



FINANCIAL STATEMENT & INDEPENDENT AUDITOR'S REPORT

YEAR ENDING NOVEMBER 30, 2021





Financial Statements
Fiscal Year Ended November 30, 2021
Greater Boise Auditorium District

Independent Auditor’s Report..... 1

Opening Letter 4

Management's Discussion and Analysis 5

Basic Financial Statements

 Statement of Net Position 27

 Statement of Activities..... 28

 Balance Sheet – General Fund 29

 Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund 30

 Statement of Net Position – Proprietary Funds..... 31

 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds..... 32

 Statement of Cash Flows – Proprietary Funds..... 33

 Notes to Financial Statements 35

Required Supplementary Information

 Budgetary Comparison Schedule – General Fund 48

 Notes to Required Supplementary Information – General Fund 49

Other Supplementary Information

 Budgetary Comparison Statement – Boise Centre Fund 50

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 51



Independent Auditor's Report

To the Board of Directors
Greater Boise Auditorium District
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greater Boise Auditorium District (the District) as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greater Boise Auditorium District, as of November 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-26 and page 48, respectively, be presented to supplement the basic financial statements. Such information, 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 or 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Boise Auditorium District's financial statements. The Budgetary Comparison Statement – Boise Centre Fund is presented for purposes of additional analysis and is not a required part of the financial statements.

The Budgetary Comparison Statement – Boise Centre Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Statement – Boise Centre Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho
March 21, 2022



March 16, 2022

Welcome to the 2021 audited financial statements for the Greater Boise Auditorium District and its operating entity, Boise Centre. Also of note, the District's board elected to enter into a public/private partnership with Idaho Competitive Aquatics (ICA) to invest up to \$5 million in a new swim facility, The Greater Boise Aquatics Center. The District has invested in land and structure, but all operations will be under ICA., which will pay an annual lease. The District is proud to continue to support the economic vitality of the Treasure Valley in new and creative ways that fit within its statutory provisions.

As has been the case with every business during COVID, the hospitality industry has been particularly hard hit. However, with the Governor lifting mandates and restrictions in May, and the tremendous support of the Auditorium District Board, 2021 was actually a good year considering the circumstances.

Budgeting for 2021 did not expect the lingering affects of the pandemic. As local business demand increased from May through the fall, the spike in the Delta variant caused ongoing restrictions in several states our conventions are reliant upon, several large groups cancelled in Q3 and Q4. Those local groups related to the medical industry were also restricted from meeting, negatively impacting several meetings and particularly the Festival of Trees, the largest event that normally takes place in November and sponsored by a local hospital.

However, Boise Centre remained busy enough to retain a staff of roughly 130 at fiscal yearend, well short of the 245 employees in March 2020 but also well above the 26 employed during the worst of the pandemic. The District, as noted in the financial reports, had the second strongest year ever in room tax receipts, driven by high leisure demand and the highest room rates in the market's history.

Combined, the financial statements are strong and provides an extremely optimistic foundation for continued growth.

2022, while starting out slow in December, began picking up steam in January and continues to look exceptionally positive, particularly as the year progresses. Optimism abounds as the effects of COVID appear to be diminishing and confidence in convention attendance is increasing daily. Budgeting for 2022 anticipates a record year, and even with a slow start could still be achieved. Staffing continues to be a challenge, but we hope to be back to pre-covid numbers soon.

We are proud to play a part in the Treasure Valley's success and our ability to drive positive economic impact.

Patrick D. Rice
Executive Director

As management of the Greater Boise Auditorium District (“District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended November 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and notes which follow this section to gain a complete understanding of the District’s finances.

Financial and Operational Highlights

<ul style="list-style-type: none"> • Tax revenues rebounded, with the second highest annual level ever recorded, only exceeded by 2019. The last five months of 2021 set a record pace, exceeding the same time frame in 2019 by 13%. 	<ul style="list-style-type: none"> • Cash and investments of the governmental fund decreased \$1 million to \$23 million (96% of net position) after funding \$8 million in transfers to the proprietary funds.
<ul style="list-style-type: none"> • Unrestricted net position of the governmental fund decreased slightly ending the year at \$22 million (45% of total net position.) This may be used to meet the government's ongoing obligations to its proprietary fund, constituents, and creditors. 	<ul style="list-style-type: none"> • The convention and event industry is re-emerging and operating revenues improved with the fourth quarter 2021 revenues increased by 82% for the same period in 2019.
<ul style="list-style-type: none"> • The District remains fiscally sound with its assets exceeding its liabilities (net position) by \$51 million. 	<ul style="list-style-type: none"> • Boise Centre maintains its GBAC Star Facility™ accreditation.
<ul style="list-style-type: none"> • The District's capital lease debt decreased by \$1 million. No additional long-term debt was incurred. Debt covenants were in compliance with tax receipts exceeding debt service by 4.78 times. 	<ul style="list-style-type: none"> • Operating transfers before lease payments to the Boise Centre Proprietary Fund increased by \$450k to re-establish working capital to support the growth in 2021.
<ul style="list-style-type: none"> • The District allocated additional marketing funds to support travel to the Treasure Valley which also boosted tax revenues. 	

Introduction

District

Pursuant to the authority of Title 67, Chapter 49, Idaho Code, the Greater Boise Auditorium District (“District”) was created by the overwhelming support through a public vote in 1959. The District is subject to Idaho statutes and has the powers of a public or quasi-municipal corporation. Boundaries include approximately 115 square miles of the northeast portion of Ada County and encompasses the City of Boise and surrounding areas.

The District’s purpose is to serve the public need and promote the prosperity, security, and general welfare of its residents. Its authority is to build, operate, maintain, market and manage public auditoriums, exhibit halls, convention centers, sports arenas, and similar facilities. Within this authority, the District promotes economic activity and growth within its boundaries.

Board members are publicly elected officials, serving six-year terms. Elections are held every two (odd) years. The Board governs and guides the District, and oversees its operating entities, Boise Centre ("Centre") and the Aquatics Center ("Aquatics").

As established by state statute, the District has the power to assess a tax on lodging room rentals located within its boundaries. The rate is set at the discretion of the Board of Directors and, as limited by state statute, cannot exceed 5.0%. The rate is currently at 5.0%. The District does not have any other taxing authority and none of its revenues come from property tax, sales tax, levies, fees, or bonds paid by taxpayers.

Boise Centre

In 1990, the District completed construction of Boise Centre— Idaho's largest convention and event facility. Boise Centre is the community's premier provider of public gathering places. The collection of distinct, high quality spaces is essential to our community's ability to engage and prosper. Throughout the years, Boise Centre has proven to be a vital part of the city's economic health, annually drawing thousands of visitors, who spend monies for hotels, restaurants, and transportation. Tourists also actively engage in entertainment, retail, and recreational activities.

Boise Centre West started with 45,000 square feet of flexible meeting space. Then, between September of 2016 and July 2017, the District celebrated the opening of Boise Centre East which included a ballroom, meeting rooms on the fourth floor of the Clearwater building, and renovation of Boise Centre West adding a total of 41,000 square feet, for a total of 86,000 square feet of rentable space. The added meeting rooms allow Boise Centre to hold multiple conventions and other events simultaneously or combine both facilities to accommodate larger groups.

Aquatics Center

The Aquatics Center was started in 2021, with the acquisition of 3.7 acres for the development of a competitive pool facility in conjunction with a private organization. The property is leased by, and the pool is funded by, another organization with the building to be funded by the District in 2022.

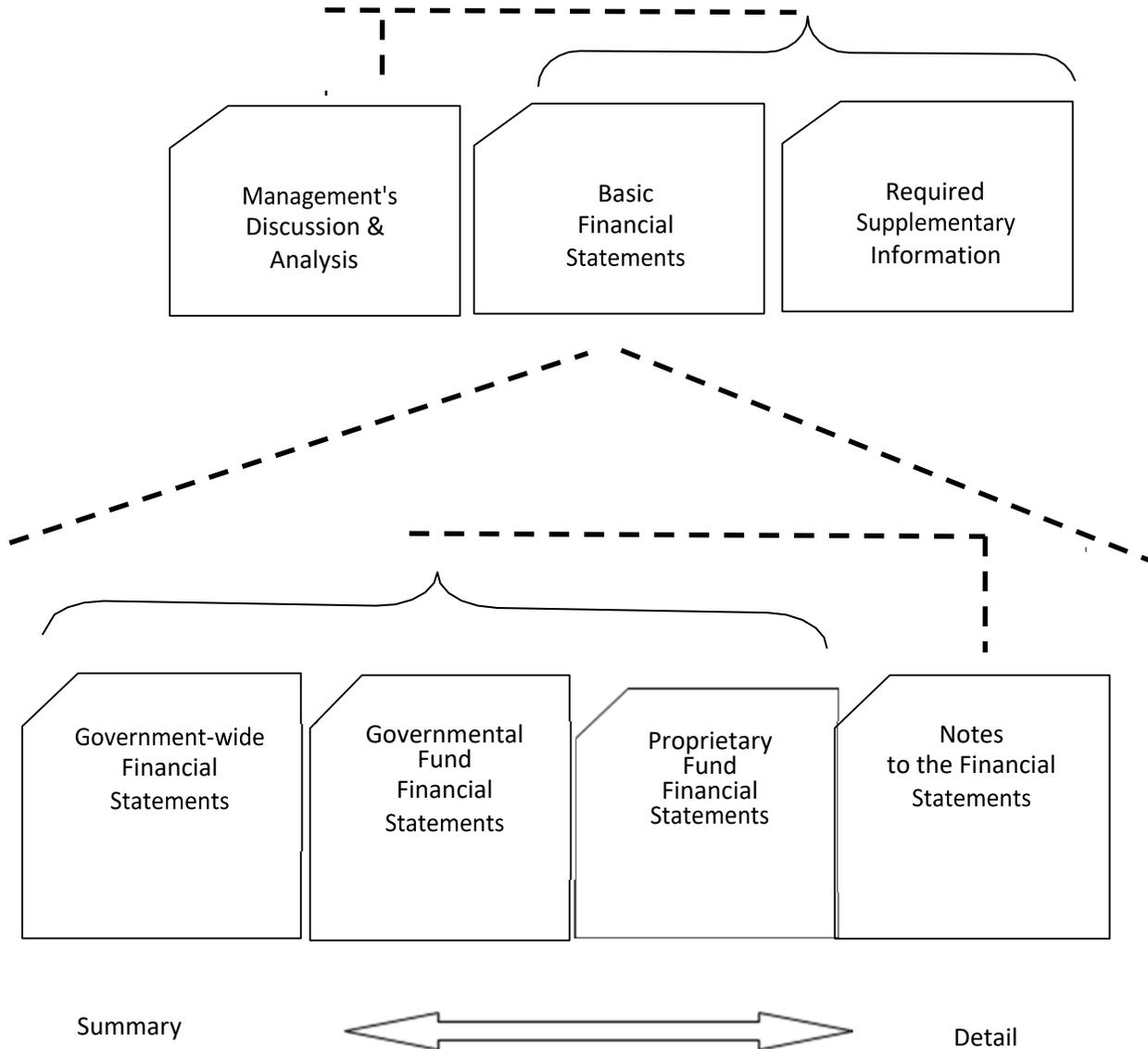
Overview of the Financial Statements

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Outside parties use the District's financial statements, however, they do not always use them for the same purpose. In order to address the needs of financial statement users, the District, in accordance with generally accepted accounting principles (GAAP) and as prescribed by Governmental Accounting Standards Board (GASB) presents four parts: (1) management's discussion & analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplementary information. The format of this report allows the reader to examine combined financial statements to view the District as a whole (government-wide) as well as information separately on the governmental fund and proprietary fund.

Viewing governmental activity both as a whole and by fund gives the reader a broader perspective, increases the District's accountability and provides a more complete picture of the financial health and activities of the District. Figure A illustrates how the required parts of this annual report are arranged and relate to one another.

Figure A – Required Components of Annual Financial Report



Government-Wide Statements

The government-wide financial statements focus on the District's overall financial position and activities and include the statement of net position and the statement of activities. These financial statements report on the primary government and its business-type activities.

The purpose of the statement of net position is to report the District's assets and liabilities, with the difference reported as net position. This statement presents information about the nature and amounts of investment in resources (assets) and the obligations to creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. It also provides the basis for assessing the liquidity and financial flexibility of the District.

The purpose of the statement of activities is to present the District's revenues and expenses. The difference between revenues and expenses is reported as a "change in net position". 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. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes.)

The statement of activities demonstrates the degree to which expenses of governmental functions and business-type activities are offset by lodging room tax and program revenues. Governmental activities include the District's basic functional services which are generally funded through taxes. Business-type activities include enterprise operations which are funded by charges to customers who purchase, use or directly benefit from goods or services provided by Boise Centre and the Aquatics Center. Such fees may not cover all the costs of the operations and may be subsidized by the District's taxes.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes or regulations. A fund is a self-balancing set of accounts that is used to keep track of specific revenues and expenditures related to certain activities or objectives.

The District presents the following fund types:

Governmental Fund

Financial statements of the Governmental Fund consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of governmental funds focus primarily on the sources, uses and balances of current financial resources and uses the modified accrual basis of accounting. (Meanwhile, government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting.) Financial statements of governmental funds have a short-term emphasis and generally measure and account for cash and other assets that can easily be converted to cash. As such these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities' column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in the financial statements. Therefore, an analysis presented at the bottom of the balance sheet of the governmental funds reconciles the total fund balances to the amount of net position presented in the governmental activities' column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for governmental funds to the change in net position as reported in the governmental activities' column of the government-wide statement of activities.

The Governmental Fund presents all financial resources of the District except those required to be presented in another fund. The Governmental Fund consists of the General Fund of the District, which is used to present all operating activity and financial resources. There are no other governmental funds used by the District.

Proprietary Funds

Financial statements of the proprietary funds consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. The statements focus on the flow of economic resources measurement. Under this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on their respective statements of net position. Net position of the proprietary funds is segregated into net investment in capital assets, restricted and unrestricted components. Under the full accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of the proprietary funds present increases (revenues) and decreases (expenses) in net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary funds' principal ongoing operations.

The Proprietary Funds present the business-type activities separately from the Governmental Fund. The financial statements of the District's Proprietary Funds present the changes in financial position and condition of the District's major proprietary fund, Boise Centre, and non-major proprietary fund, Aquatics Center.

Notes to the Financial Statements

The notes to the financial statement present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Readers are encouraged to read the notes to better understand the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also contains information concerning the performance of the funds in comparison to budget and other information that is considered useful to the reader. The comparison of budget to actual for Boise Centre is not required supplemental information.

Overview of the District's Financial Position and Operations

The District's overall financial position, which was impacted by the effects of COVID-19 on tax revenues and operations, remains stable. The District's financial position and operations are summarized for the past two years in the following tables.

Financial Highlights and Analysis (in 000's)

Condensed Combined Statement of Net Position - Primary Government								
	Governmental Activities		Business-type Activities		Total Primary Government		Total Primary Government	
	2020	2021	2020	2021	2020	2021	Change	% Change
Assets								
Current and other assets	\$ 23,465	\$ 23,003	\$ 1,084	\$ 1,324	\$ 24,549	\$ 24,327	\$ (222)	-1%
Capital assets	-	-	47,815	47,535	47,815	47,535	(280)	-1%
Total assets	23,465	23,003	48,899	48,859	72,364	71,862	(502)	-1%
Liabilities								
Current liabilities	29	6	2,334	2,891	2,363	2,897	534	23%
Capital lease payable	-	-	19,118	18,019	19,118	18,019	(1,099)	-6%
Total liabilities	29	6	21,452	20,910	21,481	20,916	(565)	-3%
Net Position								
Net investment in capital assets	-	-	27,636	28,417	27,636	28,417	781	3%
Restricted	250	250	-	-	250	250	-	0%
Unrestricted	23,187	22,747	(189)	(468)	22,998	22,279	(719)	-3%
	<u>\$ 23,437</u>	<u>\$ 22,997</u>	<u>\$ 27,447</u>	<u>\$ 27,949</u>	<u>\$ 50,884</u>	<u>\$ 50,946</u>	<u>\$ 62</u>	<u>0%</u>

Greater Boise Auditorium District
Management's Discussion and Analysis
November 30, 2021

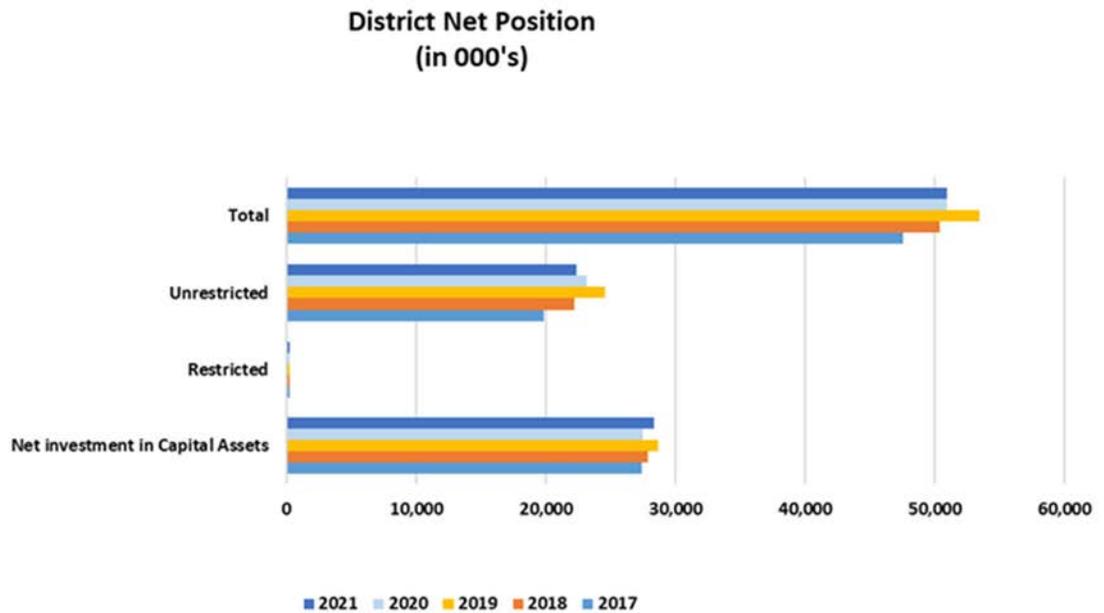
Condensed Statement of Activities - Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government		Total Primary Government	
	2020	2021	2020	2021	2020	2021	Change	% Change
Revenues								
Program Revenues								
Convention activities	\$ -	\$ -	\$ 2,897	\$ 3,402	\$ 2,897	\$ 3,402	\$ 505	17%
Rental income	-	-	-	8	-	8	8	0%
General Revenues								
District taxes	5,544	8,246	-	-	5,544	8,246	2,702	49%
Investment earnings	292	22	-	-	292	22	(270)	-92%
Other	-	-	36	39	36	39	3	8%
Total revenues	<u>5,836</u>	<u>8,268</u>	<u>2,933</u>	<u>3,449</u>	<u>8,769</u>	<u>11,717</u>	<u>2,948</u>	<u>34%</u>
Expenses								
Convention activities	-	-	10,951	11,275	10,951	11,274	323	3%
Aquatics activities	-	-	-	-	-	-	-	0%
Governmental activities	<u>355</u>	<u>381</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>381</u>	<u>26</u>	<u>7%</u>
Total expenses	<u>355</u>	<u>381</u>	<u>10,951</u>	<u>11,275</u>	<u>11,306</u>	<u>11,655</u>	<u>349</u>	<u>3%</u>
Change in Net Position								
Before Transfers	5,481	7,888	(8,018)	(7,826)	(2,537)	62	2,599	-102%
Transfers, net	<u>(6,000)</u>	<u>(8,328)</u>	<u>6,000</u>	<u>8,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Change in Net Position	<u>\$ (519)</u>	<u>\$ (440)</u>	<u>\$ (2,018)</u>	<u>\$ 502</u>	<u>\$ (2,537)</u>	<u>\$ 62</u>	<u>\$ 2,599</u>	<u>-102%</u>

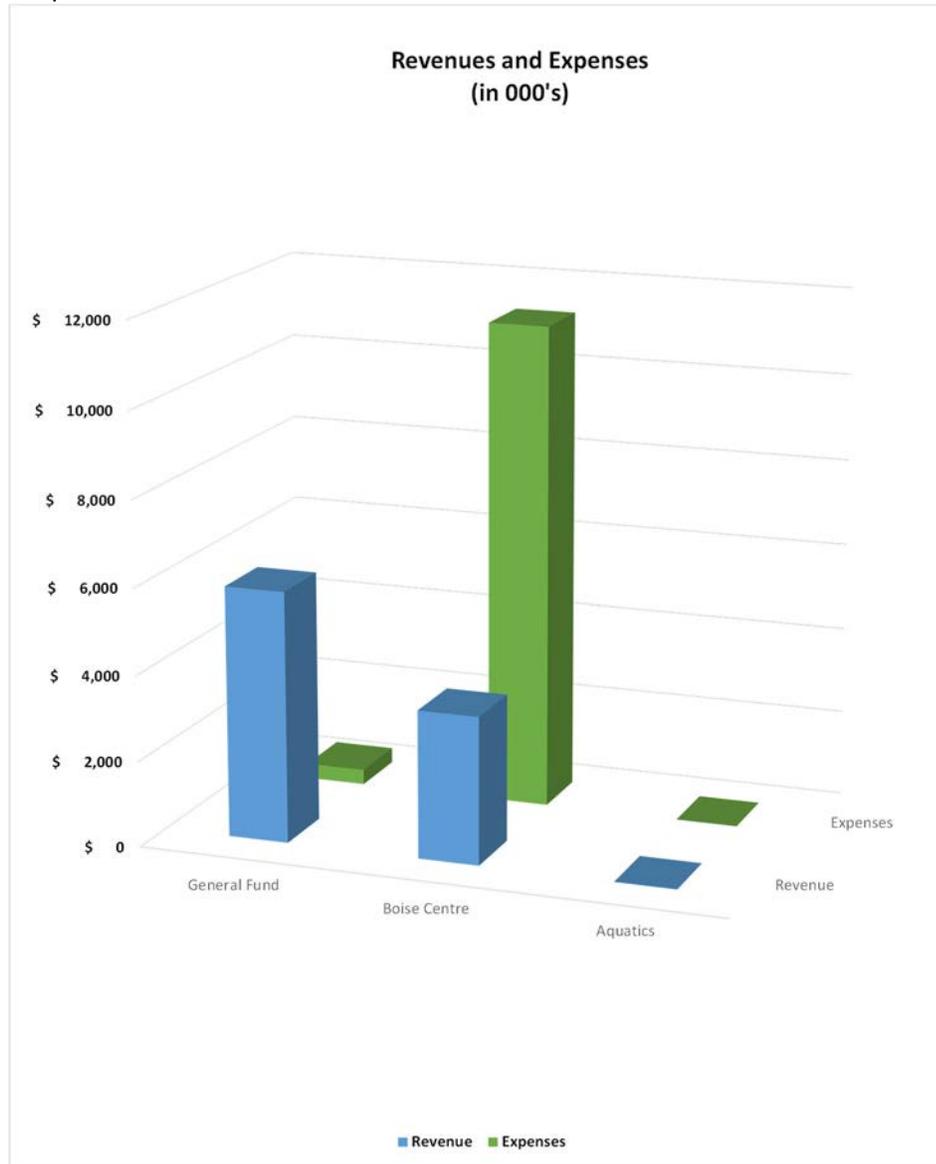
Financial Analysis of the Government as a Whole

Current and other assets consist of cash and cash equivalents, investments, receivables, deposits, prepaid expenses, inventory and intangible assets. Capital assets consist of land, buildings and improvements, furniture and equipment, and capital projects, net of respective depreciation. Liabilities consist of accounts payable, event deposits, accrued expenses and a capital lease. Such amounts may vary from prior years due to capital projects, Boise Centre contracted events, and events in process.

The District's combined assets exceeded its liabilities by \$51 million. The largest portion of the District's net position is held in cash, investments and other current assets, which represents 48% of the total net position. The remaining portion of the District's net position is invested in capital assets, committed projects, operating needs, and third-party restrictions. The increase in the net position is due to the rebound in tax revenues.



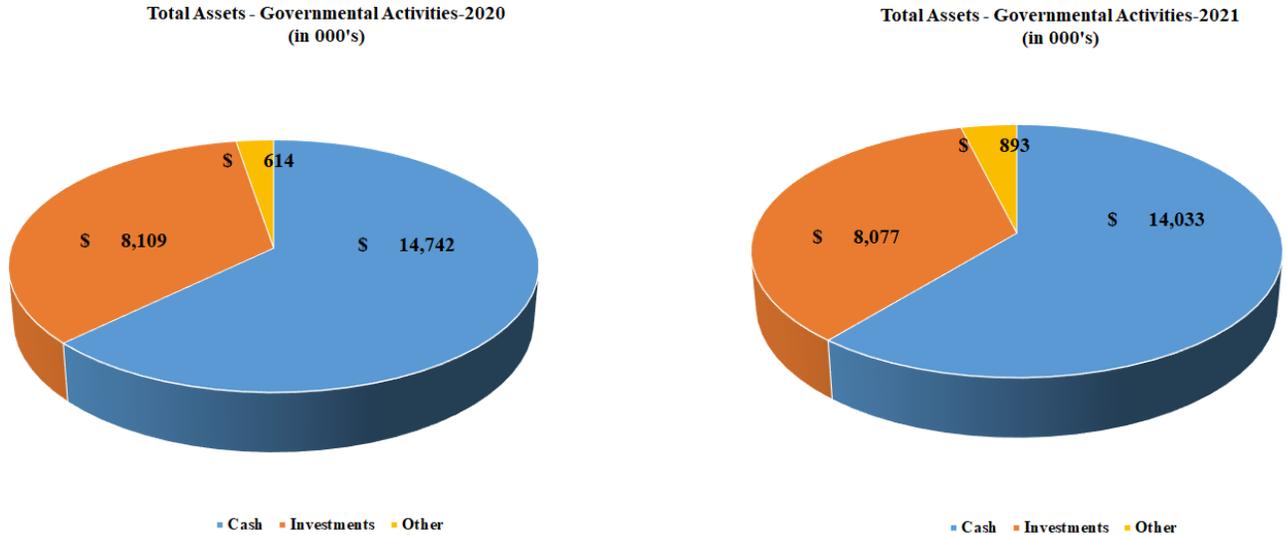
Revenues are generated from lodging taxes, interest on investments and proprietary fund operations, which consist of charges for room rental and event services of Boise Centre and rent for the Aquatics' property. Expenditures consist of operating expenses of the general fund and the proprietary funds, debt service, and capital projects. Expenditures in excess of revenues for Boise Centre are funded from transfers from the District. Once completed, it is anticipated that the Aquatics Center will be operationally self-funding except for any additional capital improvements.



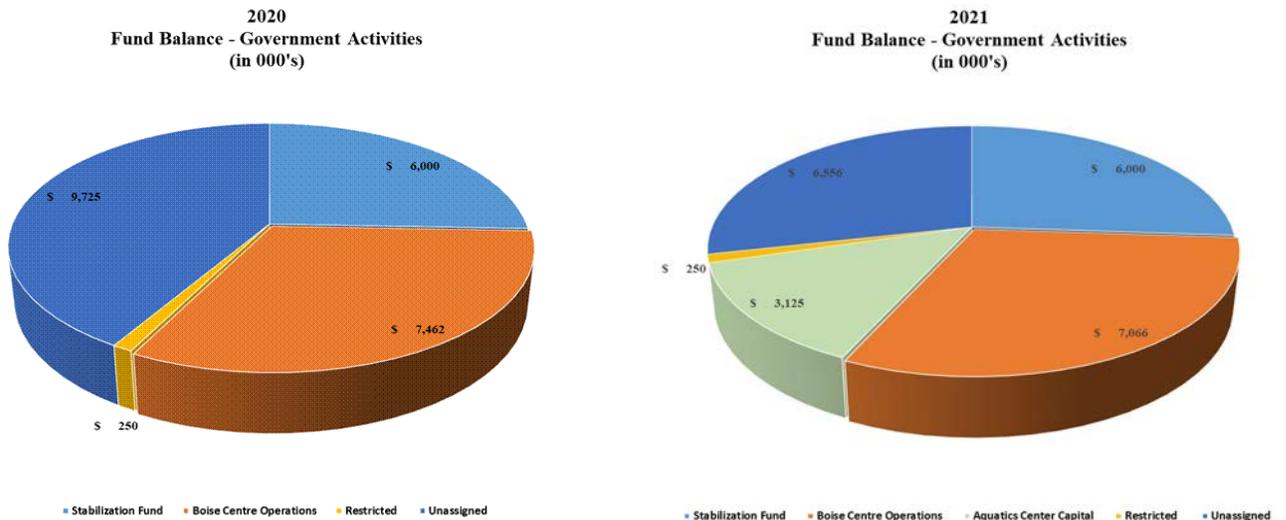
Governmental Activities (District)

Current and other assets consist of cash and cash equivalents, investments, lodging room tax and interest receivables, and expense reimbursements. Other liabilities consist of accounts payable, intercompany payables and accrued expenses. These amounts may vary from prior years due to District projects.

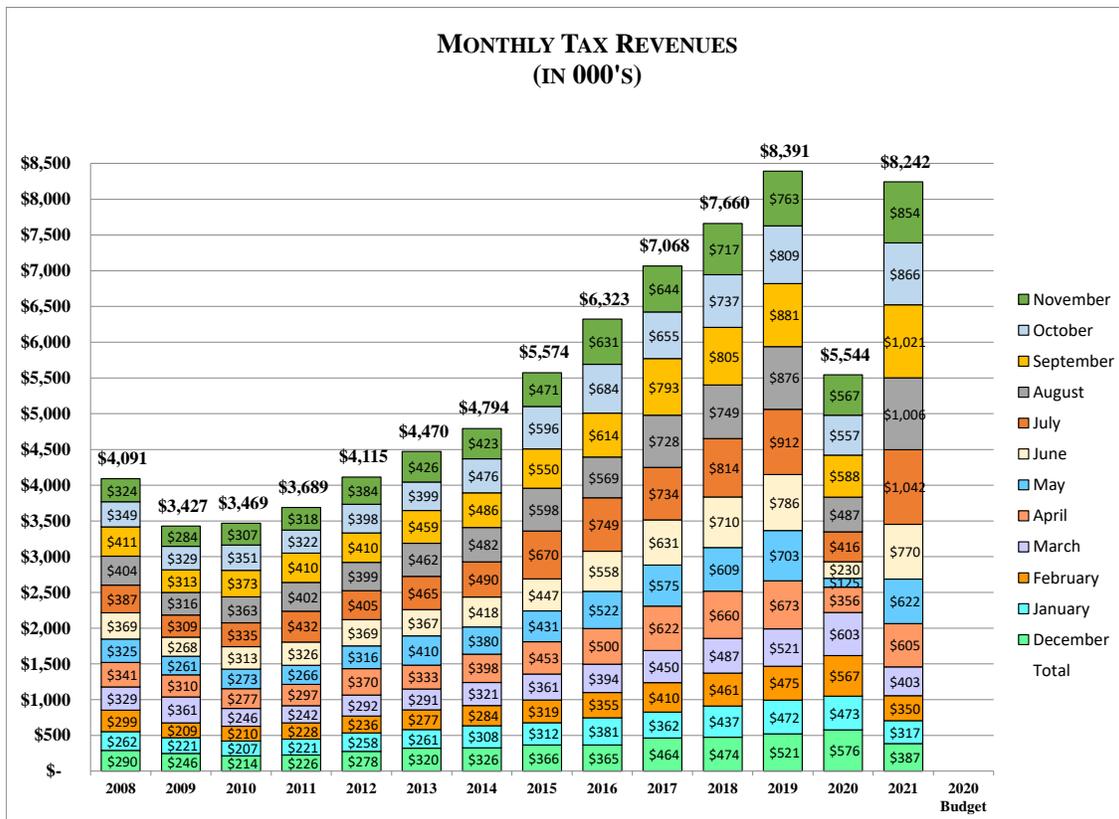
The District's net position is composed primarily of cash and investments, which is 96% of the total net position.



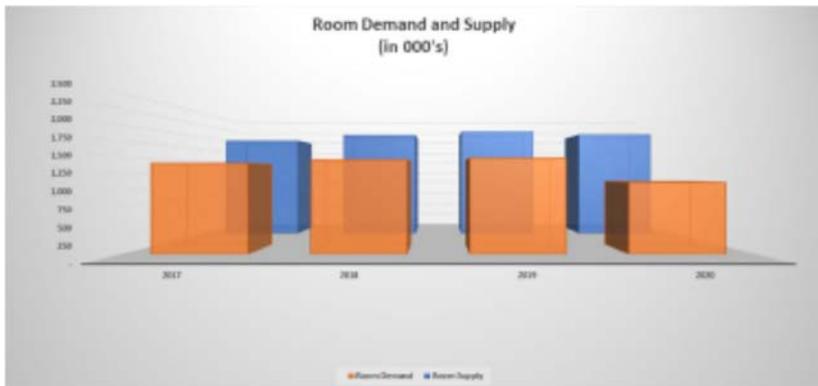
The Governmental Activities assets exceed its liabilities by \$23 million. The slight decrease in the net position over the prior year is due to the investment in the Aquatics Center to purchase land. The fund balance is split between restricted, committed and unassigned funds. Committed funds consist of the amounts committed to fund the Boise Centre's operating, capital and debt needs, the Aquatics Center building project, and funds set aside to ensure stability; a small, restricted amount is also related to the capital lease.



From 2009 - 2019, the District's yearly lodging tax receipts steadily climbed to reach record high levels in response to individual's preferences to stay in vibrant downtown Boise. This continued through the first quarter of 2020. Due to COVID-19, lodging tax revenues declined dramatically in the second quarter, and then proceeded to improve from May's low point. The revenues rebounded through the fall because of extremely aggressive leisure market advertising to spur the market by the Boise Convention and Visitor's Bureau. The campaign was successful, and 2021 taxes rebounded.

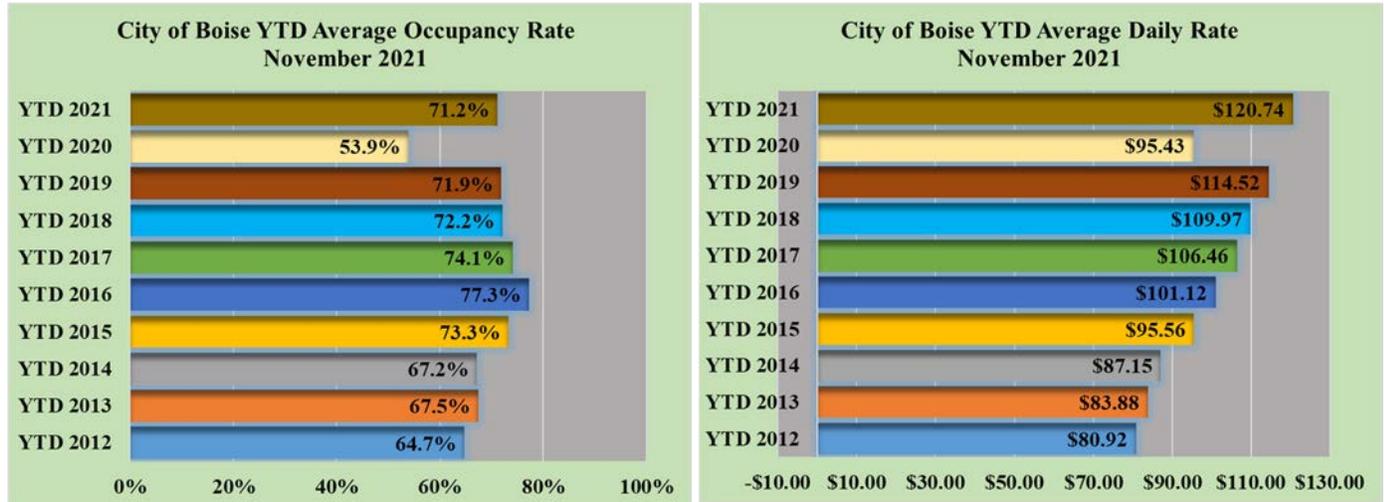


Room demand within the District rebounded, with three of the top 10 months on record occurring in June, July and August 2021 due to leisure travel



In the same time frame, occupancies had rebounded to the 80-85% range while average daily rates rebounded to record highs, in the \$131-\$145 range.

Tax revenues were positively affected by increased room demand which resulted in record average daily rate and near record occupancy rates for lodging within the District’s boundaries. As tax revenues increased, accounts receivables increased.



Source: STR Trend Report, November 2021, Group 1

Using Idaho State Tax Commission taxable revenues and room supply from the Smith Travel Reports, in 2019, it was estimated that one lodging unit had the potential to generate \$1,460 in annual lodging tax revenues. In 2020, this decreased by 34% to \$969. In 2021, this increased 47% to \$1,422, approximating 2019 levels. Boise’s strong business climate, location, climate, and outdoor amenities contribute to continued population growth. Boise, Idaho continues to be nationally recognized as one of the best places to live, work and play.

Interest income decreased due to decreasing interest rates and yields on investments as maturing investments were reinvested. Expenses for the District remained stable with continued funding to stimulate leisure travel to improve tax revenues.

Decisions to participate in future projects is based on the District’s statutory authority and boundaries, financial sustainability, and economic impact. As the District’s ability to fund losses created by Boise Centre operations is solely reliant on the lodging tax revenues, a stabilization fund policy was created in 2017 and the fund is maintained at \$6 million. This fund helps ensure that liquidity is sufficient to fund operating needs, capital projects, lease payments, economic downturns, and unanticipated cash needs. No funds were used in the stabilization fund from 2021 as tax revenues covered needed transfers.

Business-type Activities (Boise Centre)

Current assets of Boise Centre consist of cash, accounts receivable, prepaid expenses, and food and beverage inventory for events. Net capital assets declined due to reduced investments in capital projects and depreciation. Accounts receivables increased as revenues increased in the fourth quarter. Current liabilities consist of accounts payable, deposits on events, other accrued expenses and current portion of long-term debt. Event deposits increased over 2020, due to continued event bookings. The long-term portion of the capital lease decreased by \$1 million while the net position decreased by \$1 million due to depreciation on capital assets.

Impact of Coronavirus 19 (COVID-19)

The epidemic of COVID-19 has impacted nearly every industry and almost everyone around the world. The impact to the hospitality industry was unprecedented. During the spring of 2020, as lockdown restrictions, shelter-in-place orders and regulations were put into effect, businesses were prohibited from operating. Business and leisure travel were impacted and the impacts continued to be felt in the first three quarters of 2021.

COVID-19 presented Boise Centre with significant challenges the last three quarters of 2020 and continued into the first three quarters of 2021. In the fourth quarter, events began to re-emerge, fueled by vaccine distribution. As a result, the revenue trend was generally upward in the fourth quarter of 2021 at 82% of 2019.

During the COVID crash, the Boise Centre management team made the decision to retain key employees. This decision was fully supported by the Board and bore fruit in 2021 as the events came back. Other convention centers across the country were unable to open due to lack of staffing while the Boise Centre was open for business, rescheduling events, marketing for the recovery and managing projects that required dark days to complete.

Event Activity

The effects of COVID-19 were obvious in 2020 and 2021. The first quarter of 2020 was on a record setting pace, and then COVID-19 surfaced. In March 2020, there was an event in the facility when the client cancelled the remainder of the event and the attendees returned home.

As a result of COVID-19, in 2020, Boise Centre experienced decreases in all event statistics. Guests attending virtual portions of events are not included in the totals, which further deflated attendance. Along with the decreased attendance and events, Boise Centre revenues were negatively impacted. However, in 2021, revenues have rebounded in the fourth quarter. Higher revenues to cover fixed costs also positively impacts earnings before interest, taxes, depreciation and amortization (EBITDA), as reflected below.

	Fourth Quarter 2020 3 months	Forth Quarter 2021 3 months	%	FYE 2020 12 months	FYE 2021 12 months	%
			Change			Change
Operating revenues	\$ 254	\$ 1,978	678%	\$ 2,897	\$ 3,402	17%
EBITDA	(1,113)	(660)	41%	(4,315)	(4,155)	4%

Below is a comparison for the past two years, which reflects increasing activity.

	<u>2020</u>	<u>2021</u>	<u>% Increase (Decrease)</u>
Event Days**	281	316	13%
Number of Events	166	169	2%
Attendance	42,883	47,432	11%
Conventions	11	42	282%
Non-conventions	155	127	-18%
Local Attendees	38,748	36,752	-5%
Non-local Attendees	4,135	10,680	158%

**Multiple events may be held on any given day, which can result in event days exceeding 365 days.

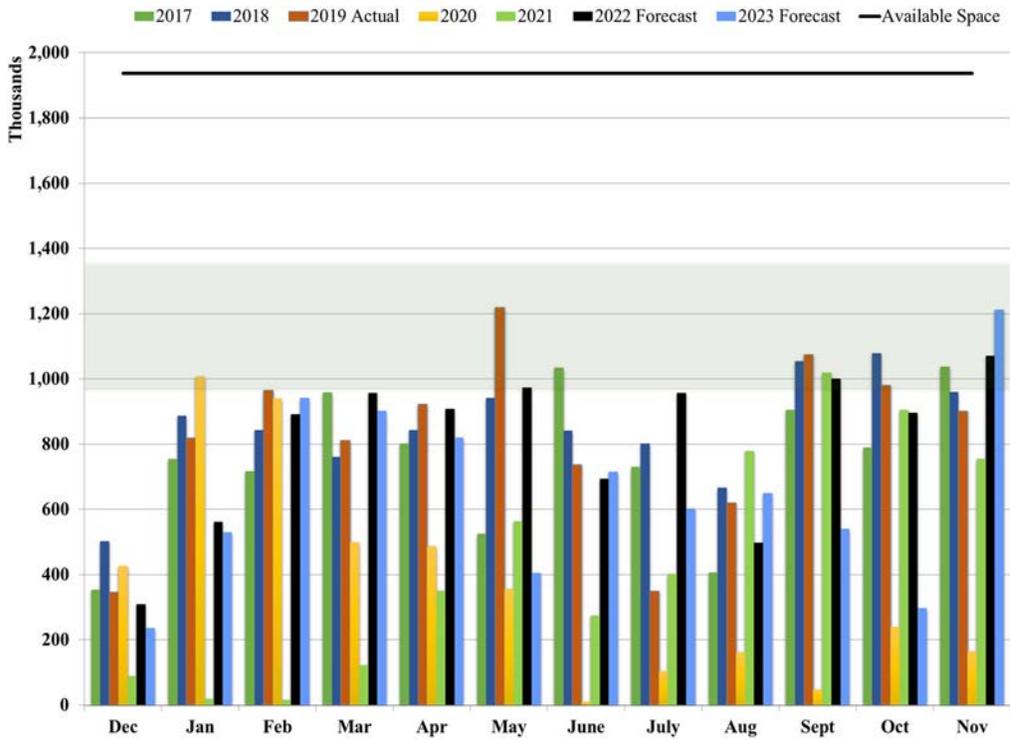
As reflected above, conventions are increasing. There were three big wins in sales for 2022: three conventions contracted for 2023 and 2024 with over 4,900 room nights.

With the addition of hybrid events which have on-site and on-line attendees, Boise Centre can accommodate larger conventions with more on-line attendees than prior to COVID. In addition, with the retained staff and investments in audio visual, Boise Centre was able to ramp up faster than other competitors. As a result, the economic impact increased by 4% in 2021.

Utilization

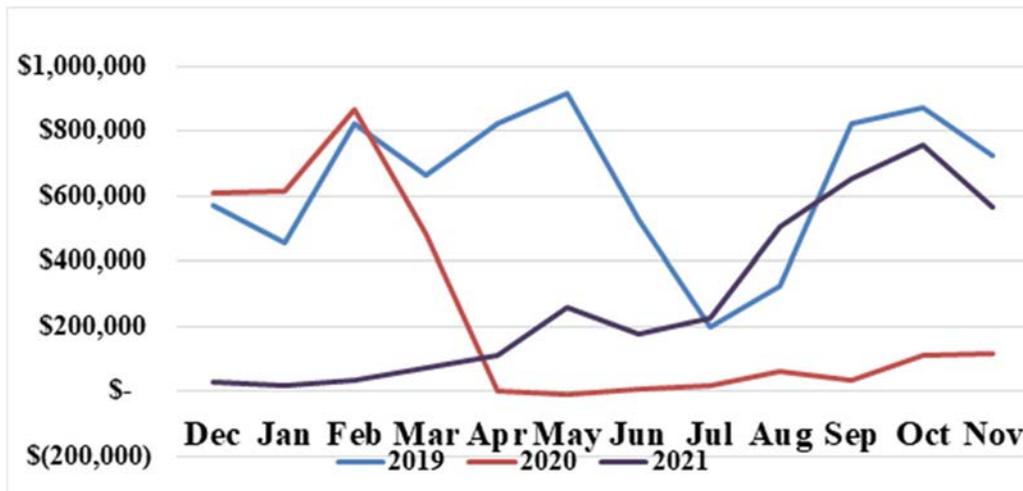
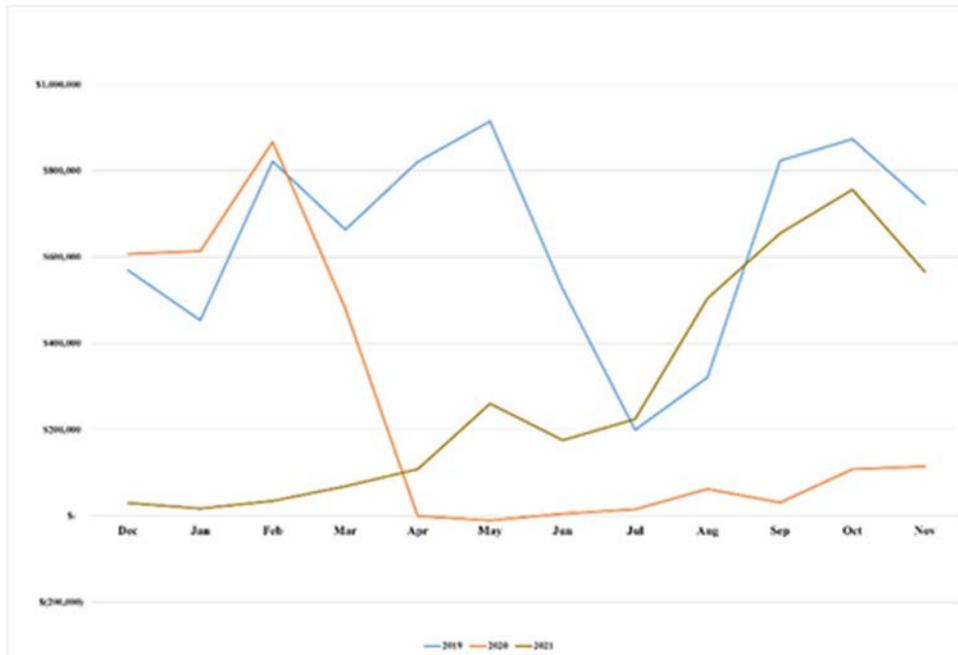
Utilization for 2021 increased 19% due to more conventions, despite more events with virtual components requiring less facility space. Based on a CSL Feasibility Study dated March 2010, targeted utilization for the hospitality industry ranges from 50%-70% (light green shaded area in chart below.). Convention facilities tend to fall in the lower range of the target area and targeted utilization is lower than available space due to move in and move out days, holidays, holiday weeks, Sundays, and high tourism months which result in lower meeting and convention demand.

The following chart reflects upcoming forecasts for utilization for 2022 and 2023, indicating solid trends in utilization.



Boise Centre was not able to hold events in April or May 2020. Meanwhile, the facility was utilized by the Idaho Food Bank for food distribution for six weeks. Events started up on a small scale in the latter part of July and operated at that level until November 14, 2020, when the Governor placed all activities back to Stage 2, minimizing capacity to 10 people per room. Those restrictions remained in effect through February 2, 2021, when the Governor reopened activity to Stage 3. On May 11, 2021, the Governor of Idaho moved to Stage 4, and Idaho has remained in Stage 4 since. The facility continues to see events cancel or shift further out in the booking calendar, depending on the level of positive testing rates in the state and the United States, but overall, the worst seems to be behind us.

The team at Boise Centre continues to identify additional revenue opportunities to reduce losses as well as increasing prices to offset inflation. Below is a revenue chart which reflects the impact on operating revenues throughout 2021.



Despite the status as a quasi-governmental entity, the District has not been eligible for any federal emergency funding. The District also has business interruption insurance, however, the claim was denied as there was not a physical tangible alteration to the insured property. As a result, all expenses incurred are covered by tax and operating revenues. There are noted increases in labor and operating supplies due to COVID which will be continued expenses for the foreseeable future.

Staffing

The Centre is managed by an Executive Director, Director of Finance, Director of Human Resources, Director of Sales, Director of Marketing, Assistant Executive Director, Director of Operations, and the Director of Food and Beverage. The Centre employs full-time and part-time staff to meet its varying needs for staffing based on event numbers, organized into the above departments. Investments in training and development of employees remains a priority to ensure that guest experiences are among the best in the industry. Employees are certified in various programs such as first aid/CPR, TIPS, Serve Safe, GBAC, software and other industry specific training. Additionally, managers attend seminars and conventions for further professional development and to keep pace with industry trends and knowledge.

After actions taken by state and federal authorities in March 2020, Boise Centre reduced *full time equivalent* staff from 95 to 66 and 59 in 2019, 2020 and 2021, respectively. The largest reduction was in part time and full time non-exempt staff hours, which are dependent on event levels. Through February 2021, minimal staffing (23 personnel) was retained to ensure the building's integrity was maintained and to complete projects that required an empty building. The staff handled incremental business allowed by the alternating stages placed on operations by federal, state, and local authorities. Staff were further burdened with additional cleaning regimens, larger meeting sets to allow for physical distancing, monitoring of cameras and attendees, and use of the sanitization equipment. Other staff were challenged to work remotely, which has been a successful addition to our operations, while freeing up much needed office space for other staff. In 2021, as business demands improved, full time and part time staff increased, ending the year with 66 and 91 employees, respectively. The first six months were made up primarily of hybrid events which require less operations and food and beverage staff and, after May, overall demand improved. Availability of employees is tight across the economy, with unemployment at 3.6%, and this has resulted in wage increases, as well as performance and retention bonuses to retain and obtain employees. This has also increased labor costs.

Boise Centre remains committed to its Wowgistics™ program, which was originated to maintain a desirable workplace, and help with recruitment and retention. This program has been successful in the retention of key employees throughout this time, as well as continued connections with prior employees, which helped reduce training and recruitment costs in 2021 while ensuring our guests received our famous five-star service.

Transfers – Boise Centre

Due to historical as well as budgeted operating losses before depreciation, certain operating and capital requirements for Boise Centre are funded by the District. Operating transfers in 2021 were higher than prior year due to increased working capital needs due to increased revenues. Capital transfers were stable. Please refer to the Capital Asset section on page 23.

In 000s	2020	2021	Change
Operating tranfers	\$ 3,441	\$ 3,893	\$ 452
Lease payment transfers	1,696	1,722	26
Capital - Boise Centre	863	835	(28)
Capital - Aquatics Center	-	1,878	1,878
Total transfers to proprietary fund	\$ 6,000	\$ 8,328	\$ 2,328

Business-type Activities (Aquatics Center)

The Aquatics Center was formed in 2021 as a proprietary fund within the District. The Aquatics Center holds 3.7 acres of bare land acquired in 2021 for the project at the cost of \$2 million. The District has further committed up to \$3 million in construction costs for building roof, ceiling, exterior walls and doors, windows, skylights, rain gutters, downspouts, heating and air conditioning costs. Idaho Competitive Aquatics, LLC (ICA) is responsible for the installation of the pool, lighting, interior walls and doors, plumbing and sewage, utility and mechanical systems, landscaping and sidewalks. The District and ICA have entered into a lease agreement for the land and building, which expires on July 31, 2051. Rental income is based on 5% of the cost of the project. Expenses are related to the maintenance of the facility, once constructed, and any legal and consulting costs on the District's behalf.

Significant Budget Variances

General Fund (District)

Revenues

District lodging room taxes are \$8 million in 2021, 49% higher than prior year, and 102% above budget due to significant and unanticipated increases in lodging demand, occupancy, and average daily rate. Increased leisure travel created an unanticipated rebound from 2020 when COVID-19 ravaged the hospitality industry.

Operating and Expansion Expenses

Operating and expansion expenses for the District were stable, and 31% below budget due to controlled marketing costs.

Transfers

Transfers were over the original budget, as the Aquatics Center project was not budgeted for 2021. With the rebound in room tax revenues and cash reserves, the District was able to participate in a project with ICA and \$1.9 million was transferred to the Aquatics Center in 2021 for the purchase of land.

Proprietary Fund (Boise Centre)

Revenues

The Centre gross operating revenues were lower than budget by \$1 million, a 24% negative variance, due to COVID restrictions at the beginning of the year, and combined with lower attendance and revenue per event and revenue per attendee. Lower attendance results in lower food and beverage revenues. The Centre continues to improve its technology related to audio visual presentations, but hybrid events also have lower onsite attendance, as well as lower food and beverage.

Cost of Sales (Labor – conventions and meetings and Convention and meetings costs)

Direct labor and costs, which are largely variable costs, were under budget in dollars due to the significant reduction in revenues.

- As a percentage of sales, direct labor was over budget (82% compared to budget of 70%). The Boise Centre retained its core employees and core employees assumed the duties of part time employees which increased per hour labor costs. In addition, retention bonuses and wage increases were implemented to retain staff during this country wide staffing shortage.
- As a percentage of sales, direct costs were under budget (actual of 20% compared to budget of 23%). The percentage decrease was a result of increased revenues which helped offset fixed costs (maintenance contracts, internet expense, computer support, security, etc.)
- 2021 continued to require a complex blend of managing labor costs while retaining key employees. Retention of key employees is critical due to labor shortages in the Boise market. As a business in the hospitality industry, our employees and our service culture are vital to distinguish us within the industry.

Operating Expenses (Operating expenses excluding cost of sales above)

Operating expenses were \$1 million below budget and 13% below budget (actual to budget variance as a % of budget), with positive variances noted in all expense areas. Management worked diligently to control costs, while continuing to fund sales and marketing efforts.

Transfers

Please refer to comments above under Governmental Fund, Proprietary Funds and the footnotes for further discussion of transfers.

Capital Assets

Boise Centre employs a rolling 20-year capital plan, which is updated annually. While the capital plan is subject to change, depending upon cash flow demands, the capital plan reflects anticipated improvements and replacements. The plan is intended to maintain the facilities with modern design aesthetics, state of the art technology and security to optimize the guests' experiences, and full-service catering and beverage services to deliver world-class culinary creations.

Capital spending in 2021 was budgeted at \$1 million and focused on remodeling of the grand ballroom. With lower attendance and use, the condition of the ballroom remains up to standard and was postponed. As a result, 2021 was focused on technology to support virtual and hybrid events (\$177K) and investments in other projects to elevate competitive position of the Boise Centre, as this is an area that is critical to product differentiation, enhancing the look and feel, the guest appeal and the event experience.

Long-Term Debt

Boise Centre has a capital lease for the lease purchase of the ballroom portion of Boise Centre East. The building is currently owned by the Capital City Development Corporation and financed through the issuance of lease revenue bonds (Series 2016 due 12/15/2036 issued for the Greater Boise Auditorium District). The bonds rating was downgraded in 2020 from an "A+" to an "A-" by Standards & Poor's Rating Services due to the industry trends related to COVID-19.

Despite the unfavorable economic environment, the Board and management continue to manage expenses to limit losses. Lodging tax revenues have recovered sufficiently to cover the losses, and the District meets its debt covenants at 4.78 times.

Conditions with Expected Future Impact

Idaho is known as the “least regulated state in the nation” by the Mercatus Center at George Town University. The State of Idaho has record surpluses and leads the nation in job growth. Economic fundamentals continue to expand in Boise and the surrounding areas. The City of Boise remains the economic cornerstone in the Treasure Valley. The real estate market is hot with limited supply compared to demand. The market is also seeing a significant influx of out-of-state investment. The pipeline for industrial buildings is robust. Retail space is accelerating. Multi-family housing is growing. Amazon continues to expand and Facebook just announced an \$800 million data center. The secret is out and people are moving to the Gem State. Boise, Idaho is on the map and the Community Planning Association of Southwest Idaho estimates that the growth trend will continue through 2040 with over 1 million people in the two counties.

Smooth running airports are also integral to attracting larger conventions. In 2020, airlines announced new direct flights to the following locations: Atlanta, Los Angeles, San Diego, Denver, San Jose, Sacramento and additional flights to Phoenix. The addition of a direct flight to Atlanta, GA began in July 2020, improving access and opening up new markets in the southeast. Direct flights to New York, Chicago, Nashville, Austin, Orange County, were also added in 2021. There are now seven airlines with nonstop flights to 27 destinations.

According to The American Hotel & Lodging Association “AHLA’s State of the Hotel Industry 2022”, the reality is that COVID-19 continues to influence daily life and this will be the norm for the foreseeable future. The next phase of the recovery will be uneven and potentially volatile while full recovery is still several years away. While there remains strong headwinds and potential disruptors, room night demand and room revenue are projected to return to near 2019 levels. These recoveries are from the bleisure (combined business and leisure travel) sector and business travel is expected to lag, which will continue to impact food and beverage revenues.

As indicated last year, event organizers and attendees want to have events at the Boise Centre and want to come to Boise, Idaho. However, if the COVID-19 virus surges again, events will need to be rescheduled further out, and there may not be availability within the booking calendar to accommodate all of the events, which will further impact revenues. This may also impact District lodging tax receipts. Despite the uncertain nature of this virus, management is actively pursuing strategies to ensure that Boise Centre remains present in the market, staff is retained and the building is maintained to provide our excellent standard of service and quality as events re-emerge.

Staffing challenges due to an extraordinarily tight labor market may affect the size and number of future events. The price of housing may also continue to reduce the pool of candidates. Efforts continue to retain existing permanent staff while rebuilding the pool for temporary event staff. This continues to require additional hiring and training resources. Furthermore, high inflation continues to pressure wages, food costs, plastics, etc. Product pricing has increased while supply chain issues make it difficult to manage products and costs.

Projects

The District continues to have organizations approach the Board for investments in potential projects. Currently, there is a formal commitment of up to \$5 million for a competitive event swimming facility to drive economic activity in the Treasure Valley. The District has invested \$2 million for 3.7 acres in Boise, Idaho in 2021, with the remaining \$3 million to be spent in 2022.

Hotel Update

Two new hotel projects have been announced this past year:

- Pennbridge developed the Residence Inn by Marriott on Capitol Blvd., as well as other projects throughout the region. Principle Jared Smith shared news that they hope to develop two new hotels on the block at 10th Street and Front Street. The two hotels would be a 130-room Marriot AC and a 130-room Marriott Springhill Suites.



- Hendricks Commercial Properties has proposed an eight-story boutique hotel on the parking lot of The Owyhee apartments on the corner of 11th and Grove Streets. The property is being referred to as the Hotel Renegade. Construction is slated for 2022.

Below is a rendering of the proposed Hotel Renegade.



Other potential hotel projects include two select service hotels with approximately 100 rooms each on the parking lot to the west of Hotel 43. Geronimo Hospitality, the group involved with the Food Hall in BODO, is also considering a 45-room boutique property as well as approximately 70 rooms to the south of the Owyhee in the parking lot.

The Cottonwood Suites (111 rooms) and the Howard Johnson (85 rooms) closed in 2021.

Bond Rating

In June 2020, Standard and Poor's downgraded the Capital City Development Corporation (Greater Boise Auditorium District) Lease Revenue Bonds (Centre Building Project) Series 2016 Due 12/15/2036, Idaho from an A+ to an A-. The rating was based on a negative outlook due to the substantial anticipated deterioration in the District's pledged tax revenue due to the COVID-19 pandemic. The District experienced its lowest tax revenue collections in May 2020. Since that time, tax revenues have rebounded, and the last five months of 2021 exceeded tax revenues for the same period in 2019. Furthermore, those months were record revenues in the history of the District.

Currently Known Facts

The District is involved in legal matters arising in the normal course of our activities. There are currently no known legal proceedings pending with the District. In the opinion of management, the ultimate disposition of matters, other than disclosed above, will not have a materially adverse effect on the District's financial position, revenues, expenditures, or changes in fund balance.

Greater Boise Auditorium District
Statement of Net Position
November 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,783,246	\$ 481,360	\$ 14,264,606
Investments	8,076,564	-	8,076,564
Receivables			
Lodging room taxes	854,084	-	854,084
Accounts	-	442,861	442,861
Interest	39,411	-	39,411
Prepaid expenses	-	329,109	329,109
Inventories	-	50,551	50,551
Cash, restricted	250,000	-	250,000
Other assets	-	19,625	19,625
Parking reservation rights, net	-	98,697	98,697
Capital assets, net	-	47,436,294	47,436,294
	<u>23,003,305</u>	<u>48,858,497</u>	<u>71,861,802</u>
Total assets			
Liabilities			
Accounts payable	1,110	50,816	51,926
Accrued expenses	5,254	798,718	803,972
Events deposits	-	942,151	942,151
Capital lease payable			
Due within one year	-	1,098,851	1,098,851
Due in more than one year	-	18,019,223	18,019,223
	<u>6,364</u>	<u>20,909,759</u>	<u>20,916,123</u>
Total liabilities			
Net Position			
Net investment in capital assets	-	28,416,917	28,416,917
Restricted	250,000	-	250,000
Unrestricted	22,746,941	(468,179)	22,278,762
	<u>\$ 22,996,941</u>	<u>\$ 27,948,738</u>	<u>\$ 50,945,679</u>
Total net position			

Greater Boise Auditorium District
Statement of Activities
Year Ended November 30, 2021

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position		
			Primary Government		Total
			Governmental Activities	Business- type Activities	
Primary Government					
General government	\$ 380,559	\$ -	\$ (380,559)	\$ -	\$ (380,559)
Business-type activities					
Convention activities	10,614,049	3,402,408	-	(7,211,641)	(7,211,641)
Interest on capital lease	660,968	-	-	(660,968)	(660,968)
Aquatics activities	158	7,826	-	7,668	7,668
Total Primary Government	<u>\$ 11,655,734</u>	<u>\$ 3,410,234</u>	<u>(380,559)</u>	<u>(7,864,941)</u>	<u>(8,245,500)</u>
General Revenues:					
District taxes			8,246,243	-	8,246,243
Investment earnings			22,217	-	22,217
Other			-	39,080	39,080
Transfers, net			<u>(8,327,574)</u>	<u>8,327,574</u>	<u>-</u>
Change in Net Position			(439,673)	501,713	62,040
Net Position, Beginning of Year			<u>23,436,614</u>	<u>27,447,025</u>	<u>50,883,639</u>
Net Position, End of Year			<u>\$ 22,996,941</u>	<u>\$ 27,948,738</u>	<u>\$ 50,945,679</u>

Greater Boise Auditorium District
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year Ended November 30, 2021

Revenues	
Lodging room taxes	\$ 8,246,243
Investment earnings	<u>22,217</u>
Total revenues	<u>8,268,460</u>
Expenditures	
General government	<u>380,559</u>
Total expenditures	<u>380,559</u>
Excess of Revenues over Expenditures	7,887,901
Other Financing Uses	
Operating transfers	(5,614,986)
Capital transfers	<u>(2,712,588)</u>
Net change in fund balance	(439,673)
Fund Balance, Beginning of Year	<u>23,436,614</u>
Fund Balance, End of Year	<u><u>\$ 22,996,941</u></u>

There are no adjustments between the net position for governmental activities reported in the statement of net position and the fund balance reported for the general fund. The fund balance for the general fund equals the net position for governmental activities.

Greater Boise Auditorium District
Statement of Net Position – Proprietary Funds
November 30, 2021

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 463,788	\$ 17,572	\$ 481,360
Accounts receivable	442,861	-	442,861
Prepaid expenses	259,665	-	259,665
Inventories	50,551	-	50,551
Other assets	19,625	-	19,625
	<u>1,236,490</u>	<u>17,572</u>	<u>1,254,062</u>
Total current assets			
Prepaid expenses - long-term	69,444	-	69,444
Parking reservation rights, net	98,697	-	98,697
Capital assets, net	45,558,054	1,878,240	47,436,294
	<u>45,726,195</u>	<u>1,878,240</u>	<u>47,604,435</u>
Total long-term assets			
Total assets	<u>46,962,685</u>	<u>1,895,812</u>	<u>48,858,497</u>
Liabilities			
Accounts payable	50,816	-	50,816
Accrued expenses	788,148	10,570	798,718
Event deposits	942,151	-	942,151
Capital lease payable - current portion	1,098,851	-	1,098,851
	<u>2,879,966</u>	<u>10,570</u>	<u>2,890,536</u>
Total current liabilities			
Capital lease payable - long-term	18,019,223	-	18,019,223
	<u>18,019,223</u>	<u>-</u>	<u>18,019,223</u>
Total long-term liabilities			
Net Position			
Net investment in capital assets	26,538,677	1,878,240	28,416,917
Unrestricted	(475,181)	7,002	(468,179)
	<u>26,063,496</u>	<u>1,885,242</u>	<u>27,948,738</u>
Total Net Position	<u>\$ 26,063,496</u>	<u>\$ 1,885,242</u>	<u>\$ 27,948,738</u>

Greater Boise Auditorium District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended November 30, 2021

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Operating Revenues			
Conventions and meetings	\$ 3,402,408	\$ -	\$ 3,402,408
Rental revenue	-	7,826	7,826
Total operating revenues	<u>3,402,408</u>	<u>7,826</u>	<u>3,410,234</u>
Operating Expenses			
Labor - conventions and meetings	2,789,180	-	2,789,180
Labor - office and general	1,810,638	-	1,810,638
Employee related	56,842	-	56,842
Convention and meetings costs	686,634	-	686,634
Office and general	293,108	158	293,266
Marketing and sales	1,176,448	-	1,176,448
Utilities	167,328	-	167,328
Building repairs and maintenance	538,417	-	538,417
Professional fees	88,467	-	88,467
Depreciation and amortization	2,967,303	-	2,967,303
Total operating expenses	<u>10,574,365</u>	<u>158</u>	<u>10,574,523</u>
Operating Income (Loss)	<u>(7,171,957)</u>	<u>7,668</u>	<u>(7,164,289)</u>
Nonoperating Revenues (Expenses)			
Other income, net	39,080	-	39,080
Loss on disposition of capital assets	(39,684)	-	(39,684)
Interest expense	(660,968)	-	(660,968)
Total nonoperating revenues (expenses)	<u>(661,572)</u>	<u>-</u>	<u>(661,572)</u>
Income (Loss) before Transfers	<u>(7,833,529)</u>	<u>7,668</u>	<u>(7,825,861)</u>
Operating transfers	5,614,986	-	5,614,986
Capital transfers	835,014	1,877,574	2,712,588
Change in Net Position	<u>(1,383,529)</u>	<u>1,885,242</u>	<u>501,713</u>
Net Position, Beginning of Year	<u>27,447,025</u>	<u>-</u>	<u>27,447,025</u>
Net Position, End of Year	<u>\$ 26,063,496</u>	<u>\$ 1,885,242</u>	<u>\$ 27,948,738</u>

Greater Boise Auditorium District
Statement of Cash Flows – Proprietary Funds
Year Ended November 30, 2021

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Operating Activities			
Receipts from customers	\$ 3,203,423	\$ 7,826	\$ 3,211,249
Payments to suppliers	(2,655,494)	(158)	(2,655,652)
Payments to and on behalf of employees	(4,587,908)	-	(4,587,908)
Net Cash from (used for) Operating Activities	<u>(4,039,979)</u>	<u>7,668</u>	<u>(4,032,311)</u>
Noncapital Financing Activities			
Operating transfers	5,614,986	-	5,614,986
Other revenue	39,080	-	39,080
Net Cash from Noncapital Financing Activities	<u>5,654,066</u>	<u>-</u>	<u>5,654,066</u>
Capital and Related Financing Activities			
Acquisition of capital assets	(835,013)	(1,867,670)	(2,702,683)
Costs paid for disposal of capital assets	(14,061)	-	(14,061)
Principal payments on capital lease	(1,060,842)	-	(1,060,842)
Interest payments on capital lease	(660,968)	-	(660,968)
Capital transfers	835,014	1,877,574	2,712,588
Net Cash from (used for) Capital and Related Financing Activities	<u>(1,735,870)</u>	<u>9,904</u>	<u>(1,725,966)</u>
Net Change in Cash and Cash Equivalents	(121,783)	17,572	(104,211)
Cash and Cash Equivalents, Beginning of Year	<u>585,571</u>	<u>-</u>	<u>585,571</u>
Cash and Cash Equivalents, End of Year	<u>\$ 463,788</u>	<u>\$ 17,572</u>	<u>\$ 481,360</u>

Greater Boise Auditorium District
Statement of Cash Flows – Proprietary Funds
Fiscal Year Ended November 30, 2021

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ (7,171,957)	\$ 7,668	\$ (7,164,289)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation and amortization expense	2,967,303	-	2,967,303
Changes in assets and liabilities			
Accounts receivable	(340,651)	-	(340,651)
Prepaid expenses	395	-	395
Inventories	1,647	-	1,647
Other assets	(4,756)	-	(4,756)
Accounts payable	(77,338)	-	(77,338)
Accrued expenses	443,712	-	443,712
Event deposits	141,666	-	141,666
Net Cash from (used for) Operating Activities	<u>\$ (4,039,979)</u>	<u>\$ 7,668</u>	<u>\$ (4,032,311)</u>
Supplemental Disclosure of Cash Flow Information			
Noncash investing, capital and financing activities			
Loss on disposal of capital assets	\$ 39,684	\$ -	\$ 39,684
Accrued expenses capitalized to land	\$ -	\$ 10,570	\$ 10,570

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

Financial Reporting Entity

The financial reporting entity consists of the Greater Boise Auditorium District (District), Boise Centre, and the Aquatics Center. The District has no other organizations for which it is legally accountable for or who are fiscally dependent.

District

The District is a public body organized and operating pursuant to Title 67, Chapter 49, of the Idaho Code. An elected five-member Board of Directors governs the District. The purpose of the District is to build, operate, maintain, and manage for public, commercial and/or industrial purposes by any available means, public auditoriums, exhibition halls, convention centers, sports arenas and facilities of a similar nature.

The District is located in and conducts all of their activities from Boise, Idaho and within Ada County, Idaho.

Boise Centre

Boise Centre is a premier convention center for meetings, conferences and social events located in Boise, Idaho. Boise Centre offers 86,000 square feet of exhibition/meeting space and food service.

Aquatics Center

The Aquatics Center is being designed and developed to construct a comprehensive aquatic facility to allow individuals in the Treasure Valley to participate in a variety of aquatic programming and events.

Government-Wide Statements

Activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. There are no internal services funds or fiduciary funds within the District.

The statement of net position presents all of the District's assets and liabilities, with the difference between the two reported as net position. This statement presents information about the nature and amounts of investment in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the District.

The statement of activities demonstrates the degree to which expenses of governmental functions and business-type activities are offset by program revenues. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by Boise Centre and the Aquatics Center. The difference between expenses and program revenues is the net cost of the business-type activity subsidized by the District's lodging room taxes. Lodging room taxes and other revenue sources that are not attributable to specific programs are presented as general government revenues.

Fund Financial Statements

Separate fund financial statements are presented for the governmental and proprietary funds.

Governmental Fund:

General Fund

The General Fund presents all operating activity and financial resources of the District except those required to be presented in another fund. There are no additional governmental funds utilized by the District.

Proprietary Funds:

Boise Centre Fund

The Boise Centre Fund is a major proprietary fund and presents the operational activities of Boise Centre.

Aquatics Fund

The Aquatics Fund is a non-major proprietary fund and presents the operational activities of the Aquatics Center.

Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. Any internal activity between funds is eliminated in the government-wide statements to reduce the grossing up effect of internal transactions.

Separate fund statements are issued for governmental and proprietary funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within 30 days generally or soon enough thereafter to pay liabilities of the current period. District taxes are considered available when in the possession of the intermediary collecting government. Expenditures are recognized when the related liability is incurred.

The proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. Operating and nonoperating activities are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to usual business activity of the fund. All other activity is nonoperating.

Budgets and Budgetary Accounting

The District adopts a budget annually at a regular Board of Directors meeting. Budgets are reviewed and revised throughout the fiscal period.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts; cash on hand; cash in transit; and short-term investments that have a maturity of three months or less at the date of purchase. See Note 7 for discussion on the portion of cash that is restricted.

Investments

Funds may be invested in the securities and investments expressly described in subsection (a) through (m) of the Idaho Code Section 67-1210 and are generally described as securities backed by:

- the U.S. Government,
- certain federal agencies, including mortgages,
- the State of Idaho and
- Municipalities of the State of Idaho.

Investments are presented at fair value based on quoted market prices. Interest income earned from investment activities is recognized as earned in the fund that holds the investments.

Receivables

Receivables in the General Fund consist primarily of District lodging room taxes. Receivables in the proprietary funds consist primarily of amounts due from customers. The allowance for doubtful accounts reflects our best estimate of probable losses of accounts receivable. Management has determined the allowance based on known troubled accounts, historical experience and other available evidence. As of November 30, 2021, there was no allowance considered necessary.

Prepaid Expenses

Prepaid expenses represent amounts paid in the current period for services that will benefit future periods.

Inventories

Inventories in the Boise Centre Fund consist of food and beverage purchased for resale and are valued at the lower of cost (first-in, first-out method) or market.

Other Assets

Other assets in the Boise Centre Fund include amounts paid for deposits on future projects.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and consists of parking reservation rights. Intangible assets are amortized on straight-line basis over the expected period of benefit, which is thirty years for parking reservation rights.

Interfund Balances

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one fund within the District to another. At November 30, 2021, there was no interfund balance outstanding.

Capital Assets, Net

Capital assets, in the proprietary funds, include land, buildings, improvements, furniture and equipment. Capital assets with a cost of \$1,000 or more are capitalized. Cost includes expenditures for major improvements and replacements that extend the useful lives of assets. Expenditures for repairs and maintenance are expensed as incurred.

Buildings, improvements, furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of depreciable assets are generally:

Buildings	30-45 years
Improvements	7-39 years
Furniture and equipment	3-20 years

Property and equipment may be sold or disposed. The sale or disposal of property and equipment is recorded by removing cost and accumulated depreciation and recognizing the resulting gain or loss.

Event Deposits

Event deposits in the Boise Centre Fund include nonrefundable advance deposits for scheduled events. The deposits are applied to the receivable when the event is invoiced, upon completion of the event.

Annual Leave

Full time employees of Boise Centre earn vacation leave according to policy. All vacation leave is accrued after ninety days of employment and is included in the proprietary fund financial statements. Effective January 1, 2020, the annual leave policy was changed to convert existing and eligible employees' unused sick leave to an accrued Family Medical Leave (FML) balance, which vests over a period of 15 years. Accrued amounts are classified as current obligations.

Net Position

The Statement of Net Position presents the net position of the Governmental Activities and Business-Type Activities. Net position is classified and displayed in three components: net investment in capital, restricted and unrestricted.

Net investment in capital assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding related debt.

Restricted

Restricted net position results when third parties, constitutional provisions or enabling legislation impose constraints on net position use. The District does not have a policy regarding the preferred first usage of unrestricted or restricted net position.

Unrestricted

Unrestricted net position is the residual classification of net position that do not meet the criteria to be classified in the other net position classifications. Unrestricted net position may have constraints or designations placed upon them by management however, these constraints or designations may be unilaterally removed.

Fund Balance

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The District's policy is to use externally restricted resources first for purposes intended, then committed, assigned, and unassigned resources in that order.

Nonspendable – nonspendable fund balance consists of resources that cannot be spent because they are in nonspendable form, such as prepaid items or they are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balance at November 30, 2021.

Restricted – restricted fund balances have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or law, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed - committed fund balances are amounts that can be used only for specific purposes determined by formal action of the Board, the District's highest level of decision-making authority.

The committed amounts cannot be used for any other purposes unless the Board makes formal action to change or remove the specific purposes.

Assigned - assigned fund balances are intended to be used for specific purposes, however, do not meet the criteria to be classified as restricted or committed. The Executive Director or Assistant Executive Director of Boise Centre may assign amounts up to the parameters set by the annual operating budget, approved by the Board of Directors.

Unassigned - unassigned fund balance is the residual classification and includes all spendable amounts not classified in the other fund balance classifications.

Stabilization Arrangement

As the District's ability to fund losses created by Boise Centre operations is solely reliant on lodging tax revenues, a stabilization fund policy was created by the Board of Directors in 2017. The stabilization fund is maintained at \$6 million, and funds set aside for the stabilization fund may only be established, changed, or spent by formal action of the Board of Directors.

Fund Transfers

Fund transfers are recognized as operating and capital transfers and are included in the results of operations of both governmental and proprietary Funds.

District Taxes

The District has the power to assess a tax on all lodging rooms located in the District's boundaries. The rate is set at the discretion of the Board of Directors and may not exceed 5.0%. The tax rate is currently 5.0%. District taxes are reported to and collected by the Idaho State Tax Commission. The collections are sent to the District by the fifteenth of the next month.

Aquatics Center Rental Revenue

During 2021, the Aquatics Center and an outside party, Idaho Competitive Aquatics, LLC (ICA), entered into a lease agreement. The agreement provides that ICA shall pay monthly rental fees to the Aquatics Center of \$7,800 per month through the completion of construction, and, upon completion of the facility, shall pay fees of 5% of the total cost of land acquisition costs and cost of construction. The lease agreement expires on July 31, 2051.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Due to uncertainties inherent in assumptions, it is possible actual amounts may vary from estimates. Revisions are recognized in the period such revisions are known and can be reasonably estimated.

Note 2 - Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows as of November 30, 2021:

Cash and cash equivalents	\$ 14,264,606
Investments	8,076,564
Cash, restricted (see Note 7)	<u>250,000</u>
	<u><u>\$ 22,591,170</u></u>

Cash and investments reflected above are classified as the following for disclosures as of November 30, 2021:

Cash deposits	\$ 14,514,606
Investments	<u>8,076,564</u>
	<u><u>\$ 22,591,170</u></u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash deposits are maintained in local financial institutions and are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per custodian per financial institution. The District obtained an irrevocable letter of credit up to \$8,500,000 to provide a scope of coverage substantially the same as that provided by federal deposit insurance. The bank ledger balance for cash deposits at November 30, 2021 is \$14,559,902, of which \$1,315,185 is FDIC insured, and \$13,244,717 is fully collateralized by a letter of credit issued by a financial institution and collateral securities in possession of a third-party custodian.

The board committed funds of \$16,191,257 for future projects, stabilization and transfers to Boise Centre are invested in cash and cash equivalents as well as securities backed by federal agencies and municipalities of the State of Idaho.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District monitors the interest rate risk inherent in its investments portfolio by measuring the weighted average maturity of its investment portfolio. The maximum maturity for investments is limited to five years except for investments subject to mandatory put provisions or secure interest rate reset at par within five years.

Investments were as follows as of November 30, 2021:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	More than 5
Federal agency bonds and notes	\$ 358,320	\$ -	\$ 358,320	\$ -
Idaho municipal obligations	128,186	128,186	-	-
U.S. Treasury obligations	7,590,058	3,259,848	4,330,210	-
	<u>\$ 8,076,564</u>	<u>\$ 3,388,034</u>	<u>\$ 4,688,530</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's, Standard and Poor's, and Fitch's.

Investment ratings per Moody's were as follows as of November 30, 2021:

Investment Type	Fair Value	Quality Ratings			
		Aaa	Aa	A	Unrated
Federal agency bonds and notes	\$ 358,320	\$ 358,320	\$ -	\$ -	\$ -
Idaho municipal obligations	128,186	128,186	-	-	-
U.S. Treasury obligations	7,590,058	7,590,058	-	-	-
	<u>\$ 8,076,564</u>	<u>\$ 8,076,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. Governments should provide, by amount and issuer, investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At November 30, 2021, there are not any investments in one issuer that represent more than 5% of the total District investments.

Investment Policy

The District has adopted an investment policy which identifies authorized investment instruments, issuer diversification, maturity constraints and investment ratings. Pursuant to the District’s investment policy, investments are subject to the following limitations:

<u>Investment Type</u>	<u>Maximum % per Investment Type</u>	<u>Maximum % per Individual Security</u>	<u>Maximum Maturity</u>	<u>Minimum Rating</u>
U.S. Government Obligations	100%	20%	5 years	N/A
Federal agency bonds and notes	100%	20%	5 years	N/A
Federal agency mortgage-backed obligations	0%	N/A	N/A	N/A
Idaho municipal obligations	50%	10%; 25% per issuer	5 years	A3/A-/A-

GASB 72, Fair Value Measurement and Application, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets and the highest priority; Level 2 inputs are significant observable inputs, other than quoted prices for identical assets; Level 3 inputs are significant unobservable inputs and the lowest priority.

Fair values for investments are determined by reference to observable data such as contractual terms and other relevant information generated by market transactions. Fair value for certificates of deposit is valued at amortized cost, which approximates fair value.

The District's investments' fair value measurements at November 30, 2021 are as follows:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal agency bonds and notes	\$ 358,320	\$ -	\$ 358,320	\$ -
Idaho municipal obligations	128,186	-	128,186	-
U.S. Treasury obligations	7,590,058	-	7,590,058	-
Total investments measured at fair value	<u>\$ 8,076,564</u>	<u>\$ -</u>	<u>\$ 8,076,564</u>	<u>\$ -</u>

Note 3 - Parking Reservation Fee

In December 2000, the District paid \$329,000 to Capital City Development Corporation for the right to reserve exclusive use of up to 300 parking spaces. The cost of this agreement is being amortized on a straight-line basis over the agreement term of 30 years. Amortization expense was \$10,967 for the year ended November 30, 2021.

Note 4 - Capital Assets, Net

Capital asset activity for business-type activities for the year ended November 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Not depreciated				
Construction in progress	\$ 21,539	\$ -	\$ (21,539)	\$ -
Land	-	1,878,240	-	1,878,240
Depreciated				
Building and improvements	38,611,246	564,449	(411,840)	38,763,855
Furniture and equipment	7,128,321	292,104	(494,879)	6,925,546
Capital lease	22,604,090	-	-	22,604,090
	<u>68,365,196</u>	<u>2,734,793</u>	<u>(928,258)</u>	<u>70,171,731</u>
Less accumulated depreciation				
Buildings and improvements	(13,176,648)	(1,531,048)	386,257	(14,321,439)
Furniture and equipment	(4,338,292)	(657,441)	494,839	(4,500,894)
Capital lease	(3,155,747)	(757,357)	-	(3,913,104)
	<u>(20,670,687)</u>	<u>(2,945,846)</u>	<u>881,096</u>	<u>(22,735,437)</u>
Capital Assets, net	<u>\$ 47,694,509</u>	<u>\$ (211,053)</u>	<u>\$ (47,162)</u>	<u>\$ 47,436,294</u>

Note 5 - Interfund Transfers

The following amounts were transferred from the governmental fund to the proprietary funds for the year ended November 30, 2021:

Operating Transfers	
Funds transferred for operations to Boise Centre	\$ 3,893,160
Funds transferred for capital lease payments	<u>1,721,826</u>
	5,614,986
Funds transferred for capital	<u>2,712,588</u>
	<u><u>\$ 8,327,574</u></u>

Note 6 - Fund Balance – Governmental Fund

Committed Funds

The Board of Directors has committed, through formal action, the following as of November 30, 2021:

Funds committed for stabilization fund	\$ 6,000,000
Funds committed for Centre transfers	7,066,257
Funds committed for Aquatics transfers	<u>3,125,000</u>
	<u><u>\$ 16,191,257</u></u>

These funds are maintained in accounts owned exclusively by and titled exclusively in the name of the District. Funds set aside for a stabilization fund may only be established, changed, or spent by formal action of the Board of Directors.

Note 7 - Commitment and Contingencies

Insurance/Risk Management

The District is exposed to various risks of loss related to damage to assets and to errors and omission by employees, claims and theft. These risks are insured with third-party insurance carriers.

Marketing Contract

The Centre maintains a marketing agreement with The Boise Convention and Visitors Bureau, Inc. for marketing services utilized to promote Boise Centre and its convention activities. The Centre renews this contract on an annual basis contingent on certain conditions. As of November 30, 2021, the marketing expense paid under the contract was \$710,916. Subsequent to fiscal year end, the Centre entered into the fiscal year 2022 agreement for a commitment of up to \$782,004.

Capital Lease Payable

On April 29, 2016, Capital City Development Corporation (CCDC) authorized the issuance of Lease Revenue Bonds, Series 2016 (Greater Boise Auditorium District Expansion Project), in the aggregate principal amount of \$23,085,000. The proceeds of the bonds were used to expand and improve the existing convention center and public event facility in downtown Boise operated by the District which included a new ballroom and kitchen facilities and related equipment for operations. The Series 2016 bonds were issued at a fixed rate range from 3.00% to 5.00%.

In December 2015, CCDC and the District entered into an agreement that provided the District the right to assign its rights to purchase the expansion project from the developer, to CCDC. Simultaneously with the issuance of the Series 2016 Bonds, CCDC exercised its right to purchase, and CCDC and the District entered into a lease agreement for the use of the facilities.

Beginning on December 1, 2016, the District is obligated to pay an annually appropriated lease payment not to exceed \$1,723,975 with monthly lease payments due on the first of each month. Unless the District affirmatively acts in a public meeting to renew and extend for another year, the appropriated lease will expire at the end of the current fiscal year (i.e., November 30th). If not renewed and extended, the District has no further obligation or exposure to penalty or recourse, except that it surrenders possession of the expansion project.

During the lease term, the District is to budget and restrict \$250,000 to be held as the sole source of payment for reasonable costs incurred by CCDC as a result of any claims made against CCDC that arise from the negligent acts of the District. The \$250,000 has been classified as restricted cash.

The lease may be renewed for a total of twenty consecutive one-year terms commencing December 1 and ending November 30, expiring November 2036.

The District also has an option to purchase the expansion project following full payment or defeasance of the Series 2016 bonds, issued by CCDC and secured by a first lien on the expansion project, fixtures, and assignment of leases and rents. In addition, the District pledged tax receipts for lease payments. The District is only allowed to enter into additional parity lien debt as described in the lease agreement.

The lease agreement qualifies as a capital lease for accounting purposes, therefore, has been recorded at the present value of its anticipated future minimum lease payments as of the inception date. The beginning balance at December 1, 2020 was \$20,178,916. Principal payments for the year ended November 30, 2021 totaled \$1,060,842.

The future anticipated minimum lease payments are as follows:

	Principal	Interest	Total
2022	\$ 1,098,851	\$ 624,954	\$ 1,723,805
2023	1,135,661	587,497	1,723,158
2024	1,170,723	550,394	1,721,117
2025	1,212,046	508,904	1,720,950
2026	1,251,498	467,619	1,719,117
2027-2031	6,940,598	1,688,602	8,629,200
2032-2035	6,308,697	432,841	6,741,538
	\$ 19,118,074	\$ 4,860,811	\$ 23,978,885

Note 8 - Defined Contribution Plan

Boise Centre maintains a defined contribution plan for salaried and hourly employees who have met certain service requirements. Participants may contribute up to 100% of their salary subject to the limitation imposed under the Internal Revenue Code.

Matching contributions are established at the discretion of the Board of Directors. Matching contributions are 100% of the participant's elective deferral up to 1% of the participant's compensation. Additionally, discretionary matching contributions may be established at the discretion of the Board of Directors. Vesting in matching contributions occurs at the rate of 20% per year of service, upon reaching normal or early retirement date, or upon death, disability or certain other circumstances. Total matching contributions were \$184,720 for the year ended November 30, 2021.



Required Supplementary Information
November 30, 2021

Greater Boise Auditorium District

Greater Boise Auditorium District
 Budgetary Comparison Schedule – General Fund
 Fiscal Year Ended November 30, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Lodging room taxes	\$ 4,090,000	\$ 4,090,000	\$ 8,246,243	\$ 4,156,243
Other income	108,000	108,000	22,217	(85,783)
Total revenues	<u>4,198,000</u>	<u>4,198,000</u>	<u>8,268,460</u>	<u>4,070,460</u>
Expenditures				
Insurance	8,400	8,400	6,818	1,582
Professional fees	128,200	128,200	128,105	95
Membership dues	6,000	6,000	6,300	(300)
Office expense	20,100	20,100	17,025	3,075
Investment expense and fees	10,200	10,200	13,113	(2,913)
Marketing	330,000	330,000	177,886	152,114
Travel	10,000	10,000	-	10,000
Election	10,000	10,000	12	9,988
Expansion costs	30,000	30,000	31,300	(1,300)
Total expenditures	<u>552,900</u>	<u>552,900</u>	<u>380,559</u>	<u>172,341</u>
Excess of Revenues over Expenditures	3,645,100	3,645,100	7,887,901	4,242,801
Other Financing Uses				
Operating and capital transfers	<u>(7,461,647)</u>	<u>(7,461,647)</u>	<u>(8,327,574)</u>	<u>(865,927)</u>
Net Change in Fund Balance	<u>\$ (3,816,547)</u>	<u>\$ (3,816,547)</u>	(439,673)	<u>\$ 3,376,874</u>
Fund Balance, Beginning of Year			<u>23,436,614</u>	
Fund Balance, End of Year			<u>\$ 22,996,941</u>	

Note 1 - Budgetary Basis of Accounting

The budget is prepared based upon the method used for accounting transactions of governmental fund types as described in Note 1 to the financial statements. Under this method, revenue is budgeted based upon when it is expected to be available to pay liabilities of the period. District taxes are considered available when in the possession of the intermediary collecting government. Expenditures are budgeted based upon when the related liability is expected to be incurred.



Other Supplementary Information
November 30, 2021

Greater Boise Auditorium District

Greater Boise Auditorium District
 Budgetary Comparison Statement – Boise Centre Fund
 Fiscal Year Ended November 30, 2021

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Conventions and meetings	\$ 4,458,850	\$ 4,458,850	\$ 3,402,408	\$ (1,056,442)
Total operating revenues	<u>4,458,850</u>	<u>4,458,850</u>	<u>3,402,408</u>	<u>(1,056,442)</u>
Operating Expenses				
Labor - conventions and meetings	3,127,866	3,127,866	2,789,180	338,686
Labor - office and general	1,999,324	1,999,324	1,810,638	188,686
Employee related	80,287	80,287	56,842	23,445
Convention and meetings costs	1,043,974	1,043,974	686,634	357,340
Office and general	338,682	338,682	293,108	45,574
Marketing and sales	1,334,306	1,334,306	1,176,448	157,858
Utilities	247,567	247,567	167,328	80,239
Building repairs and maintenance	590,949	590,949	538,417	52,532
Professional fees	135,914	135,914	88,467	47,447
Depreciation and amortization	3,094,560	3,094,560	2,967,303	127,257
Total operating expenses	<u>11,993,429</u>	<u>11,993,429</u>	<u>10,574,365</u>	<u>1,419,064</u>
Operating Income (Loss)	(7,534,579)	(7,534,579)	(7,171,957)	362,622
Nonoperating Revenues (Expenses)				
Other income, net	28,384	28,384	39,080	10,696
Loss on disposition	-	-	(39,684)	(39,684)
Interest expense	(664,069)	(664,069)	(660,968)	3,101
Total nonoperating expenses	(635,685)	(635,685)	(661,572)	(25,887)
Loss before Transfers	(8,170,264)	(8,170,264)	(7,833,529)	336,735
Operating transfers	6,161,647	6,161,647	5,614,986	(546,661)
Capital transfers	1,300,000	1,300,000	835,014	(464,986)
Change in Net Position	<u>\$ (708,617)</u>	<u>\$ (708,617)</u>	(1,383,529)	<u>\$ (674,912)</u>
Net Position, Beginning of Year			<u>27,447,025</u>	
Net Position, End of Year			<u>\$ 26,063,496</u>	



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Greater Boise Auditorium District
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greater Boise Auditorium District (District), as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
March 21, 2022



850 W. Front Street • Boise, ID 83702 • 208.336.8900 • boiseauditorium.com