Hawaii Convention Center
Special-Purpose Financial Statements
and Supplementary Information
June 30, 2021
Hawaii Convention Center
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Report of Independent Auditors

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Report of Independent Auditors

The Auditor
State of Hawaii

The Board of Directors
Hawaii Tourism Authority

Report on the Special-Purpose Financial Statements
We have audited the accompanying special-purpose financial statements of Hawaii Convention Center (the “Center”), which comprise the special-purpose statement of assets, liabilities, and net assets as of June 30, 2021, and the related special-purpose statements of revenue, expenses, and changes in net assets, and cash flows for the eighteen-month period from January 1, 2020 to June 30, 2021, and the related notes to the special-purpose financial statements.

Management’s Responsibility for the Special-Purpose Financial Statements
Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the provisions of the contract agreement between the Hawaii Tourism Authority (the “Authority”) and ASM Global (“ASM”) dated August 8, 2013. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the special-purpose 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 special-purpose financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Special-Purpose Financial Statements
In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Center as of June 30, 2021, and the changes in its net assets and its cash flows for the eighteen-month period then ended in accordance with the financial reporting provisions of the contract agreement between the Authority and ASM.

Basis of Accounting
We draw attention to Note 2 to the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared by the Center on the basis of the provisions of the contract agreement between the Authority and ASM, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the contract agreement referenced to above. Our opinion is not modified with respect to this matter.

Change in Fiscal Year-End
As discussed in Note 2 to the special-purpose financial statements, the Center changed its fiscal year-end from December 31 to June 30. Our opinion is not modified with respect to this matter.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole. The information in the accompanying supplementary schedule of changes in net assets and schedule of revenue, expenses, and changes in net assets for the eighteen-month period from January 1, 2020 to ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

Restricted Use
Our report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Directors, and management of the Authority, and ASM, and is not intended to be and should not be used by anyone other than these specified parties.

Honolulu, Hawaii
June 17, 2022
## Hawaii Convention Center
Special-Purpose Statement of Assets, Liabilities, and Net Assets
June 30, 2021

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,175,132</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $37,428</td>
<td>861,461</td>
</tr>
<tr>
<td>Due from the Authority</td>
<td>4,362,380</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>72,478</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>10,471,451</strong></td>
</tr>
<tr>
<td>Restricted cash</td>
<td>13,936,377</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$24,407,828</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$899,374</td>
</tr>
<tr>
<td>Due to the Authority</td>
<td>297,779</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>564,745</td>
</tr>
<tr>
<td>Advance deposits</td>
<td>2,142,243</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,309</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>3,905,450</strong></td>
</tr>
<tr>
<td>Net assets</td>
<td>7,982</td>
</tr>
<tr>
<td>Without restrictions</td>
<td>20,494,396</td>
</tr>
<tr>
<td>With restrictions</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>20,502,378</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$24,407,828</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these special-purpose financial statements.
Hawaii Convention Center  
Special-Purpose Statement of Revenue, Expenses, and Changes in Net Assets  
Eighteen-Month Period from January 1, 2020 to June 30, 2021

<table>
<thead>
<tr>
<th>Operating revenue without restrictions</th>
<th>$ 3,746,225</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>3,746,225</td>
</tr>
<tr>
<td>Events</td>
<td>3,350,670</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>2,642,665</td>
</tr>
<tr>
<td>Other</td>
<td>53,838</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td><strong>9,793,398</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>5,704,437</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,604,768</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>1,693,196</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>831,006</td>
</tr>
<tr>
<td>Contract labor</td>
<td>750,476</td>
</tr>
<tr>
<td>Other direct food and beverage costs</td>
<td>576,065</td>
</tr>
<tr>
<td>Building operations</td>
<td>544,126</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>516,559</td>
</tr>
<tr>
<td>Software management agreement</td>
<td>255,736</td>
</tr>
<tr>
<td>Insurance</td>
<td>124,233</td>
</tr>
<tr>
<td>Management fee</td>
<td>109,406</td>
</tr>
<tr>
<td>Promotion</td>
<td>66,703</td>
</tr>
<tr>
<td>Computer</td>
<td>61,340</td>
</tr>
<tr>
<td>Advertising</td>
<td>39,845</td>
</tr>
<tr>
<td>Employee training</td>
<td>31,130</td>
</tr>
<tr>
<td>Community relations</td>
<td>23,037</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>16,565</td>
</tr>
<tr>
<td>Professional fees</td>
<td>13,405</td>
</tr>
<tr>
<td>Office supplies</td>
<td>8,890</td>
</tr>
<tr>
<td>Sales and use tax</td>
<td>6,680</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>4,909</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>3,934</td>
</tr>
<tr>
<td>Meetings and conventions</td>
<td>1,578</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>996</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>111,062</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>14,100,082</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these special-purpose financial statements.
### Hawaii Convention Center

**Special-Purpose Statement of Revenue, Expenses, and Changes in Net Assets**

**Eighteen-Month Period from January 1, 2020 to June 30, 2021**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subtotal carried forward</strong></td>
<td>(4,306,684)</td>
</tr>
<tr>
<td><strong>Nonoperating revenue without restrictions</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions from the Authority</td>
<td>1,475,385</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>257</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue without restrictions</strong></td>
<td>1,475,642</td>
</tr>
<tr>
<td><strong>Nonoperating expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Remittance to the Authority for completed events revenue</td>
<td>(8,743,488)</td>
</tr>
<tr>
<td>Capital improvement funded expenses</td>
<td>(202,595)</td>
</tr>
<tr>
<td><strong>Total nonoperating expenses</strong></td>
<td>(8,946,083)</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>202,595</td>
</tr>
<tr>
<td><strong>Decrease in net assets without restrictions</strong></td>
<td>(11,574,530)</td>
</tr>
<tr>
<td><strong>Nonoperating revenue with restrictions</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions from the Authority</td>
<td>6,753,020</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>39,800</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue with restrictions</strong></td>
<td>6,792,820</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>(202,595)</td>
</tr>
<tr>
<td><strong>Increase in net assets with restrictions</strong></td>
<td>6,590,225</td>
</tr>
<tr>
<td><strong>Decrease in net assets</strong></td>
<td>(4,984,305)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
</tr>
<tr>
<td>Beginning of period</td>
<td>25,486,683</td>
</tr>
<tr>
<td>End of period</td>
<td>$ 20,502,378</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these special-purpose financial statements.
Hawaii Convention Center  
Special-Purpose Statement of Cash Flows  
Eighteen-Month Period from January 1, 2020 to June 30, 2021

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from customers</td>
<td>$ 11,571,719</td>
<td></td>
</tr>
<tr>
<td>Cash payments to suppliers of goods and services</td>
<td>(7,213,689)</td>
<td></td>
</tr>
<tr>
<td>Cash payments to employees</td>
<td>(7,581,814)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(3,223,784)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for capital improvements</td>
<td>(202,595)</td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>40,057</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(162,538)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions received from the Authority</td>
<td>12,816,750</td>
<td></td>
</tr>
<tr>
<td>Funds remitted to the Authority</td>
<td>(9,864,292)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>2,952,458</td>
<td></td>
</tr>
<tr>
<td>Net decrease in cash, cash equivalents, and restricted cash</td>
<td>(433,864)</td>
<td></td>
</tr>
</tbody>
</table>

**Cash, cash equivalents, and restricted cash**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of period</td>
<td>19,545,373</td>
<td></td>
</tr>
<tr>
<td>End of period</td>
<td>$ 19,111,509</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 5,175,132</td>
<td></td>
</tr>
<tr>
<td>Restricted cash</td>
<td>13,936,377</td>
<td></td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents, and restricted cash</strong></td>
<td>$ 19,111,509</td>
<td></td>
</tr>
</tbody>
</table>

**Reconciliation of operating loss to net cash used in operating activities**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$ (4,306,684)</td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash used in operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>365,288</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>293,377</td>
<td></td>
</tr>
<tr>
<td>Deposits and other assets</td>
<td>221,917</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(1,020,982)</td>
<td></td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>(184,181)</td>
<td></td>
</tr>
<tr>
<td>Advance deposits</td>
<td>1,413,033</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(5,552)</td>
<td></td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td>1,082,900</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$ (3,223,784)</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these special-purpose financial statements.
1. **Organization**

The Hawaii Convention Center (the “Center”), which opened to the general public in June 1998, is used for a variety of events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

Effective July 1, 2000, the Hawaii Tourism Authority (the “Authority”) became responsible for the operation, management and maintenance of the Center. The Authority is a discretely-presented component unit of the State of Hawaii. The Center is reported as a special revenue fund of the Authority.

2. **Summary of Significant Accounting Policies**

**Basis of Presentation**

The special-purpose financial statements have been prepared pursuant to the provisions of the contract agreement between the Authority and ASM Global (“ASM”), a private contractor, and are intended to present the assets, liabilities, and net assets; changes in net assets; and cash flows of only that portion of the Authority that is attributable to the transactions of the Center based upon the accounting records maintained by ASM. The Center’s operations are reported on an accrual basis of accounting. Under this method, revenues are recorded when performance obligations are satisfied and expenses are recorded as incurred.

These special-purpose financial statements differ from financial statements prepared in accordance with accounting principles generally accepted in the United States of America, in that the property, building, furniture and equipment used in the Center’s operations, and related depreciation expense are not reflected on the accompanying special-purpose financial statements. Those assets, liabilities, and related expenses are reflected on the financial statements of the Authority.

In December 2020, the Center changed its fiscal year-end from December 31 to June 30. These financial statements cover the eighteen-month period from January 1, 2020 to June 30, 2021.

**New Accounting Pronouncements**

During the period ended June 30, 2021, the Center adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, and all related amendments. This ASU and all related amendments converged and replaced existing revenue recognition guidance, including industry-specific guidance, and required revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The ASU and all related amendments also expanded disclosures related to the nature, timing, amount and uncertainty of revenue recognized. The Center applied this ASU using the modified retrospective method of transition for contracts that were not completed as of January 1, 2020 as allowed under the transition practical expedient.
The adoption of this ASU did not have an impact on the Center’s financial statements and there was no cumulative effect on the Center’s beginning net assets.

Operating Revenue and Expenses
The Center distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the principal ongoing operations, management and maintenance of the Center. Operating revenue includes charges for services provided by or at the Center. Operating expenses include costs of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Classification of Current and Noncurrent Assets and Liabilities
The Center considers assets that reasonably can be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the date of the special-purpose statement of assets, liabilities, and net assets to be current. Liabilities that reasonably can be expected, as part of normal Center business operations, to be paid within 12 months of the special-purpose statement of assets, liabilities, and net assets date are current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents
Cash and cash equivalents include cash on deposit with banks with original maturities of three months or less and balances held in a money market fund.

Due from/to the Hawaii Tourism Authority
Due from the Authority represents expenses to be reimbursed by the Authority. Due to the Authority represents revenues on completed events and contributions that are required to be remitted to the Authority.

Revenue Recognition
The Center recognizes operating revenue from the use of the Hawaii Convention Center for such performance obligations as providing event space, food and beverage and other ancillary services to event licensees. Revenues are recognized when the following criteria are met:

- The contract with customer has been identified;
- The performance obligation in the contract has been identified;
- The transaction price has been determined;
- The transaction price has been allocated to the performance obligation; and
- The performance obligation has been satisfied.

The Center recognizes revenues from the rental of event space when the space is occupied and services are rendered. Food and beverage sales are recognized when customers have been served. Parking revenues are recognized upon collection.

Other ancillary services provided by third parties for which the Center receives a fee are recognized when services are rendered and are presented on a net basis.
Hawaii Convention Center  
Notes to Special-Purpose Financial Statements  
June 30, 2021

Deposits for future event space, food and beverage and other ancillary services are recorded as advance deposits until the revenue recognition criteria are met. Cancellations for services are recognized upon cancellation by the customer. Customers are invoiced for the remaining balance when services are rendered. Payment for services rendered by the Center is typically due within 30 days after an invoice is sent to the customer. The Center estimates credit losses on accounts receivable based on specifically identified customers. The Center considers all available information relevant in assessing the collectibility of accounts receivable.

The Center does not have any significant financing components.

Operating revenue is net of sales discounts amounting to approximately $6,663,000 for the period ended June 30, 2021.

The Center does not estimate expected refunds for services; therefore, the Center does not exclude such amounts from revenues.

Allowance for Doubtful Accounts
The Center’s accounts receivable is due from companies in various industries. Credit is extended based on an evaluation of the customer’s financial condition and collateral is not required. Accounts receivables are due within 30 days and are stated at amounts due from customers. Management determines the allowance based on a review of each specific customer’s accounts receivable balance. Accounts outstanding longer than 90 days are considered past due and delinquency letters are sent. The Center writes off accounts receivable when it determines they are uncollectible.

Advertising Expenses
Advertising costs are charged to expense as incurred. The total amounts charged to advertising expense totaled approximately $3,000 for the period ended June 30, 2021.

Use of Estimates
The preparation of the special-purpose financial statements in conformity with the terms of the contract agreement requires management to make estimates and assumptions that affect the amounts reported in the special-purpose financial statements and accompanying notes. Actual results could differ materially from those estimates.

3. Contract Agreement

The Center is managed and operated by ASM under a contract agreement dated August 8, 2013, as amended. ASM was previously responsible for all of the Center’s sales and marketing efforts. The term of the agreement is from January 1, 2014 to June 30, 2021 and provides ASM with management fees. Effective January 1, 2020, ASM is responsible for the Center’s sales and marketing efforts within the state of Hawaii and a third party is responsible for sales and marketing efforts outside of Hawaii. For the period ended June 30, 2021, the management fee earned by ASM amounted to $109,000.
4. License and Food and Beverage Agreements

At June 30, 2021, various clients have contracts with the Center to reserve space for future conventions and events to be held at the Center. These clients signed license agreements with the Center, which require rental payments in advance. At June 30, 2021, the Center estimates approximately $2,408,000 in future revenues, of which approximately $2,142,000 was collected in advance and are included in advance deposits in the accompanying special-purpose statement of assets, liabilities, and net assets.

5. Sales and Marketing

In accordance with Act 253 of the 2002 Session Laws of Hawaii, the Center assumed responsibility for the advertisement and promotion of the Center effective January 1, 2003. The Center entered into an agreement with the Authority whereby the Authority agreed to provide funding for the sales and marketing of the Center. The term of the current agreement is from January 1, 2014 through June 30, 2021. During the period ended June 30, 2021, the Center received approximately $8,228,000 from the Authority, of which approximately $513,000 was required to be spent on sales and marketing. During the period ended June 30, 2021, the Center’s sales and marketing expenses were $680,000. These sales and marketing costs are included as operating expenses in the accompanying special-purpose statement of revenue, expenses, and changes in net assets. The Center is not required to remit unspent funds back to the Authority provided that the unspent funds are used for sales and marketing in subsequent years.

6. Capital Improvements

Disbursements for property, building and equipment are recorded as a reduction of contributions from the Authority. Disbursements for property, building and equipment were approximately $203,000 for the period ended June 30, 2021.

During the period ended June 30, 2021, the Center received approximately $6,753,000 from the Authority to be used for emergency capital improvements, budgeted repair or maintenance purchases, and various capital improvement projects. The Center is not required to remit unspent funds back to the Authority provided that the unspent funds are used for capital improvements.

The Center had approximately $20,494,000 in unspent funds at June 30, 2021. During the period ended June 30, 2021, the Center used approximately $6,558,000 in restricted cash to cover operational expenses, which is in the process of being reimbursed by the Authority, resulting in approximately $13,936,000 in restricted cash at June 30, 2021.
7. **Pension Plan**

The Center has a defined-contribution pension plan for all employees meeting service, age and employment status requirements. The Center matches 100% of an employee’s contribution up to the first 3% of the employee’s contribution. Contributions to the plan amounted to approximately $40,000 for the period ended June 30, 2021.

8. **Contingencies**

The Center may be subject to legal proceedings, claims and litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the special-purpose financial statements. However, it is reasonably possible that such estimates may change within the near term.

9. **Subsequent Events**

The Center has reviewed all events that have occurred from July 1, 2021 through June 17, 2022, the date that the special-purpose financial statements were available for issuance, for proper accounting and disclosure in the special-purpose financial statements.

10. **COVID-19**

In March 2020, the World Health Organization declared an outbreak of the novel coronavirus (“COVID-19”) to be a global pandemic. The financial impact of COVID-19 on the travel and tourism industry has been and is anticipated to continue to be significant into fiscal year 2022. During the pandemic, the Center operated as a workspace for various State agencies and worked on various capital improvement projects. ASM is working with clients to assess their ability to reschedule cancelled events for subsequent years. The ability to reschedule will be based on numerous factors.
Supplementary Information
## Hawaii Convention Center
### Schedule of Changes in Net Assets
#### Eighteen-Month Period from January 1, 2020 to June 30, 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Contributions from the Authority</th>
<th>Accumulated Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 1, 2020</strong></td>
<td>$ 166,710,852</td>
<td>$(141,224,169)</td>
<td>$ 25,486,683</td>
</tr>
<tr>
<td>Loss before capital improvement funded expenses, contributions and funds remitted</td>
<td>-</td>
<td>$(4,266,627)</td>
<td>$(4,266,627)</td>
</tr>
<tr>
<td>Capital improvement funded expenses</td>
<td>-</td>
<td>$(202,595)</td>
<td>$(202,595)</td>
</tr>
<tr>
<td>Contributions from the Authority</td>
<td>8,228,405</td>
<td>-</td>
<td>8,228,405</td>
</tr>
<tr>
<td>Remittance to the Authority for completed events revenue</td>
<td>$(8,743,488)</td>
<td>-</td>
<td>$(8,743,488)</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2021</strong></td>
<td>$ 166,195,769</td>
<td>$(145,693,391)</td>
<td>$ 20,502,378</td>
</tr>
</tbody>
</table>
### Hawaii Convention Center
**Schedule of Revenue, Expenses, and Changes in Net Assets**
**Eighteen-Month Period from January 1, 2020 to June 30, 2021**

<table>
<thead>
<tr>
<th></th>
<th>Convention Center Operations</th>
<th>Sales and Marketing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue without restrictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>$3,746,225</td>
<td>$</td>
<td>$3,746,225</td>
</tr>
<tr>
<td>Events</td>
<td>3,350,670</td>
<td>-</td>
<td>3,350,670</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>2,642,665</td>
<td>-</td>
<td>2,642,665</td>
</tr>
<tr>
<td>Other</td>
<td>53,838</td>
<td>-</td>
<td>53,838</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>9,793,398</td>
<td>-</td>
<td>9,793,398</td>
</tr>
</tbody>
</table>

| **Operating expenses**       |                               |                     |           |
| Salaries and wages          | 5,317,115                    | 387,322             | 5,704,437 |
| Utilities                   | 2,599,280                    | 5,488               | 2,604,768 |
| Payroll taxes and benefits  | 1,594,209                    | 98,987              | 1,693,196 |
| Repairs and maintenance     | 831,006                      | -                   | 831,006   |
| Contract labor              | 750,476                      | -                   | 750,476   |
| Other direct food and beverage costs | 576,065                | -                   | 576,065   |
| Building operations         | 544,126                      | -                   | 544,126   |
| Food and beverage           | 516,559                      | -                   | 516,559   |
| Software management agreement | 154,715                    | 101,021             | 255,736   |
| Insurance                   | 124,233                      | -                   | 124,233   |
| Management fee              | 109,406                      | -                   | 109,406   |
| Promotion                   | 51,267                       | 15,436              | 66,703    |
| Computer                    | 61,340                       | -                   | 61,340    |
| Advertising                 | -                            | 39,845              | 39,845    |
| Employee training           | 31,130                       | -                   | 31,130    |
| Community relations         | -                            | 23,037              | 23,037    |
| Dues and subscriptions      | 15,842                       | 723                 | 16,565    |
| Professional fees           | 11,901                       | 1,504               | 13,405    |
| Office supplies             | 8,832                        | 58                  | 8,890     |
| Sales and use tax           | 5,825                        | 855                 | 6,680     |
| Furniture, fixtures and equipment | 4,909                        | -                   | 4,909     |
| Travel and entertainment    | 3,608                        | 326                 | 3,934     |
| Meetings and conventions    | 1,578                        | -                   | 1,578     |
| Printing and stationery     | 179                          | 817                 | 996       |
| Miscellaneous               | 106,706                      | 4,356               | 111,062   |
| **Total operating expenses**| 13,420,307                   | 679,775             | 14,100,082|
| **Operating loss**          | (3,626,909)                  | (679,775)           | (4,306,684)|
Hawaii Convention Center
Schedule of Revenue, Expenses, and Changes in Net Assets
Eighteen-Month Period from January 1, 2020 to June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Convention Center Operations</th>
<th>Sales and Marketing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subtotal carried forward</strong></td>
<td>(3,626,909)</td>
<td>(679,775)</td>
<td>(4,306,684)</td>
</tr>
<tr>
<td><strong>Nonoperating revenue without restrictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from the Authority</td>
<td>962,059</td>
<td>513,326</td>
<td>1,475,385</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>-</td>
<td>257</td>
<td>257</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue without restrictions</strong></td>
<td>962,059</td>
<td>513,583</td>
<td>1,475,642</td>
</tr>
<tr>
<td><strong>Nonoperating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remittance to the Authority for completed events revenue</td>
<td>(8,743,488)</td>
<td>-</td>
<td>(8,743,488)</td>
</tr>
<tr>
<td>Capital improvement funded expenses</td>
<td>(202,595)</td>
<td>-</td>
<td>(202,595)</td>
</tr>
<tr>
<td><strong>Total nonoperating expenses</strong></td>
<td>(8,946,083)</td>
<td>-</td>
<td>(8,946,083)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>202,595</td>
<td>-</td>
<td>202,595</td>
</tr>
<tr>
<td><strong>Decrease in net assets without restrictions</strong></td>
<td>(11,408,338)</td>
<td>(166,192)</td>
<td>(11,574,530)</td>
</tr>
<tr>
<td><strong>Nonoperating revenue with restrictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from the Authority</td>
<td>6,753,020</td>
<td>-</td>
<td>6,753,020</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>39,800</td>
<td>-</td>
<td>39,800</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue with restrictions</strong></td>
<td>6,792,820</td>
<td>-</td>
<td>6,792,820</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(202,595)</td>
<td>-</td>
<td>(202,595)</td>
</tr>
<tr>
<td><strong>Increase in net assets with restrictions</strong></td>
<td>6,590,225</td>
<td>-</td>
<td>6,590,225</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>$ (4,818,113)</td>
<td>$ (166,192)</td>
<td>$ (4,984,305)</td>
</tr>
</tbody>
</table>