

## Agenda

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### Joint Meeting of Board of Directors & Committees

**Friday | December 1, 2023**

**8:00 a.m.**

**Breakfast and Business Meeting  
Van Andel Arena® | Banquet Rooms  
130 West Fulton | Grand Rapids | MI**

- |    |  |               |
|----|--|---------------|
| 1. | Call to Order  | Rick Winn     |
| 2. | Sparkle Pros Presentation  | Sam Rodriguez |
| 3. | Grand Rapids Rise Pro Volleyball Update and Introduce Coach Cathy George   | Tim Gortsema  |
| 4. | Minutes of November 3, 2023  | Action        |
| 5. | Committee Reports  |               |
|    | A. Operations Committee  |               |
|    | i. Experience Grand Rapids Report  | Information   |
|    | B. Finance Committee   |               |
|    | i. ASM Special Purpose Financial Statements as of and for the Years Ended June 30, 2023 and 2022 – Rehmann Robson          | Action        |
|    | ii. Communication from Independent Auditors Concerning ASM Special Purpose Financial Statements                            | Information   |
|    | iii. Financial Statements and Supplementary Information for the Years Ended June 30, 2023 and 2022 – Rehmann Robson        | Action        |
|    | iv. Audit Wrap-up Letter for the Year Ended June 30, 2023  | Information   |
|    | v. Consolidated Financial Report, for the Year Ended June 30, 2023 Recap - Budget to Actual (To Be Distributed Separately) | Information   |
|    | vi. Acceptance of October 2023 Consolidated Financial Statements   | Action        |
|    | vii. ASM Global Financial Statements for Period Ending 10/31/23 - DeVos Place® and Van Andel Arena®                        | Information   |
| 6. | Second Addendum to Management Agreement  | Action        |
| 7. | Liaison Committee Meeting Structure  | Information   |
| 8. | HVS Hotel Feasibility & Convention Center Expansion Analysis Update  | Information   |

9. ASM Global Report and Facilities Calendars

Rich MacKeigan

10. Public Comment

11. Board Member and Committee Member Comment

12. Adjournment

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
BOARD OF DIRECTORS  
300 MONROE AVENUE, NW | GRAND RAPIDS, MI  
FRIDAY, NOVEMBER 3, 2023**

**Attendance:**

Members Present: Richard Winn, Chairperson  
Lew Chamberlin  
Birgit Klohs  
Mike Verhulst

Members Absent: Rosalynn Bliss  
Mandy Bolter

Staff/Others:	Andrea Anderson	City of Grand Rapids
	Kate Berens	City of Grand Rapids
	Scott Gorsline	DP Fox
	Tim Gortsema	Grand Rapids Griffins
	Jen Henkel	ASM Global
	Steve Jbara	Grand Rapids Gold
	Deandre Jones	Jump Ahead L3C
	Chris Machuta	ASM Global
	Mary Manier	Experience Grand Rapids
	Cheri McConomy	McConomy Properties, LLC
	Jackie Morse	ASM Global
	Torrance Richardson	Gerald R. Ford International Airport
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	ASM Global
	Brad Thomas	Progressive AE
	John Van Houten	Progressive AE
	Al Vanderberg	Kent County
	Susan Waddell	CAA
	Mike Wilbraham	ShowSpan
	Tim Wondergem	Wondergem Consulting
	Jessica Wood	Dickinson Wright

**1. Call to Order**

The Chairperson, Richard Winn, called the meeting to order at 8:27 a.m. Staff recorded the meeting minutes.

**2. Minutes of October 6, 2023, Meeting**

*Motion by Ms. Klohs, supported by Mr. Chamberlin, to approve the October 6, 2023, Board Minutes.  
Motion carried.*

### **3. Committee Reports**

#### **A. Operations Committee**

##### **i. Experience Grand Rapids Report**

Ms. Manier provided an overview of the CVB's sales activities and marketing efforts for October 2023. Team members were busy on the road traveling to sales meetings in Lansing, HelmsBriscoe events, and IMEX America. The sales team hosted four site visits and sent out 13 opportunities for future conventions. Torrance Richardson, President & CEO of Gerald R. Ford International Airport, announced that the Airport Authority has selected West Michigan-based artists AK Bueno, Maddison Chaffer, Jimmy Cobb, Devin Dumond and Jill Eggers to paint murals in the newly expanded Concourse A. The Concourse A expansion features new modern amenities, eight new gates, additional concession and retail concepts, and sustainable design elements. Several construction projects over the past few years include a consolidated rental car facility, parking facilities, aircraft rescue and firefighting facility, and a new operations center. Sun Country Airlines will begin service this summer to Minneapolis-St. Paul. Ms. Klohs congratulated Mr. Richardson on the airport being named the Best Small Airport in the Country by *USA Today*.

#### **B. Finance Committee**

##### **i. Consolidated Financial Statements for Period Ending September 30, 2023**

*Motion by Mr. Chamberlin, supported by Mr. Verhulst, to accept the consolidated financial statement for the period ending September 30, 2023. Motion carried.*

##### **ii. ASM Global Financial Statements for Period Ending September 30, 2023 – DeVos Place® and Van Andel Arena®**

The financial statements were included as information items.

### **4. Public Comments**

Deandre Jones, Jump Ahead L3C, intends to bring esports to the convention center or arena and would like the Board's support. Mr. Jones looks forward to making a positive impact on the economy.

### **5. Board Member Comments**

Al Vanderberg stated that he spent most of the past week at DeVos Place®. He praised the outstanding service and interactions with staff and appreciates the high quality that is provided in the facilities.

### **6. Adjournment**

The meeting was adjourned at 8:31 a.m.

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Susan M. Waddell, Recording Secretary

DeVos Place, as Managed by SMG, a  
Division of ASM Global

Years Ended  
June 30, 2023 and  
2022

Special-Purpose  
Financial  
Statements

**Rehmann**

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# DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

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## INDEPENDENT AUDITORS' REPORT

September 27, 2023

DeVos Place, as Managed by SMG, a Division of ASM Global  
Grand Rapids, Michigan

### ***Report on the Audit of the Special-Purpose Financial Statements***

#### ***Opinion***

We have audited the accompanying special-purpose financial statements of ***DeVos Place, as Managed by SMG, a Division of ASM Global*** ("SMG-DeVos Place"), which comprise the special-purpose statements of assets, liabilities, and amount due Operator arising from activities managed by SMG as of June 30, 2023 and 2022, and the special-purpose statements of operating revenues, operating expenses and incentive management fee arising from activities managed by SMG; special-purpose statements of changes in amount due Operator arising from activities managed by SMG; and special-purpose statements of operating cash flows arising from activities managed by SMG for the years then ended, and the related notes to the special-purpose financial statements (collectively, the "Special-Purpose Financial Statements").

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities, and amount due Operator of SMG-DeVos Place as of June 30, 2023 and 2022, and its operating revenues, operating expenses, changes in amount due Operator, and operating cash flows for the years then ended in accordance with the basis of presentation described in Note 1 to the special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements section of our report. We are required to be independent of the SMG-DeVos Place and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Basis of Accounting***

We draw attention to Note 1 to the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared pursuant to the Management Agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and are not intended to be a complete presentation of SMG-DeVos Place's financial position, results of operations and cash flows. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

### ***Management's Responsibility for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of presentation referred to in Note 1 to the special-purpose financial statements; this includes determining that the basis of presentation is an acceptable basis for the preparation of the special-purpose financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Independent Auditors' Responsibility for the Special-Purpose Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with GAAS we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SMG-DeVos Place's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SMG-DeVos Place's ability to continue as a going concern for a reasonable period of time.

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

***Restriction on Use***

Our report is intended solely for the information and use of the management of SMG-DeVos Place and officials of the Grand Rapids-Kent County Convention/Arena Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Rehmann Lohman LLC*

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Assets, Liabilities, and Amount

Due Operator Arising from Activities Managed by SMG

	June 30,	
	2023	2022
<b>Assets (all current)</b>		
Cash and cash equivalents:		
Operating	\$ 2,442,496	\$ 502,520
Ticket sales escrow	3,381,573	1,239,068
Accounts receivable, net of allowance of \$46,713 and \$53,996 in 2023 and 2022, respectively	1,941,546	1,280,961
Prepaid expenses	238,165	297,209
<b>Total assets (all current)</b>	<u>\$ 8,003,780</u>	<u>\$ 3,319,758</u>
<b>Liabilities (all current)</b>		
Accounts payable	\$ 751,727	\$ 444,666
Accrued expenses	716,611	423,656
Unearned revenue:		
Advance ticket sales	3,381,573	1,239,068
Advance deposits	445,722	570,843
Other unearned revenue	487,921	144,648
<b>Total liabilities (all current)</b>	5,783,554	2,822,881
<b>Amount due Operator</b>	<u>2,220,226</u>	<u>496,877</u>
<b>Total liabilities and amount due Operator</b>	<u>\$ 8,003,780</u>	<u>\$ 3,319,758</u>

See notes to special-purpose financial statements.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Operating Revenues, Operating Expenses, and Incentive Management Fee Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
<b>Operating revenues</b>		
Events	\$ 3,853,342	\$ 3,171,904
Ancillary revenues, net:		
Food and beverage	1,621,293	939,877
Decorating	414,213	275,377
Electrical	434,519	258,693
Equipment rental	531,275	437,617
Other net of related expense of \$309,204 and \$387,522, in 2023 and 2022, respectively	176,949	131,505
	<u>3,178,249</u>	<u>2,043,069</u>
Other operating revenues (includes interest income of \$44,045 and \$14,309 in 2023 and 2022, respectively)	<u>1,461,108</u>	<u>987,135</u>
<b>Total operating revenues</b>	<u>8,492,699</u>	<u>6,202,108</u>
<b>Operating expenses</b>		
Personnel	3,500,904	2,867,985
Utilities	1,710,279	1,434,483
Supplies and expenses	384,747	276,580
Repairs and maintenance	580,383	649,462
General and administrative	<u>2,133,300</u>	<u>1,601,625</u>
<b>Total operating expenses</b>	<u>8,309,613</u>	<u>6,830,135</u>
Operating revenues over (under) operating expenses before incentive management fee	183,086	(628,027)
<b>Incentive management fee</b>	<u>193,425</u>	<u>131,025</u>
<b>Operating revenues under operating expenses and incentive management fee</b>	<u><u>\$ (10,339)</u></u>	<u><u>\$ (759,052)</u></u>

See notes to special-purpose financial statements.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Changes in Amount Due

Operator Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
Amount due Operator (deficit), beginning of year	\$ 496,877	\$ (77,225)
Operating revenues under operating expenses and incentive management fee	(10,339)	(759,052)
Contributions received from Operator	1,733,688	1,333,154
Amounts paid to Operator	-	-
<b>Amount due Operator, end of year</b>	<b>\$ 2,220,226</b>	<b>\$ 496,877</b>

See notes to special-purpose financial statements.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Operating Cash Flows

Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
<b>Cash flows from operating activities</b>		
Operating revenues under operating expenses and incentive management fees	\$ (10,339)	\$ (759,052)
Changes in assets and liabilities:		
Accounts receivable	(660,585)	(1,061,278)
Prepaid expenses	59,044	(78,758)
Accounts payable	307,061	32,522
Accrued expenses	292,955	210,683
Advance deposits	(125,121)	(16,947)
Other unearned revenue	343,273	26,910
<b>Net cash provided by (used in) operating activities</b>	206,288	(1,645,920)
<b>Cash flows from financing activities</b>		
Contributions received from Operator	1,733,688	1,333,154
<b>Net change in operating cash</b>	1,939,976	(312,766)
Operating cash, beginning of year	502,520	815,286
<b>Operating cash, end of year</b>	<u>\$ 2,442,496</u>	<u>\$ 502,520</u>

See notes to special-purpose financial statements.

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## **NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

# DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

## Notes to Special-Purpose Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DeVos Place provides space for conventions, trade shows, concerts, meetings, banquets, and other performances. DeVos Place is operated by the Grand Rapids-Kent County Convention/Arena Authority (the "Operator").

The Operator has entered into a Management Agreement with SMG, a division of ASM Global, to manage the operations of DeVos Place. The activities of DeVos Place that are managed by SMG are referred to herein as SMG-DeVos Place.

The Operator, from time to time, provides funding to SMG-DeVos Place to pay the obligations of DeVos Place when due. The Operator is contractually obligated to fund all liabilities and expenses of DeVos Place.

#### ***Measurement Focus and Basis of Accounting***

The accompanying special-purpose financial statements were prepared to present the assets, liabilities, amount due Operator, operating revenues, operating expenses, and operating cash flows of DeVos Place arising from the management activities of SMG and are not intended to be a complete presentation of DeVos Place's financial position, results of operations, and cash flows. Such special-purpose financial statements have been prepared on the accrual basis of accounting and include transactions managed by SMG in accordance with the Management Agreement, measured in conformity with accounting principles generally accepted in the United States of America. Accordingly, the special-purpose financial statements do not include property and equipment, noncontractual repair expenses, and related-fund equity associated with DeVos Place or certain other activities of the Operator related to DeVos Place that are not part of the activities managed by SMG. Payroll and related expenses are for employees hired by SMG to manage DeVos Place under the Management Agreement.

#### **Assets and Liabilities**

##### ***Cash and Cash Equivalents***

SMG-DeVos Place considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents for the special-purpose statements of cash flows. Amounts in the ticket sales escrow account represent ticket sales proceeds for events that have not yet occurred. For the protection of the ticket holders, SMG and the Operator, such amounts are required to be held in a separate account to provide resources for payments to performers and promoters and for payment of operating expenses.

##### ***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

#### ***Prepaid Expenses***

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

#### ***Unearned Revenues***

SMG-DeVos Place incurs a liability for all cash received from ticket sales in advance of an event; a corresponding amount is held in a separate escrow account. Revenues are not recognized until the related event occurs. Unearned revenue is comprised primarily of advanced billings, which are recognized as revenues on a straight-line basis over the term of the related contracts. Also included are ticket rebates received from the ticket agent prior to an event, which are not recognized as revenue until the event occurs.

#### ***Event Revenues***

SMG-DeVos Place records event revenue upon the completion of the event. Accordingly, amounts received for advance ticket sales or deposits by promoters are recorded as liabilities until that time. Costs incurred prior to an event are recorded as prepaid expenses and charged to expense upon completion of the event. Event revenues are reported net of related event expenses of \$4,612,882 and \$3,632,205 for the years ended June 30, 2023 and 2022, respectively.

#### ***Ancillary Revenues***

All concession and catering, decorating, electrical, and audiovisual revenues are recognized when earned. Ancillary revenues are a contractually determined percentage of gross receipts collected by the vendor for each event.

#### ***Other Operating Revenues***

Other operating revenues are comprised of interest income, nonevent equipment rental income, ticket rebates, and other miscellaneous items.

#### ***Noncontractual Repairs***

At times, SMG-DeVos Place incurs costs funded by the Operator's capital projects budget, which is separate and distinct from the operating funds provided by the Operator to DeVos Place. The Operator ultimately decides which expenses will be capitalized or expensed. These costs are excluded from operating expenses in the accompanying special-purpose statements of operating revenues and operating expenses.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

#### 2. MANAGEMENT AGREEMENT AND FEES

SMG and the Operator signed a Management Agreement (the "Agreement") that has an effective date of July 1, 2018, expiring on June 30, 2028, with one ten-year renewal period extending through June 30, 2038. The Agreement provides for both an annual base and incentive management fee. The annual base management fee was set at \$176,440 for the first year of the agreement and is adjusted upward annually by the percentage change in the Consumer Price Index (not to exceed 3% in any one year). A decrease in the Consumer Price Index will not have an effect on the management fee.

The incentive fee is based on the combined results of operations of SMG-DeVos Place and SMG-Van Andel Arena compared to a combined operating revenue benchmark of \$9,700,000, which shall be adjusted upward annually during the remainder of the term by the percentage change in the Consumer Price Index, as defined in the Agreement. The maximum incentive to be paid in any fiscal year is equal to 100% of the base management fee. To qualify for the incentive fee, combined operating revenues of SMG-Van Andel Arena and SMG-DeVos Place must exceed combined operating expenses before incentive management fee by an established benchmark, as follows:

	Year Ended June 30,	
	2023	2022
Excess of operating revenues over operating expenses, as defined, SMG-Van Andel Arena	\$ 3,606,117	\$ 3,641,014
Excess of operating revenues over (under) operating expenses, as defined, SMG-DeVos Place	183,086	(628,027)
<b>Total</b>	<u>\$ 3,789,203</u>	<u>\$ 3,012,987</u>
Incentive benchmark	\$ 1,050,000	\$ 1,050,000
<b>Benchmark met?</b>	Yes	Yes

In the event the combined operations of SMG-Van Andel Arena and SMG-DeVos Place exceed the established operating revenue benchmark, and the operating revenues exceed operating expenses by the benchmark discussed above, the incentive fee is determined based on the below calculation. The amount of the incentive fee paid based on the calculation below is determined by the amount by which combined operating revenues exceed combined operating expense in accordance with the threshold levels set forth below:

Amount by Which Operating Revenues Exceed Operating Expenses for the Management Agreement	Percentage of Incentive Fee Payable to SMG
\$850,000 or more and less than \$950,000	50%
\$950,000 or more and less than \$1,050,000	75%
\$1,050,000 or more	100%

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

The calculation is only performed when combined operating revenues of SMG-Van Andel Arena and SMG-DeVos Place exceed combined operating expenses by the established benchmark. A schedule of the base fee for the years ended June 30, 2023 and 2022, respectively, is as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
SMG-DeVos Place base management fee, included in general and administrative expense (A)	\$ 191,321	\$ 185,749
Total operating revenues - SMG-Van Andel Arena	\$ 9,129,475	\$ 7,934,764
Total operating revenues - SMG-DeVos Place	8,492,699	6,202,108
	<u>17,622,174</u>	<u>14,136,872</u>
Revenue benchmark - SMG-Van Andel Arena	6,052,911	5,548,039
Revenue benchmark - SMG-DeVos Place	5,347,718	4,901,666
	<u>11,400,629</u>	<u>10,449,705</u>
Revenues in excess of benchmark	<u>\$ 6,221,545</u>	<u>\$ 3,687,167</u>
Computation of incentive fee resulting from revenues in excess of revenue benchmark:		
25% of the first \$500,000, collectively	\$ 125,000	\$ 125,000
30% of the amount in excess of \$500,000, collectively, up to base fee of \$382,642	257,642	246,497
	<u>382,642</u>	<u>371,497</u>
Percent payable	100%	100%
Total incentive fee payable	<u>\$ 382,642</u>	<u>\$ 371,497</u>
Incentive fee allocated to SMG-Van Andel Arena	\$ 189,217	\$ 240,472
Incentive fee allocated to SMG-DeVos Place (B)	193,425	131,025
Incentive fee	<u>382,642</u>	<u>371,497</u>
<b>Total management fees - SMG-DeVos Place (A+B)</b>	<u><b>\$ 384,746</b></u>	<u><b>\$ 316,774</b></u>

The incentive fee shall be allocated between facilities by the percentage of each facility's contribution to the excess revenue above benchmark. The base fee is contingent upon the Operator maintaining the SMG-Van Andel Arena concessions agreement with SMG Food and Beverage LLC. If that agreement were to be terminated, the base management fee would increase \$50,000 for each managed facility, adjusted annually by the percentage change in the Consumer Price Index from the base year.

## DEVOS PLACE, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

#### 3. RETIREMENT PLAN

Employees at SMG-DeVos Place may elect to participate in the SMG Retirement and Savings Plan, a 401(k) defined contribution plan covering SMG employees who have completed one year of employment and 1,000 hours of service. SMG-DeVos Place makes matching contributions equal to 67% of each participants contribution up to a maximum of 5% of the employee's eligible compensation. Discretionary contributions may also be made on a monthly basis for active participants. SMG-DeVos Place made \$53,025 and \$35,423 in matching contributions for the years ended June 30, 2023 and 2022, respectively.

#### 4. RELATED PARTY TRANSACTIONS

In addition to the operations of SMG-DeVos Place, SMG personnel also manage the operations of SMG-Van Andel Arena. The two facilities share certain expenses, such as payroll, employee fringe benefits, and insurance, resulting in frequent billings and payments between the two facilities. The two facilities also share a box office, resulting in frequent billings and payments between the two facilities for ticket sales. Accounts receivable includes \$763,535 and \$226,064 due from SMG-Van Andel Arena as of June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, SMG-DeVos Place made payments of \$2,686 and \$59,437, respectively, to SMG-Food and Beverage LLC, a related party to SMG, for catering services.

#### 5. CONTINGENCIES

SMG-DeVos Place is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the entity.

#### 6. RISK MANAGEMENT

SMG-DeVos Place is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2023 and 2022, SMG-DeVos Place carried commercial insurance to cover all risks of losses. SMG-DeVos Place has had no settled claims resulting from these risks that exceeded their commercial coverage in the past three years.

#### 7. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational challenges for SMG-DeVos Place as it determines the appropriate methods to provide services to its patrons. At this time, management does not believe that any ongoing negative financial impact related to the pandemic will be materially detrimental to SMG-DeVos Place.

■ ■ ■ ■ ■

Van Andel Arena, as Managed by SMG, a  
Division of ASM Global

Years Ended  
June 30, 2023 and  
2022

Special-Purpose  
Financial  
Statements

**Rehmann**

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# VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

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## INDEPENDENT AUDITORS' REPORT

September 27, 2023

Van Andel Arena, as Managed by SMG, a Division of ASM Global  
Grand Rapids, Michigan

### ***Report on the Audit of the Special-Purpose Financial Statements***

#### ***Opinion***

We have audited the accompanying special-purpose financial statements of ***Van Andel Arena, as Managed by SMG, a Division of ASM Global*** ("SMG-Van Andel Arena"), which comprise the special-purpose statements of assets, liabilities, and amount due Operator arising from activities managed by SMG as of June 30, 2023 and 2022, and the special-purpose statements of operating revenues, operating expenses and incentive management fee arising from activities managed by SMG; special-purpose statements of changes in amount due Operator arising from activities managed by SMG; and special-purpose statements of operating cash flows arising from activities managed by SMG for the years then ended, and the related notes to the special-purpose financial statements (collectively, the "Special-Purpose Financial Statements").

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities, and amount due Operator of SMG-Van Andel Arena as of June 30, 2023 and 2022, and its operating revenues, operating expenses, changes in amount due Operator, and operating cash flows for the years then ended in accordance with the basis of presentation described in Note 1 to the special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements section of our report. We are required to be independent of the SMG-Van Andel Arena and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Basis of Accounting***

We draw attention to Note 1 to the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared pursuant to the Management Agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and are not intended to be a complete presentation of SMG-Van Andel Arena's financial position, results of operations and cash flows. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

### ***Management's Responsibility for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of presentation referred to in Note 1 to the special-purpose financial statements; this includes determining that the basis of presentation is an acceptable basis for the preparation of the special-purpose financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Independent Auditors' Responsibility for the Special-Purpose Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with GAAS we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SMG-Van Andel Arena's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SMG-Van Andel Arena's ability to continue as a going concern for a reasonable period of time.

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

***Restriction on Use***

Our report is intended solely for the information and use of the management of SMG-Van Andel Arena and officials of the Grand Rapids-Kent County Convention/Arena Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Rehmann Lobson LLC*

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Assets, Liabilities, and Amount

Due Operator Arising from Activities Managed by SMG

	June 30,	
	2023	2022
<b>Assets (all current)</b>		
Cash and cash equivalents:		
Operating	\$ 13,020,195	\$ 8,013,982
Ticket sales escrow	7,789,465	7,978,829
Accounts receivable, net of allowance of \$14,250 and \$0 in 2023 and 2022, respectively	2,215,198	1,466,285
Prepaid expenses	117,549	133,290
<b>Total assets (all current)</b>	<b>\$ 23,142,407</b>	<b>\$ 17,592,386</b>
<b>Liabilities (all current)</b>		
Accounts payable	\$ 8,327,516	\$ 3,640,238
Accrued expenses	392,033	408,522
Unearned revenue:		
Advance ticket sales	7,789,465	7,978,829
Advance deposits	25,925	25,925
Other unearned revenue	1,824,815	1,743,968
<b>Total liabilities (all current)</b>	<b>18,359,754</b>	<b>13,797,482</b>
<b>Amount due Operator</b>	<b>4,782,653</b>	<b>3,794,904</b>
<b>Total liabilities and amount due Operator</b>	<b>\$ 23,142,407</b>	<b>\$ 17,592,386</b>

See notes to special-purpose financial statements.

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Operating Revenues, Operating

Expenses, and Incentive Management Fee Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
<b>Operating revenues</b>		
Events	\$ 1,383,539	\$ 1,304,940
Ancillary revenues, net:		
Food and beverage	3,167,077	2,548,492
Novelties	214,979	239,378
Other (net of related expenses of \$245,003 and \$114,097, in 2023 and 2022, respectively)	36,123	3,947
	<u>3,418,179</u>	<u>2,791,817</u>
Other operating revenues:		
Premium seating	1,737,196	1,353,796
Advertising income	710,127	492,809
Other (includes interest income of \$172,553 and \$80,781 in 2023 and 2022, respectively)	1,880,434	1,991,402
	<u>4,327,757</u>	<u>3,838,007</u>
<b>Total operating revenues</b>	<u>9,129,475</u>	<u>7,934,764</u>
<b>Operating expenses</b>		
Personnel	2,229,194	1,614,577
Utilities	866,937	795,182
Supplies and expenses	259,796	216,600
Repairs and maintenance	517,047	370,030
General and administrative	1,650,384	1,297,361
	<u>5,523,358</u>	<u>4,293,750</u>
<b>Total operating expenses</b>	<u>5,523,358</u>	<u>4,293,750</u>
Operating revenues over operating expenses before incentive management fee	3,606,117	3,641,014
<b>Incentive management fee</b>	<u>189,217</u>	<u>240,472</u>
<b>Operating revenues over operating expenses and incentive management fee</b>	<u>\$ 3,416,900</u>	<u>\$ 3,400,542</u>

See notes to special-purpose financial statements.

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Changes in Amount Due

Operator Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
Amount due Operator (deficit), beginning of year	\$ 3,794,904	\$ (361,676)
Excess of operating revenues over operating expenses and incentive management fee	3,416,900	3,400,542
Contributions received from Operator	1,070,849	756,038
Amounts paid to Operator	(3,500,000)	-
<b>Amount due Operator, end of year</b>	<b>\$ 4,782,653</b>	<b>\$ 3,794,904</b>

See notes to special-purpose financial statements.

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Special-Purpose Statements of Operating Cash Flows

Arising from Activities Managed by SMG

	Year Ended June 30,	
	2023	2022
<b>Cash flows from operating activities</b>		
Operating revenues over operating expenses	\$ 3,416,900	\$ 3,400,542
Changes in assets and liabilities:		
Accounts receivable	(748,913)	(683,242)
Prepaid expenses	15,741	34,250
Accounts payable	4,687,278	3,394,144
Accrued expenses	(16,489)	267,960
Advance deposits	-	(11,000)
Other unearned revenue	80,847	772,663
<b>Net cash provided by operating activities</b>	<u>7,435,364</u>	<u>7,175,317</u>
<b>Cash flows from financing activities</b>		
Contributions received from Operator	1,070,849	756,038
Amounts paid to Operator	<u>(3,500,000)</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>	<u>(2,429,151)</u>	<u>756,038</u>
<b>Net change in operating cash</b>	5,006,213	7,931,355
Operating cash, beginning of year	<u>8,013,982</u>	<u>82,627</u>
<b>Operating cash, end of year</b>	<u><u>\$ 13,020,195</u></u>	<u><u>\$ 8,013,982</u></u>

See notes to special-purpose financial statements.

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## **NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

# VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

## Notes to Special-Purpose Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Andel Arena (the "Arena") provides space for family shows, concerts, sporting events, meetings, and other performances. The Arena is operated by the Grand Rapids-Kent County Convention/Arena Authority (the "Operator").

The Operator has entered into a Management Agreement with SMG, a Division of ASM Global, to manage the operations of the Arena. The activities of the Arena that are managed by SMG are referred to herein as SMG-Van Andel Arena.

The Operator, from time to time, provides funding to SMG-Van Andel Arena to pay the obligations of the Arena when due. The Operator is contractually obligated to fund all liabilities and expenses of the Arena.

#### ***Measurement Focus and Basis of Accounting***

The accompanying special-purpose financial statements were prepared to present the assets, liabilities, amount due Operator, operating revenues, operating expenses, and operating cash flows of the Arena arising from the management activities of SMG and are not intended to be a complete presentation of the Arena's financial position, results of operations, and cash flows. Such special-purpose financial statements have been prepared on the accrual basis of accounting and include transactions managed by SMG in accordance with the Management Agreement, measured in conformity with accounting principles generally accepted in the United States of America. Accordingly, the special-purpose financial statements do not include property and equipment, noncontractual repair expenses, and related-fund equity associated with the Arena or certain other activities of the Operator related to the Arena that are not part of the activities managed by SMG. Payroll and related expenses are for employees hired by SMG to manage the Arena under the Management Agreement.

#### **Assets and Liabilities**

##### ***Cash and Cash Equivalents***

SMG-Van Andel Arena considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents for the special-purpose statements of cash flows. Amounts in the ticket sales escrow account represent ticket sales proceeds for events that have not yet occurred. For the protection of the ticket holders, SMG and the Operator, such amounts are required to be held in a separate account to provide resources for payments to performers and promoters and for payment of operating expenses.

##### ***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

#### ***Prepaid Expenses***

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

#### ***Unearned Revenues***

SMG-Van Andel Arena incurs a liability for all cash received from ticket sales in advance of an event; a corresponding amount is held in a separate escrow account. Revenues are not recognized until the related event occurs. Unearned revenue is comprised primarily of advanced billings and collections for luxury boxes and advertising contracts, which are recognized as revenues on a straight-line basis over the term of the related contracts. Also included are ticket rebates received from the ticket agent prior to an event, which are not recognized as revenue until the event occurs.

#### ***Event Revenues***

SMG-Van Andel Arena records event revenue upon the completion of the event. Accordingly, amounts received for advance ticket sales or deposits by promoters are recorded as liabilities until that time. Costs incurred prior to an event are recorded as prepaid expenses and charged to expense upon completion of the event. Event revenues are reported net of related event expenses of \$5,903,488 and \$5,170,244 for the years ended June 30, 2023 and 2022, respectively.

#### ***Ancillary Revenues***

All concession and catering, decorating, electrical, and audiovisual revenues are recognized when earned. Ancillary revenues are a contractually determined percentage of gross receipts collected by the vendor for each event.

#### ***Other Operating Revenues***

Other operating revenues include revenues associated with luxury seating, advertising, ticket rebates, interest income, and other miscellaneous items.

#### ***Noncontractual Repairs***

From time to time, SMG-Van Andel Arena incurs costs funded by the Operator's capital projects budget, which is separate and distinct from the operating funds provided by the Operator to the Arena. The Operator ultimately decides which expenses will be capitalized or expensed. These costs are excluded from operating expenses in the accompanying special-purpose statements.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

## Notes to Special-Purpose Financial Statements

### 2. MANAGEMENT AGREEMENT AND FEES

SMG and the Operator signed a Management Agreement (the "Agreement") that has an effective date of July 1, 2018, expiring on June 30, 2028, with one ten-year renewal period extending through June 30, 2038. The Agreement provides for both an annual base and incentive management fee. The annual base management fee was set at \$176,440 for the first year of the agreement and is adjusted upward annually by the percentage change in the Consumer Price Index (not to exceed 3% in any one year). A decrease in the Consumer Price Index will not have an effect on the management fee.

The incentive fee is based on the combined results of operations of SMG-DeVos Place and SMG-Van Andel Arena compared to a combined operating revenue benchmark of \$9,700,000, which shall be adjusted upward annually during the remainder of the term by the percentage change in the Consumer Price Index, as defined in the Agreement. The maximum incentive to be paid in any fiscal year is equal to 100% of the base management fee. To qualify for the incentive fee, combined operating revenues of SMG-Van Andel Arena and SMG-DeVos Place must exceed combined operating expenses before incentive management fee by an established benchmark, as follows:

	Year Ended June 30,	
	2023	2022
Excess of operating revenues over operating expenses, as defined, SMG-Van Andel Arena	\$ 3,606,117	\$ 3,641,014
Excess of operating revenues over (under) operating expenses, as defined, SMG-DeVos Place	<u>183,086</u>	<u>(628,027)</u>
<b>Total</b>	<u><u>\$ 3,789,203</u></u>	<u><u>\$ 3,012,987</u></u>
Incentive benchmark	\$ 1,050,000	\$ 1,050,000
<b>Benchmark met?</b>	Yes	Yes

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

In the event the combined operations of SMG-Van Andel Arena and SMG-DeVos Place exceed the established operating revenue benchmark, and the operating revenues exceed operating expenses by the benchmark discussed above, the incentive fee is determined based on the below calculation. The amount of the incentive fee paid based on the calculation below is determined by the amount by which combined operating revenues exceed combined operating expense in accordance with the threshold levels set forth below:

Amount by Which Operating Revenues Exceed Operating Expenses for the Management Agreement	Percentage of Incentive Fee Payable to SMG
\$850,000 or more and less than \$950,000	50%
\$950,000 or more and less than \$1,050,000	75%
\$1,050,000 or more	100%

The calculation is only performed when combined operating revenues of SMG-Van Andel Arena and SMG-DeVos Place exceed combined operating expenses by the established benchmark. A schedule of the base fee for the years ended June 30, 2023 and 2022, respectively, is as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
SMG-Van Andel base management fee, included in general and administrative expense (A)	\$ 191,321	\$ 185,749
Total operating revenues - SMG-Van Andel Arena	\$ 9,129,475	\$ 7,934,764
Total operating revenues - SMG-DeVos Place	8,492,699	6,202,108
	<u>17,622,174</u>	<u>14,136,872</u>
Revenue benchmark - SMG-Van Andel Arena	6,052,911	5,548,039
Revenue benchmark - SMG-DeVos Place	5,347,718	4,901,666
	<u>11,400,629</u>	<u>10,449,705</u>
Revenues in excess of benchmark	<u>\$ 6,221,545</u>	<u>\$ 3,687,167</u>
Computation of incentive fee resulting from revenues in excess of revenue benchmark:		
25% of the first \$500,000, collectively	\$ 125,000	\$ 125,000
30% of the amount in excess of \$500,000, collectively, up to base fee of \$371,497	257,642	246,497
	<u>382,642</u>	<u>371,497</u>
Percent payable	100%	100%
Total incentive fee payable	<u>\$ 382,642</u>	<u>\$ 371,497</u>

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

	Year Ended June 30, 2023	Year Ended June 30, 2022
Incentive fee allocated to SMG-Van Andel Arena (B)	\$ 189,217	\$ 240,472
Incentive fee allocated to SMG-DeVos Place	<u>193,425</u>	<u>131,025</u>
Incentive fee	<u>382,642</u>	<u>371,497</u>
<b>Total management fees - SMG-Van Andel Arena (A+B)</b>	<b><u>\$ 380,538</u></b>	<b><u>\$ 426,221</u></b>

The incentive fee shall be allocated between facilities by the percentage of each facility's contribution to the excess revenue above benchmark. The base fee is contingent upon the Operator maintaining the SMG-Van Andel Arena concessions agreement with SMG Food and Beverage LLC. If that agreement were to be terminated, the base management fee would increase \$50,000 for each managed facility, adjusted annually by the percentage change in the Consumer Price Index from the base year.

### 3. RETIREMENT PLAN

Employees at SMG-Van Andel Arena may elect to participate in the SMG Retirement and Savings Plan, a 401(k) defined contribution plan covering SMG employees who have completed one year of employment and 1,000 hours of service. SMG-Van Andel Arena makes matching contributions equal to 67% of each participants contribution up to a maximum of 5% of the employee's eligible compensation. Discretionary contributions may also be made on a monthly basis for active participants. SMG-Van Andel Arena made \$32,825 and \$19,924 in matching contributions for the years ended June 30, 2023 and 2022, respectively.

### 4. RELATED PARTY TRANSACTIONS

In addition to the operations of SMG-Van Andel Arena, SMG personnel also manage the operations of SMG-DeVos Place. The two facilities share certain expenses, such as payroll, employee fringe benefits, and insurance, resulting in frequent billings and payments between the two facilities. The two facilities also share a box office, resulting in frequent billings and payments between the two facilities for ticket sales. Accounts payable includes \$763,535 and \$226,064 payable to SMG-DeVos Place as of June 30, 2023 and 2022, respectively.

On July 1, 2006, the Operator entered into a concessions agreement for the Arena with SMG-Food and Beverage LLC, a related party to SMG. Accounts receivable includes \$602,838 and \$271,346 from SMG-Food and Beverage LLC, as of June 30, 2023 and 2022, respectively. Accounts payable includes \$15,865 and \$19,078 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, SMG-Van Andel received payments of \$4,801,931 and \$3,855,589, respectively, from SMG-Food and Beverage LLC which represents commission on sales. During the years ended June 30, 2023 and 2022, SMG-Van Andel made payments of \$332,252 and \$290,804, respectively, to SMG-Food and Beverage LLC.

## VAN ANDEL ARENA, AS MANAGED BY SMG, A DIVISION OF ASM GLOBAL

### Notes to Special-Purpose Financial Statements

#### 5. CONTINGENCIES

SMG-Van Andel Arena is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the entity.

#### 6. RISK MANAGEMENT

SMG-Van Andel Arena is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2023 and 2022, SMG-Van Andel Arena carried commercial insurance to cover all risks of losses. SMG-Van Andel Arena has had no settled claims resulting from these risks that exceeded their commercial coverage in the past four years.

#### 7. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational challenges for SMG-Van Andel Arena as it determines the appropriate methods to provide services to its patrons. At this time, management does not believe that any ongoing negative financial impact related to the pandemic will be materially detrimental to SMG-Van Andel Arena.

■ ■ ■ ■ ■

## INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 27, 2023

To Management of  
DeVos Place and Van Andel Arena,  
as Managed by SMG, a Division of ASM Global  
Grand Rapids, Michigan

We have audited the special-purpose financial statements of **DeVos Place ("SMG-DeVos Place") and Van Andel Arena ("SMG-Van Andel Arena"), as managed by SMG, a Division of ASM Global**, as of and for the year ended June 30, 2023, and have issued our reports thereon dated September 27, 2023. Professional standards require that we advise you of the following matters relating to our audits.

### Our Responsibility in Relation to the Special-Purpose Financial Statement Audit

As communicated in our engagement letter dated August 11, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the special-purpose financial statements ("financial statements") that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with the Management Agreement with the Grand Rapids-Kent County Convention/Arena Authority (the "Authority"). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the internal control of SMG-DeVos Place and SMG-Van Andel Arena solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our findings regarding internal control over financial reporting, compliance, and other matters noted during our audit are included in Attachment A to this letter.



## **Planned Scope and Timing of the Audit**

We performed the audits according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on August 14, 2023.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the risks of management override of internal control and revenue recognition as significant risks, and have obtained an understanding of the SMG-DeVos Place and SMG-Van Andel Arena's related controls, including control activities, relevant to such risks.

## **Qualitative Aspects of SMG-DeVos Place and SMG-Van Andel Arena's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SMG-DeVos Place and SMG-Van Andel Arena is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

- The allocation of shared costs between SMG-DeVos Place and SMG-Van Andel Arena is based on related time expended, services performed or other applicable activities and data.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No material audit adjustments were noted as part of audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audits.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in Attachment B to this letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with SMG-DeVos Place and SMG-Van Andel Arena, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SMG-DeVos Place and SMG-Van Andel Arena's auditors.

This information is intended solely for the use of the governing body and management of SMG-DeVos Place, SMG-Van Andel Arena, and the Grand Rapids-Kent County Convention/Arena Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Rehmann Lohorn LLC*

# SMG-DEVOS PLACE & SMG-VAN ANDEL ARENA

## Attachment A - Consideration of Internal Control Over Financial Reporting

For the June 30, 2023 Audit

We have audited, in accordance with the auditing standards generally accepted in the United States of America the special-purpose financial statements ("financial statements") of **SMG-DeVos Place & SMG-Van Andel Arena**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the SMG-DeVos Place & SMG-Van Andel Arena's basic financial statements, and have issued our report thereon dated September 27, 2023.

In planning and performing our audit of the financial statements, we considered SMG-DeVos Place & SMG-Van Andel Arena'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SMG-DeVos Place & SMG-Van Andel Arena's internal control. Accordingly, we do not express an opinion on the effectiveness of the SMG-DeVos Place & SMG-Van Andel Arena's internal control.

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

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

### **Other Matter**

#### *Escheat Checks (Repeat finding)*

In testing the outstanding check list, we noted various checks had been outstanding for more than two years. The State of Michigan directs that "holders of unclaimed or uncalled for property (example outstanding checks) can divest themselves of responsibility and accountability for such property by transferring such property to Escheats Division, Department of Treasury." We recommend that any checks that remain outstanding after two years be remitted to the State's Escheats Division. Procedural directions of how to do this are located on the State's website.

■ ■ ■ ■ ■

## SMG-DEVOS PLACE & SMG-VAN ANDEL ARENA

### Attachment B - Management Representations

For the June 30, 2023 Audit

The following pages contain the written representations that we requested from management.

**RICHARD A. WINN**  
CHAIRMAN  
**HON. ROSALYNN BLISS**  
**MANDY BOLTER**  
**M. SCOTT BOWEN**  
**LEW CHAMBERLIN**  
**BIRGIT M. KLOHS**  
**MICHAEL B. VERHULST**

September 27, 2023

Rehmann Robson LLC  
2330 East Paris Ave SE  
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of the special-purpose financial statements of *Devos Place ("SMG-Devos Place") and Van Andel Arena ("SMG-Van Andel Arena")*, as managed by SMG, a Division of ASM Global, as of and for the years ended June 30, 2023 and 2022, and the related notes to the special-purpose financial statements, for the purpose of expressing opinions on whether the special-purpose financial statements present fairly, in all material respects, the assets, liabilities, and amounts due Operator, and the respective operating revenues, operating expenses, and changes in amounts due Operator, and operating cash flows, in conformity with the Management Agreement with the Grand Rapids-Kent County Convention/Arena Authority (the "Authority").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 27, 2023:

**Special-purpose financial statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 11, 2023, for the preparation and fair presentation of the special-purpose financial statements in accordance with the Management Agreement with the Authority.
2. We have reviewed, approved, and taken responsibility for the special-purpose financial statements and related notes.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the special-purpose financial statements.



**RICHARD A. WINN**  
CHAIRMAN

**HON. ROSALYNN BLISS**

**MANDY BOLTER**

**M. SCOTT BOWEN**

**LEW CHAMBERLIN**

**BIRGIT M. KLOHS**

**MICHAEL B. VERHULST**

4. With respect to any assistance you provided in drafting the special-purpose financial statements and related notes, we have performed the following:
  - (a) Made all management decisions and performed all management functions;
  - (b) Assigned a competent individual to oversee the services;
  - (c) Evaluated the adequacy of the services performed;
  - (d) Evaluated and accepted responsibility for the result of the service performed; and
  - (e) Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the special-purpose financial statements have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
11. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational challenges for SMG-Devos Place and SMG-Van Andel Arena as it determines the appropriate methods to provide services to its patrons. At this time, management does not believe that any ongoing negative financial impact related to the pandemic will be materially detrimental to SMG-Devos Place and SMG-Van Andel Arena.

#### **Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the special-purpose financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and



**RICHARD A. WINN**  
CHAIRMAN

**HON. ROSALYNN BLISS**

**MANDY BOLTER**

**M. SCOTT BOWEN**

**LEW CHAMBERLIN**

**BIRGIT M. KLOHS**

**MICHAEL B. VERHULST**

- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the special-purpose financial statements.
14. We have disclosed to you the results of our assessment of the risk that the special-purpose financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the special-purpose financial statements.
16. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the special-purpose financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
17. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of special-purpose financial statement amounts or other financial data significant to the audit objectives.
18. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the special-purpose financial statements or other financial data significant to the audit objectives.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the special-purpose financial statements and we have not consulted legal counsel concerning litigation or claims.
23. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
24. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
25. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.



**RICHARD A. WINN**  
CHAIRMAN

**HON. ROSALYNN BLISS**

**MANDY BOLTER**

**M. SCOTT BOWEN**

**LEW CHAMBERLIN**

**BIRGIT M. KLOHS**

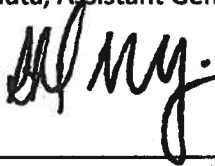
**MICHAEL B. VERHULST**

26. We have disclosed to you all guarantees, whether written or oral, under which SMG-Devos Place and SMG-Van Andel Arena is contingently liable.
27. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on special-purpose financial statement amounts.
28. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the special-purpose financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed.
29. We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
30. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the special-purpose financial statements in the event of noncompliance.
31. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclose. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.



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Chris Machuta, Assistant General Manager



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Richard MacKeigan, Regional General Manager



Grand Rapids - Kent County  
Convention/Arena Authority

Years Ended June 30,  
2023 and 2022

Financial  
Statements

**Rehmann**

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# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

November 28, 2023

Members of the Grand Rapids-Kent County  
Convention/Arena Authority Board  
Grand Rapids, Michigan

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the **Grand Rapids-Kent County Convention/Arena Authority** (the "Authority"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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



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

### ***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Rehmann Lobson LLC*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Management's Discussion and Analysis

These financial statements are the responsibility of the Grand Rapids-Kent County Convention/Arena Authority. We offer readers this narrative overview and analysis for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

· Total net position	\$ 29,619,974
· Change in total net position	2,026,149
· Capital assets, net	2,180,992
· Change in net capital assets	1,309,579

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses and changes in fund net position, the statement of cash flows and the notes to the financial statements.

- The *statements of net position* present information on all of the Authority's assets and liabilities, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *statements of revenues, expenses and changes in fund net position* present information showing how the Authority's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *statements of cash flows* present information showing in greater detail how the Authority received and disbursed cash.
- The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Authority's financial statements consist of a single enterprise fund (a proprietary fund type), as the Authority intends to recover all or a significant portion of its costs through user fees and charges (known as "business-type activities").

*Other Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis.

The *schedule of revenues, expenses and changes in fund net position - budget and actual* is presented as supplementary information and includes information on how the Authority performed in relation to the Board-adopted budget.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Management's Discussion and Analysis

#### Financial Analysis

The Authority's assets exceeded its liabilities by \$29,619,974 and \$27,593,825 for the years ended June 30, 2023 and 2022, respectively. A summary of the Authority's net position for the current fiscal year and two years prior is presented below.

	Statements of Net Position		
	June 30,		
	2023	2022	2021
<b>Assets</b>			
Current and other assets	\$ 70,931,135	\$ 49,235,537	\$ 33,600,742
Capital assets, net	2,180,992	871,413	1,135,326
	<u>73,112,127</u>	<u>50,106,950</u>	<u>34,736,068</u>
<b>Liabilities</b>			
Other liabilities	<u>43,492,153</u>	<u>22,513,125</u>	<u>19,803,822</u>
<b>Net position</b>			
Investment in capital assets	2,180,992	871,413	1,135,326
Unrestricted	<u>27,438,982</u>	<u>26,722,412</u>	<u>13,796,920</u>
<b>Total net position</b>	<u>\$ 29,619,974</u>	<u>\$ 27,593,825</u>	<u>\$ 14,932,246</u>

A portion of the Authority's net position (7.4% and 3.2% in 2023 and 2022, respectively), reflects its investment in capital assets (e.g. buildings, structures and equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining portion, unrestricted net position represents resources that may be used at the Authority's discretion, but often have limitations based on policy action.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Management's Discussion and Analysis

The following condensed financial information reflects how the Authority's net position changed during the current fiscal year and the two years prior:

	Statements of Changes in Net Position		
	Year Ended June 30,		
	2023	2022	2021
Operating revenues	\$ 19,269,644	\$ 15,394,271	\$ 1,583,320
Operating expenses	19,944,389	13,191,325	12,115,764
Operating income (loss)	(674,745)	2,202,946	(10,532,444)
Nonoperating revenues	2,700,894	11,058,633	3,759,694
Income (loss) before transfers out	2,026,149	13,261,579	(6,772,750)
Transfer of constructed assets/ funding to joint construction project	-	(600,000)	(873,491)
<b>Change in net position</b>	2,026,149	12,661,579	(7,646,241)
Net position, beginning of year	27,593,825	14,932,246	22,578,487
<b>Net position, end of year</b>	<u>\$ 29,619,974</u>	<u>\$ 27,593,825</u>	<u>\$ 14,932,246</u>

#### *Operating Revenues*

Operating revenues of the Authority are generated by the Authority's DeVos Place and Van Andel Arena. Management of each of these facilities is provided by a third party company, SMG, a Division of ASM Global, with whom the Authority has a management agreement. Operating revenues include event revenues as well as ancillary revenues related to luxury seating, advertising and commissions on vendor sales of food, beverage and novelties. The increase in 2023 operating revenues represents a return to pre-pandemic levels of activity at both facilities. The increase from 2021 to 2022 was a direct result of the global pandemic causing both facilities to "go dark" beginning March 14th, 2020 and stay that way through the end of the 2020 fiscal year and most of the 2021 fiscal year. 2022 operating revenues reflect much pent-up demand for live events at both facilities nearing those seen in fiscal year 2019, which saw attendance records broken and per capita spending and per event settlements at the best in the Authority's history.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Management's Discussion and Analysis

#### *Operating Expenses*

Operating expenses include costs associated with the daily operation and continual upgrade and maintenance of DeVos Place and Van Andel Arena, as well as administrative costs related to the overall operations of the Authority. Generally, administrative costs relate to insurance, personnel services, and professional services. In 2023, operating expenses returned to levels associated with typical operations, directly related to the increase in activity at both facilities and their related revenues. Additionally, an aggressive upgrade and maintenance plan at both facilities provided more than \$4 million in improvements to ensure quality facilities can be enjoyed by all despite their increasing ages. In 2022, operating expenses returned to levels associated with typical operations, directly related to the increase in activity at both facilities and their related revenues. In 2021, many strategies were implemented to maintain the integrity and security of the facilities while decreasing costs to ensure the facilities were ready to quickly return to normal operations when needed.

#### *Nonoperating Revenues*

When not experiencing the effects of a global pandemic, nonoperating revenues result primarily from a parking lease (Area #2) and investment income. As cash is generated by operations, the Authority gauges future cash flow needs and invests excess cash as available to maximize return and value for the Authority. In 2023, a \$30M grant award from the Michigan Economic Development Corporation (MEDC) to provide funding to support the costs of architecture and construction for a new downtown riverfront amphitheater was announced. The \$15M first installment received from the 2023 MEDC grant in March provided for the reimbursement of eligible expenses totaling almost \$1.5M through the end of the fiscal year as well as a notable increase in non-restricted investment income (adding to the impacts of interest rate increases seen as a result of inflation). The remaining \$13.5 million balance of unspent 2023 grant funds was considered unearned revenue at June 30, 2023.

In 2022, investment income remained relatively consistent with the prior year reflecting decreases in the investable base in the early part of the year (as investments matured and were used to cover operating losses) offset by increases in the investable base when a significant federal grant of \$10M (Shuttered Venue Operators Grant) was received to help mitigate the impacts of the global pandemic. Later in the fiscal year an additional \$448k was accrued related to the pandemic, funds that will pass through the County.

While the amphitheater project was considered to be in the Proof of Concept (POC) stage in fiscal year 2019 and no funds were spent, certain expenses for feasibility, site selection and related consulting services were incurred during fiscal years 2020 (\$350,207) and 2021 (\$368,400) covered by an initial 2019 grant from the MEDC. Remaining grant funds and associated interest earned thereon were spent on a refundable option to purchase real estate from the City of Grand Rapids for the amphitheater site. In March of 2023, the option was exercised pursuant to a resolution adopted by the Board of Directors and in July 2023 an agreement regarding payment and closing dates was executed between the parties. The agreement provides for certain conditions to be met before closing on the option resulting in the continued classification of the option as refundable whereby the remaining balance of grant funds was considered unearned revenue at June 30, 2023, 2022 and 2021.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Management's Discussion and Analysis

#### *Transfer of Constructed Assets*

During fiscal year 2022, the Authority pledged to participate in a park improvement project that will benefit future patrons of the DeVos Place and DeVos Performance Hall facilities since the park is adjacent to them. Funds committed to the community organization leading the project are limited to a \$600k deposit and future minor repairs and maintenance needed in the normal course required for Authority-run events there.

Bonds issued by the City-County Building Authority ("CCBA") and the City of Grand Rapids Downtown Development Authority ("DDA") are collateralized by assets and construction expenses associated with DeVos Place Convention Center and Van Andel Arena, respectively. During fiscal year 2021, construction expenses of approximately \$874k were transferred to the City-County Building Authority and the Downtown Development Authority. When the bonds issued by the City-County Building Authority have been retired, title to both the Arena and DeVos Place will be conveyed to the Authority.

#### **Capital Assets and Debt Administration**

**Capital Assets.** At June 30, 2023 and 2022, the Authority had invested \$2,180,992 and \$871,413, respectively, net of accumulated depreciation, in capital assets (see the table below). Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements.

	<b>Capital Assets (Net of Depreciation)</b>		
	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Construction in progress	\$ 1,481,718	\$ -	\$ -
Equipment	699,274	871,413	1,135,326
	<u>\$ 2,180,992</u>	<u>\$ 871,413</u>	<u>\$ 1,135,326</u>

The facilities managed by the Authority were constructed with bonds issued by the CCBA and the DDA. When the bonds have been retired, title to both the Arena and DeVos Place will be conveyed to the Authority.

**Debt Administration.** The Authority had no long-term debt as of June 30, 2023, 2022 or 2021.

#### **Economic Condition and Outlook**

Management believes that the Grand Rapids-Kent County Convention/Arena Authority is in good condition both administratively and financially. While the impacts of the global pandemic are in the rearview mirror, we are encouraged by the strong return of the concert and performance hall business and the measured return of convention business strengthened by the commitment of federal, state and local grants to mitigate the effects of it. The Authority further believes that while this business has come back in a robust way, how the business operates has changed, and will continue to do so in the future. This report covers the twenty-second and twenty-third years of operations. The Authority's operations and finance committees continue to monitor policies and practices governing facility rates, booking preferences and quality of service. Long-term booking activity, enhanced by the services of Experience Grand Rapids, continues to draw commitments for convention center activity, which is now booking through calendar year 2031.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Management's Discussion and Analysis

The Authority's facilities currently include a 12,000+ seat capacity Van Andel Arena, a 2,400 seat DeVos Performance Hall, a 685 parking space facility below the convention center complex, a 160,000 square foot full-service exhibit hall, related meeting rooms offering over 24,000 square feet of additional space, as well as a 40,000 square foot ballroom. As an additional commitment to the community, the Authority continues to pursue increases in their facility capacity through the much anticipated outdoor amphitheater and a potential public outdoor soccer stadium.

The fiscal year 2024 (beginning July 1, 2023) budget forecasts operating revenues of \$17.4 million with operating expenses (before depreciation) of \$15.9 million. The Authority's fiscal year 2024 budget includes some sizable capital repair and replacement projects, however still provides for healthy operating reserves for the future, strengthened by the support of the community and the State of Michigan. Debt service obligations related to Van Andel Arena and DeVos Place Convention Center are being financed by Grand Rapids Downtown Development Authority tax increment revenues and Kent County lodging excise tax revenues.

#### Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenue it earns. Questions about this report or requests for additional financial information should be directed to the Grand Rapids-Kent County Convention/Arena Authority's Administrative Manager at 303 Monroe Avenue NW, Grand Rapids, MI 49503.

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## **BASIC FINANCIAL STATEMENTS**

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Statements of Net Position

	June 30,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 26,755,796	\$ 17,825,295
Restricted Investments	14,224,076	10,030,543
Refundable deposit - City of Grand Rapids	4,281,393	4,281,393
Investments	21,615,406	13,255,305
Accounts receivable, net	3,695,527	3,353,791
Prepaid expenses	358,937	489,210
Total current assets	<u>70,931,135</u>	<u>49,235,537</u>
Noncurrent assets:		
Capital assets not being depreciated	1,481,718	-
Capital assets being depreciated, net	699,274	871,413
Total noncurrent assets	<u>2,180,992</u>	<u>871,413</u>
<b>Total assets</b>	<u>73,112,127</u>	<u>50,106,950</u>
<b>Liabilities (all current)</b>		
Accounts payable and accrued liabilities	9,336,523	4,043,633
Accrued expenses	1,650,536	1,680,983
Advance ticket sales	11,171,036	9,217,895
Advance deposits	471,647	596,768
Unearned revenue	20,862,411	6,973,846
<b>Total liabilities (all current)</b>	<u>43,492,153</u>	<u>22,513,125</u>
<b>Net position</b>		
Investment in capital assets	2,180,992	871,413
Unrestricted	27,438,982	26,722,412
<b>Total net position</b>	<u>\$ 29,619,974</u>	<u>\$ 27,593,825</u>

The accompanying notes are an integral part of these basic financial statements.

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Statements of Revenues, Expenses and Changes in Fund Net Position

	Year Ended June 30,	
	2023	2022
<b>Operating revenues</b>		
Charges for services - facilities	\$ 19,269,644	\$ 15,394,271
<b>Operating expenses</b>		
Personnel services	5,829,606	4,629,598
Utilities	2,565,998	2,275,444
Supplies and other expenses	4,914,523	729,028
Contractual services	5,043,594	4,105,599
Depreciation	245,901	343,458
Repairs and maintenance	1,179,866	940,817
Professional services	164,901	167,381
<b>Total operating expenses</b>	19,944,389	13,191,325
Operating income (loss)	(674,745)	2,202,946
<b>Nonoperating revenues</b>		
Interest revenue	836,174	197,269
Federal grant revenues	-	10,042,022
State and local grant revenues	1,481,718	447,957
Other revenue	383,002	371,385
<b>Total nonoperating revenues</b>	2,700,894	11,058,633
Income before transfers out	2,026,149	13,261,579
Transfer of constructed assets/funding to joint construction project	-	(600,000)
<b>Change in net position</b>	2,026,149	12,661,579
Net position, beginning of year	27,593,825	14,932,246
<b>Net position, end of year</b>	\$ 29,619,974	\$ 27,593,825

The accompanying notes are an integral part of these basic financial statements.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>Cash flows from operating activities</b>		
Cash received from facility operations	\$ 21,180,048	\$ 14,907,979
Cash payments to employees	(5,771,647)	(4,563,575)
Cash payments for goods and services	(8,587,963)	(7,269,948)
<b>Net cash provided by (used in) operating activities</b>	<u>6,820,438</u>	<u>3,074,456</u>
<b>Cash flows from capital and related financing activities</b>		
State and federal grants	15,000,000	10,000,000
Acquisition/construction of capital assets	(1,555,480)	(79,545)
Acquisition/construction of transferred assets	-	(600,000)
Other receipts	383,002	371,385
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>13,827,522</u>	<u>9,691,840</u>
<b>Cash flows from investing activities</b>		
Interest and dividends received	836,174	197,269
Proceeds from sale of investments	3,875,900	1,800,000
Purchases of investments	(16,429,533)	(10,090,159)
<b>Net cash provided by (used in) investing activities</b>	<u>(11,717,459)</u>	<u>(8,092,890)</u>
<b>Net change in cash and cash equivalents</b>	8,930,501	4,673,406
Cash and cash equivalents, beginning of year	<u>17,825,295</u>	<u>13,151,889</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 26,755,796</u>	<u>\$ 17,825,295</u>

continued...

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>Reconciliation of operating income (loss)</b>		
<b>to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ (674,745)	\$ 2,202,946
Adjustments to reconcile operating income (loss)		
to net cash provided by (used in) operating activities:		
Depreciation	245,901	343,458
Change in operating assets and liabilities:		
Accounts receivables, net	(341,736)	(2,120,052)
Prepaid expenses	130,273	(103,221)
Accounts payable and accrued liabilities	5,292,890	3,588,939
Accrued expenses	(30,447)	446,065
Advance ticket sales	1,953,141	(1,918,209)
Advance deposits	(125,121)	(27,947)
Unearned revenue	370,282	662,477
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,820,438</b>	<b>\$ 3,074,456</b>

concluded

The accompanying notes are an integral part of these basic financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grand Rapids - Kent County Convention/Arena Authority (the "Authority") was created by the City of Grand Rapids (the "City") and the County of Kent (the "County"), under the provisions of Act 203 of the Public Acts of Michigan of 1999. The Authority was established for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, repairing, financing, refinancing, equipping and operating convention facilities (including all or part of, or any combination of, a convention hall, auditorium, arena, meeting rooms, exhibition area and related adjacent public areas, together with appurtenant property including parking lots and structures) and real property on which they are located.

The Authority includes the operations of DeVos Place which provides space for conventions, concerts, meetings and other performances. Capital assets of DeVos Place were transferred to the City-County Building Authority (the "CCBA") where they are pledged until the related bonds are retired in 2031. At that time, ownership of these capital assets will be transferred to the Authority.

The Authority also includes the operations of the Van Andel Arena (the "Arena") which provides space for conventions, concerts, sporting events, meetings and other performances. The Grand Rapids Downtown Development Authority (the "DDA") maintains ownership of certain capital assets until the CCBA bonds are retired in 2031 according to the terms of the operating agreement signed by the CCBA, DDA and the Authority. At that time, ownership of these capital assets will be transferred to the Authority.

The accounting and reporting policies of the Authority conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The Authority is a special-purpose entity that uses proprietary fund reporting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's proprietary fund is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority uses the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Notes to Financial Statements

### **Assets, Liabilities and Net Position**

#### ***Cash and Cash Equivalents***

The Authority considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents for the statements of cash flows.

#### ***Investments***

State statutes authorize governments to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

The Authority participates in the Kent County Investment Pool (the "Pool") which is managed by the County Treasurer. Investments underlying the County External Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. treasuries and agencies, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to participating governments. Positions in external investment pools are not required to be categorized within the fair value hierarchy.

#### ***Restricted Investments***

Restricted investments consist of amounts received for a downtown riverfront amphitheater project from the Michigan Economic Development Corporation (MEDC) at June 30, 2023 and at June 30, 2022 amounts received for the Shuttered Venue Operators Grant (SVOG) related to the COVID-19 global pandemic to offset expenses incurred by the Authority from March 19, 2020 through December 31, 2022. During fiscal year 2023 all SVOG funds were reimbursed to the Authority operations cash account where grant expenses were paid.

#### ***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### ***Prepaid Expenses***

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

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Notes to Financial Statements

### *Capital Assets*

Capital assets, which are limited to certain building and structures and equipment, are stated at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of three or more years. The facilities managed by the Authority were constructed with bonds issued by the CCBA and the DDA. When the bonds have been retired, title to both the Arena and DeVos Place will be conveyed to the Authority.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and structures	1-34
Equipment	3-10

### *Unearned Revenues*

Amounts received in advance of project costs being incurred are reported as unearned revenue. During the year ended June 30, 2019, the Authority received \$5 million in grant funds from the State of Michigan to be used for a capital project. During the year ended June 30, 2020, \$350,207 was spent. During the year ended June 30, 2021, \$368,400 was spent; the remaining balance not spent was deposited with the City of Grand Rapids for the refundable option to purchase real estate for the outdoor public amphitheater and is considered unearned revenue at June 30, 2023 since, although the option has been exercised, the related purchase agreement was not executed until fiscal year 2024 (see subsequent event disclosure later in these notes). Additionally, as part of the management agreement with SMG effective for fiscal year 2019, SMG paid the Authority a \$1 million contribution to be amortized over a 20 year period. The Authority recognized \$50,000 as revenue in the current and prior year. The remaining unamortized amount as of June 30, 2023 of \$750,000 will be recognized over the term of the agreement. Finally, a \$30M grant award from the MEDC to provide funding to support costs of architecture and construction for the new downtown riverfront amphitheater was announced in October of 2022. The \$15M first installment received from the MEDC in March 2023 provided for the reimbursement of eligible expenses totaling almost \$1.5M through the end of the fiscal year; the remaining funds from the first installment are included in unearned revenues until eligible expenses are incurred.

### *Compensated Absences*

Employees are credited with 20 days of vacation each calendar year, which cannot be carried over. Accrued compensated absences accumulated from January to June and not yet used totaled \$83,889 and \$84,985 at June 30, 2023 and 2022, respectively.

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Notes to Financial Statements

### Revenues

The Authority records facilities revenue upon completion of the event at DeVos Place or the Arena. Accordingly, amounts received for advance ticket sales or deposits are recorded as unearned revenue until that time. Costs incurred prior to an event are recorded as prepaid expenses and charged to expense upon completion of the event. In accordance with the SMG facility management agreement, certain direct event expenses billed to facility customers are netted against the related event revenue that they generate. Event revenues are reported net of related event expenses of \$10,516,370 and \$8,802,449 for the years ended June 30, 2023 and 2022, respectively.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the statement of net position follows:

	June 30,	
	2023	2022
<b>Statement of net position</b>		
Cash and cash equivalents	\$ 26,755,796	\$ 17,825,295
Restricted Investments	14,224,076	10,030,543
Investments	21,615,406	13,255,305
<b>Total</b>	<u>\$ 62,595,278</u>	<u>\$ 41,111,143</u>
<b>Deposits and investments</b>		
Bank deposits - checking / savings accounts	\$ 27,979,872	\$ 17,825,295
Investments in the Kent County Investment Pool	34,615,406	23,285,848
<b>Total</b>	<u>\$ 62,595,278</u>	<u>\$ 41,111,143</u>

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. At June 30, 2023, \$27,036,779 of the Authority's bank balance of \$27,786,779 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2022, \$16,995,003 of the Authority's bank balance of \$17,594,886 was exposed to custodial credit risk because it was uninsured and uncollateralized.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Notes to Financial Statements

The Authority's investment policy does not specifically address this risk, although the Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a policy for investment custodial credit risk. As of June 30, 2023 and 2022, the Authority's investments were not subject to custodial credit risk. Additional information regarding custodial credit risk can be found in the notes to the financial statements of the County's Annual Comprehensive Financial Report.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment credit risk. The County investment pool is not rated. Additional information regarding credit risk of the investments held in the County investment pool can be found in the notes to the financial statements of the County's Annual Comprehensive Financial Report.

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's investments at June 30, 2023 and 2022 consisted entirely of balances in the Kent County Investment Pool. Such amounts are accessible to the Authority on demand. The Authority's investments do not have identifiable maturity dates. Additional information regarding interest rate risk can be found in the notes to the financial statements of the County's Annual Comprehensive Financial Report.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above. Information on concentration of credit risk for the County Investment Pool can be found in the notes to the financial statements of the County's Annual Comprehensive Financial Report.

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Notes to Financial Statements

### 3. ACCOUNTS RECEIVABLES

Accounts receivables are comprised of the following:

	June 30,	
	2023	2022
Facility customers/events	\$ 2,477,339	\$ 1,679,890
Ancillary revenues	1,279,151	1,279,940
Grant related	-	447,957
Allowance for uncollectible accounts	(60,963)	(53,996)
	<u>\$ 3,695,527</u>	<u>\$ 3,353,791</u>

### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ 1,481,718	\$ -	\$ -	\$ 1,481,718
Capital assets, being depreciated:					
Buildings and structures	322,431		-	-	322,431
Equipment	5,034,394	73,762	-	-	5,108,156
	<u>5,356,825</u>	<u>73,762</u>	<u>-</u>	<u>-</u>	<u>5,430,587</u>
Less accumulated depreciation for:					
Buildings and structures	(322,431)	-	-	-	(322,431)
Equipment	(4,162,981)	(245,901)	-	-	(4,408,882)
	<u>(4,485,412)</u>	<u>(245,901)</u>	<u>-</u>	<u>-</u>	<u>(4,731,313)</u>
Total capital assets, being depreciated	<u>871,413</u>	<u>(172,139)</u>	<u>-</u>	<u>-</u>	<u>699,274</u>
<b>Capital assets, net</b>	<u>\$ 871,413</u>	<u>\$ 1,309,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180,992</u>

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Notes to Financial Statements

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, being depreciated:					
Buildings and structures	\$ 322,431	\$ -	\$ -	\$ -	\$ 322,431
Equipment	4,954,849	79,545	-	-	5,034,394
	<u>5,277,280</u>	<u>79,545</u>	<u>-</u>	<u>-</u>	<u>5,356,825</u>
Less accumulated depreciation for:					
Buildings and structures	(322,431)	-	-	-	(322,431)
Equipment	(3,819,523)	(343,458)	-	-	(4,162,981)
	<u>(4,141,954)</u>	<u>(343,458)</u>	<u>-</u>	<u>-</u>	<u>(4,485,412)</u>
<b>Capital assets, net</b>	<u>\$ 1,135,326</u>	<u>\$ (263,913)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,413</u>

### 5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, natural disasters, and employee injuries. The Authority carries commercial insurance for most risks of loss, including employee life, health and accident insurance. The Authority has not experienced settlements in excess of insurance coverage during the past three years.

### 6. COMMITMENTS AND CONTINGENCIES

The Authority has entered into an agreement with SMG to manage the operations of DeVos Place and the Arena through June 30, 2028.

The Authority pays SMG an annual base management fee and an incentive fee based on the results of operations of DeVos Place and the Arena. For the years ended June 30, 2023 and 2022, total management and incentive fees earned by SMG were approximately \$765,000 and \$743,000, respectively, and are recorded in contractual services expense.

The Authority negotiated a memorandum of understanding agreement with a number of parties related to a community park improvement project that will provide additional benefits and options to patrons of the Authority's facilities since the park is adjacent to them. The Authority provided \$600,000 to the project during fiscal year 2023 (which was included in accrued expenses at June 30, 2022), the only funding commitment to the project other than future minor repair and maintenance of the improvements (which will be shared among the parties); major repairs will be the responsibilities of other parties to the agreement.

## GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

### Notes to Financial Statements

The Authority is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority.

#### 7. SUBSEQUENT EVENT

During fiscal year 2019 a downtown riverfront amphitheater project was proposed and an initial \$5M grant earmarked for this purpose was received (and deferred as unearned) from the MEDC. While no funds were spent in fiscal year 2019, certain expenses for feasibility, site selection and related consulting services were incurred during fiscal years 2020 (\$350,207) and 2021 (\$368,400). Remaining grant funds and associated interest earned thereon were spent in 2021 on a refundable option to purchase real estate from the City of Grand Rapids for the amphitheater site. In March of 2023, the option was exercised pursuant to a resolution adopted by the Board of Directors. In July 2023 an agreement regarding payment and closing dates was executed between the parties. The agreement provides for certain conditions to be met before closing on the option resulting in the continued classification of the option as refundable whereby the remaining balance of the initial grant funds was considered unearned revenue at June 30, 2023 and 2022.

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## **SUPPLEMENTARY INFORMATION (UNAUDITED)**

# GRAND RAPIDS - KENT COUNTY CONVENTION/ARENA AUTHORITY

## Schedule of Revenues, Expenses and Changes in Fund Net Position

Budget and Actual

For the Year Ended June 30, 2023

	Budget	Actual	Actual Over (Under) Budget
<b>Operating revenues</b>			
Charges for services - facilities	\$ 14,482,488	\$ 19,269,644	\$ 4,787,156
<b>Operating expenses</b>			
Personnel services	5,379,214	5,829,606	450,392
Utilities	2,380,100	2,565,998	185,898
Supplies and other expenses	584,300	4,914,523	4,330,223
Contractual services	4,258,517	5,043,594	785,077
Depreciation	-	245,901	245,901
Repairs and maintenance	960,500	1,179,866	219,366
Professional services	247,670	164,901	(82,769)
<b>Total operating expenses</b>	<u>13,810,301</u>	<u>19,944,389</u>	<u>6,134,088</u>
<b>Operating income (loss)</b>	<u>672,187</u>	<u>(674,745)</u>	<u>(1,346,932)</u>
<b>Nonoperating revenues</b>			
Interest revenue	100,000	836,174	736,174
State grant revenues	-	1,481,718	1,481,718
Other revenue	387,830	383,002	(4,828)
<b>Total nonoperating revenues</b>	<u>487,830</u>	<u>2,700,894</u>	<u>2,213,064</u>
Income (loss) before transfers out	1,160,017	2,026,149	866,132
Transfer of constructed assets/ funding to joint construction project	<u>(6,079,000)</u>	<u>-</u>	<u>6,079,000</u>
<b>Change in net position</b>	<u>(4,918,983)</u>	<u>2,026,149</u>	<u>6,945,132</u>
Net position, beginning of year	<u>27,593,825</u>	<u>27,593,825</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 22,674,842</u>	<u>\$ 29,619,974</u>	<u>\$ 6,945,132</u>

## INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 28, 2023

Members of the Grand Rapids-Kent County  
Convention/Arena Authority Board  
Grand Rapids, Michigan

We have audited the financial statements of the **Grand Rapids-Kent County Convention/Arena Authority** (the "Authority") as of and for the year ended June 30, 2023 and 2022, and have issued our report thereon dated November 28, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 26, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on October 27, 2023.



## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the risks of management override of internal control, revenue recognition, and the completeness of subscription-based information technology arrangements (SBITAs) as significant risks, and have obtained an understanding of the Authority's related controls, including control activities, relevant to such risks.

## **Qualitative Aspects of the Authority's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

**Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in Attachment B to this letter.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

**Upcoming Changes in Accounting Standards**

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the **Grand Rapids-Kent County Convention/Arena Authority** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

## GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY

### ■ Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2023 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

#### **GASB 100 ■ Accounting Changes and Error Corrections**

*Effective 06/15/2024 (your FY 2024)*

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the Authority.

#### **GASB 101 ■ Compensated Absences**

*Effective 12/15/2024 (your FY 2025)*

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.

■ ■ ■ ■ ■

## GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY

### Attachment B - Management Representations

For the June 30, 2023 Audit

The following pages contain the written representations that we requested from management.

**RICHARD A. WINN**  
CHAIRMAN

**HON. ROSALYNN BLISS**

**MANDY BOLTER**

**LEW CHAMBERLIN**

**BIRGIT M. KLOHS**

**MICHAEL B. VERHULST**

November 28, 2023

Rehmann Robson LLC  
2330 East Paris Ave SE  
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of the financial statements of the **Grand Rapids-Kent County Convention/Arena Authority** (the "Authority"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 28, 2023:

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 26, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.



1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
2. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
3. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
4. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
5. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
6. All funds and activities are properly classified.
7. All funds that meet the quantitative criteria in 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*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
8. All components of net position classifications have been properly reported.
9. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
10. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
11. All interfund and intra-entity transactions and balances have been properly classified and reported.
12. Deposit and investment risks have been properly and fully disclosed.
13. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
14. All required supplementary information is measured and presented within the prescribed guidelines.

#### **Information Provided**

15. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.

19. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
20. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
21. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
22. We have a process to track the status of audit findings and recommendations.
23. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
24. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
25. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
26. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
27. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
28. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
29. We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
30. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
31. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
32. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
33. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
34. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

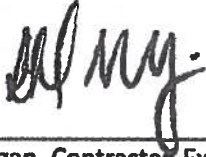
**Required Supplementary Information**

35. With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

  
\_\_\_\_\_

Cheri McConomy, Contracted Finance Director

  
\_\_\_\_\_

Richard MacKeigan, Contracted Executive Director



**Consolidated Financial Report**  
**October 31, 2023**

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# GRAND RAPIDS-KENT COUNTY

CONVENTION / ARENA AUTHORITY

Financial Dashboard  
Year-To-Date (4 Months)  
October 31, 2023

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	16	19	34	8	8	9
Attendance	111,901	131,000	158,641	71,997	64,000	80,335
Event Income	\$ 2,127,640	\$ 2,219,258	\$ 3,211,879	\$ 1,015,749	\$ 813,280	\$ 1,509,443
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	126	138	177	59	71	73
Attendance	105,000	172,060	148,389	51,940	69,710	42,900
Event Income	\$ 1,997,961	\$ 2,479,891	\$ 2,785,960	\$ 953,382	\$ 1,411,945	\$ 1,005,790
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 445,196	\$ 560,835	\$ 2,079,817
Capital/Repair/Replacement				(511,731)	(705,230)	(705,230)
Net - To/(From) on Fund Balance				\$ (66,535)	\$ (144,395)	\$ 1,374,588

**\*NOTES:**

(1) Unrestricted Fund Balance - 6/30/23 \$27,438,982  
(audited)

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

**Summary by Facility/Other**

**Fiscal Year Ending June 30, 2024**

**FY 2024**

	<b>7/1 - 10/31/23</b>			
	<b>Year-to-Date</b>	<b>Roll</b>	<b>Estimate<sup>(1)</sup></b>	<b>Budget</b>
<b>Van Andel Arena</b>				
Operating - Revenues	\$ 3,211,879	\$ 6,134,119	\$ 9,345,998	\$ 7,106,175
- Expenses - Facilities	(1,612,936)	(3,544,946)	(5,157,882)	(5,157,882)
- Base Management Fees	(65,687)	(131,374)	(197,061)	(197,061)
- Incentive Fee	-	(208,197)	(208,197)	(93,069)
Net Operating Income (Loss)	1,533,256	2,249,602	3,782,858	1,658,163
Parking	136,370	248,130	384,500	384,500
Pedestrian Safety	(18,112)	(51,888)	(70,000)	(70,000)
<b>Net Proceeds (Cost) of VAA</b>	<b>1,651,515</b>	<b>2,445,843</b>	<b>4,097,358</b>	<b>1,972,663</b>
<b>DeVos Place Convention Center</b>				
Operating - Revenues	2,785,960	5,499,432	8,285,392	7,983,737
- Expenses - Facilities	(2,582,501)	(5,210,695)	(7,793,196)	(7,793,196)
- Base Management Fees	(65,687)	(131,374)	(197,061)	(197,061)
- Incentive Fee	-	(185,925)	(185,925)	(301,053)
Net Operating Income (Loss)	137,772	(28,562)	109,210	(307,573)
Parking	531,079	1,157,941	1,689,020	1,689,020
Pedestrian Safety	-	-	-	-
<b>Net Proceeds (Cost) of DVP</b>	<b>668,851</b>	<b>1,129,379</b>	<b>1,798,230</b>	<b>1,381,447</b>
<b>Other</b>				
Revenues	230,030	407,720	637,750	637,750
Expenses	(470,579)	(809,104)	(1,279,683)	(1,279,683)
Net Other	(240,549)	(401,384)	(641,933)	(641,933)
<b>Total Net Proceeds/Operating</b>	<b>2,079,817</b>	<b>3,173,838</b>	<b>5,253,655</b>	<b>2,712,177</b>
Capital/Repair Expenditures	(705,230)	(14,485,442)	(15,190,672)	(15,190,672) <sup>(2)</sup>
<b>Results Net of Capital/Repair Expenditures</b>	<b>\$ 1,374,588</b>	<b>\$ (11,311,605)</b>	<b>\$ (9,937,017)<sup>(3)</sup></b>	<b>\$ (12,478,495)</b>

Notes:

(1) Estimates compiled quarterly through third quarter (March 31) and monthly thereafter.

(2) See detailed Capital Replacement/Improvement Budget schedule on following page (tab)

(3) At fiscal year end, estimated Unrestricted Fund Balance will total approximately \$22,501,965

**Grand Rapids-Kent County Convention/Arena Authority  
Administrative - Operating / Capital Replacement Budget  
FY 2024 Budget**

FY 2023 Eligible Projects:		Budget	Actual 7/1-10/31/23	Roll	Appropriation Lapse	Requested Carryover
<b>Van Andel Arena®</b>						
	Emergency Exit Door Replacement	95,000				
	Ice Plant Compressor Change	190,000	\$ 4,170			
	Video/Scoreboard	1,200,000				
	Fencing	150,000				
	Zamboni	150,000	25,000			
	Floor Seating Replacement	290,000				
	New Storage Room (Sports Tenants)	400,000				
	Food and Beverage POS System	410,000 (2)				
	Volleyball Court, Equipment & Install	150,000 (2)				
	Air Handler Motor Refurbishment	50,000				
	<b>Total VAA</b>	<b>3,085,000</b>	<b>29,170</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DeVos Place®</b>						
	Parking Control Equipment & Software	254,000	<b>131,210</b>			
	Grand Gallery Beam Detector	50,000				
	Chiller Rebuild	300,000				
	Michigan Street Dock Doors	100,000				
	Fiber/Switch Upgrades & Replacement	160,000				
	Performance Hall Sound Board	250,000				
	Skywalk Carpeting	150,000				
	Convention Center Public Space Furniture	95,000	84,872			
	Ballroom Lighting & Controls	3,100,000 (2)	86,916			
	Westside Ballroom HVAC Repair	120,000 (2)				
	Performance Hall Seating/Box Seating					
	Additional Needs	30,000				
	<b>Total DVP</b>	<b>4,609,000</b>	<b>302,998</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amphitheater</b>						
	Land Advance Closing Payment	5,000,000 (2)				
<b>Both Venues</b>						
	Concrete	100,000				
	Surveillance	500,000				
	<b>Total Both Venues</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carryover Projects</b>						
Both	Radio System Upgrade	100,000 (1)				
Both	Small Motor Equipment	19,338 (1)	10,765			
DVP	Ballroom Lighting & Controls	362,297 (1)	362,297			
DVP	Projection Theater Upgrades	250,000				
DVP	Performance Hall LED	50,000				
DVP	Performance Hall Seating	347,450				
DVP	Performance Hall Box Seating	47,475				
VAA	Suite Refresher	720,112				
	<b>Total Carryover</b>	<b>1,896,672</b>	<b>373,062</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total FY 2023 Capital Budget</b>		<b>\$ 15,190,672</b>	<b>\$ 705,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Note: The FY2024 budget, as adopted, included \$8,029,037 for capital repair/replacement projects

- (1) Request to re-appropriate a total of \$481,635 for previous year projects that could not be completed for supply issues approved at August 25th BOD meeting
- (2) The August monthly financial report included a request to fund the Amphitheater site Advance Closing Payment of \$5M, pull-forward \$1,000,000 for project work previously planned for FY25 as well as three additional projects totaling \$680,000 - see memo dated 10/3/23 and related BOD minutes for budget amendment approval

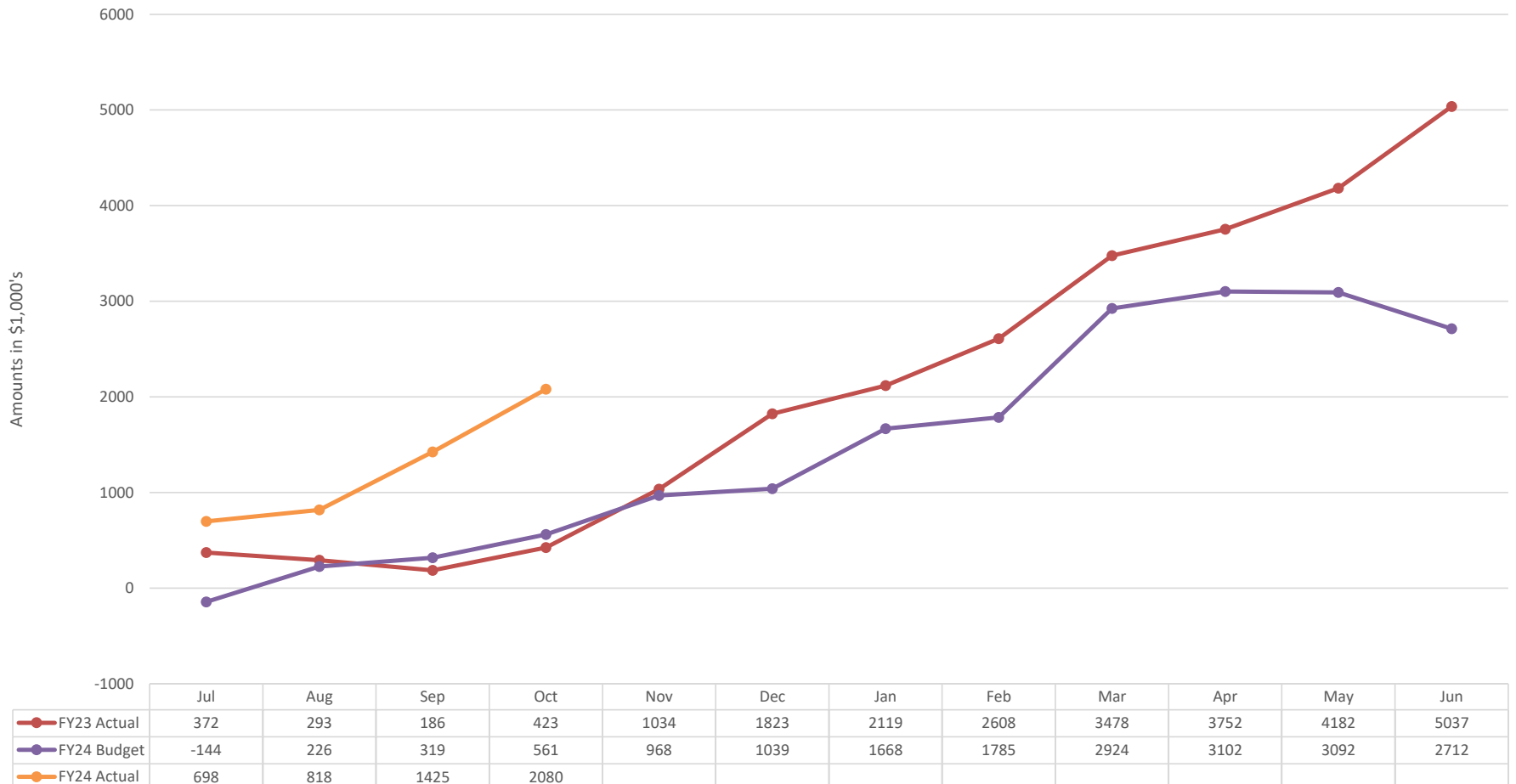
**Grand Rapids-Kent County Convention/Arena Authority**  
**Budget Summary by Facility/Other**  
**Financial Trends for Year Ending June 30, 2024**

	Annual			Year-To-Date		
	FY 2023 Unaudited	FY 2024 Budget	Change Positive (Negative)	FY 2023 7/1-10/31/22	FY 2024 7/1-10/31/23	Change Positive (Negative)
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 9,129,475	\$ 7,106,175	-22.2%	\$ 2,127,640	\$ 3,211,879	51.0%
- Expenses - Facilities	(5,332,037)	(5,157,882)	3.3%	(1,645,504)	(1,612,936)	-2.0%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(61,029)	(65,687)	7.6%
- Incentive Fee	(189,217)	(93,069)	-	-	-	-
Net Operating Income (Loss)	3,416,900	1,658,163	51.5%	421,107	1,533,256	264.1%
Parking	383,002	384,500	0.4%	147,762	136,370	-7.7%
Pedestrian Safety	(95,167)	(70,000)	-100.0%	-	(18,112)	0.0%
<b>Net Proceeds (Cost) of VAA</b>	<b>3,704,735</b>	<b>1,972,663</b>	<b>-87.8%</b>	<b>568,869</b>	<b>1,651,515</b>	<b>190.3%</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	8,492,699	7,983,737	-6.0%	1,997,961	2,785,960	39.4%
- Expenses - Facilities	(8,118,292)	(7,793,196)	4.0%	(2,156,587)	(2,582,501)	19.7%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(63,269)	(65,687)	3.8%
- Incentive Fee	(193,425)	(301,053)	-	-	-	0.0%
Net Operating Income (Loss)	(10,339)	(307,573)	-2874.9%	(221,895)	137,772	162.1%
Parking	1,427,969	1,689,020	18.3%	355,814	531,079	49.3%
Pedestrian Safety	-	-	0.0%	-	-	0.0%
<b>Net Proceeds (Cost) of DVP</b>	<b>1,417,630</b>	<b>1,381,447</b>	<b>-2.6%</b>	<b>133,919</b>	<b>668,851</b>	<b>-399.4%</b>
<b>Other</b>						
Revenues	2,188,671	637,750	-70.9%	78,333	230,030	193.7%
Expenses	(993,493)	(1,279,683)	-28.8%	(335,925)	(470,579)	40.1%
<b>Net Other</b>	<b>1,195,178</b>	<b>(641,933)</b>	<b>-81.0%</b>	<b>(257,592)</b>	<b>(240,549)</b>	<b>-6.6%</b>
<b>Total Net Proceeds/Operating</b>	<b>6,317,543</b>	<b>2,712,177</b>	<b>78.0%</b>	<b>445,196</b>	<b>2,079,817</b>	<b>367.2%</b>
Capital/Repair Expenditures	(4,291,394)	(15,190,672)	52.0%	(511,731)	(705,230)	-37.8%
<b>Results Net of Capital Expenditures</b>	<b>\$ 2,026,149</b>	<b>\$ (12,478,495)</b>	<b>71.0%</b>	<b>\$ (66,535)</b>	<b>\$ 1,374,588</b>	<b>-2166.0%</b>

NOTES: Combined net operating income of VAA & DVP is just under \$1.5 million improvement over same point prior fiscal year.

# CAA Trends

## Monthly Net Operating Proceeds through October 31, 2023



**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**October 31, 2023**

	<b>Annual</b>			<b>Actual</b>		
	<b>FY 2023</b>	<b>FY 2024</b>	<b>Change</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Change</b>
	<b>Unaudited</b>	<b>Budget</b>	<b>Positive</b>	<b>7/1-10/31/23</b>	<b>7/1-10/31/23</b>	<b>Positive</b>
			<b>(Negative)</b>			<b>(Negative)</b>
Other						
Revenues						
Interest/Capital Contr.	\$ 2,101,294	\$ 569,750	-72.9%	\$ 76,533 <sup>(2)</sup>	\$ 230,030	200.6%
Miscellaneous	87,377	68,000	-22.2%	1,800	-	-100.0%
	<u>2,188,671</u>	<u>637,750</u>	<u>-70.9%</u>	<u>78,333</u>	<u>230,030</u>	<u>193.7%</u>
Expenses						
Recognition/New Venue						
Awareness	66,225	200,000 <sup>(3)</sup>	-100.0%	1,885	158,869	0.0%
Marketing (CVB/Sports)	200,000	200,000	0.0%	66,667	66,667	0.0%
Diversity Initiative	100,349	200,000	-99.3%	57,253	11,217	80.4%
Wages/Benefits	99,508	113,982	-14.5%	11,179	27,477	-145.8%
Professional Services	164,714	139,852	15.1%	60,119	61,077	-1.6%
DID Assessment	66,646	67,692	-1.6%	66,646	70,169	0%
Food & Beverage Repairs	46,042	45,000	-100.0%	-	-	0%
Consulting Services	135,857	200,000 <sup>(1)</sup>	-47.2%	26,429	23,861	9.7%
Landscaping	38,413	47,615	-24.0%	3,526	17,579	0%
Procurement of Art	25,283	30,000	-100.0%	16,489	6,568	0%
Insurance	19,797	25,542	-29.0%	25,542	26,208	-2.6%
Supplies/Other	30,658	10,000	67.4%	190	886	-366.5%
	<u>993,493</u>	<u>1,279,683</u>	<u>-28.8%</u>	<u>335,925</u>	<u>470,579</u>	<u>-40.1%</u>
Net Proceeds - Operating	<u>\$ 1,195,178</u>	<u>\$ (641,933)</u>	<u>153.7%</u>	<u>\$ (257,592)</u>	<u>\$ (240,549)</u>	<u>-6.6%</u>

Notes:

<sup>(1)</sup> SMG - \$58,880; Potomac Strategic Development - \$36,000; Progressive AE - \$50,000; \$55,120 Hotel Study

<sup>(2)</sup> Excludes \$15M first installment received from MEDC for Amphitheater project

<sup>(3)</sup> Includes \$150,000 contribution for ArtPrize events

**Grand Rapids-Kent County Convention/Arena Authority**  
**Special Accounts**  
**Downtown Amphitheater Project**  
**Grant Period: 10/1/22 to 12/31/26**  
**Revenues/Expenses**  
**October 31, 2023**

**Michigan Economic Development Corporation Grant**

	<u><b>Budget</b></u>	<u><b>Receipts / Expenditures</b></u>
Revenues:		
State Grant	\$ 30,000,000	\$ 15,000,000
Expenses:		
Architecture and Construction costs	(30,000,000)	
Paid in May, 2023		(775,899)
Paid in June, 2023		(621,949)
Accrued at June 30, 2023		(83,870)
Deferred Revenue Balance @ 10/31/23	<u><u>\$ -</u></u>	<u><u>\$ 13,518,282</u></u>

**NOTES:**

- Grant Agreement Signed February 9, 2023
- First installment of \$15M received and deposited @ LMCU 3/7/23 (deferred - revenue recognized as costs incurred)
- \$13M of grant proceeds transferred to County Investment Pool 5/5/23
- CAA Board - Memorandum of Understanding with Grand Action Foundation 2.0 (GA2.0) for reimbursement of Amphitheater architecture and construction costs approved
- Agreement regarding payment terms and closing date for Amphitheater site executed in July 2023.
- \$5M Advance Closing Payment placed in Escrow account July 31, 2023 - see 10/3/23 Capital Budget Amendment Request Memo
- Timing Limitation - All Grant Funds Must Be Spent on or Before 12/31/2026

# DEVOS PLACE

## DE VOS PLACE

### FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED OCTOBER 31, 2023

**Distribution:**

Grand Rapids – Kent County Convention / Arena Authority  
Cheri McConomy  
Tony Cima  
Jeffrey Wong  
David Schmid  
Richard MacKeigan  
Chris Machuta



**DE VOS PLACE  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2024**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
<b>NO. EVENTS</b>	177	278	455	429	26
<b>ATTENDANCE</b>	148,389	475,158	623,547	657,520	(33,973)
<b>DIRECT EVENT INCOME</b>	1,036,358	3,135,890	4,172,248	4,150,645	21,603
<b>ANCILLARY INCOME</b>	1,141,777	1,538,595	2,680,372	2,549,292	131,080
<b>OTHER EVENT INCOME</b>	557,716	721,698	1,279,414	1,167,800	111,614
<b>TOTAL EVENT REVENUE</b>	2,735,851	5,396,183	8,132,034	7,867,737	264,297
<b>TOTAL OTHER REVENUE</b>	50,109	103,249	153,358	116,000	37,358
<b>TOTAL OPERATING REVENUE</b>	2,785,960	5,499,432	8,285,392	7,983,737	301,655
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	69,600	214,796	284,396	284,396	-
<b>FINANCE</b>	104,570	237,807	342,377	342,377	-
<b>MARKETING</b>	75,239	255,640	330,879	330,879	-
<b>OPERATIONS</b>	483,024	1,380,127	1,863,151	1,863,151	-
<b>EVENT SERVICES</b>	792,767	933,023	1,725,790	1,725,790	-
<b>BOX OFFICE</b>	84,356	213,060	297,416	297,416	-
<b>SALES</b>	173,754	406,003	579,757	579,757	-
<b>OVERHEAD</b>	864,878	1,701,613	2,566,491	2,566,491	-
<b>TOTAL OPERATING EXP.</b>	2,648,188	5,342,069	7,990,257	7,990,257	-
<b>NET REVENUE ABOVE EXPENSES</b>	137,772	157,363	295,135	(6,520)	301,655
<b>INCENTIVE FEE</b>		185,925	185,925	301,053	115,128
<b>NET OPERATING REVENUE OVER OPERATING EXPENSES</b>	137,772	(28,562)	109,210	(307,573)	416,783

**Comments:**

October was a very successful month as the Theater hosted 10 concerts outside of Arts Group activity including sold out Bob Dylan, Ringo Starr, Menopause the Musical among other shows.

  
General Manager

  
Assistant General Manager

**DE VOS PLACE  
FINANCIAL STATEMENT HIGHLIGHTS  
FISCAL YEAR ENDING JUNE 30, 2024**

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>October Actual</b>	<b>October Budget</b>	<b>October FY 2023</b>
Number of Events	52	25	44
Attendance	44,432	30,600	37,862
Direct Event Income	\$280,889	\$377,952	\$318,915
Ancillary Income	400,497	257,433	437,420
Other Event Income	231,252	155,600	29,767
Other Operating Income	9,251	9,666	6,706
Indirect Expenses	(726,614)	(665,856)	(625,128)
Net Income	\$195,275	\$134,795	\$167,680

<b>YTD</b>	<b>YTD 2024 Actual</b>	<b>YTD 2024 Budget</b>	<b>YTD 2023 Prior Year</b>
Number of Events	177	138	126
Attendance	148,389	172,060	105,000
Direct Event Income	\$1,036,358	\$1,204,869	\$797,670
Ancillary Income	1,141,777	856,408	979,404
Other Event Income	557,716	379,950	191,539
Other Operating Income	50,109	38,664	29,348
Indirect Expenses	(2,648,188)	(2,663,424)	(2,219,856)
Net Income	\$137,772	(\$183,533)	(\$221,895)

**EVENT INCOME**

Direct event income fell below budget for the month.

**ANCILLARY INCOME**

Ancillary income came in well ahead of budget to offset the shortfall on Direct Event Income.

**INDIRECT EXPENSES**

Indirect expenses came in fairly consistent with budget overall.

**DeVos Place**  
**Income Statement**  
**For the Four Months Ended October 31, 2023**

	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	\$366,866	\$370,112	\$ (3,246)	\$367,732	\$1,235,902	\$1,199,339	\$ 36,563	\$1,033,017
Service Revenue	350,144	322,630	27,514	323,293	1,505,068	\$1,102,809	402,259	910,615
Service Expenses	(436,121)	(314,790)	(121,331)	(372,110)	(1,704,612)	(\$1,097,279)	(607,333)	(1,145,962)
<b>Total Direct Event Income</b>	<b>280,889</b>	<b>377,952</b>	<b>(97,063)</b>	<b>318,915</b>	<b>1,036,358</b>	<b>1,204,869</b>	<b>(168,511)</b>	<b>797,670</b>
<b>Ancillary Income</b>								
F&B Concession	35,622	17,403	18,219	31,826	141,025	\$57,352	83,673	70,457
F&B Catering	155,794	95,732	60,062	136,150	426,176	\$320,818	105,358	384,592
Novelty Sales	16,114	8,700	7,414	1,497	24,307	\$14,420	9,887	11,519
Booth Cleaning	33,831	32,354	1,477	45,206	121,149	\$104,060	17,089	119,820
Telephone/Long Distance	0	-	-	0	0	\$0	-	0
Electrical Services	66,532	42,635	23,897	62,790	193,215	\$138,759	54,456	146,748
Audio Visual	55,231	33,856	21,375	118,542	133,914	\$127,215	6,699	150,363
Internet Services	14,469	10,015	4,764	22,415	42,105	\$36,209	4,764	46,869
Equipment Rental	22,904	16,738	6,166	18,994	59,886	\$57,575	2,311	49,036
<b>Total Ancillary Income</b>	<b>400,497</b>	<b>257,433</b>	<b>143,064</b>	<b>437,420</b>	<b>1,141,777</b>	<b>856,408</b>	<b>285,369</b>	<b>979,404</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	231,252	155,600	75,652	29,767	557,716	\$379,950	177,766	191,539
<b>Total Other Event Income</b>	<b>231,252</b>	<b>155,600</b>	<b>75,652</b>	<b>29,767</b>	<b>557,716</b>	<b>379,950</b>	<b>177,766</b>	<b>191,539</b>
<b>Total Event Income</b>	<b>912,638</b>	<b>790,985</b>	<b>121,653</b>	<b>786,102</b>	<b>2,735,851</b>	<b>2,441,227</b>	<b>294,624</b>	<b>1,968,613</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	767	1,333	(566)	804	3,067	5,332	(2,265)	3,217
Advertising	0	1,000	(1,000)	0	0	4,000	(4,000)	0
Other Income	8,484	7,333	1,151	5,902	47,042	29,332	17,710	26,131
<b>Total Other Operating Income</b>	<b>9,251</b>	<b>9,666</b>	<b>(415)</b>	<b>6,706</b>	<b>50,109</b>	<b>38,664</b>	<b>11,445</b>	<b>29,348</b>
<b>Adjusted Gross Income</b>	<b>921,889</b>	<b>800,651</b>	<b>121,238</b>	<b>792,808</b>	<b>2,785,960</b>	<b>2,479,891</b>	<b>306,069</b>	<b>1,997,961</b>
<b>Operating Expenses</b>								
Salaries and Wages	463,411	481,421	(18,010)	435,232	1,876,431	1,925,684	(49,253)	1,391,892
Payroll Taxes and Benefits	147,613	121,790	25,823	137,831	612,242	487,160	125,082	435,374
Labor Allocations to Events	(314,604)	(307,794)	(6,810)	(318,286)	(1,355,473)	(1,231,176)	(124,297)	(982,879)
<b>Net Salaries and Benefits</b>	<b>296,420</b>	<b>295,417</b>	<b>1,003</b>	<b>254,777</b>	<b>1,133,200</b>	<b>1,181,668</b>	<b>(48,468)</b>	<b>844,387</b>
Contracted Services	43,799	38,350	5,449	41,336	209,313	153,400	55,913	198,410
General and Administrative	95,504	44,815	50,689	53,549	246,875	179,260	67,615	174,671
Operations	23,717	18,852	4,865	8,972	52,055	75,408	(23,353)	95,698
Repair and Maintenance	40,818	42,000	(1,182)	65,037	187,305	168,000	19,305	161,673
Operational Supplies	12,409	26,675	(14,266)	22,189	77,843	106,700	(28,857)	75,358
Insurance	39,671	46,725	(7,054)	34,435	147,862	186,900	(39,038)	113,005
Utilities	157,854	136,600	21,254	128,001	528,049	546,400	(18,351)	493,385
SMG Management Fees	16,422	16,422	-	16,832	65,687	65,688	(1)	63,269
<b>Total Operating Expenses</b>	<b>726,614</b>	<b>665,856</b>	<b>60,758</b>	<b>625,128</b>	<b>2,648,188</b>	<b>2,663,424</b>	<b>(15,236)</b>	<b>2,219,856</b>
<b>Net Income(Loss) From Operatic</b>	<b>195,275</b>	<b>134,795</b>	<b>60,480</b>	<b>167,680</b>	<b>137,772</b>	<b>(183,533)</b>	<b>321,305</b>	<b>(221,895)</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>195,275</b>	<b>134,795</b>	<b>60,480</b>	<b>167,680</b>	<b>137,772</b>	<b>(183,533)</b>	<b>321,305</b>	<b>(221,895)</b>

**SMG DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Year to Date Event Summary Report**  
**For the Four Months Ended October 31, 2023**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	73	71	42,900	69,710	1,005,790	1,411,945
Consumer/Gated Shows	1	4	962	6,000	9,744	30,915
DeVos Performance Hall	56	53	87,722	81,350	1,218,080	809,365
Banquets	10	2	5,330	3,000	100,190	60,126
Meetings	32	8	6,925	12,000	372,053	128,876
Other	5	-	4,550	-	29,994	-
GRAND TOTALS	177	138	148,389	172,060	2,735,851	2,441,227

**As Percentage of Overall**

Convention/Trade Shows	41.24%	51.45%	28.91%	40.51%	36.76%	57.84%
Consumer/Gated Shows	0.56%	2.90%	0.65%	3.49%	0.36%	1.27%
Devos Performance Hall	31.64%	38.41%	59.12%	47.28%	44.52%	33.15%
Ballroom Exclusive	5.65%	1.45%	3.59%	1.74%	3.66%	2.46%
Meetings	18.08%	5.80%	4.67%	6.97%	13.60%	5.28%
Other	2.82%	0.00%	3.07%	0.00%	1.10%	0.00%

**DeVos Place  
Balance Sheet  
As of October 31, 2023**

**ASSETS**

**Current Assets**

Cash	6,611,550
Account Receivable	1,408,489
Prepaid Expenses	84,109

<b>Total Current Assets</b>		<b>\$8,104,149</b>
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**Total Assets**

**\$8,104,149**

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	1,224,210
Accrued Expenses	217,705
Deferred Income	461,897
Advanced Ticket Sales & Deposits	3,349,900

<b>Total Current Liabilities</b>		<b>\$5,253,712</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	
Funds Received by CAA	(22,000)
Expenses Paid Direct by CAA	514,437
Beginning Balance Equity	2,220,226
Current Year Equity	137,772

<b>Total Equity</b>		<b>\$2,850,437</b>
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**Total Liabilities and Equity**

**\$8,104,149**

**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of October 31, 2023**

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Current - Under 30 Days	
Food & Beverage	192,086
Ticketing	50,275
Merchandise	15,224
Decorating	33,831
Audio/Visual	55,592
Van Andel Arena	284,555
Operating	424,658
 Over 30 Days	 226,774
 Over 60 Days	 125,494
 Over 90 Days	
 Total Accounts Receivable	 1,408,489

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2024**

**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2023 Actual
Net Revenue above Expenses	3,991,055	295,135	4,286,190	3,663,430
Benchmark++			1,050,000	1,050,000
Excess	3,991,055	295,135	3,236,190	2,613,430

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Unaudited
Base Fee	197,061	197,061	394,122	382,642
Incentive Fee				
Revenue	9,345,998	8,285,392	17,631,390	17,345,790
Benchmark Revenue	6,380,799	5,637,406	12,018,205	11,337,930
Revenue Excess	2,965,199	2,647,986	5,613,185	6,007,860
Incentive Fee **	208,197	185,925	394,122	382,642
Total SMG Management Fee	405,258	382,986	788,244	765,284

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

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:  
    Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.  
    Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.  
    Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



# **VAN ANDEL ARENA**

## **FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED OCTOBER 31, 2023**

**PROUD HOME OF THE GRAND RAPIDS GRIFFINS AND GRAND RAPIDS GOLD**

### **Distribution:**

Grand Rapids – Kent County Convention / Arena Authority  
Cheri McConomy  
Tony Cima  
Jeffrey Wong  
David Schmid  
Richard MacKeigan  
Chris Machuta



VAN ANDEL ARENA  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2024

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	34	103	137	112	25
ATTENDANCE	158,641	591,442	750,083	627,500	122,583
DIRECT EVENT INCOME	653,622	1,586,697	2,240,319	1,574,800	665,519
ANCILLARY INCOME	1,038,554	1,688,050	2,726,604	1,851,675	874,929
OTHER EVENT INCOME	675,785	1,219,912	1,895,697	1,382,100	513,597
TOTAL EVENT INCOME	2,367,961	4,494,659	6,862,620	4,808,575	2,054,045
TOTAL OTHER INCOME	843,918	1,639,460	2,483,378	2,297,600	185,778
TOTAL INCOME	3,211,879	6,134,119	9,345,998	7,106,175	2,239,823
INDIRECT EXPENSES					
EXECUTIVE	68,204	245,293	313,497	313,497	-
FINANCE	90,550	209,438	299,988	299,988	-
MARKETING	127,744	178,707	306,451	306,451	-
OPERATIONS	785,960	1,688,253	2,474,213	2,474,213	-
BOX OFFICE	76,963	219,250	296,213	296,213	-
SKYWALK ADMIN	8,141	45,959	54,100	54,100	-
OVERHEAD	521,061	1,089,420	1,610,481	1,610,481	-
TOTAL INDIRECT EXP.	1,678,623	3,676,320	5,354,943	5,354,943	-
NET REVENUE ABOVE EXPENSES	1,533,256	2,457,799	3,991,055	1,751,232	2,239,823
LESS INCENTIVE FEE		208,197	208,197	93,069	(115,128)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	1,533,256	2,249,602	3,782,858	1,658,163	2,124,695

Comments:

October kicks off the new Griffins season. Overall the month was strong as Arena hosted sold out Billy Strings concert in addition to Jurassic World and Fantasia shows that were not part of the original budget.

  
General Manager

  
Assistant General Manager

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR FISCAL YEAR ENDING JUNE 30, 2024**

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>October Actual</b>	<b>October Budget</b>	<b>October FY 2023</b>
Number of Events	16	5	7
Attendance	55,058	34,000	42,643
Direct Event Income	\$88,102	\$73,500	\$16,541
Ancillary Income	267,625	108,378	229,348
Other Event Income	126,688	72,000	71,118
Other Operating Income	176,491	187,972	208,104
Indirect Expenses	(427,812)	(446,249)	(519,710)
Net Income	<u>\$231,094</u>	<u>(\$4,399)</u>	<u>\$5,401</u>

<b>YTD</b>	<b>YTD 2024 Actual</b>	<b>YTD 2024 Budget</b>	<b>YTD 2023 Prior Year</b>
Number of Events	34	19	16
Attendance	158,641	131,000	111,901
Direct Event Income	\$653,622	\$497,500	\$359,745
Ancillary Income	1,038,554	425,370	568,276
Other Event Income	675,785	503,500	444,917
Other Operating Income	843,918	792,888	754,702
Indirect Expenses	(1,678,623)	(1,784,996)	(1,706,533)
Net Income	<u>\$1,533,256</u>	<u>\$434,262</u>	<u>\$421,107</u>

**EVENT INCOME**

Event income finished the month a little ahead of budget overall.

**ANCILLARY INCOME**

Ancillary income came in ahead of budget on the strength of Griffins and Billy Strings.

**INDIRECT EXPENSES**

Indirect expenses came in at expected levels for the month.

**Van Andel Arena**  
**Income Statement**  
**For the Four Months Ended October 31, 2023**

	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	\$ 371,958	\$ 130,500	\$ 241,458	\$ 154,847	\$ 1,281,449	\$ 710,500	\$ 570,949	\$ 529,385
Service Revenue	340,354	126,000	214,354	338,170	1,405,701	703,000	702,701	1,217,942
Service Expenses	(624,210)	(183,000)	(441,210)	(476,476)	(2,033,528)	(916,000)	(1,117,528)	(1,387,582)
<b>Total Direct Event Income</b>	<b>88,102</b>	<b>73,500</b>	<b>14,602</b>	<b>16,541</b>	<b>653,622</b>	<b>497,500</b>	<b>156,122</b>	<b>359,745</b>
<b>Ancillary Income</b>								
F&B Concession	233,600	91,900	141,700	190,411	872,370	353,587	518,783	459,329
F&B Catering	16,820	10,238	6,582	23,371	54,537	32,663	21,874	51,826
Novelty Sales	13,344	6,240	7,104	14,930	98,673	39,120	59,553	56,485
Booth Cleaning	-	-	-	-	-	-	-	-
Audio Visual	361	-	361	636	2,399	-	2,399	636
Other Ancillary	3,500	-	3,500	-	10,575	-	10,575	-
<b>Total Ancillary Income</b>	<b>267,625</b>	<b>108,378</b>	<b>159,247</b>	<b>229,348</b>	<b>1,038,554</b>	<b>425,370</b>	<b>613,184</b>	<b>568,276</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	126,688	72,000	54,688	71,118	675,785	503,500	172,285	444,917
<b>Total Other Event Income</b>	<b>126,688</b>	<b>72,000</b>	<b>54,688</b>	<b>71,118</b>	<b>675,785</b>	<b>503,500</b>	<b>172,285</b>	<b>444,917</b>
<b>Total Event Income</b>	<b>482,415</b>	<b>253,878</b>	<b>228,537</b>	<b>317,007</b>	<b>2,367,961</b>	<b>1,426,370</b>	<b>941,591</b>	<b>1,372,938</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	127,364	129,888	(2,524)	159,070	598,296	560,552	37,744	523,014
Advertising	48,000	52,084	(4,084)	48,000	192,000	208,336	(16,336)	212,270
Other Income	1,127	6,000	(4,873)	1,034	53,622	24,000	29,622	19,418
<b>Total Other Operating Income</b>	<b>176,491</b>	<b>187,972</b>	<b>(11,481)</b>	<b>208,104</b>	<b>843,918</b>	<b>792,888</b>	<b>51,030</b>	<b>754,702</b>
<b>Adjusted Gross Income</b>	<b>658,906</b>	<b>441,850</b>	<b>217,056</b>	<b>525,111</b>	<b>3,211,879</b>	<b>2,219,258</b>	<b>992,621</b>	<b>2,127,640</b>
<b>Operating Expenses</b>								
Salaries and Wages	267,244	207,291	59,953	338,983	978,250	829,164	149,086	990,975
Payroll Taxes and Benefits	85,129	60,851	24,278	114,297	313,113	243,404	69,709	301,408
Labor Allocations to Events	(213,285)	(82,886)	(130,399)	(172,463)	(665,571)	(331,544)	(334,027)	(527,815)
<b>Net Salaries and Benefits</b>	<b>139,088</b>	<b>185,256</b>	<b>(46,168)</b>	<b>280,817</b>	<b>625,792</b>	<b>741,024</b>	<b>(115,232)</b>	<b>764,568</b>
Contracted Services	32,252	35,534	(3,282)	32,224	137,995	142,136	(4,141)	137,153
General and Administrative	67,838	34,969	32,869	43,536	187,114	139,876	47,238	157,759
Operations	7,209	10,084	(2,875)	7,853	23,687	40,336	(16,649)	22,292
Repair and Maintenance	27,813	32,542	(4,729)	35,861	140,387	130,168	10,219	172,175
Operational Supplies	31,789	25,017	6,772	10,695	112,637	100,068	12,569	70,387
Insurance	36,901	27,250	9,651	27,717	112,336	109,000	3,336	80,505
Utilities	68,500	79,175	(10,675)	65,064	272,988	316,700	(43,712)	240,665
SMG Management Fees	16,422	16,422	-	15,943	65,687	65,688	(1)	61,029
<b>Total Operating Expenses</b>	<b>427,812</b>	<b>446,249</b>	<b>(18,437)</b>	<b>519,710</b>	<b>1,678,623</b>	<b>1,784,996</b>	<b>(106,373)</b>	<b>1,706,533</b>
<b>Net Income(Loss) From Operations</b>	<b>231,094</b>	<b>(4,399)</b>	<b>235,493</b>	<b>5,401</b>	<b>1,533,256</b>	<b>434,262</b>	<b>1,098,994</b>	<b>421,107</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>231,094</b>	<b>(4,399)</b>	<b>235,493</b>	<b>5,401</b>	<b>1,533,256</b>	<b>434,262</b>	<b>1,098,994</b>	<b>421,107</b>

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Four Months Ended October 31, 2023**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	10	4	34,828	23,000	377,257	264,300
Sporting Event	2	2	4,469	10,000	70,278	94,912
Concert	12	10	100,264	80,000	1,912,696	1,016,600
Team Home Games	3	3	18,323	18,000	3,065	50,558
Other	7	-	757	-	990	-
GRAND TOTALS	34	19	158,641	131,000	2,364,285	1,426,370

**As Percentage of Overall**

Family Show	29.41%	21.05%	21.95%	17.56%	15.96%	18.53%
Sporting Event	5.88%	10.53%	2.82%	7.63%	2.97%	6.65%
Concert	35.29%	52.63%	63.20%	61.07%	80.90%	71.27%
Team Home Games	8.82%	15.79%	11.55%	13.74%	0.13%	3.54%
Other	20.59%	0.00%	0.48%	0.00%	0.04%	0.00%

**Van Andel Arena**  
**Balance Sheet**  
**As of October 31, 2023**

**ASSETS**

**Current Assets**

Cash	15,109,976
Account Receivable	2,197,256
Prepaid Expenses	336,807

<b>Total Current Assets</b>		<b>\$17,644,039</b>
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**Total Assets**

**\$17,644,039**

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	1,022,210
Accrued Expenses	568,909
Deferred Income	2,711,095
Advanced Ticket Sales & Deposits	9,765,051

<b>Total Current Liabilities</b>		<b>\$14,067,266</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	(3,000,000)
Funds Received by CAA	-
Expenses Paid Direct by CAA	260,867
Beginning Balance Equity	4,782,653
Current Year Equity	1,533,256

<b>Total Equity</b>		<b>\$3,576,773</b>
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<b>Total Liabilities and Equity</b>		<b>\$17,644,039</b>
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**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of October 31, 2023**

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Current - Under 30 Days	
Food & Beverage	394,404
Ticketing	95,331
Merchandise	-
Permanent Advertising	32,000
DeVos Place	(284,555)
Operating	1,432,553
 Over 30 Days	 402,487
 Over 60 Days	 125,036
 Over 90 Days	
 Total Accounts Receivable	 2,197,256

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2024**

**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2023 Actual
Net Revenue above Expenses	3,991,055	295,135	4,286,190	3,663,430
Benchmark++			1,050,000	1,050,000
Excess	3,991,055	295,135	3,236,190	2,613,430

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Unaudited
Base Fee	197,061	197,061	394,122	382,642
Incentive Fee				
Revenue	9,345,998	8,285,392	17,631,390	17,345,790
Benchmark Revenue	6,380,799	5,637,406	12,018,205	11,337,930
Revenue Excess	2,965,199	2,647,986	5,613,185	6,007,860
Incentive Fee **	208,197	185,925	394,122	382,642
Total SMG Management Fee	405,258	382,986	788,244	765,284

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

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:

Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.

Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.

Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.

**GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY**

**RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION  
OF SECOND ADDENDUM TO MANAGEMENT AGREEMENT WITH  
ASM GLOBAL (formerly SMG)**

Boardmember \_\_\_\_\_, supported by Boardmember \_\_\_\_\_,

moved the adoption of the following resolution:

**WHEREAS**, the CAA and SMG entered into a Management Agreement (the “Agreement”) dated and effective as of July 1, 2018, for SMG to promote, operate, maintain, market and manage the Arena and Convention Center, collectively referred to as the Facilities, as an independent contractor pursuant to the terms of the Agreement; and

**WHEREAS**, the CAA further desired to engage SMG to provide additional services to the CAA outside and beyond the scope of services to be provided by SMG pursuant to the Agreement and the Parties entered into a First Addendum to Management Agreement (the “First Addendum”) dated July 1, 2018, in order that SMG provide Additional Services as defined therein, to be principally performed by SMG Employee Rich MacKeigan (“MacKeigan”); and

**WHEREAS**, since the Parties entered into the First Addendum, MacKeigan has devoted additional time to, and been further focused on, providing expanded additional services for the CAA in relation to the Facilities and is dedicating time and services relative to CAA efforts and consideration of expansion, including an expansion study, an Amphitheater, a public soccer stadium, hotel development, and other destination initiatives; and

**WHEREAS**, the Parties now wish to enter into this Second Addendum to Management Agreement in order to more accurately reflect the additional time and expanded additional services being provided by MacKeigan and to compensate him accordingly, and to eliminate any potentially inconsistent provisions within the Agreement.

**RESOLVED:**

1. That the Second Addendum substantially in the form presented at this meeting is hereby approved with such modifications not materially adverse to the CAA approved as to content by the CAA Chairman and as to form by the CAA’s legal counsel and the CAA Chairman is authorized and directed to execute the approved Second Addendum for and on behalf of the CAA.

2. That all resolutions and parts of resolutions in conflict herewith shall be, and the same are hereby, rescinded to the extent of such conflict.

YEAS: Boardmembers \_\_\_\_\_

\_\_\_\_\_

NAYS: Boardmembers \_\_\_\_\_

ABSTAIN: Boardmembers \_\_\_\_\_

ABSENT: Boardmembers \_\_\_\_\_

Dated: December 1, 2023

\_\_\_\_\_  
Susan Waddell  
Administrative Manager/Recording Secretary

### **CERTIFICATION**

I, the undersigned duly qualified and acting Administrative Manager/Recording Secretary of the Grand Rapids-Kent County Convention/Arena Authority (the "CAA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the CAA Board at a regular meeting held on December 1, 2023, and that public notice of said meeting was given pursuant to and in compliance with Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: December 1, 2023

\_\_\_\_\_  
Susan Waddell  
Administrative Manager/Recording Secretary

4884-8695-4900 v1 [61448-159]

## SECOND ADDENDUM TO MANAGEMENT AGREEMENT

**THIS SECOND ADDENDUM TO MANAGEMENT AGREEMENT** (the “Second Addendum”) is effective as of \_\_\_\_\_, 2023, between the **GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY** (the “CAA”) and **ASM GLOBAL** (“ASM”, formerly SMG), (collectively, the “Parties”).

### RECITALS

A. The CAA and SMG entered into a Management Agreement (the “Agreement”) dated and effective as of July 1, 2018, for SMG to promote, operate, maintain, market and manage the Arena and Convention Center, collectively referred to as the Facilities, as an independent contractor pursuant to the terms of the Agreement.

B. The CAA further desired to engage SMG to provide additional services to the CAA outside and beyond the scope of services to be provided by SMG pursuant to the Agreement and the Parties entered into a First Addendum to Management Agreement (the “First Addendum”) dated July 1, 2018, in order that SMG provide Additional Services as defined therein, to be principally performed by SMG Employee Rich MacKeigan (“MacKeigan”).

C. Since the Parties entered into the First Addendum, MacKeigan has devoted additional time to, and been further focused on, providing expanded additional services for the CAA in relation to the Facilities and is dedicating time and services relative to CAA efforts and consideration of expansion, including an expansion study, an Amphitheater, a public soccer stadium, hotel development, and other destination initiatives.

D. The Parties now wish to enter into this Second Addendum to Management Agreement in order to more accurately reflect the additional time and expanded additional services being provided by MacKeigan and to compensate him accordingly, and to eliminate any potentially inconsistent provisions within the Agreement.

**NOW, THEREFORE**, in consideration of the additional mutual promises, covenants and agreements herein contained, the Parties, intending to be legally bound, hereby agree as follows:

**Section 1. Expanded Additional Services.** Pursuant to the terms and conditions of this Agreement, ASM shall provide the expanded additional services identified in Attachment A attached hereto and incorporated herein (the “Expanded Additional Services”).

**Section 2. Performance of Expanded Additional Services.** It is agreed by the parties hereto that the Expanded Additional Services shall be principally performed by ASM employee, MacKeigan. MacKeigan shall (a) devote an average of not less than 7 hours per week and not more than 10 hours per week determined on the basis of 46 weeks per Fiscal Year and (b) keep track of the time he devotes to performing the Expanded Additional Services so that it may be distinguished from the scope of services MacKeigan performs pursuant to the Agreement as General Manager of the Facilities.

**Section 3. Compensation for Expanded Additional Services.** ASM shall receive \$78,225, reflecting an increase of \$25,000, as compensation for the performance of the Expanded Additional Services for the first Fiscal Year of the Initial Term. Thereafter, for each Fiscal Year during the Initial Term and the Renewal Term, if any, the amount shall be adjusted on the first day of each subsequent Fiscal Year by the percentage change in the Consumer Price Index All Urban Consumers (CPI-U), U.S. city average, during the one year period ending in June immediately preceding such Fiscal Year, as published by the U.S. Department of Labor, *provided*, that for purposes of this adjustment the amount of any decrease below 0% or any increase above 3% yearly should be disregarded. Such amounts shall be paid by the CAA to ASM in quarterly installments at the end of each calendar quarter. ASM agrees to pay such amounts less normal and customary withholdings to MacKeigan.

**Section 4. Term.** Subject to early termination as provided in Section 5 hereof, the term of this Second Addendum shall run simultaneously with the Initial Term and the Renewal Term, as applicable, in the Agreement.

**Section 5. Early Termination.** Either party may terminate this Second Addendum at any time without cause upon 30 days advanced written notice to the other party in accordance with the notice provisions of the Agreement or with less than 30 days written notice for cause (defined as a breach by a party hereunder that is not cured within 15 days after receipt of notice from the non-breaching party). In addition, since the CAA has agreed to enter into this Second Addendum based on the representation that the Expanded Additional Services will be personally performed by MacKeigan, the CAA may immediately terminate this Second Addendum upon written notice to ASM in accordance with the Agreement if MacKeigan shall be unavailable, unwilling or unable to perform the Expanded Additional Services. All compensation payable to ASM under this Second Addendum shall be prorated to the date of termination and paid to ASM.

**Section 6. Independent Contractor.** The relationship of ASM to the CAA under this Second Addendum shall be that of an independent contractor and nothing contained herein is intended or shall be construed to create or establish a partnership or joint venture between the CAA and ASM. MacKeigan shall be an employee of ASM and shall not be deemed an employee of the CAA for any purpose whatsoever.

**Section 7. Deletion of Paragraph 7.2.** The provision in the Agreement pertaining to solicitation of employment by CAA (paragraph 7.2) shall be deleted in its entirety, in order to reflect the change of scope of services and additional compensation herein.

**Section 8. Amendment.** This Second Addendum shall not be altered, modified or amended in whole or in part, except in writing executed by both parties hereto.

**Section 9. Definitions.** Terms used and not defined in this Second Addendum shall have those meanings as defined in the Agreement.

**Section 10. Effective Date.** This Second Addendum is effective \_\_\_\_\_, 2023.

**IN WITNESS WHEREOF**, this Second Addendum has been executed by the parties hereto as of the day and year first written above.

**GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY**

By: \_\_\_\_\_  
Rick Winn  
Chairperson

**ASM GLOBAL**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **ATTACHMENT A**

### **Expanded Additional Services**

*All of the following will be performed in consultation with the CAA Chairman and other members of the CAA Board, as appropriate. All substantive decisions shall require CAA Board approval.*

- Act on behalf of the CAA during discussions/negotiations regarding property used by the CAA or to be acquired or utilized by the CAA.
- Identify and develop Board workshops, networking and other opportunities to increase the CAA's effectiveness.
- Coordinate the strengthening of relationships of the CAA with the City of Grand Rapids, Kent County and the State of Michigan and at the federal government level, as appropriate.
- Oversee the CAA's parking operations at the Facilities.
- Assess, prioritize and develop CAA produced events to be held at the Facilities.
- Oversee the CAA Administrative Manager and other CAA employees and contracted personnel.
- Identify, prioritize and assist in the development of long-range strategic policy initiatives.
- Work with the CAA public relations consultant to positively present the CAA to the media and the public generally.
- Represent the CAA on community boards, groups and committees.
- Review and approve invoices for CAA contracted services.
- Assist in the application and administration of governmental grants.
- Assist the auditors in the completion of the CAA's annual audit.
- Work with the CAA's community inclusion group in the development and promotion of the CAA's Diversity Mission Statement.
- Work on special projects as designated by the CAA such as the amphitheater, wine and food festival and the CAA's involvement in ArtPrize.
- Assist the CAA Board in its periodic review of the booking policies for the Facilities.

- Services relative to CAA efforts and consideration of expansion of the Convention Center, the expansion study, hotel development, amphitheater, public soccer stadium and other destination initiatives (supported by ASM Corporate and regional personnel).