NEW YORK CONVENTION CENTER OPERATING CORPORATION

Financial Statements and Independent Auditors' Report

March 31, 2021 and 2020

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York Convention Center
Operating Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of New York Convention Center Operating Corporation (the "Corporation") as of and for the years ended March 31, 2021 and 2020, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York Convention Center Operating Corporation as of March 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 and the additional information on pages 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 23, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

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

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

The Statements of Revenue, Expenses and Changes in Net Position presents the Javits Center's revenue and expenses, for the fiscal years ended March 31, 2021 and 2020. These statements measure the financial performance of the Center during the fiscal years presented and can be used to determine whether the Center has recovered all its costs through space rental and related event services.

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

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

Overview of the Major Initiatives/Recent Developments

COVID-19 Response

In the past year, the Javits Center has transformed its operations to assist in the unprecedented fight against COVID-19, playing a vital role in the treatment and vaccination of hundreds of thousands of New Yorkers of all ages and backgrounds. In conjunction with the New York State Department of Health and the New York National Guard, the historic operation has proven the importance of convention centers to the surrounding community and reinforced the value of large venues in helping government respond to large-scale emergencies. Despite the challenges related to COVID-19, construction on the Javits Center's expansion continued, and in May 2021, Governor Andrew M. Cuomo announced the completion of the project, an addition of 1.2 million square feet to the Javits Center. As a result, the project will play a critical role in attracting businesses to New York, creating new jobs, and supporting the state's economic resurgence in the wake of the pandemic.

Javits New York Medical Station ("Field Hospital")

In response to the COVID-19 outbreak, the Javits Center was temporarily transformed into a medical facility in March 2020. A total of 1,095 patients were transported from the region's hospitals and treated in coordination with a host of federal, state and city agencies and business partners working together on site. The Field Hospital was constructed in a matter of days, and it was designed to reduce the burden on the local hospital system and help New Yorkers in need during this unprecedented crisis. As the first of its kind, the Field Hospital served as a nationwide model for similar facilities being coordinated by the Federal Emergency Management Agency and the U.S. Army Corps of Engineers throughout the United States. In total, more than 2,500 patient care units were constructed, along with 50 mobile showers and restroom units. After the last patient was discharged, the Center sterilized all areas impacted by the Field Hospital. Certain halls were occupied by empty patient care units in case of a second wave of viral infection. The hospital was disassembled in March of 2021 when the State determined that a surge facility was no longer necessary.

Vaccination Center ("JAVAX")

In January 2021, the Javits Center erected JAVAX, the largest vaccination center in the country. In coordination with the New York State Department of Health, the New York National Guard and our employees, JAVAX opened in mid-January 2021, providing a safe and efficient process. Staffed with up to 1,000 people, JAVAX was constructed on Level 3 with four main areas: a check-in area, a registration area, a vaccination area, and a monitoring area. As of May 2021, JAVAX administered over 600,000 COVID-19 vaccines to New Yorkers.

Safety Protocols

All employees and visitors to the Javits Center must be temperature-screened and wear appropriate Personal Protection Equipment depending on the guidance issued by New York State. To improve air quality and reduce contaminants, hospital-grade air filters were installed throughout the building. Portable hand-sanitizing stations also were installed to encourage visitors to decontaminate their hands throughout the day.

Overview of the Major Initiatives/Recent Developments (Continued)

Expansion

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

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

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

Infrastructure

With a robust capital plan, made possible by funds supplied by the building's owner, NYCCDC and an active maintenance program supported by surplus receipts from NYCCOC's operations, the Center is consistently improving infrastructure through a series of upgrades that enhance operations, improve public safety, and create a better experience for customers, business partners, employees, and stakeholders. The Javits Center continued to improve its infrastructure despite the challenges related to COVID-19, implementing key enhancements that will increase the overall safety of the building. More than 100 stainless steel bollards and other anti-ramming devices were installed along the perimeter of the Center, which are designed to prevent an unauthorized vehicle from entering the property and causing harm or injury. In addition, a new fire alarm system was installed in conjunction with related work on the expansion project.

Overview of the Major Initiatives/Recent Developments (Continued)

Sustainability

The Center continues to enhance its robust sustainability program to improve the quality of life for our employees, visitors, and the surrounding neighborhood. The Center strives to be a model of sustainable practices for the exhibition industry, buildings across New York City and the surrounding community. The Center has achieved LEED Silver certification. The Center has worked closely with several institutions to study the impact of our sustainable efforts, further reduce our energy consumption, and discover new ways to improve the quality of life. The production of natural honey is the latest development in the Center's sustainability program. In 2020, 260 lbs. of honey were harvested, and over 600 jars were gifted to healthcare staff and the first person in line to be vaccinated. In 2020 the bird count on the 6.75-acre green roof increased from 33 to 35 species. A central part of the Center's expansion of its sustainability program is the Farm, expecting to produce up to 40,000 lbs. of produce which will be utilized in catering to events held at the Center. The Center will issue its third sustainability report in 2021. The previous two reports can be found at javitscenter.com/sustainability.

Energy Conservation

As part of the sustainability program the Center has enrolled in demand response programs, under which consumers are paid for reducing energy during peak periods of local high demand. Utilizing the building management system, the Center monitors the energy consumption level and responds accordingly to assist local agencies managing the region's output. As a result, the Center has achieved significant savings. The transformer building, part of the expansion, provides 30 megawatts of power ("MW") and provides the Center the opportunity to operate independently of the power grid. It also enables future cost savings and provide a backup power source if needed.

Solar Power

Construction of a solar farm will begin in the summer of 2021, located on the Center's 6.75-acre green roof as well as two rooftop spaces on the 1.2 million square foot building expansion. The project is being developed by Siemens and exists as a back-to-back purchase power agreement with the New York Power Authority and the Javits Center. It will be Manhattan's largest rooftop solar farm. The solar farm will provide 1.7 MW of solar energy for the facility which includes 3.5 MW of battery storage. The green roof includes 721 kilowatts (kW) of solar photovoltaic (PV) using a custom, unique canopy design installed over 31 existing rooftop units used for heating and cooling the building. Over 50 clean energy jobs are estimated to be generated from the solar project. An estimated 2,175,000 kW hours of onsite renewable electricity will be generated in the first year of operation. The Javits Center solar farm is an important project to help meet the aggressive targets outlined in Governor Cuomo's nation-leading Climate Leadership and Community Protection Act ("Climate Act"). The Javits Center is leading the way to aid the State in a path toward economy-wide carbon neutrality.

Overview of the Major Initiatives/Recent Developments (Continued)

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

Community

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

The JavitsCares program facilitates the donation of various goods and materials to non-profit organizations for use in schools, churches, and theatre groups. The Center works closely with event organizers and exhibitors to identify, secure, and transport a wide range of items left behind at the conclusion of events. These items, such as furniture, household products and construction materials, are typically purchased for one-time use at the event, however, are repurposed under JavitsCares with a donation to non-profit organizations and community groups throughout New York. To date, 6,000 items, amounting to over 35,000 lbs. of various furniture items, including tables, seating, lighting, and storage have been donated to Materials for the Arts, Hour Children, Pioneer Works, Covenant House, Housing Works, Council for the Arts and Big Reuse. The Center has also helped to coordinate food rescue of over 95,000 lbs. to local organizations fighting food insecurity and food waste, including City Harvest, Rethink Food, The Bowery Mission, and New York Common Pantry.

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

Food and Beverage Services

The Center entered into a food and beverage agreement effective May 3, 2019, with Levy Premium Food Service Limited Partnership ("Levy") and Catering by Restaurant Associates ("CxRA"). The organizations, both subsidiaries of the Compass Group, have launched a new hospitality brand called Cultivated, a comprehensive and cutting-edge dining program that will reshape and reimagine the food and beverage experience throughout the Center. This new brand will focus on enhancing the hospitality experience with elements rooted in the Empire State, including more New York ingredients and producers, as well as unique dining presentations, products sourced on-site and signature high-end catering for the largest and most exclusive events in New York City. Levy's market inspired dining and hospitality programs have been recognized at premier convention centers and arenas across the United States and CxRA, part of the acclaimed Restaurant Associates family, creates custom catering and service for extraordinary events, serving iconic New York landmarks, including Lincoln Center, the Metropolitan Museum of Art, and Solomon R. Guggenheim Museum.

Overview of the Major Initiatives/Recent Developments (Continued)

Current Business

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

On March 15, 2020, the Center for Disease Control and Prevention ("CDC") released guidance that all large events and mass gatherings of more than 50 people be suspended, causing significant disruption in the conference, corporate events, and exhibitions industry. The CDC further said that large events and mass gatherings contributed to the spread of COVID-19 in the United States via travelers who attend these events and introduce the virus to new communities.

As a result of restrictions placed on gatherings, the conference and events industry was among the first to be affected by the effects of COVID-19 and is likely to be among the last to return to a new functional normal. Particularly in those venues where temporary hospitals were created the effects of that use, while positive for the community, will add to the issues the industry faces locally, and will be detrimental to the economic impact the Center is expected to create. As a result of the COVID-19 pandemic, the Javits Center lost event revenue of approximately $185 million in Fiscal 2021.

In Fiscal 2021, 523 employees worked approximately 292 thousand hours. The revenue was generated primarily by provision of services and labor for the erection and maintenance of the Field Hospital and JAVAX. The Center experienced a significant reduction in revenue in fiscal year 2021 due to event cancellation related to restrictions surrounding the COVID-19 pandemic.

2021 Financial Highlights

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

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

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

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

Summarized Statements

Summarized statements of NYCCOC's assets, liabilities, and net position at March 31, 2021 and 2020 is as follows:

Condensed Statements of Net Position

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

- **Financial Analysis**
  - **Current Assets** - Current assets increased by $20.5 million (25.2%) to $102.0 million, resulting in a current ratio of 2.45 to 1. The increase of $20.5 million is attributable to a $20.1 million increase in cash and equivalents, a $4.2 million increase in short-term investments, and a $2.9 million increase in accounts receivable. The increase in cash and equivalents and short-term investments is related to payment on services provided for the Field Hospital and significant reductions made in non-essential operating costs that were paused during the COVID-19 pandemic. The increase in accounts receivable at year-end is related to the billing of the services provided to JAVAX. The increases are offset by a $6.3 million decrease in other current assets primarily related to timing of billing and payments from NYCCDC related to capital projects and a $0.4 million reduction in unbilled show costs due to no event activity at year-end.

- **Deferred Outflows of Resources** - Deferred outflows of resources are sums paid towards future contributions for retirement and other postemployment benefits, which will be reflected in actuarial valuations in subsequent years. As a result of Accounting and Financial Reporting for Pensions, GASB Statements No. 68 and No. 75 and the accompanying changes of assumptions and net differences between planned and actual investment earnings on pension plan investments, deferred outflows of resources increased by $6.5 million.

- **Current Liabilities** - Current liabilities increased by $13.3 million (47.1%) to $41.6 million in Fiscal 2021. The increase is primarily due to an increase in advance for capital improvements from affiliate of $18.3 million, which relates to the payments received from NYCCDC for the acquisition of furniture, fixtures and equipment for the expansion and an increase of $1.6 million of unearned revenue for deposits on hand for future events. The increases are offset by reductions in capital lease payable ($4.2 million) related to payments made on leased equipment for the expansion, insurance claim reserve ($2.1 million) due to a decrease in claims during the fiscal year due to minimal event activity and a $0.3 million decrease in accounts payable and accrued expenses related to the timing of cash payments.

- **Noncurrent Liabilities** - Noncurrent liabilities increased by $8.4 million (83.1%) to $18.6 million. The increase is primarily related to a $10.2 million increase in the net pension liability related to the changes in actuarial assumptions and the difference between actual investments earnings on pension plan investments related to GASB Statement No. 68. The increase is offset by reductions in capital lease payable ($1.8 million) related to payments made on leased equipment.

- **Other postemployment benefits obligation, noncurrent** - Other post-employment benefit obligation, noncurrent ("OPEB") increased by $0.4 million (0.9%) to $38.3 million, mainly due to employees accruing benefits for and additional year of service and the decrease in the discount rate.

- **Net Position** - Net position fell $1.5 million (2.8%) to $51.9 million as a result of the net loss in Fiscal 2021. The Board of Directors reserved $39.0 million in unrestricted net position for other postemployment benefit obligations, an increase of $0.5 million over Fiscal 2020 due to the obligation's annual growth. This resulted in a $20.0 million unrestricted deficit.

CAPITAL ASSETS

A condensed comparison of NYCCOC's capital assets at March 31, 2021 and 2020 is as follows:

	(In Thousands)		
	2021	2020	Variance
Improvements to the Javits Center	$ 41,728	41,625	103
Furniture, fixtures, and equipment	26,297	20,066	6,231
Other fixed assets	2,904	2,904	-
Right of use assets	7,743	7,743	-
Total fixed assets	78,672	72,338	6,334
Less accumulated depreciation and amortization	47,555	41,962	5,593
Construction in progress	6,792	12,749	(5,957)
	$ 37,909	43,125	(5,216)

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

CONDENSED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

A condensed statement of revenue, expenses, and changes in net position for the years ended March 31, 2021 and 2020 is provided below:

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

- **Operating Revenue** - Total operating revenue was $60.1 million, a decrease of $124.9 million (67.5%) from $185.0 million in Fiscal 2020. The decrease of $25.6 million (98.9%) in space rental and decrease of event related services revenue of $112.0 million (72.3%) were attributed to the COVID-19 pandemic due to restrictions on gatherings and the result of event cancellations and postponements. Space rental of $278K was related to the virtual events utilizing the broadcast studio. Event related services was attributed to the Field Hospital and JAVAX. Advertising, concession, and other revenue increased $12.8 million (307.5%) which was primarily due to services in connection with the erection and maintenance of the Field Hospital and JAVAX, including equipment rental, patient meals, and other professional services, including coronavirus disease remediation cleaning, and administrative staffing.

- **Operating Expenses** - Total operating expenses decreased $126.6 million (69.3%) to $56.1 million from $182.7 million because of the COVID-19 impact on operations and the controlling of costs while events were restricted due to the pandemic. Employee compensation and benefits decreased by $122.7 million (81.1%) driven by no event related labor and furlough of employees. Facility operating expenses decreased by $3.0 million (15.4%) driven by lower utilities) pausing certain service contracts, including repairs and maintenance, and restricting purchases of building supplies. These savings were partially offset by an increase in the Field Hospital and JAVAX related professional services. Selling, general and administrative expenses decreased by $0.6 million (7.4%) primarily driven by controlled spending in in training, and other event related expenses such as credit card fees and temporary service which was partially offset by an increase in insurance premiums, bad debt and equipment rental related to the Field Hospital and JAVAX.
- **Non-Operating Income** - Interest income decreased by $1.4 million attributable to significantly lower interest rates available on short-term investments and lower investment position throughout the year.
- **Change in Net Position** - Net position decreased $1.5 million (2.8%) to $51.9 million as a result of the net loss in Fiscal 2021.

OPERATING RESULTS AND HIGHLIGHTS

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

Overall, the Center performed well considering the strenuous conditions of the pandemic. The Center was able to minimize the net loss to $1.5 million by placing significant controls on costs to continue to operate the facility using minimum resources.

CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

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

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

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

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

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

Request for Information

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

FINANCIAL STATEMENTS

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Statements of Net Position
March 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and equivalents	$ 25,436,008	5,331,859
Short-term investments	64,997,243	60,728,135
Accounts receivable, net of allowances of $1,304,572 in 2021 and $1,207,609 in 2020	7,754,723	4,874,926
Unbilled show costs	-	388,862
Other current assets	3,822,148	10,176,720
Total current assets	102,010,122	81,500,502
Property and equipment, net	37,909,101	43,124,502
Other assets	4,776,181	5,470,400
Total assets	144,695,404	130,095,404
Deferred outflows of resources	11,827,652	5,288,416
Liabilities		
Current liabilities:		
Accounts payable	5,257,671	5,816,798
Accrued expenses, current	3,234,273	3,037,636
Unearned revenue	6,571,113	4,934,709
Capital lease liability, current	1,843,719	6,041,766
Insurance claim reserve	3,294,276	5,432,119
Advances for capital improvements from affiliate	20,718,733	2,446,612
Other postemployment benefits obligation, current	689,000	571,200
Total current liabilities	41,608,785	28,280,840
Accrued expenses, net of current portion	923,369	780,933
Net pension liability	13,821,461	3,668,886
Capital lease liability, net of current portion	3,878,133	5,721,852
Other postemployment benefits obligation, net of current portion	38,282,000	37,925,800
Total liabilities	98,513,748	76,378,311
Deferred inflows of resources	6,066,918	5,588,665
Net position		
Investment in capital assets, net	32,983,122	36,493,639
Unrestricted - board designated for other postemployment benefit obligation	38,971,000	38,497,000
Unrestricted deficit	(20,011,732)	(21,573,795)
Total net position	$ 51,942,390	53,416,844

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2021 and 2020

	2021	2020
Operating revenue:		
Event-related services	$ 42,840,621	154,913,381
Space rentals	277,544	25,895,418
Concession commissions	633,985	1,965,953
Advertising and other income	16,364,268	2,205,886
Total operating revenue	60,116,418	184,980,638
Operating expenses:		
Employee compensation and benefits	28,602,247	151,304,316
Facility operating expenses	16,683,218	19,736,603
Selling, general and administrative expenses	8,111,334	8,738,215
Annual other postemployment benefits expenses	2,676,000	2,916,000
Total operating expenses	56,072,799	182,695,134
Operating income before depreciation and amortization	4,043,619	2,285,504
Depreciation and amortization expense	(5,592,670)	(6,592,120)
Operating loss	(1,549,051)	(4,306,616)
Nonoperating revenue - interest income, net	74,597	1,444,333
Change in net position	(1,474,454)	(2,862,283)
Net position at beginning of year	53,416,844	56,279,127
Net position at end of year	$ 51,942,390	53,416,844

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Statements of Cash Flows
Years ended March 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers	$ 58,873,025	178,823,717
Cash paid for operating expenses	(47,116,251)	(183,111,277)
Net cash provided by (used in) operating activities	11,756,774	(4,287,560)
Cash flows from capital and related financing activities:		
Principal payments on capital lease obligations	(6,041,766)	(1,228,345)
Interest payments on capital lease obligations	(115,150)	(74,060)
Advance for capital improvements from affiliate	18,272,121	(1,931,874)
Acquisition of property and equipment	(377,269)	(1,445,537)
Net cash provided by (used in) capital and related financing activities	11,737,936	(4,679,816)
Cash flows from investing activities:		
Purchase of short-term investments	(262,437,000)	(828,376,000)
Proceeds from sales and maturities of short-term investments	258,167,892	835,726,249
Interest received on investments	184,328	1,543,207
Cash paid for collateral	-	(199,998)
Cash received for collateral	694,219	406,932
Net cash provided by (used in) investing activities	(3,390,561)	9,100,390
Net change in cash and equivalents	20,104,149	133,014
Cash and equivalents at beginning of year	5,331,859	5,198,845
Cash and equivalents at end of year	$ 25,436,008	5,331,859
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	(1,549,051)	(4,306,616)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	5,592,670	6,592,120
Changes in:		
Accounts receivables	(2,879,797)	5,856,023
Unbilled show costs	388,862	543,444
Other assets	(71,633)	546,112
Due from affiliate	6,426,205	(935,935)
Accounts payable	(559,127)	(3,355,349)
Accrued expenses	344,492	(25,343)
Unearned revenue	1,636,404	(12,012,943)
Insurance claim reserve	(2,137,843)	152,170
Other postemployment benefits obligation	474,000	712,000
Net pension and OPEB related accounts	4,091,592	1,946,757
Net cash provided by (used in) operating activities	$ 11,756,774	(4,287,560)
Supplemental disclosure of non-cash financing activities - equipment financed with capital lease	$ -	11,952,260

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

(b) Basis of Accounting

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

(c) Basis of Presentation

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies, Continued

(d) Cash and Equivalents

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

(e) Short-Term Investments

As of March 31, 2021 and 2020, the Corporation's short-term investments consist of U.S. Treasury bills and commercial paper. These investments are specifically identified and held in segregated accounts at depository institutions in the name of the New York State Department of Taxation and Finance. Short-term investments are carried at amortized cost, which approximates fair value, plus accrued interest receivable.

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

(f) Recognition of Revenue and Reserve for Doubtful Accounts

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

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

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

(g) Capitalized Costs and Depreciation

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

At March 31, 2021 and 2020, the construction in progress capital cost reflected a total of $6,792,445 and $12,748,641, respectively, related to the on-going capital maintenance and improvements and early action work intended to facilitate the expansion.

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

(h) Security Deposit

During October 2013 and 2014, the Corporation contracted with two insurance companies. The terms of the contracts required the Corporation to pay security deposits which will be held for an indefinite amount of time. As a result, the security deposit of $4,776,181 and $5,470,400 as of March 31, 2021 and 2020, respectively, is reflected as non-current other assets in the statements of net position.

Note 1 - Summary of Significant Accounting Policies, Continued

(i) Deferred Outflows and Inflows of Resources

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

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

(j) Retirement Benefits

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

(k) Other Postemployment Benefits ("OPEB")

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

(l) Estimates

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

(m) Subsequent Events

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

Note 1 - Summary of Significant Accounting Policies, Continued

(n) Risks and Uncertainties

On January 31, 2020, United States Health and Human Services Secretary declared a public health emergency for the United States to aid the nation's healthcare community in responding to COVID-19. In response to the COVID-19 outbreak, Governor Cuomo issued an Executive Order on March 7, 2020 declaring a state of emergency in New York State, and shortly thereafter mandated the temporary conversion of the Corporation from a convention center to a field hospital. The outbreak of the disease has affected travel, commerce, and financial markets globally, and is expected to result in a significant economic impact and affect economic growth worldwide. The impact to the Corporation and its financial position and future results are not presently determinable due to the uncertainties related to the duration and severity of the COVID-19 outbreak, as well as with regard to what actions may be taken by governmental and other health care authorities, to contain or mitigate its impact.

Note 2 - Short-term Investments

Authorization for investment in securities is governed by written internal guidelines, statutes, and State guidelines. The investments are reported at amortized cost in the statements of net position and amounted to $64,997,243 and $60,728,135 as of March 31, 2021 and 2020, respectively.

The interest rate earned on investments approximated 0.07% and 1.63% for the years ended March 31, 2021 and 2020, respectively.

Fair Value Measurements

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

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

The Corporation's short-term investments at March 31, 2021 and 2020 are classified as follows:

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

Note 2 - Short-term Investments, Continued

	2020			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	$ 17,774,163	-	-	17,774,163
Commercial papers	-	42,953,972	-	42,953,972
	$ 17,774,163	42,953,972	-	60,728,135

Note 3 - 2009 Renovation Project and Due From Affiliate

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

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

The Corporation has previously funded capital expenditures related to the renovation projects of the Javits Center, on behalf of NYCCDC amounting to $3,392,071. These amounts have been recorded as a receivable from NYCCDC and management has also recorded an offsetting reserve of $3,392,071 due to the uncertainty regarding its collectability as of March 31, 2021 and 2020.

The Corporation has entered into an agreement for the procurement of furniture, fixtures, and equipment for the Expansion ("FF&E") on behalf of NYCCDC. NYCCDC is reimbursing an equipment lease as part of the agreement. The Corporation has recorded this lease as a liability and recognized an offsetting receivable from NYCCDC in the statements of net position, as the related FF&E is property of NYCCDC.

Note 4 - Other Assets

Other assets at March 31, 2021 and 2020 consist of the following:

	2021	2020
Current other assets:		
Due from affiliate	$ 2,723,290	9,149,495
Prepaid maintenance	124,035	63,003
Prepaid software license subscription	184,562	327,578
Prepaid insurance	238,264	202,073
Prepaid workers compensation escrow	400,806	400,000
Prepaid other	151,191	34,571
	$ 3,822,148	10,176,720
Non-current other assets - security deposit	$ 4,776,181	5,470,400

Note 5 - Property and Equipment

The property and equipment activities for the years ended March 31, 2021 and 2020 are summarized as follows:

	2021				
	Balance at March 31, 2020	Additions	Transfers	Retirements	Balance at March 31, 2021
Depreciable assets:					
Furniture, fixtures, and equipment	$ 20,066,217	-	6,230,014	-	26,296,231
Video display equipment	194,519	-	-	-	194,519
Telephone equipment	1,715,551	-	-	-	1,715,551
Other equipment	993,551	-	-	-	993,551
Improvements to center	41,624,906	-	103,451	-	41,728,357
Right of use assets	7,743,427	-	-	-	7,743,427
Construction in progress	12,748,641	377,269	(6,333,465)	-	6,792,445
Total depreciable assets	85,086,812	377,269	-	-	85,464,081
Accumulated depreciation and amortization:					
Furniture, fixtures, and equipment*	15,820,019	2,333,160	-	-	18,153,179
Video display equipment	75,600	37,662	-	-	113,262
Telephone equipment	1,711,655	3,894	-	-	1,715,549
Other equipment	993,551	-	-	-	993,551
Improvements to center	16,432,434	3,009,955	-	-	19,442,389
Right of use assets	6,929,051	207,999	-	-	7,137,050
Total accumulated depreciation and amortization	41,962,310	5,592,670	-	-	47,554,980
Total property and equipment, net	$ 43,124,502	(5,215,401)	-	-	37,909,101

	2020				
	Balance at March 31, 2019	Additions	Transfers	Retirements	Balance at March 31, 2020
Depreciable assets:					
Furniture, fixtures, and equipment	$ 20,215,417	40,404	931,469	(1,121,073)	20,066,217
Video display equipment	194,519	-	-	-	194,519
Telephone equipment	1,715,551	-	-	-	1,715,551
Other equipment	993,551	-	-	-	993,551
Improvements to center	40,222,563	-	1,653,701	(251,358)	41,624,906
Right of use assets	8,056,206	-	-	(312,779)	7,743,427
Construction in progress	7,390,989	7,942,822	(2,585,170)	-	12,748,641
Total depreciable assets	78,788,796	7,983,226	-	(1,685,210)	85,086,812

Note 5 - Property and Equipment, Continued

		Balance at March 31, 2019	Additions	Transfers	Retirements	Balance at March 31, 2020
Accumulated depreciation and amortization:						
Furniture, fixtures, and equipment	$	14,046,663	2,894,429	-	(1,121,073)	15,820,019
Video display equipment		31,730	43,870	-	-	75,600
Telephone equipment		1,702,308	9,347	-	-	1,711,655
Other equipment		968,712	24,839	-	-	993,551
Improvements to center		13,667,720	3,016,072	-	(251,358)	16,432,434
Right of use assets		6,638,267	603,563	-	(312,779)	6,929,051
Total accumulated depreciation and amortization		37,055,400	6,592,120	-	(1,685,210)	41,962,310
Total property and equipment, net	$	41,733,396	1,391,106	-	-	43,124,502

The Corporation recorded depreciation and amortization expense of $5,592,670 and $6,592,120 for the years ended March 31, 2021 and 2020, respectively.

Note 6 - Unearned Revenue

Unearned revenue consisted of the following at March 31, 2021 and 2020:

		2021	2020
Event-related services	$	-	400,090
Space rentals		6,436,632	4,442,324
Advertising and other		134,481	92,295
	$	6,571,113	4,934,709

Note 7 - Pension Plan

(a) New York State and Local Retirement System

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

Note 7 - Pension Plan, Continued

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

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

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

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

2021	$2,075,113
2020	$2,011,120
2019	$2,051,164

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

At March 31, 2021 and 2020, the Corporation reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2020 and 2019, respectively. The total pension liability used to calculate the net pension liability was determined by the actuarial valuation. The Corporation's proportionate share of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Corporation.

	2021	2020
Measurement date	3/31/2020	3/31/2019
Net pension liability	$13,821,461	3,668,886
Corporation's proportion of the System's net pension liability	0.0521947%	0.0517816%

For the years ended March 31, 2021 and 2020, the Corporation recognized pension expense of $4,674,604 and $2,389,002, respectively. At March 31, 2021, the Corporation's proportionate share was 0.0521947% which was a percentage increase of 0.0004131 from its proportionate share at March 31, 2020. At March 31, 2021 and 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 7 - Pension Plan, Continued

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

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	813,449	-	722,480	246,285
Changes of assumptions		278,299	240,306	922,208	-
Net difference between projected and actual investment earnings on pension plan investments		7,085,553	-	-	941,639
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions		109,190	162,612	142,458	204,741
Contributions subsequent to the measurement date		2,075,113	-	2,011,120	-
Total	$	10,361,604	402,918	3,798,266	1,392,665

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of March 31, 2020 will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2021	$ 1,336,385
2022	1,968,037
2023	2,520,331
2024	2,058,820
2025	-
Thereafter	-
Total	$ 7,883,573

The Corporation's contributions subsequent to March 31, 2020 measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021.

(c) Actuarial Assumptions

The total pension liability at March 31, 2021 and 2020 was determined by using an actuarial valuation as noted in the following table, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Note 7 - Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	2021	2020
Measurement date	March 31, 2020	March 31, 2019
Actuarial valuation date	April 1, 2019	April 1, 2018
Investment rate of return, net of investment expenses	6.8%	7.0%
Salary scale	4.2% Average	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System Experience	April 1, 2010 - March 31, 2015 System Experience
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 1, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 and 2018 valuations are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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

	2021		2020	
	Target Allocation	Long-term Expected Rate of Return*	Target Allocation	Long-term Expected Rate of Return*
Asset type:				
Domestic equity	36.00%	4.05%	36.00%	4.55%
International equity	14.00%	6.15%	14.00%	6.35%
Private equity	10.00%	6.75%	10.00%	7.50%
Real estate	10.00%	4.95%	10.00%	5.55%
Absolute return strategies	2.00%	3.25%	2.00%	3.75%
Opportunistic portfolio	3.00%	4.65%	3.00%	5.68%
Real assets	3.00%	5.95%	3.00%	5.29%
Bonds and mortgages	17.00%	0.75%	17.00%	1.31%
Cash	1.00%	0.00%	1.00%	(0.25%)
Inflation-indexed bonds	4.00%	0.50%	4.00%	1.25%
	100.00%		100.00%	

*The real rate of return is net of the long-term inflation assumption of 2.50%.

Note 7 - Pension Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 6.8% and 7.0% as of March 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Corporation's proportionate share of the net pension liability as of March 31, 2021 and 2020 calculated using the discount rate, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

	2020		
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension (asset) liability	$ 16,040,954	3,668,886	(6,724,529)

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
Measurement date	3/31/2020	3/31/2019
Total pension liability	$(194,596)	(189,803)
Net position	168,115	182,718
Net pension liability	$ (26,481)	(7,085)
ERS net position as a percentage of total pension liability	86.39%	96.27%

Note 8 - Postemployment Benefits

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

Employees covered by benefit terms
At March 31, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	64	64
Inactive plan members entitled to but not yet receiving benefits	3	3
Active plan members	119	119
	186	186

Total OPEB Liability
The Corporation's total OPEB liability as of March 31, 2021 and 2020, amounting to $38,971,000 and $38,497,000, were determined by an actuarial valuation as of April 1, 2020 and 2019, respectively.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the April 1, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2021	2020
Inflation	2.50%	2.50%
Salary increases including wage inflation	3.00% - 8.00%	3.00% - 8.00%
Discount rate	2.94%	3.29%
Healthcare cost trend rates:		
• Drugs	9.00% decreasing to 4.50%	
• Pre-Medicare Medical	5.75% decreasing to 4.50%	
• Medicare Medical	5.10% decreasing to 4.50%	

The discount rate was calculated using the S&P Municipal Bond 20 Year High Grade Rate Index.

Annuitant mortality rates are based on April 1, 2010 - March 1, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

Note 8 - Postemployment Benefits, Continued

Changes in the Total OPEB Liability

		2021	2020
Total OPEB liability as of April 1,	$	38,497,000	37,785,000
Changes for the year:			
Service cost		2,201,000	2,081,000
Interest		1,329,000	1,388,000
Differences between expected and actual experience		33,000	(1,015,000)
Changes of assumptions		(2,457,000)	(1,103,000)
Plan sponsor contributions		(632,000)	(639,000)
Total changes		474,000	712,000
Total OPEB liability as of March 31,	$	38,971,000	38,497,000

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

The following presents the total OPEB liability of the Corporation as of March 31, 2021 and 2020, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

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

		2020		
		1% Decrease (2.29%)	Discount Rate (3.29%)	1% Increase (4.29%)
Total OPEB liability	$	47,598,000	38,497,000	31,677,000

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

The following presents the total OPEB liability of the Corporation as of March 31, 2021 and 2020, as well as what the Corporation's total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

		2020		
		1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$	30,960,000	38,497,000	48,797,000

Note 8 - Postemployment Benefits, Continued

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

For the years ended March 31, 2021 and 2020, the Corporation recorded OPEB expense of $2,676,000 and $2,916,000, respectively. At March 31, 2021 and 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	29,000	824,000	-	961,000
Changes of assumptions		727,000	4,840,000	858,000	3,235,000
Corporation's contributions subsequent to the measurement date		710,048	-	632,150	-
Total	$	1,466,048	5,664,000	1,490,150	4,196,000

The Corporation's contribution subsequent to the measurement date will be recognized as a reduction of the other postemployment benefits liability in the year ended March 31, 2021. Other amounts reported as deferred outflows of resources related to other postemployment benefits are as follows:

Year ending		
2022	$	(854,000)
2023		(854,000)
2024		(854,000)
2025		(854,000)
2026		(663,000)
Thereafter		(829,000)
Total	$	(4,908,000)

Note 9 - Leases

The Corporation leases equipment under various lease agreements that expire through August 2024. The gross amount of the equipment under the leases for the years ended March 31, 2021 and 2020 were $14,281,116 and $19,695,688, respectively. At March 31, 2021 and 2020, $6,537,689 of equipment is recorded in construction in progress. The Corporation intends to reclassify these items as they are placed in service. At March 31, 2020, $5,414,572 of equipment is recorded in other assets on the statements of net position due to the FF&E agreement with NYCCDC. Accumulated amortization on the equipment amounted to $7,137,050 and $6,929,051 at March 31, 2021 and 2020, respectively. Amortization of this leased equipment is included in depreciation and amortization expense on the statements of revenue, expenses, and changes in net position.

Note 9 - Leases, Continued

The total of the finance lease for the equipment for the years ended March 31, 2021 and 2020 amounted to $5,721,852 and $11,763,618, respectively. The principal payments on the leases for the years ended March 31, 2021 and 2020 totaled $6,041,766 and $1,228,345, respectively.

Future minimum payments under the finance agreement are as follows:

Year ending March 31,		Principal	Interest
2022	$	1,843,719	84,857
2023		1,541,345	56,908
2024		1,554,534	30,273
2025		782,254	5,065
	$	5,721,852	177,103

Note 10 - Estimated Litigation and Insurance Claims

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

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

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

Note 11 - Other Commitments and Contingencies

The Corporation previously contracted with a food vendor to provide all food and beverage services at the Center through 2021, whereby, under the agreement, the Corporation earns a percentage on food and beverage sales computed at specified rates. On June 16, 2019, the parties agreed to terminate the agreement.

The Corporation entered into a food and beverage agreement effective May 3, 2019 with a new vendor. The new vendor began operating on June 16, 2019. The agreement is for 10 years and runs through June 15, 2029 with an optional 5-year period at the Corporation's discretion, contingent on the approval of the State Comptroller. The agreement provides for a share of the net receipts for the concession services. In December 2020, the Center entered into an amendment to the agreement with the vendor to guarantee any negative net receipts from the period April 1, 2020 through March 31, 2022 if the Center does not exercise the option for the extended term of the agreement or terminates the current agreement early. As of March 31, 2021 the Center has no plans to terminate the agreement.

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

Note 11 - Other Commitments and Contingencies, Continued

Future operations of the Corporation may require additional financing by the State to the extent that operating, and capital expenditures exceed revenues from operations. For Fiscal 2021 operations, no appropriations were made by the State Legislature. As of March 31, 2021, the Corporation is not aware of any State Legislature proposed appropriations for Fiscal 2022.

Note 12 - Accounting Standards Issued But Not Yet Implemented

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

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Net Pension Liability
Year ended March 31, 2021

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

Notes to schedule:

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

	2021	2020	2019	2018	2017
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increase	4.2%	4.2%	3.8%	3.8%	3.8%
Cost of living adjustments	1.3%	1.3%	1.4%	1.3%	1.3%
Investment rate of return	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	6.8%	7.0%	7.0%	7.0%	7.0%

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

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

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of the Corporation's Pension Contributions
Year ended March 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 2,075,113	2,011,120	2,051,164	2,176,080	2,168,869	2,203,928	2,672,399	2,600,268	2,471,405	2,400,999
Contribution in relation to the contractually required contribution	(2,075,113)	(2,011,120)	(2,051,164)	(2,176,080)	(2,168,869)	(2,203,928)	(2,672,399)	(2,600,268)	(2,471,405)	(2,400,999)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Corporation's covered payroll	$ 16,069,337	15,918,333	15,819,063	16,195,996	15,730,483	14,570,941	14,323,790	13,488,121	14,252,494	14,750,026
Contribution as a percentage of covered payroll	12.91%	12.63%	12.97%	13.44%	13.79%	15.13%	18.66%	19.28%	17.34%	16.28%

NEW YORK CONVENTION CENTER
OPERATING CORPORATION

Required Supplementary Information
Schedule of Changes in the Corporation's
Total OPEB Liability and Related Ratios
Year ended March 31, 2021

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

Notes to schedule:

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

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

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

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

The Board of Directors
New York Convention Center
Operating Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of New York Convention Center Operating Corporation (the "Corporation"), which comprise the statement of net position as of March 31, 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
June 23, 2021

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
New York Convention Center
Operating Corporation:

Report on Investment Program Compliance

We have audited the New York Convention Center Operating Corporation's (the "Corporation"), compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on investment compliance based on our audit of the compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on investment compliance. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Investment Compliance

In our opinion, the New York Convention Center Operating Corporation complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2021.

Other

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material effect on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our audit to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
June 23, 2021