

Auditor's Summary

Special-Purpose Financial Audit of the Hawai'i Convention Center

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



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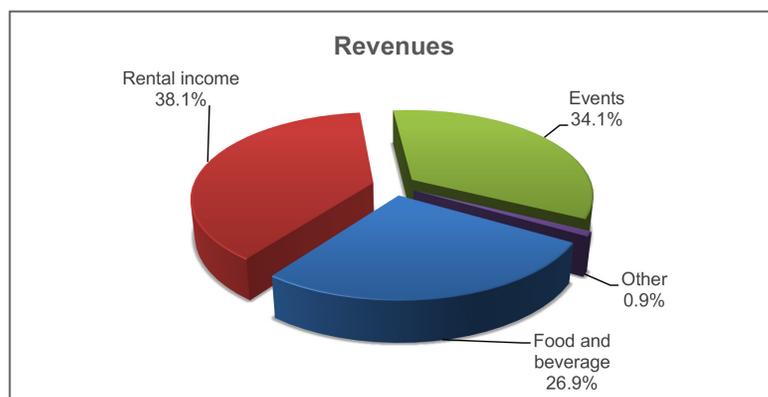
THE PRIMARY PURPOSE of the special-purpose audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Convention Center, as of June 30, 2021 and for the eighteen-month period from January 1, 2020 to June 30, 2021. The special-purpose financial statements have been prepared pursuant to the provisions of the management agreement between the Hawai'i Tourism Authority and ASM Global (ASM), a private company contracted to operate the Hawai'i Convention Center. The audit was conducted by Accuity LLP.

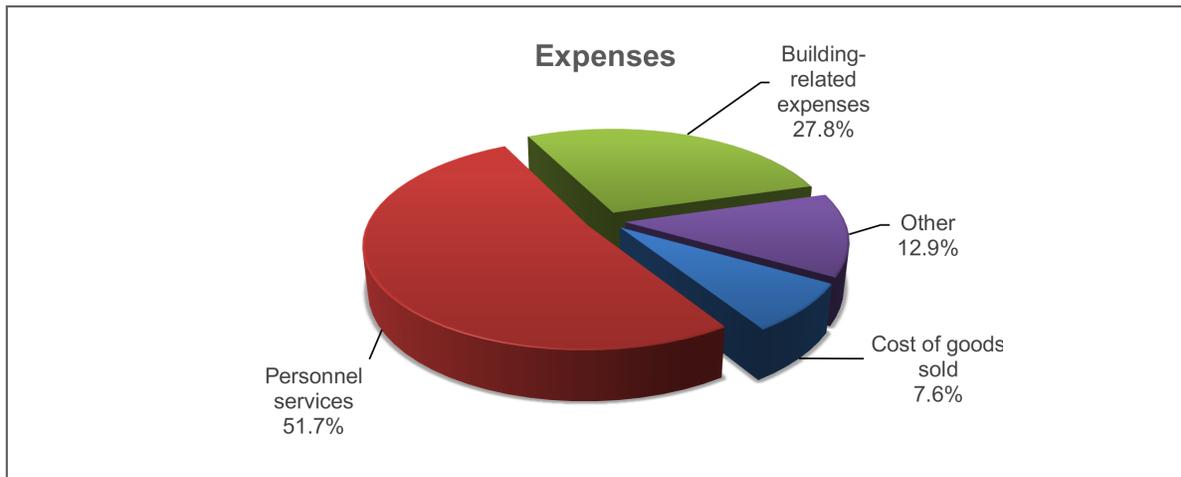
About the Center

THE HAWAI'I CONVENTION CENTER (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. The Hawai'i Tourism Authority assumed responsibility for the operation, management, and maintenance of the Center in July 2000. The Center is reported as a special revenue fund of the Hawai'i Tourism Authority.

Financial Highlights

IN DECEMBER 2020, the Center changed its fiscal year-end from December 31 to June 30; therefore, the financial statements cover the eighteen-month period from January 1, 2020 to June 30, 2021. For the eighteen-month period from January 1, 2020 to June 30, 2021, the Center reported total revenues of \$9.8 million, total expenses of \$14.3 million, and \$500,000 in net contributions from the Hawai'i Tourism Authority, which resulted in a decrease in net





assets of \$5 million. Revenues consisted of (1) \$2.6 million from food and beverage; (2) \$3.7 million from rental income; (3) \$3.4 million from events; and (4) \$100,000 from other revenues.

Expenses consisted of (1) \$7.4 million for personnel services; (2) \$4 million for building-related expenses; (3) \$1.1 million for cost of goods sold; and (4) \$1.8 million for other costs.

As of June 30, 2021, the Center’s total assets of \$24.4 million were comprised of (1) cash of \$19.1 million; (2) amounts due from Hawai‘i Tourism Authority of \$4.4 million; (3) accounts receivable of \$800,000; and (4) other assets of \$100,000. Total liabilities of \$3.9 million were comprised of (1) accounts payable of \$900,000; (2) amounts due to Hawai‘i Tourism Authority of \$300,000; (3) advance deposits of \$2.1 million; and (4) other liabilities of \$600,000.

Property, building, furniture, and equipment used in the Center’s operations, and related depreciation expense, as well as debt used to finance such capital assets and the related interest expense, are not reflected in the Center’s special-purpose financial statements. Those assets, liabilities, and related expenses are reflected on the financial statements of the Hawai‘i Tourism Authority.

Auditors’ Opinion

THE CENTER RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with the management agreement between the Hawai‘i Tourism Authority and ASM, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

For the complete report and financial statements for the Hawai‘i Convention Center, visit our website at:
https://files.hawaii.gov/auditor/Reports/2021_Audit/ConventionCenter2021.pdf

Financial statements for the Hawai‘i Tourism Authority can be found here:
https://files.hawaii.gov/auditor/Reports/2021_Audit/HTA2021.pdf