiscal year 2017, the Authority reviewed and revised its existing capital projects planning program to ensure the efficient and effective future investment of resources in the technology and infrastructure needs across all of its facilities. The program provides the Authority with the projected future capital requirements necessary to keep the Authority's assets in excellent working condition. During fiscal year 2022, the Authority added approximately \$24.8 million of assets in service and had capital asset disposals of \$26,681. The net construction in process balance for fiscal year 2022 is approximately \$29.3 million. Total net capital assets totaled approximately \$594.9 million (see Note 4, page 33). In addition, the Authority has a number of on-going capital projects representing \$125.3 million in restricted projects of which \$24.2 million has been spent to date (see Note 12, page 46).

Chapter 195 of the Acts of 2014 authorized the expansion of the BCEC, which calls for development and construction of approximately 1.3 million additional square feet to the BCEC, including substantial additions to the exhibit and meeting space, and a second, larger ballroom. The funding authorized for the construction totals \$1 billion. Initial design, construction and related activities by the Authority began in fiscal year 2015, but are currently on hold subject to continued deliberations in the Massachusetts Legislature regarding a modified expansion project for BCEC (see previous discussion).

**RISK ASSESSMENT**

The Authority's financial performance and the value of its facilities are subject to a variety of risks normally associated with governmental authorities, and with the ownership and operation of real estate properties including, but not limited to, overall economic conditions as well as conditions specific to the convention and trade show industry. Operating risk, development risk and environmental risk are among the general risks the Authority faces, and the Authority is also subject to fluctuations in the travel and tourism industry and the exhibit and trade show industry.

The Authority has hands-on management teams for each of the facilities it operates. Although the Authority believes that its real estate portfolio and revenue sources are significantly diversified, a material reduction in demand for space at any of its facilities, or a material decrease in the support and food and beverage consumption by show customers, could have a material impact on its annual operating revenues which would consequently impact its cash flows and operating results adversely.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 415 Summer Street, Boston, Massachusetts 02210.

**Massachusetts Convention Center Authority**  
(A Component Unit of the Commonwealth of Massachusetts)

**Statement of Net Position**  
**June 30, 2022**

	<b>Business-Type Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents.....	\$ 25,033,364
Restricted cash and cash equivalents.....	685,750
Restricted investments.....	41,471,695
Receivables, net of allowance for uncollectible amounts:	
Grants from the Commonwealth.....	14,859,398
Convention.....	8,502,814
Loans.....	495,669
Leases.....	1,579,215
Prepaid expenses.....	2,634,387
Other current assets.....	100,236
<b>Total current assets.....</b>	<b>95,362,528</b>
Noncurrent assets:	
Receivables, net of allowance for uncollectible amounts:	
Convention.....	221,395
Loans.....	15,507,290
Leases.....	13,595,000
Capital assets not being depreciated.....	210,833,793
Capital assets, net of accumulated depreciation.....	384,084,912
Leased equipment, net of accumulated amortization.....	15,646
<b>Total noncurrent assets.....</b>	<b>624,258,036</b>
<b>Total assets.....</b>	<b>719,620,564</b>
Deferred outflows of resources:	
Pension related.....	4,697,444
OPEB related.....	4,014,019
<b>Total deferred outflows of resources.....</b>	<b>8,711,463</b>
<b>Total assets and deferred outflows of resources.....</b>	<b>728,332,027</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses.....	12,385,943
Unearned revenue.....	10,020,617
Accrued compensated absences.....	1,066,392
Leases.....	14,050
Environmental remediation.....	438,321
<b>Total current liabilities.....</b>	<b>23,925,323</b>
Noncurrent liabilities:	
Unearned revenue.....	123,702
Accrued compensated absences.....	516,521
Leases.....	2,229
Net pension liability.....	29,572,816
Net OPEB liability.....	4,818,399
<b>Total noncurrent liabilities.....</b>	<b>35,033,667</b>
<b>Total liabilities.....</b>	<b>58,958,990</b>
Deferred inflows of resources:	
Pension related.....	15,600,953
OPEB related.....	886,069
Lease related.....	14,897,719
<b>Total deferred inflows of resources.....</b>	<b>31,384,741</b>
<b>Total liabilities and deferred inflows of resources.....</b>	<b>90,343,731</b>
<b>Net position:</b>	
Net investment in capital assets.....	594,918,072
Restricted for:	
Future pension contributions.....	41,453,351
Transportation planning/roadway improvements.....	685,750
Unrestricted.....	931,123
<b>Total net position.....</b>	<b>\$ 637,988,296</b>

See notes to financial statements.



**Massachusetts Convention Center Authority**  
(A Component Unit of the Commonwealth of Massachusetts)

**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2022**

	<b>Business-Type Activities</b>
Operating revenues:	
Convention services income.....	\$ 19,168,321
Convention rental income.....	15,586,127
Food and beverage.....	7,890,707
Parking fees.....	13,061,677
Commercial revenue.....	3,407,782
Other.....	4,175,505
<b>Total operating revenues.....</b>	<b>63,290,119</b>
Operating expenses:	
Salaries and benefits - operating.....	19,916,885
Salaries and benefits - administrative.....	7,926,586
Other operating expenses.....	17,296,925
Contracted services.....	16,250,404
Utilities.....	8,461,968
Depreciation and amortization.....	38,323,088
<b>Total operating expenses.....</b>	<b>108,175,856</b>
<b>Operating loss.....</b>	<b>(44,885,737)</b>
Nonoperating revenues/(expenses):	
Massachusetts Convention Center Fund - operating subsidy.....	15,142,755
Federal grants.....	233,111
Nonemployer contribution to pension plan.....	2,182,965
Interest received on lease receivable.....	301,502
Interest received on loans receivable.....	729,566
Investment income.....	13,231
Investment income, net - pension trust (restricted).....	(5,554,093)
<b>Total nonoperating net revenues/(expenses).....</b>	<b>13,049,037</b>
<b>Loss before capital contributions.....</b>	<b>(31,836,700)</b>
Capital contributions:	
Massachusetts Convention Center Fund - capital contributions.....	21,072,045
Capital asset transfer to other entities.....	(2,944,909)
<b>Total capital contributions.....</b>	<b>18,127,136</b>
<b>Change in net position.....</b>	<b>(13,709,564)</b>
Net position - beginning of year.....	651,697,860
Net position - end of year.....	<b>\$ 637,988,296</b>

See notes to financial statements.

**Massachusetts Convention Center Authority**  
(A Component Unit of the Commonwealth of Massachusetts)

**Statement of Cash Flows**  
**Year Ended June 30, 2022**

	<b>Business-Type Activities</b>
Cash flows from operating activities:	
Receipts from customers and users.....	\$ 57,731,866
Payments to vendors.....	(37,772,739)
Payments to employees.....	(28,658,553)
<b>Net cash used in operating activities.....</b>	<b>(8,699,426)</b>
Cash flows from noncapital financing activities:	
Massachusetts Convention Center Fund - operating subsidy.....	5,852,101
Federal grants.....	233,111
<b>Net cash provided by noncapital financing activities.....</b>	<b>6,085,212</b>
Cash flows from capital and related financing activities:	
Massachusetts Convention Center Fund - capital contributions.....	19,711,077
Acquisition and construction of capital assets.....	(18,228,273)
Interest received on lease receivable.....	301,502
Capit assets transferred to other entities.....	(2,944,909)
<b>Net cash provided by capital and related financing activities.....</b>	<b>(1,160,603)</b>
Cash flows from investing activities:	
Purchases of investments.....	(1,515,716)
Sale of investments.....	1,422,428
Loan repayments.....	279,024
Interest received on loans receivable.....	729,566
Investment income.....	1,691,142
<b>Net cash provided by investing activities.....</b>	<b>2,606,444</b>
<b>Net change in cash and cash equivalents.....</b>	<b>(1,168,373)</b>
Cash and cash equivalents - beginning of year (includes \$587,277 as restricted cash).....	26,887,487
Cash and cash equivalents - end of year (includes \$685,750 as restricted cash).....	<b>\$ 25,719,114</b>

(Continued)

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2022**

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.....	\$ (44,885,737)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Cash from operating activities:	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources not requiring current cash flows:	
Depreciation.....	38,323,088
Discontinued capital projects.....	433,667
Expenses funded from the capital budget but not capitalizable.....	2,344,168
Change in net pension liability.....	(18,287,837)
Change in deferred outflows - pension.....	4,150,048
Change in deferred inflows - pension.....	13,491,986
Change in net OPEB liability.....	4,370,297
Change in deferred outflows - OPEB.....	(1,481,540)
Change in deferred inflows - OPEB.....	(2,320,319)
Change in deferred inflows - Leases.....	14,897,719
Effect of changes in operating assets and liabilities:	
Convention receivables, net.....	(5,271,078)
Loans receivables, net.....	279,024
Lease receivables, net.....	(15,174,215)
Prepaid expenses.....	(328,930)
Other current assets.....	(51,799)
Accounts payable and accrued expenses.....	1,839,452
Unearned revenue.....	(289,703)
Accrued compensated absences.....	(737,717)
<b>Total adjustments.....</b>	<b>36,186,311</b>
<b>Net cash used in operating activities.....</b>	<b>\$ (8,699,426)</b>

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Statement of Fiduciary Net Position**  
**June 30, 2022**

	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
<b>Assets</b>		
Cash and cash equivalents.....	\$ -	\$ 20,282
Investments:		
Common collective trusts.....	13,081,020	-
Fixed income mutual funds.....	686,192	-
Equity mutual funds.....	246,006	-
	<u>14,013,218</u>	<u>-</u>
Total investments.....		
Receivables, net of allowance for uncollectible amounts:		
Accounts receivable.....	-	121,668
	<u>-</u>	<u>121,668</u>
<b>Total assets.....</b>	<u>14,013,218</u>	<u>141,950</u>
<b>Liabilities</b>		
Accrued expenses.....	6,157	-
	<u>6,157</u>	<u>-</u>
<b>Net Position</b>		
Restricted for:		
Postemployment benefits other than pensions.....	14,007,061	-
Individuals, organizations and other governments.....	-	141,950
	<u>-</u>	<u>141,950</u>
<b>Total net position.....</b>	<u>\$ 14,007,061</u>	<u>\$ 141,950</u>

See notes to financial statements.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2022**

	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Contributions:		
Employer contributions.....	\$ 600,000	\$ -
Other additions.....	-	141,950
	<u>600,000</u>	<u>141,950</u>
Total contributions.....	<u>600,000</u>	<u>141,950</u>
Investment income:		
Net appreciation/(depreciation) of investments.....	\$ (2,366,129)	-
Interest and dividends.....	38,169	-
Less investment expenses.....	(22,083)	-
	<u>(2,350,043)</u>	<u>-</u>
Net investment income/(loss).....	<u>(2,350,043)</u>	<u>-</u>
Total additions.....	<u>(1,750,043)</u>	<u>141,950</u>
<b>Deductions</b>		
Benefits payments.....	553,635	-
Administrative expenses.....	9,313	-
	<u>562,948</u>	<u>-</u>
Total deductions.....	<u>562,948</u>	<u>-</u>
Change in net position.....	(2,312,991)	141,950
Restricted net position - beginning of year.....	<u>16,320,052</u>	<u>-</u>
Restricted net position - end of year.....	<u>\$ 14,007,061</u>	<u>\$ 141,950</u>

See notes to financial statements.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**Reporting entity**

Establishment and Background

The Massachusetts Convention Center Authority (the Authority) is a public authority created by act of the Legislature of the Commonwealth with the original purpose of acquiring and operating a portfolio of assets, specifically, the John B. Hynes Veterans Memorial Convention Center (the Hynes or the Hynes Convention Center) and the Boston Common Garage (BCG). The Authority's purpose is to generate significant regional economic activity by attracting conventions, trade shows and other events to its facilities, while maximizing investment return for the Commonwealth of Massachusetts (Commonwealth).

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 30, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14* and GASB Statement No. 61, *the Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the financial statements must present the Center and its component units. The Authority, itself, is considered a component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the Annual Comprehensive Financial Report (ACFR) of the Commonwealth.

Pursuant to Chapter 152 of the Acts of 1997, effective November 17, 1997 (the Act), the Authority was empowered to expand its portfolio of assets as follows:

- Design, construct and operate a new Boston Convention & Exhibition Center (the BCEC) subject to appropriation of funds and financing by the Commonwealth.
- Receive, transfer, ownership and control of the Springfield Civic Center, and subsequently expand and renovate the facility subject to appropriation of funds and financing by the Commonwealth.

In addition to these provisions, the Act also enlarged the Authority's Board of Directors (Board) from seven to 13 members. The BCEC officially opened for business in the summer of 2004, and the Springfield Civic Center project was completed in the fall of 2005 (see Note 5, now designated as the MassMutual Center (MMC)).

As part of the BCEC project, the Authority also ground leased a portion of the project site to the Boston Convention Center Hotel, LLC (the Hotel) for the purpose of the design, construction, ownership and operation of a 790-room hotel adjacent and connected to the BCEC. The Authority was responsible for site preparations and construction of infrastructure associated with the Hotel construction. The Hotel officially opened for business in June of 2006. Subsequent acquisitions by the Authority of property adjacent to the BCEC have occurred since 2006, most notably the acquisition of properties on D and E Street in South Boston. Such acquisitions have allowed the Authority to spur the design and construction of two additional hotels for a total of 510 rooms, which are subject to the terms of a ground lease between the Authority and the hotel developer.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

In late summer of 2014, the MCCA opened an outdoor venue named “The Lawn on D” (the Lawn), consisting of 2.7 acres of flexible public and event space immediately adjacent to the BCEC. The Lawn was operated during 2014 and 2015 as an “experimental” project, in which various sales and operating models were evaluated for consideration for a more permanent outdoor venue in the future. The pilot phase’s expenses of the Lawn were funded from the Authority’s annual capital projects budget. Following deliberations in the fall and winter of 2015 and 2016, the Authority elected to re-open the Lawn in 2016 as a full business segment. The Lawn is open each year from May to October.

On November 23, 2020, the Authority purchased the Springfield Civic Center Garage (SCCG), adjacent to the Authority’s MMC, from the City of Springfield Parking Authority. The Authority purchased the garage with the intent of demolishing the existing structure and replacing it with a new state of the art garage, which will be owned and operated by the Authority.

Funding

The Act, as amended by Section 439 of Chapter 26 of the Acts of 2003, created the Convention Center Fund (CCF or the Fund). The purpose of the Fund is to provide funding for the activities of the Authority. Section 439 amended Section 10(c) of the Act, which authorized up to \$23 million annually to defray the Authority’s net cost of operations from its activities, as well as providing for reserves for capital and current expenses of the Authority, as defined on page 63. Chapter 195 of Acts of 2014 increased the fiscal years 2016, 2017, 2018, 2019 and 2020 (and on) caps to \$25 million, \$26 million, \$28 million, \$28 million and \$28 million, respectively. During fiscal year 2022, the Authority requested reimbursements from the Fund totaling \$36,214,800 for the Pension and OPEB Trust funding (\$15,608,793) and the pay-go capital program (\$21,072,045) these were offset by \$466,038 related to the net cost of operations that was refunded back to the CCF.

Blended Component Unit

On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable Retiree Pension Trust (Pension Trust) was established for the advance accumulation of future pension contributions. The Pension Trust is governed by six trustees, which are to be comprised of individuals holding selected positions of the Authority. The Pension Trust is presented using the accrual basis of accounting and is reported as a blended component unit in the Authority’s business-type activities financial statement. The Authority has determined that the Pension Trust should be reported as a blended component unit because the Pension Trust does not accumulate funds to pay benefits to Authority retirees. Rather, the purpose of the Pension Trust is to accumulate resources to stabilize the amount of future operating funds that the Authority will need to use to meet its contribution requirements under the Massachusetts State Employees’ Retirement System (MSERS). The balances and activities of the Pension Trust are not part of the MSERS. Additionally, the purpose of the Pension Trust is to defray the Authority’s future costs of the payments associated with the Authority’s retiree pension benefits. The Pension Trust did not issue a separate audited financial statement.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

Fiduciary Funds

OPEB Trust Fund

On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable OPEB Trust (OPEB Trust) was established to administer the single-employer defined benefit other post-employment benefit (OPEB) plan that is used to provide postemployment benefits to the Authority's retirees. The OPEB Trust assets are solely dedicated for the purpose of providing OPEB to retirees in accordance with the OPEB Plan's benefit terms. The OPEB Trust is governed by six trustees, which are to be comprised of individuals holding selected positions of the Authority. In accordance with the requirements of GASB Statement No. 84, *Fiduciary Activities*, the OPEB Trust is presented using the accrual basis of accounting and is reported as an OPEB Trust Fund in the fiduciary funds financial statement. The OPEB Trust did not issue a separate audited financial statement.

Custodial Fund

On February 22, 2011, the Authority entered into a loan agreement with the Boston Tea Party Ship, Inc. (BTPS) for a loan in the amount of \$18 million to be used for approved expenses related to the Boston Tea Party Ship and Museum (BTPSM). As part of the agreement, the BTPS is to fund a reserve to be held pending satisfactory repayment of the loan principle, at which time the reserves are to be returned to the BTPS.

**Measurement focus, basis of accounting and basis of presentation**

The Authority's financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Operating revenues and expenses are segregated from non-operating items. Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist primarily of convention center services and rental revenues and parking fees charged to users of the BCG. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from non-exchange transactions or ancillary activities.

**Cash and cash equivalents and investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are measured at fair value, with the exception of money market mutual funds (presented as cash and cash equivalents) which are held at amortized cost, which approximates fair value.

Pension and OPEB Trust investments are reported at fair value using quoted market prices or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.



**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Restricted assets**

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, agreements with or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted cash was received from the prior sale of air rights and has been restricted for transportation planning/roadway improvements pursuant to an agreement with the City of Boston. Restricted investments have been restricted for future pension contributions, in accordance with the purpose of the Pension Trust.

**Accounts receivable**

Grants from the Commonwealth

The Authority is reimbursed by the Commonwealth to defray its net cost of operations from activities as well as providing reserves for capital, pension and OPEB trusts, and current expenses of the Authority. These amounts are considered 100% collectible.

Convention

Convention receivables are stated net of an allowance for doubtful accounts. The allowance is established by management to provide for potential bad debts based on current information available and past experience. At June 30, 2022, the allowance for doubtful accounts amounted to \$186,875.

Loans

During FY2011, the Authority authorized an \$18 million loan to the BTPSM for the construction of the Boston Tea Party Museum, and historical replica ships. Loan amounts were distributed based on reimbursement requests submitted during the period of construction. On April 1, 2020, the Authority and the BTPSM entered into a Deferment Agreement and Amendment to the Loan Agreement (the Deferment). The Deferment granted relief and postponement of loan repayments from April 1, 2020 through June 30, 2020 (the Deferment Period), and extended the maturity date to October 1, 2042. In connection with the Deferment, the Authority capitalized accrued interest amounts of \$173,334 as principal during FY2020 over the deferment period. The post deferment period monthly payments increased to \$92,261 from \$91,238.

On January 12, 2021, the Authority and the BTPSM entered into a Second Deferment Agreement and Amendment to Loan Agreement (the Second Deferment). Among other things, the Second Deferment granted relief and postponed loan repayments from July 1, 2020 to June 30, 2021 (the Second Deferment Period). As a result of the Second Deferment, the Authority capitalized additional accrued interest amounts of \$701,138 as principal over the Second Deferment Period. The new repayment amount as of July 1, 2021, is \$61,057 a month until January 1, 2022, at which time the monthly payment increases to \$100,472 until final maturity.

The outstanding loan principal at June 30, 2022, totaled \$16,002,959 and no allowance for doubtful accounts on outstanding loans was deemed necessary.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Lease Receivable**

The Authority, as a lessor, recognizes a lease receivable at the commencement of the lease term, with certain exceptions for short-term leases and leases that transfer ownership of the underlying assets. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

**Prepaid expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**Capital assets**

The Authority's capital assets consist of land, construction in progress, intangible assets, land improvements, buildings and improvements and equipment and fixtures.

Capital assets are recorded at cost. Donated capital assets are recorded at the acquisition fair market value at the date of donation.

All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land, intangible assets and construction in progress) are depreciated on a straight-line basis. Depreciation expense is charged to the function of the capital asset being depreciated, as an operating expense. The estimated useful lives and capitalization thresholds are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in Years)</u>	<u>Capitalization Threshold</u>
Land improvements.....	10	\$ 50,000
Buildings and improvements.....	5 - 30	50,000
Equipment and fixtures.....	3 - 5	5,000

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

The Authority assesses the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used by the Authority are reported using GASB Statement No 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority did not record any impairment charges related to its property as of June 30, 2022, as there were no indicators of impairment.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Revenue recognition**

Revenues are recognized on the accrual basis of accounting. The BCEC, Lawn on D, Hynes Convention Center and MMC revenues consist primarily of rental income and income for services, such as electricity, commercial revenue, air, water, telephone, cleaning, rigging, security, internet access, equipment and food and beverage revenues. These revenues are recognized upon the completion of the event. BCG revenue consists of parking fees, and are recognized at the time of sale for transient parkers, and each month when earned for monthly parkers. Proceeds from insurance claims awarded to the Authority are recognized as current revenues when there is a high degree of certainty of each individual claim's eligibility for insurance reimbursement and the corresponding award amount.

Grants from the Commonwealth reflect revenues and receivables due from the Commonwealth (from the CCF) to offset the Authority's net cost of operations, pay-as-you-go capital programming and set funding aside to defray the costs of its retiree pension and OPEB liabilities. Funds are disbursed by the Commonwealth to the Authority in accordance with an annual funding agreement executed between the Executive Office for Administration and Finance and the Authority.

Amounts received in advance of services rendered or revenue earned are recorded as unearned revenue.

Nonemployer contributions from the Commonwealth are contributions made to pension plan on the Authority's behalf by the Commonwealth. MSERS developed an effective contribution methodology, which allocates total actual contributions amongst participating employers. The nonemployer contributions result from differences between the effective contribution of the Authority and the Authority's actual contributions to the plan during the fiscal year.

**Pension benefits**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the MSERS and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other postemployment benefits**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from the OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, OPEB Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

**Compensated absences (vacation pay and sick leave benefits)**

All union employees are contractually entitled to receive vacation pay benefits and, upon retirement, sick leave benefits which are capped at varying amounts based upon the applicable contract. In addition, the Authority has extended a similar, but more limited benefit, to all other eligible employees. Vacation and sick leave benefits accrued for employees at June 30, 2022, totaled \$1,582,913, and is reflected in the accompanying statement of net position as accrued compensated absences.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Deferred inflows/outflows of resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and, as such, will not be recognized as an outflow of resources (expenses) until that time. These items are reported as a category below the assets on the statement of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, as such, will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statement of net position.

The Authority has reported the following deferred outflows of resources and deferred inflows of resources in these financial statements:

- Deferred outflows of resources or deferred inflows of resources for amounts not recognized in pension or OPEB expense due to the difference between the measurement date and the fiscal year end date and are noted as deferred inflows and/or deferred outflows from pensions and OPEB.
- The Authority, as a lessor, recognizes a deferred inflow of resources at the commencement of the lease term, with certain exceptions for short-term leases and leases that transfer ownership of the underlying assets. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

**Net position**

Net position represents the residual difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net position is reported in the following categories:

- *Net investment in capital assets* represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to asset acquisitions, construction and improvements.
- *Restricted net position* is reported when amounts are restricted by outside parties for a specific future use. Net position has been restricted for future pension contributions, which represents the net position of the Pension Trust, transportation planning, which represents amounts related to the previous sale of air rights pursuant to an agreement with the City of Boston and amounts reserved for capital and marketing purposes pursuant to a contract with Levy Fine Dining.
- *Unrestricted net position* represents the remaining net position not considered invested in capital assets, or restricted.

**Use of estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Significant New Accounting Pronouncements**

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

The Authority adopted the requirements of GASB 87 effective July 1, 2021, and has applied the provisions of this standard in these financial statements, including footnote disclosures, see Note 6. The implementation of this standard did not result in a restatement of beginning balance.

**NOTE 2 DEPOSITS AND INVESTMENTS**

***Authority (Excluding the Pension and OPEB Trusts)***

**Deposits – custodial credit risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. The Authority's custodial bank has collateralized all deposits over \$250,000 by establishing a restricted pool of investments separate from the bank's other assets in amounts sufficient to cover the Authority's deposits. At June 30, 2022, bank deposits totaling \$26,769,276 were not exposed to custodial credit risk. The carrying amounts of deposits totaled \$25,719,114 at June 30, 2022.

***Custodial Funds***

**Deposits – custodial credit risk**

Deposits held in a custodial nature for the benefit of others not included in the Authority are held in the same depository as all Authority accounts and are collateralized accordingly. At June 30, 2022, custodial bank deposits totaled \$20,282, and were not exposed to custodial credit risk. The carrying amount of the custodial deposits totaled \$20,282 at June 30, 2022.

***Pension Trust (Blended Component Unit)***

**Deposits – custodial credit risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust's deposits may not be recovered. The Pension Trust does not have a policy for custodial credit risk of deposits. At June 30, 2022, there were no bank deposits on hand and no exposure to custodial credit risk.

The Trustees have adopted a formal investment policy. It is the policy of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**Investment Summary**

The Pension Trust's investments at June 30, 2022, are presented below. All investments are presented by investment type.

<u>Investment Type</u>	<u>Fair Value</u>
Fixed income mutual funds.....	\$ 2,145,069
Equity mutual funds.....	1,392,646
Common/collective trusts.....	<u>37,933,980</u>
Total investments.....	<u>\$ 41,471,695</u>

**Investments – custodial credit risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Pension Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Trust does not have a policy for custodial credit risk of investments. As of June 30, 2022, the Pension Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

**Investments – credit risk of debt securities**

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Pension Trust does not have a policy for credit risk of debt securities. As of June 30, 2022, the Pension Trust's debt securities were unrated.

**Investments – concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The Pension Trust does not have a policy for concentration of credit risk. As of June 30, 2022, the Pension Trust's investments were exclusively in mutual funds and common/collective trusts and, therefore, were not exposed to concentration risk.

**Investments – interest rate risk**

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Pension Trust manages its exposure to interest rate risk by investing in fixed income mutual funds.

**Investments – foreign currency risk**

The investment policy of the Authority limits the Pension Trust's foreign currency risk by excluding foreign investments as an investment option.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

**Investments – fair value measurements**

The Pension Trust and the OPEB Trust categorize their fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical investments, Level 2 inputs are significant other observable inputs other than quoted market prices, Level 3 inputs are significant unobservable inputs.

GAAP provides for the Authority to utilize a practical expedient to estimate fair value for certain investment funds that are not publicly traded. The Authority uses the net asset value (NAV) per share of the investment (or its equivalent) without further adjustment, if the NAV of the investment is determined in accordance with the specializing accounting guidance of investment companies, as of the measurement date, and the Authority has no plan to sell the investment at a different value.

The Pension Trust categorization of recurring fair value measurements at June 30, 2022, was as follows:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income mutual funds.....	\$ 2,145,069	\$ 2,145,069	\$ -	\$ -
Equity mutual funds.....	1,392,646	1,392,646	-	-
Total investments by fair value level.....	3,537,715	\$ 3,537,715	\$ -	\$ -
Investments measured at the net asset value (NAV):				
Common/collective trust funds.....	37,933,980			
Total investments.....	\$ 41,471,695			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented for the year end June 30, 2022, was as follows:

Investment measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common/collective trust funds <sup>(1)</sup> .....	\$ 37,933,980	N/A	Daily	N/A

<sup>(1)</sup> *Common/collective trust funds*: Investments are stated at NAV based on the fair value of its underlying assets. The estimated fair value is based on information provided by the fund managers and included in the fund's audited financial statements.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

***OPEB Trust Fund (OPEB Trust)***

**Deposits – custodial credit risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust's deposits may not be recovered. The OPEB Trust does not have a policy for custodial credit risk of deposits. At June 30, 2022, there were no bank deposits on hand and therefore no exposure to custodial credit risk.

The Trustees have adopted a formal investment policy. It is the policy of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

**Investment summary**

The OPEB Trust's investments at June 30, 2022, are presented below. All investments are presented by investment type.

<u>Investment Type</u>	<u>Fair Value</u>
Fixed income mutual funds.....	\$ 686,192
Equity mutual funds.....	246,006
Common/collective trusts.....	<u>13,081,020</u>
Total investments.....	<u>\$ 14,013,218</u>

**Investments – custodial credit risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the OPEB Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The OPEB Trust does not have a policy for custodial credit risk of investments. As of June 30, 2022, the OPEB Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

**Investments – credit risk of debt securities**

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The OPEB Trust does not have a policy for credit risk of debt securities. As of June 30, 2022, the OPEB Trust's debt securities were unrated.

**Investments – concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The OPEB Trust does not have a policy for concentration of credit risk. As of June 30, 2022, the OPEB Trust's investments were exclusively in mutual funds and common/collective trusts and, therefore, were not exposed to concentration risk.



**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

**Investments – interest rate risk**

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The OPEB Trust manages its exposure to interest rate risk by investing in fixed income mutual funds.

**Investments – foreign currency risk**

The investment policy of the Authority limits the OPEB Trust's foreign currency risk by excluding foreign investments as an investment option.

**Investments – fair value measurements**

The OPEB Trust categorization of recurring fair value measurements at June 30, 2022, was as follows:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income mutual funds.....	\$ 686,192	\$ 686,192	\$ -	\$ -
Equity mutual funds.....	246,006	246,006	-	-
Total investments by fair value level.....	932,198	<u>\$ 932,198</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV):				
Common/collective trust funds.....	<u>13,081,020</u>			
Total investments.....	<u>\$ 14,013,218</u>			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented for the year end June 30, 2022, was as follows:

Investment measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common/collective trust funds <sup>(1)</sup> .....	<u>\$ 13,081,020</u>	N/A	Daily	N/A

<sup>(1)</sup> *Common/collective trust funds:* Investments are stated at NAV based on the fair value of its underlying assets. The estimated fair value is based on information provided by the fund managers and included in the fund's audited financial statements.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**NOTE 3    ACCOUNTS RECEIVABLE**

At June 30, 2022, receivables consist of the following:

Receivable Type	Gross Receivable	Allowance for Uncollectibles	Net Receivable
Grant receivable from the Commonwealth.....	\$ 14,859,398	\$ -	\$ 14,859,398
Convention receivables.....	8,911,084	(186,875)	8,724,209
Loan receivables.....	16,002,959	-	16,002,959
Lease receivables.....	15,174,215	-	15,174,215
Total receivables.....	<u>\$ 54,947,656</u>	<u>\$ (186,875)</u>	<u>\$ 54,760,781</u>

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land.....	\$ 172,904,269	\$ -	\$ -	\$ -	\$ 172,904,269
Construction in progress.....	38,869,469	21,044,195	(5,708,063)	(24,884,436)	29,321,165
Intangible assets.....	8,608,359	-	-	-	8,608,359
Total capital assets not being depreciated.....	220,382,097	21,044,195	(5,708,063)	(24,884,436)	210,833,793
Capital assets being depreciated/amortized:					
Land improvements.....	3,961,663	-	-	-	3,961,663
Buildings and improvements:					
Boston Convention and Exhibition Center.....	721,757,594	-	-	5,091,520	726,849,114
Hynes Convention Center.....	250,014,369	-	-	7,470,125	257,484,494
MassMutual Center.....	77,713,224	-	-	288,370	78,001,594
Boston Common Garage.....	44,166,674	-	-	8,758,202	52,924,876
Equipment and fixtures.....	85,150,194	8,625	-	3,276,219	88,435,038
Leased equipment (intangible asset).....	-	105,681	(26,681)	-	79,000
Total capital being depreciated/amortized.....	1,182,763,718	114,306	(26,681)	24,884,436	1,207,735,779
Less accumulated depreciation for:					
Land improvements.....	(2,178,898)	(396,166)	-	-	(2,575,064)
Buildings and improvements:					
Boston Convention and Exhibition Center.....	(404,107,331)	(25,880,517)	-	-	(429,987,848)
Hynes Convention Center.....	(227,697,095)	(3,510,806)	-	-	(231,207,901)
MassMutual Center.....	(39,040,798)	(3,005,611)	-	-	(42,046,409)
Boston Common Garage.....	(34,161,465)	(1,919,307)	-	-	(36,080,772)
Equipment and fixtures.....	(78,153,227)	(3,520,646)	-	-	(81,673,873)
Less accumulated amortization for:					
Leased equipment (intangible asset).....	-	(90,035)	26,681	-	(63,354)
Total accumulated depreciation and amortization.....	(785,338,814)	(38,323,088)	26,681	-	(823,635,221)
Total capital assets being depreciated and amortized.....	397,424,904	(38,208,782)	-	24,884,436	384,100,558
Total capital assets, net.....	\$ 617,807,001	\$ (17,164,587)	\$ (5,708,063)	\$ -	\$ 594,934,351

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

**NOTE 5 NAMING RIGHTS**

In September 2003, the Authority entered into an agreement by and between the Massachusetts Mutual Life Insurance Company (MassMutual) for provision of naming rights at the new Springfield Civic Center. In consideration for \$5,000,000, the Springfield Civic Center was designated as the MassMutual Center. MassMutual in turn granted the Authority a license to use the intellectual property for limited use. Upon termination of the agreement, the name of the facility shall revert to the Springfield Civic Center. The term of the agreement commenced on September 29, 2005 (the opening date of the new center) and will end on the 15th year anniversary, unless terminated earlier.

This agreement expired on June 30, 2021, and as of these financial statements, a new agreement has not been entered into and the name of the center will remain as the MMC until either a new naming rights agreement is entered into or until the Authority is notified and the name revoked.

**NOTE 6 LEASES**

The MCCA leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2024 and may provide for renewal options.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023.....	\$ 14,050	\$ 88	\$ 14,138
2024.....	<u>2,229</u>	<u>9</u>	<u>2,238</u>
Total minimum lease payments.....	<u>\$ 16,279</u>	<u>\$ 97</u>	<u>\$ 16,376</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Leased assets being amortized:	
Leased equipment.....	\$ 79,000
Less: Accumulated Amortization	
Leased equipment.....	<u>(63,354)</u>
Leased assets, net of accumulated amortization...	<u>\$ 15,646</u>

Additionally, the MCCA, acting as lessor, leases certain grounds and space in and around MCCA buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2043 and provide for renewal options ranging from one to five years. During the year ended June 30, 2022, the MCCA recognized \$1,998,201 and \$301,502 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023.....	\$ 1,776,978	\$ 270,301	\$ 2,047,278
2024.....	1,493,795	244,303	1,738,098
2025.....	1,493,795	218,872	1,712,667
2026.....	663,904	201,482	865,386
2027.....	585,727	192,977	778,703
2028 - 2032.....	2,928,633	821,918	3,750,551
2033 - 2037.....	2,928,633	543,673	3,472,306
2038 - 2042.....	2,928,633	201,715	3,130,348
2043 - 2047.....	97,622	110	97,732
Total minimum lease revenue....	<u>\$ 14,897,719</u>	<u>\$ 2,695,349</u>	<u>\$ 17,593,069</u>

**NOTE 7 LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities:

	<u>Beginning Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2022</u>	<u>Current Portion</u>
Net pension liability.....	\$ 50,043,618	\$ 829,524	\$ (21,300,326)	\$ 29,572,816	\$ -
Net OPEB liability.....	448,102	4,970,197	(600,000)	4,818,299	-
Compensated absences.....	2,320,629	322,071	(1,059,787)	1,582,913	1,066,392
Environmental remediation.....	-	438,321	-	438,321	438,321
Leases.....	-	105,681	(89,402)	16,279	14,050
Total long-term liabilities.....	<u>\$ 52,812,349</u>	<u>\$ 6,665,794</u>	<u>\$ (23,049,515)</u>	<u>\$ 36,428,628</u>	<u>\$ 1,518,763</u>

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**NOTE 8 ENVIRONMENTAL REMEDIATION**

The Massachusetts Department of Environmental Protection (MassDEP) issued a policy in February 2016 entitled "Light Nonaqueous Phase Liquid (LNAPL) and the Massachusetts Contingency Plan (MCP): Guidance for Site Assessment and Closure." This policy indicates that total petroleum hydrocarbon (TPH) data greater than 1,000 mg/kg should be considered for evaluation of the potential presence of mobile LNAPL (separate phase petroleum product that is lighter than water). Based on its review of the MassDEP Guidance, the Authority's contracted licensed site professional (LSP) recommended further evaluation of elevated concentrations of TPH located at discrete areas of the Authority's property south of the BCEC. A subsurface exploration program to evaluate the potential presence of LNAPL (if any) was conducted from late September through November of 2016. Based on a review of test boring logs, it appears that the majority of the petroleum impacts on the Authority's property are localized to the areas towards the Authority's property line with an adjacent property owner. During fiscal year 2020, the Authority's LSP developed a plan for additional assessments to evaluate the extent of remediation that will be required on the Authority's property. The explorations were conducted in the second quarter of FY2022, and the results of the assessments were presented to the Authority for its consideration for future remediation steps. An engineer's estimate indicates that the cost of such remediation steps is approximately \$438,000, and has been accrued as other current liability in these financial statements. The work was bid in May 2022.

The Authority is seeking a permanent solution status designation from MassDEP for certain properties it owns on D Street that have not yet been closed. Testing to support this application was conducted through fiscal year 2020 and was concluded in early 2021. Remediation is not required, and a Permanent Solution Statement and Notice of Activity and Use Limitation is currently being prepared in will be submitted to MassDEP during FY2023.

**NOTE 9 PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description* – Pensions are provided to eligible Authority employees through the MSERS, a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 67, *Financial Reporting for Pension Plans*. The MSERS is governed by the Massachusetts State Retirement Board (MSRB), which consists of five members: two elected by current and active MSERS members, one by the remaining members of the MSRB, one who is appointed by the State Treasurer, and the State Treasurer, who serves as ex-officio and is the Chair of the MSRB. Membership in the MSERS is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 18.5 hours per week. MSERS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

*Benefits Provided* – The MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. MGL establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service and group classification. The Legislature has the authority to amend these provisions.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

Members become vested after 10n years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service, or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012, cannot retire prior to age 60.

The MSERS funding policies have been established by Chapter 32 of the Massachusetts General Laws (MGL). The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

*Contributions* – Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5% and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000.

The MGLs governing employer contribution requirements to MSERS vary among employers to such an extent that there is no uniform contribution method. Consequently, MSERS developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). Any differences between the effective contribution and an employer's actual contributions are considered a non-employer contribution from the Commonwealth. The Authority's contributions to the pension plan for the year ended June 30, 2022, totaled \$1,331,604. Non-employer contributions from the Commonwealth for the year ended June 30, 2022, measurement date one year prior, totaled \$2,182,965.

**Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2022, the Authority reported a liability of \$29,572,816 for its proportionate share of the net pension liability. The June 30, 2022, net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, for which update procedures were used to roll-forward the total pension liability to the measurement date (June 30, 2021). The Authority's proportion of the net pension liability is based on actual contributions adjusted for non-employer contributions (as described previously). At June 30, 2022, the Authority's proportion was 0.28336%, which compared to a proportion of 0.29167% at June 30, 2021.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

For the year ended June 30, 2022, the Authority recognized pension expense of \$685,794, and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments.....	\$ -	\$ 11,594,259
Differences between expected and actual experience.....	1,020,440	2,141,050
Changes in assumptions.....	2,016,097	-
Changes in proportions.....	329,303	1,865,644
Contributions made subsequent to the measurement date.....	1,331,604	-
Totals.....	<u>\$ 4,697,444</u>	<u>\$ 15,600,953</u>

The \$1,331,604 reported as deferred outflows of resources related to pension resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during fiscal year 2023. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022, will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023.....	\$ (2,390,417)
2024.....	(2,308,186)
2025.....	(2,995,240)
2026.....	(4,234,002)
2027.....	<u>(307,268)</u>
Total.....	<u>\$ (12,235,113)</u>

*Actuarial Assumptions* – The June 30, 2021, total pension liability was based on an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021, using the following actuarial assumptions:

1. (a) 7.00% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase on the first \$13,000 of allowance each year.
2. Salary increases are based on analyses of past experience but range from 4.0% to 9.0%, depending on group and length of service.
3. Mortality rates were as follows:
  - Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward one year for females.



**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward one year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward one year.

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study dated February 27, 2014, for the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement.

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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the target asset allocation are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Global equity.....	39.00%	4.80%
Core fixed income.....	15.00%	0.30%
Private equity.....	13.00%	7.80%
Portfolio completion strategies.....	11.00%	2.90%
Real estate.....	10.00%	3.70%
Value added fixed income.....	8.00%	3.90%
Timber/natural resources.....	4.00%	4.30%
Totals.....	100.00%	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that contributions from employers will be made at rates equal to difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension plan'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.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority'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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability.....	\$ 45,265,566	\$ 29,572,816	\$ 16,674,602

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's ACFR.

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS**

**Plan description**

On November 15, 2017, the OPEB Trust was established to administer the single-employer defined benefit OPEB plan that is used to provide postemployment benefits. The Authority's net OPEB liability was measured as of June 30, 2022, and the total OPEB Liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Plan membership – At June 30, 2022, membership consisted of the following:

Actives.....	252
Retirees.....	82
Totals.....	334

*Benefits Provided* – The Authority provides health and life insurance coverage for its retirees and their survivors as a single-employer defined benefit OPEB plan. Chapter 328 of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process (for union employees) or Board of Trustees (the Trustees) policy decisions (for nonunion employees).

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

*Contributions* – The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The required contribution rates of firemen and oilers union employees hired on or before December 1, 2010 and after December 1, 2010, are 20% and 25%, respectively. For all other employees hired after June 30, 2008, the required contribution rate is 25%. For nonunion employees hired between July 1, 2003 and July 31, 2008, the required contribution rate is 25%. All other employees hired before July 1, 2003, the required contribution rate is 20%. The Authority pays the remaining required contribution for each type of employee. The Authority also reimburses firemen and oilers, and local three union retired employees for the employee portion (10% for retirees who retired on or before July 1, 1994; 15% for retirees who retired after July 1, 1994; 20% for retirees who retired after October 1, 2009; and 100% for additional catastrophic illness coverage) of the insurance benefits if they have five years of continuous service with the Authority at the time of retirement. Those employees who have less than five years of continuous service do not receive this benefit. There are currently 13 union retired employees who receive this benefit. In addition, the Authority used to cover these costs for nonunion retirees, but has discontinued that practice. There are currently eight nonunion retired employees who were grandfathered in under the old policy. The funding policy established by the OPEB Trust is to fund annually, at a minimum, the projected annual cost of the plan. In addition, the Authority may contribute up to 50% of any operating surpluses to the trust.

For the fiscal year ended June 30, 2022, the employer contributions totaled \$600,000. The Trust did not receive contributions from any other sources.

**Net OPEB Liability (Plan Reporting) – GASB Statement No. 75**

*Investment Policy* – The OPEB Trust's policy in regard to the allocation of invested assets is established and may be amended by the Trustees by a majority vote. It is the policy of the Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Trustees' adopted asset allocation policy as of June 30, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity - large cap.....	20.00%
Domestic equity - small/mid-cap.....	35.25%
International equity - developed market.....	13.25%
International equity - emerging market.....	2.50%
Domestic fixed income.....	27.25%
Cash and cash equivalents.....	<u>1.75%</u>
Totals.....	<u>100.00%</u>

*Rate of Return* – For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (14.33)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

The components of the net OPEB liability of the Authority at June 30, 2022, were as follows:

Total OPEB liability.....	\$	18,825,360
Plan fiduciary net position.....		<u>14,007,061</u>
Authority's net OPEB liability.....	\$	<u><u>4,818,299</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....		74.41%

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. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

*Actuarial Assumptions* – The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of July 1, 2020 to the June 30, 2022 measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method:	Individual entry age normal
Investment rate of return:	5.89%
Healthcare/medical cost trend rate:	4.50% in FY2023 and changing by various amounts until an ultimate rate of 3.60% in FY2061
Inflationary rate:	2.50% annually
Pre-retirement mortality:	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 for females
Post-retirement mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females
Disability mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity - large cap.....	4.42%
Domestic equity - small/mid-cap.....	4.81%
International equity - developed market.....	4.91%
International equity - emerging market.....	5.58%
Domestic fixed income.....	1.00%
International fixed income.....	1.04%
Alternatives.....	5.98%
Real estate.....	6.25%

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.89% at June 30, 2022. The discount rate was selected using a blend of the Municipal Bond Index Rate (4.09% at June 30, 2022) for unfunded periods, and the Investment Rate of Return (5.89% at June 30, 2022) for funded periods.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following presents the net OPEB liability calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.89%)	Current Discount Rate (5.89%)	1% Increase (6.89%)
Net OPEB liability.....	<u>\$ 8,119,054</u>	<u>\$ 4,818,299</u>	<u>\$ 2,307,250</u>

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates* – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.50%)	Current Trend Rate (4.50%)	1% Increase (5.50%)
Net OPEB liability.....	<u>\$ 1,957,759</u>	<u>\$ 4,818,299</u>	<u>\$ 8,526,889</u>

**Net OPEB Liability (Employer Reporting) – GASB Statement No. 75**

The Authority's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020, which through update procedures was rolled forward to the June 30, 2022, measurement date.

**Changes in the Net OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021.....	\$ 16,768,154	\$ 16,320,052	\$ 448,102
Changes for the fiscal year:			
Service cost.....	594,718	-	594,718
Interest.....	1,083,352	-	1,083,352
Changes in assumptions.....	1,101,832	-	1,101,832
Contributions - employer.....	-	600,000	(600,000)
Net investment income.....	-	(2,350,043)	2,350,043
Benefit payments, including implicit costs.....	(722,696)	(553,635)	(169,061)
Administrative expense.....	-	(9,313)	9,313
Net changes.....	2,057,206	(2,312,991)	4,370,197
Balance at June 30, 2022.....	<u>\$ 18,825,360</u>	<u>\$ 14,007,061</u>	<u>\$ 4,818,299</u>

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$1,168,438. At June 30, 2022, the Authority reported deferred outflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments.....	\$ 964,158	\$ -
Differences between expected and actual experience.....	1,027,326	249,994
Changes in assumptions.....	2,022,444	636,075
Totals.....	<u>\$ 4,013,928</u>	<u>\$ 886,069</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB at June 30, 2022, will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2023.....	\$ 484,077
2024.....	460,208
2025.....	251,653
2026.....	1,220,316
2027.....	554,197
Thereafter....	<u>157,408</u>
Total.....	<u>\$ 3,127,859</u>

**NOTE 11 RISK FINANCING**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Authority carries commercial insurance. The Group Insurance Commission administers health care and other insurance for the Authority's employees and retirees.

The Authority participates in a premium based workers' compensation plan. Claims have not exceeded insurance coverage for the past three years.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

**NOTE 12 COMMITMENTS**

The following represents the Authority's ongoing projects at June 30, 2022:

Project	Total Committed Amount	Spent Through June 30, 2022	FY23 Commitment	Future Year Commitments
Admin Radio Upgrades.....	\$ 80,483	\$ 295	\$ 80,188	\$ -
BCEC Campus Master Planning/Feasibility.....	2,708,398	2,508,398	200,000	-
BCEC Cypher Street Environmental Work.....	678,620	174,428	504,192	-
BCEC Fire Alarms.....	5,833,593	5,204,560	629,033	-
BCEC Lighting Project.....	1,115,451	852,171	263,280	-
BCEC MEP Upgrade.....	7,658,288	7,293,030	365,258	-
BCEC Physical Security Barriers.....	710,000	71,345	375,978	262,677
BCEC Physical Security Gates.....	447,344	50,765	396,579	-
BCEC Radio Upgrades.....	91,705	11,517	80,188	-
BCEC Sidewalk Improvement.....	2,000,000	564,528	550,000	885,472
BCEC Sidewalk Replacement.....	574,316	283,628	290,688	-
BCEC Vertical Core Renovation.....	8,738,685	4,296,311	4,442,374	-
BCG High Roof Replacement.....	25,000,000	108,230	50,000	24,841,770
BCG Radio Upgrades.....	90,767	10,579	80,188	-
Hynes Air Handling Systems.....	5,000,000	499,779	1,948,365	2,551,856
Hynes Carpet.....	450,000	2,350	343,011	104,639
Hynes Electrical - Switchgear Retrofit.....	2,320,798	209,323	1,658,779	452,696
Hynes Fire Protection and Plumbing.....	591,461	58,583	470,596	62,282
Hynes Mass Pike Tunnel Ceiling Repair.....	1,500,000	-	110,620	1,389,380
Hynes Mass Pike Tunnel Ceiling Utility Enclosures Monitoring.....	500,000	-	94,967	405,033
Hynes Mechanical Repair - Loading Dock.....	195,460	104,381	91,079	-
Hynes Radio Upgrades.....	90,259	10,071	80,188	-
MMC Arena AHU Replacement.....	3,230,148	651,039	2,579,109	-
MMC Colosseo.....	50,269	269	50,000	-
MMC Convention Center Carpet Replacement.....	499,832	152,301	347,531	-
MMC Digital Display.....	5,000,000	96,832	4,786,056	117,112
MMC Garage.....	50,000,000	982,730	20,250,000	28,767,270
MMC Radio Upgrades.....	116,895	36,707	80,188	-
Total Commitments.....	<u>\$ 125,272,772</u>	<u>\$ 24,234,150</u>	<u>\$ 41,198,435</u>	<u>\$ 59,840,187</u>

\* - The Future Year Commitments amounts reflect the Authority's best estimates developed along with its FY2023 capital projects budget. Being estimates, they may be subject to changes, including material differences, as each project moves forward and additional detail regarding project scope or cost becomes available.



**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to the Basic Financial Statements**

---

**NOTE 13 CONTINGENCIES**

Various legal actions and claims are pending against the Authority. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Authority at June 30, 2022.

**NOTE 14 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

GASB has issued the following pronouncements that may affect future financial presentation or fiscal practices of the Authority upon implementation:

GASB Statement No.	GASB Statement	Fiscal Year of Implementation
91	<i>Conduit Debt Obligations</i>	2023*
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-Based Information Technology Arrangements</i>	2023
98	<i>The Annual Comprehensive Financial Report</i>	2023
99	<i>Omnibus 2022, paragraphs 11-25</i>	Paragraphs 11- 25 - 2023 Paragraphs 4- 10 - 2024
100	<i>Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62</i>	2024
101	<i>Compensated Absences</i>	2025

\* Adoption year adjusted due to implementation of GASB Statement No. 95

The Authority is currently evaluating the applicability and impact of GASB Statements which have required adoption periods during fiscal year 2023 and after.

**NOTE 15 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 20, 2022, the date the financial statements were available for issuance, noting that there have been no events that have occurred that would require recognition or disclosures in the financial statements.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**Pension Plan – Schedule of the Authority’s Proportionate Shares of the Net Pension Liability <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal year ended	Authority's proportion of the net pension liability	Authority's proportionate share of the net pension liability	Authority's covered payroll	Authority's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2022.....	0.28336%	\$ 29,572,816	\$ 16,263,803	181.83%	77.54%
June 30, 2021.....	0.29167%	50,043,618	17,245,575	290.18%	62.48%
June 30, 2020.....	0.29272%	42,836,764	17,872,718	239.68%	66.28%
June 30, 2019.....	0.28634%	37,882,242	17,440,857	217.20%	67.91%
June 30, 2018.....	0.30959%	39,703,950	16,460,292	241.21%	67.21%
June 30, 2017.....	0.32771%	45,107,233	17,677,269	255.17%	63.48%
June 30, 2016.....	0.33074%	37,647,760	18,217,216	205.50%	67.87%
June 30, 2015.....	0.33437%	24,824,160	18,319,823	140.14%	76.32%

<sup>(1)</sup> Data is being accumulated annually to present 10 years of the reported information.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**Pension Plan – Schedule of the Authority's Contributions <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal year ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Authority's covered payroll	Contributions as a percentage of covered payroll
June 30, 2022....	\$ 1,331,604	\$ 1,331,604	\$ -	\$ 16,263,803	8.19%
June 30, 2021....	1,187,874	1,187,874	-	17,245,575	6.89%
June 30, 2020....	1,119,571	1,119,571	-	17,872,718	6.26%
June 30, 2019....	875,322	875,322	-	17,440,857	5.02%
June 30, 2018....	788,925	788,925	-	16,460,292	4.79%
June 30, 2017....	754,322	754,322	-	17,677,269	4.27%
June 30, 2016....	596,735	596,735	-	18,217,216	3.28%
June 30, 2015....	540,096	540,096	-	18,319,823	2.95%

<sup>(1)</sup> Data is being accumulated annually to present 10 years of the reported information.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**OPEB Plan – Schedule of Changes in the Authority’s Net OPEB Liability and Related Ratios <sup>(1)</sup>**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019
<b>Total OPEB Liability</b>				
Total OPEB liability, July 1.....	\$ 16,768,154	\$ 13,022,744	\$ 11,895,777	\$ 12,972,576
Service cost.....	594,718	583,721	570,143	541,348
Interest on total OPEB liability, service cost and benefit payments.....	1,083,352	867,618	809,306	832,004
Benefit payments.....	(722,696)	(483,468)	(444,460)	(409,920)
Difference between expected and actual plan experience.....	-	1,438,256	(20,445)	(556,060)
Change in assumptions .....	1,101,832	1,339,283	212,423	(1,484,171)
<b>Net change in OPEB liability.....</b>	<b>2,057,206</b>	<b>3,745,410</b>	<b>1,126,967</b>	<b>(1,076,799)</b>
Total OPEB liability, June 30.....	<u>\$ 18,825,360</u>	<u>\$ 16,768,154</u>	<u>\$ 13,022,744</u>	<u>\$ 11,895,777</u>
<b>Plan Fiduciary Net Position</b>				
Plan fiduciary net position, July 1.....	\$ 16,320,052	\$ 12,096,439	\$ 6,530,551	\$ 4,447,104
Net investment gain/(loss).....	(2,350,043)	4,158,566	(427,504)	250,742
Employer contributions to Trust.....	600,000	600,000	6,445,316	2,258,881
Benefit payments.....	(553,635)	(497,014)	(426,633)	(409,920)
Administrative expenses.....	(9,313)	(37,939)	(25,291)	(16,256)
<b>Net change in Plan fiduciary net position.....</b>	<b>(2,312,991)</b>	<b>4,223,613</b>	<b>5,565,888</b>	<b>2,083,447</b>
Plan fiduciary net position, June 30.....	<u>\$ 14,007,061</u>	<u>\$ 16,320,052</u>	<u>\$ 12,096,439</u>	<u>\$ 6,530,551</u>
<b>Net OPEB liability</b>	<u>\$ 4,818,299</u>	<u>\$ 448,102</u>	<u>\$ 926,305</u>	<u>\$ 5,365,226</u>
Plan fiduciary net position as a percentage of total OPEB liability.....	74.41%	97.33%	92.89%	54.90%
Covered-employee payroll.....	\$ 17,762,942	\$ 17,245,575	\$ 18,103,966	\$ 17,576,666
Net OPEB liability as a percentage of covered employee payroll.....	27.13%	2.60%	5.12%	30.52%

<sup>(1)</sup> Data is being accumulated annually to present 10 years of the reported information.

See notes to the schedule.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**OPEB Plan – Schedule of Changes in the Authority’s Net OPEB Liability and Related Ratios <sup>(1)</sup>**  
**Last Ten Fiscal Years**

---

2018

\$ 11,700,165

733,395

769,989

(230,973)

-

-

1,272,411

\$ 12,972,576

\$ -

100,622

4,594,569

(230,973)

(17,114)

4,447,104

\$ 4,447,104

\$ 8,525,472

34.28%

\$ 21,608,853

39.45%

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)  
OPEB Plan – Notes to the OPEB Schedules**

---

**FY2022 Changes in actuarial assumptions**

Change in discount rate

The Authority revised its interest rate to 5.89% from 6.37%. This change resulted in an increase in the total OPEB liability of approximately \$1,102,000.

**FY2021 Changes in actuarial assumptions**

Change in discount rate

The Authority revised its interest rate to 6.37% from 6.49%. This change resulted in an increase in the total OPEB liability of approximately \$280,000.

Change in expected claims costs

Due to updated guidance related to the implementation of Actuarial Standard of Practice 6, the methodology used for calculating expected claims was updated. This change resulted in an increase in the total OPEB liability of approximately \$1,100,000.

Change in projected healthcare costs

The projected healthcare costs were updated based on the Getzen model for future projected health care costs. This change did not have a material change on the total OPEB liability.

**FY2020 Changes in actuarial assumptions**

Change in discount rate

The Authority revised its interest rate to 6.49% from 6.61%. This change resulted in an increase in the total OPEB liability of approximately \$210,000.

Other

Other immaterial assumption changes resulted in an increase in the total OPEB liability of approximately \$2,000.

**FY2019 Changes in actuarial assumptions**

Change in discount rate

The Authority revised its interest rate to 6.61% from 6.25%. This change resulted in a decrease in the total OPEB liability of approximately \$590,000.

Change in medical trend rate

The expected long-term medical trend has been updated to 4.5% decreasing the total OPEB liability by approximately \$1,100,000.

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)  
OPEB Plan – Notes to the OPEB Schedules**

---

Change in mortality

The mortality tables have been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females. This change resulted in an increase in the total OPEB liability of approximately \$210,000.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**OPEB Plan – Schedule of the Authority's Contributions <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal year ended	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Authority's covered-employee payroll	Contributions as a percent of covered-employee payroll
June 30, 2022.....	\$ 827,872	\$ 600,000	\$ 227,872	\$ 17,762,942	3.38%
June 30, 2021.....	606,643	600,000	6,643	17,245,575	3.48%
June 30, 2020.....	636,685	6,445,316	(5,808,631)	18,103,966	35.60%
June 30, 2019.....	931,064	2,258,881	(1,327,817)	17,576,666	12.85%
June 30, 2018.....	1,332,006	4,594,569	(3,262,563)	21,608,853	21.26%

<sup>(1)</sup> Data is being accumulated annually to present 10 years of the reported information.



**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Required Supplementary Information (Unaudited)**  
**OPEB Plan – Schedule of Investment Returns <sup>(1)</sup>**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
Money-weighted rate of return, net of investment expense.....	(14.33)%	34.09%	(4.54)%	4.80%	5.65%

<sup>(1)</sup> Data is being accumulated annually to present 10 years of the reported information.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Other Supplementary Information (Unaudited)**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual – Budgetary Basis**  
**Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
BCEC.....	\$ 20,592,697	\$ 30,660,344	\$ 10,067,647
Lawn on D.....	789,482	2,019,863	1,230,381
Hynes.....	6,763,963	12,392,705	5,628,742
BCG.....	7,830,952	11,117,964	3,287,012
MMC.....	4,571,620	6,384,586	1,812,966
SCCG.....	100,230	744,396	644,166
Other income.....	1,681	41,354	39,673
Total revenues.....	40,650,624	63,361,212	22,710,588
Expenses:			
BCEC.....	29,552,239	26,023,820	3,528,419
Lawn on D.....	460,456	367,295	93,161
Hynes.....	12,297,201	11,088,111	1,209,090
BCG.....	2,152,047	2,068,070	83,977
MMC.....	9,675,924	11,101,127	(1,425,203)
SCCG.....	86,160	359,158	(272,998)
Central administrative.....	8,818,564	7,620,421	1,198,143
Marketing and sales.....	5,386,450	4,767,154	619,296
Total expenses.....	68,429,041	63,395,156	5,033,885
Excess/(deficiency) of revenues over expenses.....	(27,778,417)	(33,944)	27,744,473
Nonoperating revenues/(expenses):			
Federal grants.....	-	233,111	233,111
Investment and loan income.....	747,845	742,798	(5,047)
Abandoned capital projects reclassified from CIP.....	-	(433,667)	(433,667)
Expenses funded from the capital budget but not capitalizable.....	-	(2,344,168)	(2,344,168)
Pension/OPEB liability funding.....	(2,000,000)	(2,000,000)	-
Total nonoperating revenues/(expenses).....	(1,252,155)	(3,801,926)	(2,549,771)
Change in net position.....	\$ (29,030,572)	\$ (3,835,870)	\$ 25,194,702

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Other Supplementary Information (Unaudited)**  
**Reconciliation of GAAP Operating Gain/(Loss) to Statutory Net Cost of Operations and**  
**Operating Reimbursement Requests from the Convention Center Fund**  
**Year Ended June 30, 2022**

GAAP operating gain/(loss) as presented in the statements of revenues, expenses and changes in net position (page 15).....	<u>\$ (44,885,728)</u>
Adjustments to reconcile to the statutory net cost of operations as defined within Chapter 190 of the Acts of 1982:	
Depreciation expense.....	38,233,053
Expenses from abandoned capital projects.....	433,667
Expenses funded from the capital budget but not capitalizable.....	2,344,168
Annual net pension cost calculated in accordance with GAAP.....	(685,801)
Annual net OPEB cost calculated in accordance with GAAP.....	1,168,429
Pension contributions.....	1,331,604
Principal repayments on loans receivable.....	279,024
Federal grants.....	233,111
Interest received on loans receivables and investment income.....	<u>2,260,339</u>
Total adjustments.....	<u>45,597,595</u>
Statutory net cost of operations (A).....	<u>711,867</u>
Adjustments/additions to reconcile to operating reimbursement requests from the Convention Center Fund:	
Amortization expense.....	90,035
Other pension trust expenses.....	76,243
Net lease activity in accordance with GASB 87.....	(365,898)
Other adjustments.....	<u>(46,209)</u>
Total adjustments.....	<u>(245,829)</u>
Total operating reimbursements refunded back to the Convention Center Fund.....	<u>\$ 466,038</u>

- (A) Chapter 190 of the Acts of 1982 defines the net cost of operations as all current expenses incurred by the Authority less income received by the Authority in its ordinary course of business. Under provisions outlined within Chapter 152 of 1997 (and subsequent amendments), the Authority is eligible to receive up to \$28 million annually from the Massachusetts Convention and Exhibition Center Fund to defray its net cost of operations.

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Other Supplementary Information (Unaudited)**  
**Schedule of Consolidated Financial Statements by Operating Segment**  
**Year Ended June 30, 2022**

Summarized financial information for the year ended June 30, 2022, is presented as follows:

	BCEC	Lawn on D	Hynes	MMC	BCG	SCCG	Central Administration	Sales and Marketing	Pension Trust	Total
<b>Assets:</b>										
Current assets.....	\$ (14,814,467)	\$ (73,074)	\$ (6,716,382)	\$ (5,486,000)	\$ (2,385,870)	\$ (30,608)	\$ 87,971,822	\$(5,260,338)	\$ -	\$ 53,205,083
Restricted assets.....	94,658	9	16,622	689	109	4	572,999	660	41,471,695	42,157,445
Noncurrent assets (excluding capital assets).....	221,395	-	-	-	-	-	29,102,290	-	-	29,323,685
Capital assets.....	451,192,765	60,052	80,624,829	40,546,495	18,022,264	4,376,002	111,944	-	-	594,934,351
Total assets.....	<u>436,694,351</u>	<u>(13,013)</u>	<u>73,925,069</u>	<u>35,061,184</u>	<u>15,636,503</u>	<u>4,345,398</u>	<u>117,759,055</u>	<u>(5,259,678)</u>	<u>41,471,695</u>	<u>719,620,564</u>
Deferred outflows.....	-	-	-	-	-	-	8,711,372	-	-	8,711,372
Total assets and deferred outflows.....	<u>\$ 436,694,351</u>	<u>\$ (13,013)</u>	<u>\$ 73,925,069</u>	<u>\$ 35,061,184</u>	<u>\$ 15,636,503</u>	<u>\$ 4,345,398</u>	<u>\$ 126,470,427</u>	<u>\$(5,259,678)</u>	<u>\$ 41,471,695</u>	<u>\$ 728,331,936</u>
<b>Liabilities:</b>										
Current liabilities.....	\$ 12,357,376	\$ 240,696	\$ 2,334,841	\$ 2,020,021	\$ 1,385,319	\$ 926,015	\$ 3,178,089	\$ 1,464,622	\$ 18,344	\$ 23,925,323
Noncurrent liabilities.....	62,750	-	60,953	-	-	-	34,909,864	-	-	35,033,567
Total liabilities.....	<u>12,420,126</u>	<u>240,696</u>	<u>2,395,794</u>	<u>2,020,021</u>	<u>1,385,319</u>	<u>926,015</u>	<u>38,087,953</u>	<u>1,464,622</u>	<u>18,344</u>	<u>58,958,890</u>
Deferred inflows.....	-	-	-	-	-	-	31,384,741	-	-	31,384,741
Total liabilities and deferred inflows.....	<u>\$ 12,420,126</u>	<u>\$ 240,696</u>	<u>\$ 2,395,794</u>	<u>\$ 2,020,021</u>	<u>\$ 1,385,319</u>	<u>\$ 926,015</u>	<u>\$ 69,472,694</u>	<u>\$ 1,464,622</u>	<u>\$ 18,344</u>	<u>90,343,631</u>
<b>Net position:</b>										
Net investment in capital assets.....										594,918,072
Restricted:										
Future pension contributions.....										41,453,351
Other.....										685,750
Unrestricted.....										931,132
Total net position.....										<u>\$ 637,988,305</u>

**Massachusetts Convention Center Authority**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**Other Supplementary Information (Unaudited)**  
**Schedule of Consolidated Financial Statements by Operating Segment**  
**Year Ended June 30, 2022**

	2022									
	BCEC	Lawn on D	Hynes	MMC	BCG	SCCG	Central Administration	Sales and Marketing	Pension Trust	Total
Operating revenues.....	\$ 30,635,338	\$ 2,019,864	\$ 12,392,705	\$ 6,384,586	\$ 11,117,965	\$ 744,396	\$ (4,735)	\$ -	\$ -	\$ 63,290,119
Operating expenses.....	(55,403,030)	(406,112)	(17,214,322)	(14,596,826)	(4,272,296)	(359,158)	(9,749,103)	(4,767,152)	(1,407,848)	(108,175,847)
Operating income/(loss).....	(24,767,692)	1,613,752	(4,821,617)	(8,212,240)	6,845,669	385,238	(9,753,838)	(4,767,152)	(1,407,848)	(44,885,728)
Nonoperating revenues/(expenses):										
CCF - operating subsidy.....	-	-	-	-	-	-	15,142,755	-	-	15,142,755
Federal grants.....	-	-	-	-	-	-	233,111	-	-	233,111
Nonemployer contribution.....	-	-	-	-	-	-	2,182,965	-	-	2,182,965
Interest on loans receivable.....	-	-	-	-	-	-	729,566	-	-	729,566
Interest on lease receivable.....	301,502	-	-	-	-	-	-	-	-	301,502
Investment income.....	-	-	-	-	-	-	13,231	-	(5,554,093)	(5,540,862)
Income/(loss) before capital contributions.....	(24,466,190)	1,613,752	(4,821,617)	(8,212,240)	6,845,669	385,238	8,547,790	(4,767,152)	(6,961,941)	(31,836,691)
Capital contributions:										
CCF - capital contributions.....	-	-	-	-	-	-	21,072,045	-	-	21,072,045
Capital assets transferred to other entity.....	(2,944,909)	-	-	-	-	-	-	-	-	(2,944,909)
Total capital contributions.....	(2,944,909)	-	-	-	-	-	21,072,045	-	-	18,127,136
Change in net position.....	\$ (27,411,099)	\$ 1,613,752	\$ (4,821,617)	\$ (8,212,240)	\$ 6,845,669	\$ 385,238	\$ 29,619,835	\$ (4,767,152)	\$ (6,961,941)	(13,709,555)
Net position - beginning of year.....										651,697,860
Net position - end of year.....										\$ 637,988,305

**Massachusetts Convention Center Authority  
(A Component Unit of the Commonwealth of Massachusetts)**

**Other Supplementary Information (Unaudited)  
Schedule of Salary and Other Compensation of Highly Compensated Employees  
Year Ended June 30, 2022**

	Base Salary	Other Compensation	Total Compensation	Base Compensation at June 30, 2022
David Gibbons, Executive Director.....	\$ 264,618	\$ -	\$ 264,618	\$ 264,618
Robert Noonan, Chief Information Security Officer.....	178,922	-	178,922	178,922
Christopher Donato, General Counsel.....	178,651	-	178,651	178,651
Michael Esmond, Chief Financial Officer.....	178,651	-	178,651	178,651
Diane DiAntonio, General Manager.....	178,214	-	178,214	178,214
John R. Donahue, Chief of Operations and Capital Projects.....	166,026	-	166,026	166,026
Christine Pulgini, Associate General Counsel .....	164,819	-	164,819	164,819
Nathan Little, Director of Communications and External Relations...	154,482	-	154,482	154,482
Devin Taylor, Director of Human Resources and Engagement.....	154,482	-	154,482	154,482
Peter Doucet, Director of Technical Operations.....	135,574	-	135,574	135,574
<b>Total FY22 compensation.....</b>	<b>\$ 1,754,439</b>	<b>\$ -</b>	<b>\$ 1,754,439</b>	<b>\$ 1,754,439</b>

\* - Amounts reported on a cash basis.

**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**

**Independent Auditor's Report**

Board Members  
Massachusetts 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 Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the Massachusetts Convention Center Authority (the Authority), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2022.

**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) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM VS LLP*

Boston, Massachusetts  
October 20, 2022