

# Agenda

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## Board of Directors

**Friday, September 5, 2014**  
**Following CAA Finance Committee Meeting**  
**Kent County Commission Chambers**  
**300 Monroe, NW – Grand Rapids, MI**

- |    |   |               |
|----|---|---------------|
| 1. | Call to Order   | Steve Heacock |
| 2. | Minutes of August 1, 2014   | Action        |
| 3. | Committee Reports   |               |
|    | A. Operations Committee   |               |
|    | i. Experience Grand Rapids Report   | Tom Bennett   |
|    | B. Finance Committee  |               |
|    | i. Monthly Financial Reports  |               |
|    | a. Acceptance of Consolidated July 2014 Financial Statements              | Action        |
|    | b. SMG – Van Andel Arena® and DeVos Place® July 2014 Financial Statements | Information   |
|    | ii. FY 2014 Audit Plan – BDO USA, LLP                                     | Information   |
| 4. | SMG Report and Facilities Calendars                                       | Information   |
| 5. | Public Comment  |               |
| 6. | Adjournment   |               |

**Next Meeting Date: Friday, October 3, 2014,**  
**Following the CAA Operations Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
BOARD OF DIRECTORS MEETING  
Friday, August 1, 2014**

**1. Call to Order**

Steve Heacock, Chairperson, called the meeting to order at 9:10 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes. Agenda item 3.A.i. was corrected to reflect that the amendment affected the FY 2015 capital budget.

Attendance

Members Present: Steve Heacock, Chairperson  
George Heartwell  
Birgit Klohs  
Charlie Secchia  
Floyd Wilson, Jr.  
Rick Winn

Members Absent: Lew Chamberlin

Staff/Others:	Tom Bennett	Experience Grand Rapids
	Daryl Delabbio	Kent County
	Tim Gortsema	Grand Rapids Griffins
	Greg Sundstrom	City of Grand Rapids
	Rich MacKeigan	SMG
	Eddie Tadlock	SMG
	Susan Waddell	CAA
	Jim Watt	SMG
	Richard Wendt	Dickinson Wright
	Robert White	CAA

**2. Minutes of Prior Meetings**

*Motion by Mr. Heartwell, support by Mr. Winn, to approve the June 6, 2014, Minutes. Motion carried.*

**3. Committee Reports**

**A. Operations Committee**

i. Amendment to FY 2015 Capital Budget

*Motion by Ms. Klohs, support by Mr. Wilson, to approve an amendment to the FY 2015 capital budget to carry over \$144,00 from the FY 2014 budget. Motion carried.*

ii. Application to Liquor Control Commission for Special License

*Motion by Mr. Winn, support by Ms. Klohs, to approve filing an application with the Michigan Liquor Control Commission for special liquor licenses in conjunction with the International Wine, Beer & Food Festival. Motion carried.*

**B. Finance Committee**

**i. Monthly Financial Reports**

**a. Acceptance of Consolidated June 2014 Financial Statements**

Mr. Winn presented the consolidated summary financial report. The Van Andel Arena® FY 2014 budget forecast a current-year “Net Proceeds” decrease of (\$637,807) from prior-year performance. At fiscal year-end, “Net Proceeds” reported a decline of (\$921,180), a drop of (\$283,373) from budget. The DeVos Place® FY 2014 budget forecast a current year “Net Proceeds” decrease of (\$375,027) from prior-year performance. At fiscal year-end, “Net Proceeds” are reported at a decline of (\$94,704), an improvement of \$+280,323 over budget. Net parking revenues ended 6.4% ahead of prior year. The Consulting Services is over budget for the year and will be covered partially by a contingent allowance in the “Supplies/Other” account budget.

*Motion: Mr. Winn, supported by Ms. Klohs, moved to accept the Consolidated June 2014 Financial Statements. Motion carried.*

Mr. White presented and explained significant variances of the FY 2014 budget to actual. Mr. White introduced a draft financial dashboard for review and comment.

**b. SMG Van Andel Arena® and DeVos Place® June 2014 Financial Statements**

The SMG financial statements were included in the agenda packet as information items. June concluded a challenging year for the Van Andel Arena®, as concert activity overall fell below expectations and historical averages. During the month, the Arena hosted a sold-out Bruno Mars concert and heads into the new fiscal year with three additional sold-out shows for the first quarter. DeVos Place® concluded another successful fiscal year, as revenue finished much higher than budget and exceeded last year, as well. Expenses came in higher than budget and prior year overall, as utility expense ended the year almost \$600,000 over budget. Deloitte & Touche begins field work next week.

**4. Directors and Officers Insurance Renewal**

Staff reported that the renewal premium is \$18,500, which is -4.6% less than the expiring premium of \$19,401.

*Motion by Mr. Wilson, support by Mr. Heartwell, to approve renewal of the directors’ and officers’ liability insurance. The motion carried unanimously.*

**5. SMG Report and Facilities Calendars**

Mr. MacKeigan stated that utilities should be normalizing in June. SMG staff continues to look at utility options and alternatives moving forward and may have a recommendation in a couple of months.

**8. Public Comment**

None.

**9. Adjournment**

The meeting adjourned at 9:25 a.m. The date for next CAA Board meeting is **Friday, September 5, 2014**, following the CAA Finance Committee meeting.

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Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
July 31, 2014**

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**Financial Dashboard**  
**Year-To-Date**  
**July 31, 2014**

Van Andel Arena®						
All Events						
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	0	3	2	0	3	2
Attendance	0	25,500	19,346	0	25,500	19,346
Event Income	\$0	\$ 222,969	\$ 262,458	\$0	\$ 222,969	\$ 262,458
DeVos Place®						
All Events						
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	19	23	31	6	18	23
Attendance	6,655	20,240	16,842	4,800	17,280	13,550
Event Income	\$ 170,970	\$ 326,573	\$ 270,484	\$ 112,026	\$ 279,288	\$ 238,532
Consolidated						
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Operating Income	\$ (391,779)	\$ (115,444)	\$ 6,883	\$ (391,779)	\$ (115,444)	\$ 6,883
Capital/Repair/Replacement	(48,229)	(25,000)	(25,000)	(48,229)	(25,000)	(25,000)
Net - Drawn on Fund Balance	\$ (440,008)	\$ (140,444)	\$ (18,117)	\$ (440,008)	\$ (140,444)	\$ (18,117)

**Grand Rapids-Kent County Convention/Arena Authority**  
**Summary by Facility/Other**  
**Fiscal Year Ending June 30, 2015**  
**July 31, 2014**

	FY 2015			FY 2014
	7/1 - 7/31	8/1 - 6/30	Full-Year	Prior Year
	Year-to-Date	Roll	Estimate	Budget
<b>Van Andel Arena</b>				
Operating - Revenues	\$ 473,613	\$ 4,400,602	\$ 4,874,215	\$ 4,686,332
- Expenses - Facilities	(302,590)	(3,650,203)	(3,952,793)	(3,822,414)
- Base Management Fees	(14,020)	(156,237)	(170,257)	(168,828)
- Incentive Fee	-	-	-	-
Net Operating Income (Loss)	157,003	594,162	751,165	695,090
Parking	13,262	145,882	159,144	159,144
Pedestrian Safety	-	(87,654)	(87,654)	(78,756)
<b>Net Proceeds (Cost) of VAA</b>	<b>170,265</b>	<b>652,390</b>	<b>822,655</b>	<b>775,478</b>
<b>DeVos Place Convention Center</b>				
Operating - Revenues	273,710	5,432,232	5,705,942	5,705,942
- Expenses - Facilities	(412,693)	(5,422,861)	(5,835,554)	(5,835,554)
- Base Management Fees	(14,020)	(156,237)	(170,257)	(170,257)
- Incentive Fee	-	-	-	-
Net Operating Loss	(153,003)	(146,866)	(299,869)	(308,025)
Parking	2,427	813,573	816,000	807,768
Pedestrian Safety	-	(51,265)	(51,265)	(45,800)
<b>Net Proceeds (Cost) of DVP</b>	<b>(150,576)</b>	<b>615,442</b>	<b>464,866</b>	<b>453,943</b>
<b>Other</b>				
Revenues	-	170,000	170,000	162,652
Expenses	(12,806)	(738,710)	(751,516)	(633,576)
<b>Net Other</b>	<b>(12,806)</b>	<b>(568,710)</b>	<b>(581,516)</b>	<b>(470,924)</b>
<b>Total Net Proceeds/Operating</b>	<b>6,883</b>	<b>699,122</b>	<b>706,005</b>	<b>758,497</b>
<b>Capital Expenditures</b>				
Results Net of Capital Expenditures	(25,000)	(1,809,000)	(1,834,000) <sup>(1)</sup>	(2,505,465)
<b>\$ (18,117)</b>	<b>\$ (1,109,878)</b>	<b>\$ (1,127,995)</b>	<b>\$ (1,127,995)</b>	<b>\$ (1,746,968)</b>

**Notes:**

(1) Includes original budget (6/6/14), plus \$300,000 DeVos Performance Hall stage renovations (5/16/14), and \$144,000 of prior-year project carryovers (8/1/14).

**Grand Rapids-Kent County Convention/Arena Authority**  
**Budget Summary by Facility/Other**  
**Financial Trends for Year Ending June 30, 2015**

	Annual			Year-To-Date		
	FY 2014 Final	FY 2015 Budget	Percentage Change	FY 2014 7/1 - 7/31	FY 2015 7/1 - 7/31	Percentage Change
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 4,686,332	\$ 4,874,215	4.0	\$150,066	\$ 473,613	215.6
- Expenses - Facilities	(3,822,414)	(3,952,793)	3.4	(292,642)	(302,590)	3.4
- Base Management Fees	(168,828)	(170,257)	0.8	(13,772)	(14,020)	1.8
- Incentive Fee	-	-	-	-	-	-
Net Operating Income (Loss)	695,090	751,165	8.1	(156,348)	157,003	200.4
Parking	159,144	159,144	0.0	26,524	13,262	(50.0)
Pedestrian Safety	(78,756)	(87,654)	11.3	-	-	-
<b>Net Proceeds (Cost) of VAA</b>	<b>775,478</b>	<b>822,655</b>	<b>6.1</b>	<b>(129,824)</b>	<b>170,265</b>	<b>231.2</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	\$5,960,457	5,705,942	(4.3)	172,919	\$273,710	58.3
- Expenses - Facilities	(6,100,245)	(5,835,554)	(4.3)	(394,156)	(412,693)	4.7
- Base Management Fees	(168,237)	(170,257)	1.2	(13,772)	(14,020)	1.8
- Incentive Fee	-	-	-	-	-	-
Net Operating Loss	(308,025)	(299,869)	2.6	(235,009)	(153,003)	34.9
Parking	807,768	816,000	1.0	2,643	2,427	(8.2)
Pedestrian Safety	(45,800)	(51,265)	11.9	-	-	-
<b>Net Proceeds (Cost) of DVP</b>	<b>453,943</b>	<b>464,866</b>	<b>2.4</b>	<b>(232,366)</b>	<b>(150,576)</b>	<b>35.2</b>
<b>Other</b>						
Revenues	162,652	170,000	4.5	-	-	-
Expenses	(633,576)	(751,516)	18.6	(29,589)	(12,806)	56.7
<b>Net Other</b>	<b>(470,924)</b>	<b>(581,516)</b>	<b>(23.5)</b>	<b>(29,589)</b>	<b>(12,806)</b>	<b>56.7</b>
<b>Total Net Proceeds/Operating</b>	<b>758,497</b>	<b>706,005</b>		<b>(391,779)</b>	<b>6,883</b>	
Capital Expenditures	(2,505,465)	(1,834,000)		(48,229)	(25,000)	
<b>Results Net of Capital Expenditures</b>	<b>\$ (1,746,968)</b>	<b>\$ (1,127,995)</b>		<b>\$ (440,008)</b>	<b>\$ (18,117)</b>	



VAN ANDEL ARENA  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2015

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	2	98	100	100	-
ATTENDANCE	19,346	556,654	576,000	576,000	-
DIRECT EVENT INCOME	112,309	1,014,272	1,126,581	1,126,581	-
ANCILLARY INCOME	84,312	1,150,197	1,234,509	1,234,509	-
TOTAL EVENT INCOME	196,621	2,164,469	2,361,090	2,361,090	-
TOTAL OTHER INCOME	276,992	2,236,133	2,513,125	2,513,125	-
TOTAL INCOME	473,613	4,400,602	4,874,215	4,874,215	-
INDIRECT EXPENSES					
EXECUTIVE	12,951	166,530	179,481	179,481	-
FINANCE	17,653	221,753	239,406	239,406	-
MARKETING	22,951	258,894	281,845	281,845	-
OPERATIONS	145,507	1,540,939	1,686,446	1,686,446	-
BOX OFFICE	7,045	141,248	148,293	148,293	-
LUXURY SEATING	4,633	91,601	96,234	96,234	-
SKYWALK ADMIN	591	19,369	19,960	19,960	-
OVERHEAD	105,277	1,366,108	1,471,385	1,471,385	-
TOTAL INDIRECT EXP.	316,610	3,806,442	4,123,050	4,123,050	-
NET REVENUE ABOVE EXPENSES	157,003	594,160	751,165	751,165	-
LESS INCENTIVE FEE		-	0	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	157,003	594,160	751,165	751,165	-

Comments:

July not only marked the beginning of a new fiscal year for the Arena but also saw the arena host the start of the new Motley Crue tour which sold out. That concert, in addition to a very strong selling Michael Buble show, started the new year ahead of budget and well ahead of prior year.

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR MONTH ENDED JULY 31, 2014**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>July Actual</b>	<b>July Budget</b>	<b>July FY 2014</b>
Number of Events	2	3	0
Attendance	19,346	25,500	0
Direct Event Income	\$112,309	\$88,839	\$0
Ancillary Income	84,312	73,830	0
Other Event Income	65,837	60,300	0
Other Operating Income	211,155	179,541	150,066
Indirect Expenses	(316,610)	(343,587)	(306,414)
Net Income	\$157,003	\$58,923	(\$156,348)

<b>YTD</b>	<b>YTD 2015 Actual</b>	<b>YTD 2015 Budget</b>	<b>YTD 2014 Prior Year</b>
Number of Events	2	3	0
Attendance	19,346	25,500	0
Direct Event Income	\$112,309	\$88,839	\$0
Ancillary Income	84,312	73,830	0
Other Event Income	65,837	60,300	0
Other Operating Income	211,155	179,541	150,066
Indirect Expenses	(316,610)	(343,587)	(306,414)
Net Income	\$157,003	\$58,923	(\$156,348)

**EVENT INCOME**

Event income came in well ahead of budget overall as both the Motley Crue and Michael Buble concerts sold very well.

**ANCILLARY INCOME**

Ancillary income came in ahead of budget overall as per caps for both shows exceeded past visits and Motley Crue finished as the second highest grossing food & beverage night in Arena history.

**INDIRECT EXPENSES**

Indirect expenses came in a little ahead of budget overall for the month.

DE VOS PLACE  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2015

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	31	476	507	507	-
ATTENDANCE	16,842	481,258	498,100	498,100	-
DIRECT EVENT REVENUE	148,174	2,813,276	2,961,450	2,961,450	-
ANCILLARY REVENUE	115,073	2,308,969	2,424,042	2,424,042	-
TOTAL EVENT REVENUE	263,247	5,122,245	5,385,492	5,385,492	-
TOTAL OTHER REVENUE	10,463	309,987	320,450	320,450	-
TOTAL OPERATING REVENUE	273,710	5,432,232	5,705,942	5,705,942	-
INDIRECT EXPENSES					
EXECUTIVE	11,124	182,975	194,099	194,099	-
FINANCE	18,290	233,245	251,535	251,535	-
MARKETING	7,160	105,540	112,700	112,700	-
OPERATIONS	136,946	1,421,638	1,558,584	1,558,584	-
EVENT SERVICES	48,030	1,019,837	1,067,867	1,067,867	-
BOX OFFICE	11,062	79,650	90,712	90,712	-
SALES	26,665	373,704	400,369	400,369	-
OVERHEAD	167,435	2,162,510	2,329,945	2,329,945	-
TOTAL OPERATING EXP.	426,713	5,579,099	6,005,811	6,005,811	-
NET REVENUE ABOVE EXPENSES	(153,003)	(146,867)	(299,869)	(299,869)	-
INCENTIVE FEE		0			-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(153,003)	(146,867)	(299,869)	(299,869)	-

Comments:

July starts a new fiscal year for DeVos Place and one that saw the facility fall a little short of expectations as compared to the budget, however, ahead of prior year. It was a good overall start for the facility with utilities coming back in line with historical averages and revenues should be back on target by the end of the 1st quarter.

**DE VOS PLACE  
FINANCIAL STATEMENT HIGHLIGHTS  
FISCAL YEAR ENDING JUNE 30, 2015**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>July Actual</b>	<b>July Budget</b>	<b>July FY 2014</b>
	<b>31</b>	<b>23</b>	<b>19</b>
Number of Events			
Attendance	16,842	20,240	6,655
Direct Event Income	\$148,174	\$142,584	\$60,585
Ancillary Income	115,073	176,989	104,585
Other Event Income	7,237	7,000	5,800
Other Operating Income	3,226	2,666	1,949
Indirect Expenses	(426,713)	(500,484)	(407,928)
Net Income	(\$153,003)	(\$171,245)	(\$235,009)

<b>YTD</b>	<b>YTD 2015 Actual</b>	<b>YTD 2015 Budget</b>	<b>YTD 2014 Prior Year</b>
	<b>31</b>	<b>23</b>	<b>19</b>
Number of Events			
Attendance	16,842	20,240	6,655
Direct Event Income	\$148,174	\$142,584	\$60,585
Ancillary Income	115,073	176,989	104,585
Other Event Income	7,237	7,000	5,800
Other Operating Income	3,226	2,666	1,949
Indirect Expenses	(426,713)	(500,484)	(407,928)
Net Income	(\$153,003)	(\$171,245)	(\$235,009)

**EVENT INCOME**

Event income came in consistent with budget overall with a higher quantity of overall events offsetting the lower per event average.

**ANCILLARY INCOME**

Ancillary income was down overall as compared to budget, however, should be back to budgeted levels by the end of the fiscal quarter.

**INDIRECT EXPENSES**

Indirect expenses came in ahead of budget overall, however, still too early in the fiscal year to consider anything seen as a trend.

**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Proceeds Detail**  
**Fiscal Trends for Year Ending June 30, 2015**  
**Preliminary Year-End**

	Annual			Year-to-Date		
	FY 2014 Final	FY 2015 Budget	Percentage Change	FY2014 7/1-7/31	FY 2015 7/1-7/31	Percentage Change
Other						
Revenues						
Interest	\$ 80,589	\$ 80,000	(0.7)	\$ -	\$ -	\$ -
Miscellaneous	82,063	90,000	9.7	-	-	-
	<u>162,652</u>	<u>170,000</u>	<u>4.5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses						
Marketing (CVB/Sports)	125,000	125,000	-	-	-	-
Diversity Initiative	123,958	125,000	0.8	4,990	3,790	(24.0)
Wages/Benefits	118,657	114,956	(3.1)	3,687	7,432	101.6
Marketing Campaign	-	75,000	100.0	-	-	-
Professional Services	57,846	56,000	(3.2)	73	838	1,047.9
DID Assessment	38,990	40,000	2.6	-	-	-
Food & Beverage Repairs	16,290	40,000	145.5	800	-	(100.0)
Consulting Services	82,112	31,060	(62.2)	-	-	-
Landscaping	16,487	30,000	82.0	-	-	-
Procurement of Art	17,869	30,000	67.9	-	-	-
Insurance	23,775	24,500	3.0	19,401	-	(100.0)
Supplies/Other	12,592	60,000	376.5	638	746	16.9
	<u>633,576</u>	<u>751,516</u>	<u>18.6</u>	<u>29,589</u>	<u>12,806</u>	<u>(56.7)</u>
Net Proceeds - Operating	<u>\$ (470,924)</u>	<u>\$ (581,516)</u>	<u>(23.4)</u>	<u>\$ (29,589)</u>	<u>\$ (12,806)</u>	<u>(56.7)</u>



## **VAN ANDEL ARENA**

### **FINANCIAL STATEMENT FOR THE PERIOD ENDED JULY 31, 2014**

**PROUD HOME OF THE GRAND RAPIDS GRIFFINS – 2013 CALDER CUP CHAMPIONS**



**Distribution:**

**Grand Rapids – KentCounty Convention / Arena Authority**

**Robert White**

**Joe Romano**

**Gary McAneney**

**John Szudzik**

**Richard MacKeigan**

**Chris Machuta**



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***An SMG Managed Facility***

**VAN ANDEL ARENA  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2015**

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
<b>NO. EVENTS</b>	2	98	100	100	-
<b>ATTENDANCE</b>	19,346	556,654	576,000	576,000	-
<b>DIRECT EVENT INCOME</b>	112,309	1,014,272	1,126,581	1,126,581	-
<b>ANCILLARY INCOME</b>	84,312	1,150,197	1,234,509	1,234,509	-
<b>TOTAL EVENT INCOME</b>	196,621	2,164,469	2,361,090	2,361,090	-
<b>TOTAL OTHER INCOME</b>	276,992	2,236,133	2,513,125	2,513,125	-
<b>TOTAL INCOME</b>	473,613	4,400,602	4,874,215	4,874,215	-
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	12,951	166,530	179,481	179,481	-
<b>FINANCE</b>	17,653	221,753	239,406	239,406	-
<b>MARKETING</b>	22,951	258,894	281,845	281,845	-
<b>OPERATIONS</b>	145,507	1,540,939	1,686,446	1,686,446	-
<b>BOX OFFICE</b>	7,045	141,248	148,293	148,293	-
<b>LUXURY SEATING</b>	4,633	91,601	96,234	96,234	-
<b>SKYWALK ADMIN</b>	591	19,369	19,960	19,960	-
<b>OVERHEAD</b>	105,277	1,366,108	1,471,385	1,471,385	-
<b>TOTAL INDIRECT EXP.</b>	316,610	3,806,442	4,123,050	4,123,050	-
<b>NET REVENUE ABOVE EXPENSES</b>	157,003	594,160	751,165	751,165	-
<b>LESS INCENTIVE FEE</b>		-	0	-	-
<b>NET REVENUE ABOVE EXPENSES AFTER INCENTIVE</b>	157,003	594,160	751,165	751,165	-

**Comments:**

July not only marked the beginning of a new fiscal year for the Arena but also saw the arena host the start of the new Motley Crue tour which sold out. That concert, in addition to a very strong selling Michael Buble show, started the new year ahead of budget and well ahead of prior year.

  
General Manager

  
Director of Finance

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR MONTH ENDED JULY 31, 2014**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>July Actual</b>	<b>July Budget</b>	<b>July FY 2014</b>
Number of Events	2	3	0
Attendance	19,346	25,500	0
Direct Event Income	\$112,309	\$88,839	\$0
Ancillary Income	84,312	73,830	0
Other Event Income	65,837	60,300	0
Other Operating Income	211,155	179,541	150,066
Indirect Expenses	(316,610)	(343,587)	(306,414)
Net Income	<u>\$157,003</u>	<u>\$58,923</u>	<u>(\$156,348)</u>

<b>YTD</b>	<b>YTD 2015 Actual</b>	<b>YTD 2015 Budget</b>	<b>YTD 2014 Prior Year</b>
Number of Events	2	3	0
Attendance	19,346	25,500	0
Direct Event Income	\$112,309	\$888,839	\$0
Ancillary Income	84,312	73,830	0
Other Event Income	65,837	60,300	0
Other Operating Income	211,155	179,541	150,066
Indirect Expenses	(316,610)	(343,587)	(306,414)
Net Income	<u>\$157,003</u>	<u>\$858,923</u>	<u>(\$156,348)</u>

**EVENT INCOME**

Event income came in well ahead of budget overall as both the Motley Crue and Michael Buble concerts sold very well.

**ANCILLARY INCOME**

Ancillary income came in ahead of budget overall as per caps for both shows exceeded past visits and Motley Crue finished as the second highest grossing food & beverage night in Arena history.

**INDIRECT EXPENSES**

Indirect expenses came in a little ahead of budget overall for the month.



**Van Andel Arena  
Income Statement  
For the Month Ending July 31, 2014**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$92,597	\$81,711	10,886	\$0	\$92,597	\$81,711	10,886	\$0
Service Revenue	259,705	137,478	122,227	0	259,705	137,478	122,227	0
Service Expenses	(239,993)	(130,350)	(109,643)	0	(239,993)	(130,350)	(109,643)	0
<b>Total Direct Event Income</b>	<b>112,309</b>	<b>88,839</b>	<b>23,470</b>	<b>0</b>	<b>112,309</b>	<b>88,839</b>	<b>23,470</b>	<b>0</b>
<b>Ancillary Income</b>								
F&B Concession	65,414	58,590	6,824	0	65,414	58,590	6,824	0
F&B Catering	6,652	4,386	2,266	0	6,652	4,386	2,266	0
Novelty Sales	12,246	10,854	1,392	0	12,246	10,854	1,392	0
<b>Total Ancillary Income</b>	<b>84,312</b>	<b>73,830</b>	<b>10,482</b>	<b>0</b>	<b>84,312</b>	<b>73,830</b>	<b>10,482</b>	<b>0</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	65,837	60,300	5,537	0	65,837	60,300	5,537	0
<b>Total Other Event Income</b>	<b>65,837</b>	<b>60,300</b>	<b>5,537</b>	<b>0</b>	<b>65,837</b>	<b>60,300</b>	<b>5,537</b>	<b>0</b>
<b>Total Event Income</b>	<b>262,458</b>	<b>222,969</b>	<b>39,489</b>	<b>0</b>	<b>262,458</b>	<b>222,969</b>	<b>39,489</b>	<b>0</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	155,294	123,457	31,837	92,402	155,294	123,457	31,837	92,402
Advertising	52,136	52,084	52	54,000	52,136	52,084	52	54,000
Other Income	3,725	4,000	(275)	3,664	3,725	4,000	(275)	3,664
<b>Total Other Operating Income</b>	<b>211,155</b>	<b>179,541</b>	<b>31,614</b>	<b>150,066</b>	<b>211,155</b>	<b>179,541</b>	<b>31,614</b>	<b>150,066</b>
<b>Adjusted Gross Income</b>	<b>473,613</b>	<b>402,510</b>	<b>71,103</b>	<b>150,066</b>	<b>473,613</b>	<b>402,510</b>	<b>71,103</b>	<b>150,066</b>
<b>Operating Expenses</b>								
Salaries and Wages	234,901	168,572	66,329	124,074	234,901	168,572	66,329	124,074
Payroll Taxes and Benefits	66,140	49,117	17,023	28,770	66,140	49,117	17,023	28,770
Labor Allocations to Events	(171,219)	(71,368)	(99,851)	(19,610)	(171,219)	(71,368)	(99,851)	(19,610)
<b>Net Salaries and Benefits</b>	<b>129,822</b>	<b>146,321</b>	<b>(16,499)</b>	<b>133,234</b>	<b>129,822</b>	<b>146,321</b>	<b>(16,499)</b>	<b>133,234</b>
Contracted Services	17,149	20,928	(3,779)	17,204	17,149	20,928	(3,779)	17,204
General and Administrative	23,151	22,535	616	32,175	23,151	22,535	616	32,175
Operations	1,473	6,800	(5,327)	3,151	1,473	6,800	(5,327)	3,151
Repair and Maintenance	22,934	20,674	2,260	23,227	22,934	20,674	2,260	23,227
Operational Supplies	27,894	15,417	12,477	10,439	27,894	15,417	12,477	10,439
Insurance	7,471	10,727	(3,256)	2,698	7,471	10,727	(3,256)	2,698
Utilities	72,696	85,997	(13,301)	70,514	72,696	85,997	(13,301)	70,514
SMG Management Fees	14,020	14,188	(168)	13,772	14,020	14,188	(168)	13,772
<b>Total Operating Expenses</b>	<b>316,610</b>	<b>343,587</b>	<b>(26,977)</b>	<b>306,414</b>	<b>316,610</b>	<b>343,587</b>	<b>(26,977)</b>	<b>306,414</b>
<b>Net Income(Loss) From Operations</b>	<b>157,003</b>	<b>58,923</b>	<b>98,080</b>	<b>(156,348)</b>	<b>157,003</b>	<b>58,923</b>	<b>98,080</b>	<b>(156,348)</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>157,003</b>	<b>58,923</b>	<b>98,080</b>	<b>(156,348)</b>	<b>157,003</b>	<b>58,923</b>	<b>98,080</b>	<b>(156,348)</b>

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the One Month Ended July 31, 2014**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show						
Sporting Event						
Concert	2	3	19,346	25,500	262,458	222,969
Team Home Games						
Other						
GRAND TOTALS	2	3	19,346	25,500	262,458	222,969
As Percentage of Overall						
Family Show	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sporting Event	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Concert	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Team Home Games	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Van Andel Arena  
Balance Sheet  
As of July 31, 2014**

**ASSETS**

**Current Assets**

Cash	5,815,359
Account Receivable	706,060
Prepaid Expenses	56,975

<b>Total Current Assets</b>		<b>\$6,578,394</b>
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<b>Total Assets</b>		<b>\$6,578,394</b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	603,741
Accrued Expenses	473,078
Deferred Income	2,734,021
Advanced Ticket Sales & Deposits	3,248,189

Total Current Liabilities		\$7,059,029
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	0
Expenses Paid Direct by CAA	68,961
Beginning Balance Equity	(706,602)
Current Year Equity	157,006

Total Equity		(\$480,635)
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<b>Total Liabilities and Equity</b>		<b>\$6,578,394</b>
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**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of July 31, 2014**

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Current - Under 30 Days	
Food & Beverage	102,014
Ticketing	37,550
Merchandise	3,378
Permanent Advertising	-
DeVos Place	(347,538)
Operating	857,122
 Over 30 Days	 20,034
 Over 60 Days	 33,500
 Over 90 Days	
 Total Accounts Receivable	 706,060

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2015**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2014 Estimate
Net Revenue above Expenses	751,165	(299,869)	451,296	387,065
Benchmark ++			750,000	750,000
Excess	751,165	(299,869)	(298,704)	(362,935)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	167,741	167,741	343,540	336,474
Incentive Fee				
Revenue	4,874,215	5,705,942	10,580,157	10,646,789
Benchmark Revenue	5,000,000	4,400,000	9,400,000	9,300,000
Revenue Excess	(125,785)	1,305,942	1,180,157	1,346,789
Incentive Fee **	-	-	-	-
Total SMG Management Fee	167,741	167,741	343,540	336,474

\*\* Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

++ If net revenues above expenses exceeds \$700,000, SMG is eligible for 75% of the incentive fee.

# DEVOS PLACE

## DE VOS PLACE

**FINANCIAL STATEMENT  
FOR THE PERIOD ENDED JULY 31, 2014**

**Distribution:**

Grand Rapids – KentCounty Convention / Arena Authority

Robert White

Joe Romano

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta



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*An SMG Managed Facility*

**DE VOS PLACE  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2015**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	31	476	507	507	-
ATTENDANCE	16,842	481,258	498,100	498,100	-
DIRECT EVENT REVENUE	148,174	2,813,276	2,961,450	2,961,450	-
ANCILLARY REVENUE	115,073	2,308,969	2,424,042	2,424,042	-
TOTAL EVENT REVENUE	263,247	5,122,245	5,385,492	5,385,492	-
TOTAL OTHER REVENUE	10,463	309,987	320,450	320,450	-
TOTAL OPERATING REVENUE	273,710	5,432,232	5,705,942	5,705,942	-
INDIRECT EXPENSES					
EXECUTIVE	11,124	182,975	194,099	194,099	-
FINANCE	18,290	233,245	251,535	251,535	-
MARKETING	7,160	105,540	112,700	112,700	-
OPERATIONS	136,946	1,421,638	1,558,584	1,558,584	-
EVENT SERVICES	48,030	1,019,837	1,067,867	1,067,867	-
BOX OFFICE	11,062	79,650	90,712	90,712	-
SALES	26,665	373,704	400,369	400,369	-
OVERHEAD	167,435	2,162,510	2,329,945	2,329,945	-
TOTAL OPERATING EXP.	426,713	5,579,099	6,005,811	6,005,811	-
NET REVENUE ABOVE EXPENSES	(153,003)	(146,867)	(299,869)	(299,869)	-
INCENTIVE FEE			0		-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(153,003)	(146,867)	(299,869)	(299,869)	-

**Comments:**

July starts a new fiscal year for DeVos Place and one that saw the facility fall a little short of expectations as compared to the budget, however, ahead of prior year. It was a good overall start for the facility with utilities coming back in line with historical averages and revenues should be back on target by the end of the 1st quarter.

  
General Manager

  
Finance Director

**DE VOS PLACE  
FINANCIAL STATEMENT HIGHLIGHTS  
FISCAL YEAR ENDING JUNE 30, 2015**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>July Actual</b>	<b>July Budget</b>	<b>July FY 2014</b>
Number of Events	31	23	19
Attendance	16,842	20,240	6,655
Direct Event Income	\$148,174	\$142,584	\$60,585
Ancillary Income	115,073	176,989	104,585
Other Event Income	7,237	7,000	5,800
Other Operating Income	3,226	2,666	1,949
Indirect Expenses	(426,713)	(500,484)	(407,928)
Net Income	(\$153,003)	(\$171,245)	(\$235,009)

<b>YTD</b>	<b>YTD 2015 Actual</b>	<b>YTD 2015 Budget</b>	<b>YTD 2014 Prior Year</b>
Number of Events	31	23	19
Attendance	16,842	20,240	6,655
Direct Event Income	\$148,174	\$142,584	\$60,585
Ancillary Income	115,073	176,989	104,585
Other Event Income	7,237	7,000	5,800
Other Operating Income	3,226	2,666	1,949
Indirect Expenses	(426,713)	(500,484)	(407,928)
Net Income	(\$153,003)	(\$171,245)	(\$235,009)

**EVENT INCOME**

Event income came in consistent with budget overall with a higher quantity of overall events offsetting the lower per event average.

**ANCILLARY INCOME**

Ancillary income was down overall as compared to budget, however, should be back to budgeted levels by the end of the fiscal quarter.

**INDIRECT EXPENSES**

Indirect expenses came in ahead of budget overall, however, still too early in the fiscal year to consider anything seen as a trend.



**DeVos Place**  
**Income Statement**  
**For the Month Ending July 31, 2014**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$180,538	\$158,840	\$21,698	\$72,098	\$180,538	\$158,840	\$21,698	\$72,098
Service Revenue	87,043	75,254	11,789	40,887	87,043	75,254	11,789	40,887
Service Expenses	(119,407)	(91,510)	(27,897)	(52,398)	(119,407)	(91,510)	(27,897)	(52,398)
<b>Total Direct Event Income</b>	<b>148,174</b>	<b>142,584</b>	<b>5,590</b>	<b>60,585</b>	<b>148,174</b>	<b>142,584</b>	<b>5,590</b>	<b>60,585</b>
<b>Ancillary Income</b>								
F&B Concession	7,164	6,699	465	1,821	7,164	6,699	465	1,821
F&B Catering	46,630	59,252	(12,622)	38,756	46,630	59,252	(12,622)	38,756
Novelty Sales	1,102	425	677	0	1,102	425	677	0
Booth Cleaning	3,725	20,055	(16,330)	12,785	3,725	20,055	(16,330)	12,785
Telephone/Long Distance	0	0	0	338	0	0	0	338
Electrical Services	7,001	42,048	(35,047)	12,408	7,001	42,048	(35,047)	12,408
Audio Visual	26,091	30,436	(4,345)	31,864	26,091	30,436	(4,345)	31,864
Internet Services	14,574	9,110	5,464	4,188	14,574	9,110	5,464	4,188
Equipment Rental	8,786	8,964	(178)	2,425	8,786	8,964	(178)	2,425
<b>Total Ancillary Income</b>	<b>115,073</b>	<b>176,989</b>	<b>(61,916)</b>	<b>104,585</b>	<b>115,073</b>	<b>176,989</b>	<b>(61,916)</b>	<b>104,585</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	7,237	7,000	237	5,800	7,237	7,000	237	5,800
<b>Total Other Event Income</b>	<b>7,237</b>	<b>7,000</b>	<b>237</b>	<b>5,800</b>	<b>7,237</b>	<b>7,000</b>	<b>237</b>	<b>5,800</b>
<b>Total Event Income</b>	<b>270,484</b>	<b>326,573</b>	<b>(56,089)</b>	<b>170,970</b>	<b>270,484</b>	<b>326,573</b>	<b>(56,089)</b>	<b>170,970</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,341	1,333	8	1,461	1,341	1,333	8	1,461
Other Income	1,885	1,333	552	488	1,885	1,333	552	488
<b>Total Other Operating Income</b>	<b>3,226</b>	<b>2,666</b>	<b>560</b>	<b>1,949</b>	<b>3,226</b>	<b>2,666</b>	<b>560</b>	<b>1,949</b>
<b>Adjusted Gross Income</b>	<b>273,710</b>	<b>329,239</b>	<b>(55,529)</b>	<b>172,919</b>	<b>273,710</b>	<b>329,239</b>	<b>(55,529)</b>	<b>172,919</b>
<b>Operating Expenses</b>								
Salaries and Wages	169,278	269,202	(99,924)	154,082	169,278	269,202	(99,924)	154,082
Payroll Taxes and Benefits	53,786	78,248	(24,462)	46,860	53,786	78,248	(24,462)	46,860
Labor Allocations to Events	(75,311)	(148,656)	73,345	(55,851)	(75,311)	(148,656)	73,345	(55,851)
<b>Net Salaries and Benefits</b>	<b>147,753</b>	<b>198,794</b>	<b>(51,041)</b>	<b>145,091</b>	<b>147,753</b>	<b>198,794</b>	<b>(51,041)</b>	<b>145,091</b>
Contracted Services	29,887	20,718	9,169	28,021	29,887	20,718	9,169	28,021
General and Administrative	20,829	28,110	(7,281)	26,936	20,829	28,110	(7,281)	26,936
Operations	28,882	9,960	18,922	4,831	28,882	9,960	18,922	4,831
Repair and Maintenance	41,703	41,350	353	32,610	41,703	41,350	353	32,610
Operational Supplies	8,624	20,975	(12,351)	11,499	8,624	20,975	(12,351)	11,499
Insurance	12,902	16,322	(3,420)	13,436	12,902	16,322	(3,420)	13,436
Utilities	122,113	150,067	(27,954)	131,732	122,113	150,067	(27,954)	131,732
SMG Management Fees	14,020	14,188	(168)	13,772	14,020	14,188	(168)	13,772
<b>Total Operating Expenses</b>	<b>426,713</b>	<b>500,484</b>	<b>(73,771)</b>	<b>407,928</b>	<b>426,713</b>	<b>500,484</b>	<b>(73,771)</b>	<b>407,928</b>
<b>Net Income(Loss) From Operations</b>	<b>(153,003)</b>	<b>(171,245)</b>	<b>18,242</b>	<b>(235,009)</b>	<b>(153,003)</b>	<b>(171,245)</b>	<b>18,242</b>	<b>(235,009)</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>(153,003)</b>	<b>(171,245)</b>	<b>18,242</b>	<b>(235,009)</b>	<b>(153,003)</b>	<b>(171,245)</b>	<b>18,242</b>	<b>(235,009)</b>

**SMG DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Year to Date Event Summary Report**  
**For the One Month ended July 31, 2014**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	23	18	13,550	17,280	238,532	279,288
Consumer/Gated Shows						
DeVos Performance Hall	4	1	1,767	1,250	11,870	17,800
Banquets	1	1	375	650	3,351	10,076
Meetings	2	2	450	700	11,067	12,694
Other	1	1	700	360	5,665	6,715
GRAND TOTALS	31	23	16,842	20,240	270,484	326,573

**As Percentage of Overall**

Convention/Trade Shows	74.19%	78.26%	80.45%	85.38%	88.19%	85.52%
Consumer/Gated Shows	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Devos Performance Hall	12.90%	4.35%	10.49%	6.18%	4.39%	5.45%
Ballroom Exclusive	3.23%	4.35%	2.23%	3.21%	1.24%	3.09%
Meetings	6.45%	8.70%	2.67%	3.46%	4.09%	3.89%
Other	3.23%	4.35%	4.16%	1.78%	2.09%	2.06%

**DeVos Place**  
**Balance Sheet**  
**As of July 31, 2014**

**ASSETS**

**Current Assets**

Cash	1,200,284
Account Receivable	765,190
Prepaid Expenses	48,492

<b>Total Current Assets</b>		<b>\$2,013,966</b>
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**Total Assets**

**\$2,013,966**

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	147,684
Accrued Expenses	440,893
Deferred Income	69,595
Advanced Ticket Sales & Deposits	729,488

<b>Total Current Liabilities</b>		<b>\$1,387,660</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	
Expenses Paid Direct by CAA	107,698
Beginning Balance Equity	671,611
Current Year Equity	(153,002)

<b>Total Equity</b>		<b>\$626,306</b>
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<b>Total Liabilities and Equity</b>		<b>\$2,013,966</b>
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**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of July 31, 2014**

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Current - Under 30 Days	
Food & Beverage	52,754
Ticketing	15,655
Merchandise	-
Decorating	3,725
Audio/Visual	26,090
Van Andel Arena	348,132
Operating	226,426
 Over 30 Days	 69,039
 Over 60 Days	 23,369
 Over 90 Days	
 Total Accounts Receivable	 765,190

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2015**

---

**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2014 Estimate
Net Revenue above Expenses	751,165	(299,869)	451,296	387,065
Benchmark ++			750,000	750,000
Excess	751,165	(299,869)	(298,704)	(362,935)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	167,741	167,741	343,540	336,474
Incentive Fee				
Revenue	4,874,215	5,705,942	10,580,157	10,646,789
Benchmark Revenue	5,000,000	4,400,000	9,400,000	9,300,000
Revenue Excess	(125,785)	1,305,942	1,180,157	1,346,789
Incentive Fee **	-	-	-	-
Total SMG Management Fee	167,741	167,741	343,540	336,474

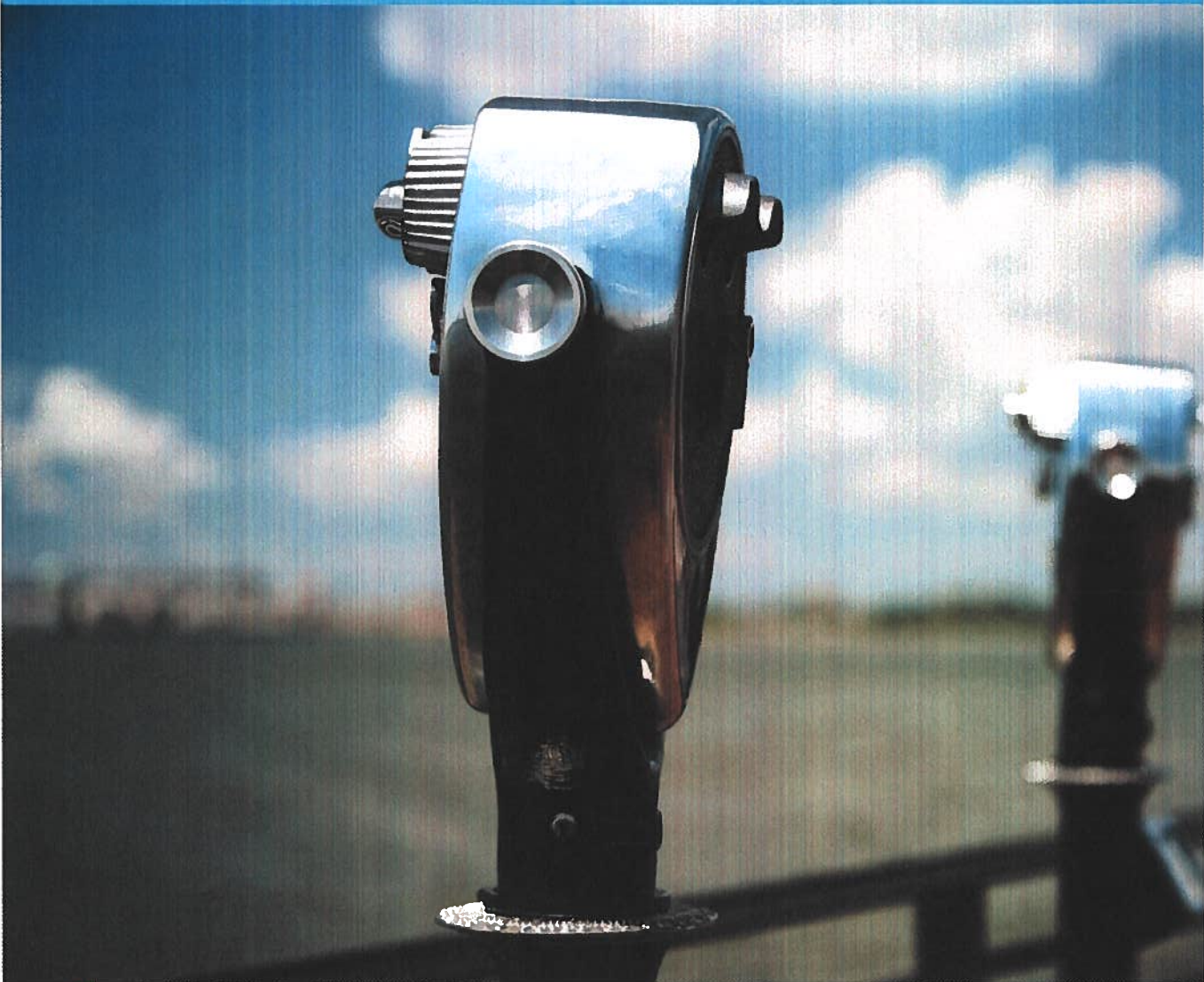
\*\* Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

++ If net revenues above expenses exceeds \$700,000, SMG is eligible for 75% of the incentive fee.

**Grand Rapids - Kent County  
Convention/Arena Authority**

# AUDIT PLANNING

June 30, 2014



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Finance Committee) and, if appropriate, management of the Authority, and is not intended and shall not be used by anyone other than these specified parties.

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200 Ottawa Avenue NW, Suite 300  
Grand Rapids, MI 49503

August 25, 2014

Members of the Finance Committee  
Grand Rapids-Kent County Convention/Arena Authority

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This report provides an overview of our plan for the audit of the financial statements of Grand Rapids - Kent County Convention/Arena Authority (the Authority) as of and for the year ended June 30, 2014, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

Respectfully,

*BDO USA, LLP*

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# Discussion Outline

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Significant Accounting and Reporting Matters.....	9
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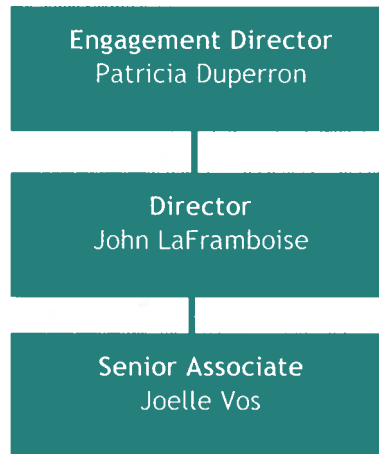




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# Client Service Team

Our client service team members for this year's audit services are listed in the organizational chart below. As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where engagement team rotation is necessary, we will determine the appropriate new individual to be assigned to the engagement based on particular experience, expertise and engagement needs.



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# Management's Responsibilities

Management is responsible for preparing, with the oversight of those charged with governance, the financial statements and disclosures in conformity with accounting principles generally accepted in the United States of America (GAAP) as of June 30, 2014. Management's responsibilities also include the following:

- Establish and maintain effective internal control over financial reporting and proper accounting records.
- Identify and ensure compliance with relevant laws and regulations.
- Safeguard the Authority's assets.
- Select appropriate accounting principles.
- Use reasonable judgments and accounting estimates.
- Ensure there are no significant financial statement disclosure deficiencies.
- Make all financial records and related information available to BDO.
- Record material audit adjustments, and affirm to BDO that the impact of uncorrected misstatements, if any, is immaterial to the financial statements taken as a whole.
- Provide BDO with a letter confirming representations made during the audit.

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# Engagement Objectives

Our objectives with respect to the audit of the Authority's annual financial statements are summarized below:

- Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance relative to or any guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Obtain a sufficient understanding of the Authority's internal control to plan the audit of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- Communicate our responsibilities in relation to the audit and establish an understanding of the terms of the engagement, including our engagement letter to you.
- Provide an overview of the overall audit strategy and planned scope and timing of the audit.
- Inquire of the Finance Committee about risks of material misstatement, including fraud risks, and whether the Finance Committee is aware of other matters that may be relevant to the audit such as violations or possible violations of laws or regulations, and complaints or concerns raised regarding accounting or auditing matters.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Communicate with management and the Finance Committee regarding significant deficiencies and material weaknesses identified during our audit, and other timely observations that are significant and relevant to the financial reporting process.
- Work with management toward timely issuance of financial statements.
- Maintain our independence with respect to the Authority.
- Ensure that the Finance Committee is kept appropriately informed in a timely manner of the Authority's financial reporting matters; comply with professional standards as to communications with those charged with governance.

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# Overall Audit Strategy - Planned Scope

Overall, our audit strategy is to focus on higher risk areas of material misstatement (whether due to error or fraud) and other areas of concern for management and the Finance Committee.

Our audit strategy includes consideration of:

- Prior year audit results along with interim results, including discussion with management and those charged with governance regarding the Authority's operations, business activities and risks.
- Inherent risk within the Authority (i.e., the susceptibility of the financial statements to material error or fraud) before recognizing the effectiveness of the control systems.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.
- Recent developments within the industry, regulatory environment and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The Authority's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring processes, and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud.
- Information about systems and the computer environment in which financial records and related systems operate.

Based upon our initial assessment, our audit will entail a combination of testing controls for reliance and substantive testing. The primary areas of focus in our overall audit strategy include the following:

- Fraud risk
- Cash and investments
- Revenue and receivables
- Capital assets
- Accrued liabilities and expenses
- Analytical procedures

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# Overall Audit Timeline

The following represents our anticipated schedule with regard to our audit of the annual financial statements of the Authority:

	Aug	Sep	Oct	Nov
Understand the Business	✓			
Planning Meeting	✓			
Assess Overall Controls		✓		
Determine Nature and Extent of Testing		✓		
Develop Audit Plans		✓		
Substantive Testing		✓	✓	
Review Draft of Financial Statements				✓
Release of Final Financial Statements and Opinion				✓

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# Independence Communication

Our engagement letter to you dated August 18, 2014 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

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# Significant Accounting and Reporting Matters

## NEW PRONOUNCEMENTS

### **GASB STATEMENT NO. 65, *ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES***

This statement requires certain items to be reclassified as deferred outflows or deferred inflows:

- Difference between the re-acquisition price and the net carrying amount resulting from refunding debt should be reported as deferred outflows or deferred inflows.
- Property taxes received before the levy period should be reported as deferred inflows.
- Debt issuance costs should be recognized as an expense.
- Can no longer use the term “deferred revenue” in the financial statements.
- **Effective date:** year ended June 30, 2014.

### **GASB STATEMENT NO. 69, *GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS***

This statement applies to mergers, acquisitions or transfers of operations, but does not apply to the acquisition of another organization that continues to exist as a separate entity or acquisition of an entity interest in a separate entity.

- **Government merger** - a combination of legally separate entities where no significant consideration is exchanged and:
  - Two or more governments cease to exist as legally separate entities and are combined to form one new government, or
  - One or more legally separate governments cease to exist and their operations are absorbed into one or more continuing governments.
- **Government acquisition** - a combination in which one government acquires another (or the operations of another) in exchange for significant consideration.
- **Transfer of operations** - a government combination involving the operations of a government with no significant consideration exchanged.
- **Effective date:** year ending June 30, 2015.

### **GASB STATEMENT NO. 70, *ACCOUNTING AND FINANCIAL REPORTING FOR NONEXCHANGE FINANCIAL GUARANTEES***

- A **nonexchange financial guarantee** - is a guarantee of an obligation of a legally separate entity, including component units, which requires a guarantor to indemnify a third-party holder under specified conditions.
- Requires a government to recognize a liability when there are qualitative factors that make it more likely than not (more than 50%) that the government will make a payment on the guarantee.
- Requires recognition of expense and liability in full accrual statements, but is subject to expenditure recognition criteria in modified accrual statements.
- **Effective date:** year ended June 30, 2014.

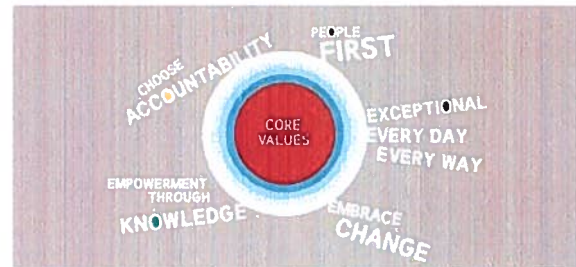


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# Get to Know BDO

BDO USA, LLP is a national professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of publicly traded and privately held companies. We are guided by our core values: put people first; be exceptional: every day, every way; embrace change; empowerment through knowledge; and choose accountability.

Our culture and core values reflect how we manage our work, our relationships and ourselves.



For more than 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

The firm serves clients through 49 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,264+ offices in 144 countries. For further information, please refer to <http://www.bdo.com>.

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments. Our thought leadership consists of quarterly email updates, publications, surveys, practice aids, and tools that span a broad spectrum of topics that impact financial reporting, as well as corporate governance. Our focus is not simply to announce changes in technical guidance, regulations or emerging business trends, but rather expound on how such changes may impact our clients' businesses. Through our various webinar series, we reach a broad audience and provide brief, engaging, just-in-time training that we make available in a variety of ways to meet the needs of your busy schedule. The following provides a sample of our offerings.

## AC'SENSE<sup>SM</sup> WEBINARS

An educational series designed to assist those charged with governance (e.g., Audit Committees) and financial executives in keeping up to date on the latest corporate governance, risk management and financial reporting developments. The program is multi-faceted and consists of complimentary CPE webinars, podcasts and archived self-study courses, covering both broad and specific topics of interest, publications and links to various BDO and external resources. Visit [www.bdo.com/acsense](http://www.bdo.com/acsense).

## BDO KNOWLEDGE TAX WEBINAR SERIES

A monthly series providing insights and perspectives on the tax issues most important to our clients and their businesses. Visit [www.bdo.com/bdoknows/tax-resource-center/tax-webinar.aspx](http://www.bdo.com/bdoknows/tax-resource-center/tax-webinar.aspx).

For additional information and links to various resources and tools, visit [www.bdo.com/bdoknows](http://www.bdo.com/bdoknows).

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# Get to Know BDO

## BOARD REFLECTIONS

The **BDO Board Reflections** resource center includes BDO's proprietary studies, publications, practice aids, and educational programs to keep board members of both public and private companies up to date on emerging issues and trends to assist in fulfilling their corporate oversight responsibilities. The resource center contains customized information for the various committees of the board. For example, refer to our Effective Audit Committees in the Ever Changing Marketplace practical guide and related tools. Visit <http://www.bdo.com/library/boardreflections.aspx>.

## SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

A quarterly digest of final and proposed financial accounting standards designed to help audit committees, boards and financial executives keep up to date on the latest corporate governance and financial reporting developments.

## CLIENT ADVISORIES

Concise documents that provide timely commentary, analysis and insights on events and trends of interest to management and boards of directors.

## TAX NEWSLETTERS AND ALERTS

Updates with respect to federal, state, local, expatriate, and international developments, along with other specific tax planning and strategy considerations including specific practice areas such as compensation and benefits, private client and individual filer services, transfer pricing, Foreign Account Tax Compliance Act, etc.

## TECHNICAL RESEARCH TOOLS

BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools, provides each professional the technical research capability to respond immediately to client-specific technical issues.

## BDO KNOWS FLASH REPORTS

Briefs about select technical and regulatory developments and emerging issues are made immediately available to BDO professionals and to clients.

## BDO KNOWS FINANCIAL REPORTING LETTERS

Publications containing more in-depth discussions and practical guidance on technical guidance affecting both public and private entities.

## INDUSTRY NEWSLETTERS, ALERTS, REPORTS, PROPRIETARY STUDIES AND SURVEYS

A variety of publications depicting specific industry issues, emerging trends and developments.

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# Get to Know BDO

## INDUSTRY EXPERIENCE

Industry experience has emerged at the top of the list of what businesses need and expect from their accountants and advisors. The power of industry experience is perspective - perspective we bring to help you best leverage your own capabilities and resources.

BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

For further information on the following BDO industries, please visit <http://www.bdo.com./industries/>.

- [Construction](#)
- [Financial Institutions & Specialty Finance](#)
- [Financial Services](#)
- [Gaming, Hospitality & Leisure](#)
- [Government Contracting](#)
- [Healthcare](#)
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- [Nonprofit & Education](#)
- [Private Equity](#)
- [Public Sector](#)
- [Real Estate](#)
- [Retail & Consumer Products](#)
- [Technology & Life Sciences](#)

## WEEKLY

DATE	EVENT NAME	EST. ATTEND	
THU.. SEPT 4	GFS Sales & Marketing Leadership Conference	500	
FRI. SEPT 5	Governors Highway Safety Association 2014 Annual Meeting	N/A	
	SpartanNash 2014 Fresh Show	N/A	
SAT. SEPT 6	Governors Highway Safety Association 2014 Annual Meeting	N/A	
	REAL COMEDIANS OF HOLLYWOOD		
	SUSAN G KOMEN RACE FOR THE CURE		
	SpartanNash 2014 Fresh Show	N/A	
SUN. SEPT 7	Governors Highway Safety Association 2014 Annual Meeting	450-500	
	SPARTAN STORES FRESH SHOW		
	SpartanNash 2014 Fresh Show	N/A	
MON. SEPT 8	Governors Highway Safety Association 2014 Annual Meeting	450-500	
	SpartanNash 2014 Fresh Show	N/A	
	2014 Healing Our Waters Conference	N/A	
TUE. SEPT 9	Governors Highway Safety Association 2014 Annual Meeting	450-500	
	2014 Healing Our Waters Conference	400	
	SpartanNash 2014 Fresh Show	N/A	
	DAVE RAMSEY SETUP	0	
WED. SEPT 10	2014 Healing Our Waters Conference	400	
	SpartanNash 2014 Fresh Show	1,800-2,000	
	DAVE RAMSEY: ENTRELEADERSHIP 1 - DAY		
THU.. SEPT 11	2014 Healing Our Waters Conference	400	
	SpartanNash 2014 Fresh Show	1,800 – 2,000	
	DAVE RAMSEY: THE LEGACY JOURNEY		
FRI. SEPT 12	BIG "T" FALL LEADERSHIP		
	City Managers Meeting	40	
	West Michigan Mom's Sale	N/A	
SAT. SEPT 13	BIG "T" FALL LEADERSHIP		
	HCAM/MCAL Annual Convention Expo	N/A	
	Steppin' Out for Scholarships	400	

## WEEKLY

	West Michigan Mom's Sale	1,000-2,000	
	RIDGEVIEW INDUSTRIES BANQUET		
SUN. SEPT 14	BIG "T" FALL LEADERSHIP		
	HCAM/MCAL Annual Convention Expo	600	
TUE. SEPT 15	HCAM/MCAL Annual Convention Expo	600	
TUE. SEPT 16	HCAM/MCAL Annual Convention Expo	600	
	GRAND RAPIDS SYMPHONY CLASSICAL 1: BEETHOVEN'S FIFTH		
WED. SEPT 17	2014 ANNUAL MEETING - STATE BAR OF MICHIGAN		
	AFD WEST MICHIGAN HOLIDAY BEVERAGE SHOW		
	GRAND RAPIDS SYMPHONY CLASSICAL 1: BEETHOVEN'S FIFTH	0	
THU. SEPT 18	2014 ANNUAL MEETING - STATE BAR OF MICHIGAN		
	IBP- Gut Brain	240	
	GRAND RAPIDS SYMPHONY CLASSICAL 1: BEETHOVEN'S FIFTH	0	
FRI. SEPT 19	2014 ANNUAL MEETING - STATE BAR OF MICHIGAN		
	METRO HEALTH HOSPITAL DINNER		
	GRAND RAPIDS SYMPHONY CLASSICAL 1: BEETHOVEN'S FIFTH		
SAT. SEPT 20	METRO HEALTH HOSPITAL DINNER		
	GRAND RAPIDS SYMPHONY CLASSICAL 1: BEETHOVEN'S FIFTH		
SUN. SEPT 21			
MON. SEPT 22	PROPERTY AUCTION		
TUE. SEPT 23	BCBS EVENT		
WED. SEPT 24	BCBS EVENT		
	The Garden Center Group Fall Event	N/A	
	PHARMACY CONFERENCE – SPARTAN STORES		
	GLOBAL TR/QA/CPR CONFERENCE		

# DEVOSPLACE

## WEEKLY

THU. SEPT 25	The Garden Center Group Fall Event	200	
	PHARMACY CONFERENCE – SPARTAN STORES		
	GLOBAL TR/QA/CPR CONFERENCE		
	GRAND RAPIDS SYMPHONY POPS 1: <i>DANCING AND ROMANCING</i>		
FRI. SEPT 26	GLOBAL BUSINESS ALLIANCE		
	BRIDAL SHOW OF WEST MICHIGAN		
	GRAND RAPIDS SYMPHONY POPS 1: <i>DANCING AND ROMANCING</i>		
SAT. SEPT 27	GLOBAL BUSINESS ALLIANCE		
	BRIDAL SHOW OF WEST MICHIGAN		
	MEDICAL EDUCATION HENRY FORD HOSPITAL MEETING		
	BOARD MEETING - LAKE TRUST CREDIT UNION		
	GRAND RAPIDS SYMPHONY POPS 1: <i>DANCING AND ROMANCING</i>		
SUN. SEPT 28	GLOBAL BUSINESS ALLIANCE		
	BOARD MEETING - LAKE TRUST CREDIT UNION		
	GRAND RAPIDS SYMPHONY POPS 1: <i>DANCING AND ROMANCING</i>		
MON. SEPT 29	<i>JOSPEH AND THE AMAZING TECHICOLOR DREAM COAT</i>		
TUE. SEPT 30	2014 ANNUAL CONVENTION MI ASSOCIATION OF REALTORS		
	<i>JOSPEH AND THE AMAZING TECHICOLOR DREAM COAT</i>		

# VAN ANDEL ARENA® WEEKLY

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