OFFICE OF PERFORMANCE MANAGEMENT & OVERSIGHT FISCAL 2013 ANNUAL REPORT

The Office of Performance Management & Oversight (OPMO) measures the performance of all public and quasi-public entities engaged in economic development. All agencies are required to submit an Annual Report, which includes all of the following information and demonstrates progress made against the Annual Plan submitted for the same year.

Based on review of Performance to Plan, the Office of Performance Management and Oversight will annually re-evaluate the goals and measures established by the agencies. The Office will recommend changes to goals and measures as appropriate to align with the statewide economic development policy and plan.

The annual reports of each agency will be published on the official website of the Commonwealth, and be electronically submitted to the clerks of the Senate and House of Representatives, the Chairs of the House and Senate Committees on Ways and Means and the House and Senate Chairs of the Joint Committee on Economic Development and Emerging Technologies.

Filing Instructions:

The Fiscal Year 2013 report is due no later than **Friday, November 1, 2013**. An electronic copy of the report and attachments A & B should be e-mailed to Anne.Struthers@state.ma.us.

1) AGENCY INFORMATION	
Agency Name	Massachusetts Convention Center Authority
Agency Head **Title**	**James E. Rooney** **Executive Director**
Website	**www.massconvention.com**
Address	**415 Summer Street, Boston, MA 02210**

2) MISSION STATEMENT
Please include the Mission Statement for your organization below.
Generate significant regional economic activity by attracting conventions, tradeshows, and other

events to its world-class facilities while maximizing the investment return for the residents and businesses in the Commonwealth of Massachusetts

3) Performance on Goals and Objectives

Please provide details on the agency's progress and accomplishments for Fiscal Year 2013 as it relates to the Fiscal Year 2013 Plan submitted by your agency. This information should be included as **Attachment A and should include prior year perspective.** In addition to your Performance to Plan Report, Questions 5 through 10 provides guidance on the specific information required under Chapter 240 of the Acts of 2010.

4) Accounting

Please provide financial information for your agency. Below please give a summary of *Receipts and Expenditures* during the fiscal year, and include the *Assets and Liabilities* at the end of the fiscal year. Please include the most recent audited financial report for the agency as **Attachment B**.

	Amount
Receipts*	**$ 50,997,819**
Expenditures**	**$ 122,509,249**
Assets	**$ 907,066,416**
Liabilities	**$ 35,832,297**
*Reflects FY2013 operating revenues, but does not include $20.0 million in transfers from the Convention Center Fund (statutorily authorized up to $23 million).	
**Includes $42.9 million on FY2013 depreciation expenses.	

5) Investments or Grants to Businesses or Individuals

Does your agency make **investments** and/or provide **grants** to businesses or individuals? **Yes** ☐ **No** ☒
If **Yes**, please provide detailed information on investments and/or grants made during FY13 in the **Performance on Goals and Objectives** section of this report. Information should include the number, nature and amounts of investments made and grants awarded by your agency along with job, investment and/or other economic development impact. Please list the name(s) of the investment and/or grant programs offered by your agency in the space provided below:

The MCCA does not provide investments/grants directly for business-related purposes. However, please see Attachment A for discussion of grants/scholarships to Boston-area organizations and students awarded annually by the MCCA.

6) Debt or Equity Investment Details

Is your agency involved in **debt** or **equity investments** for businesses? **Yes** ☐ **No** ☒

If **Yes**, please provide detailed information on debt and/or equity investments made during FY13 in the **Performance on Goals and Objectives** section of this report along with job, investment and/or other economic development impact. Please list the name(s) of the debit and/or equity investments programs offered by your agency in the space provided below:

N/A

7) Loan Details

Is your agency involved in **real estate loans**, **working capital loans**, or any **other type of loan** or **guarantee**? **Yes** ☒ **No** ☐

If **Yes**, please provide detailed information on loan(s) and/or guarantee(s) made during FY13 in the **Performance on Goals and Objectives** section of this report along with job, investment and/or other economic development impact. Please list the types of loan(s) and/or guarantee(s) offered by your agency in the space provided below:

There were no loans made in FY13, however, MCCA has a $17,412,565 loan outstanding to the Boston Tea Party Museum.

8) Other forms of Financing or Financial Assistance?

If your agency provides any other form of financing or financial assistance, please include FY13 details in the **Performance on Goals and Objectives** section of this report along with job, investment and/or other economic development impact. Please list the types of other forms of financing offered by your agency in the space provided below:

N/A

9) Patents or Products

Does your agency track **patents** or **products** resulting from agency-funded activities? **Yes** ☐ **No** ☒

If **Yes**, please include details in the **Performance on Goals and Objectives** section of this report along with job, investment and/or other economic development impact. Please list the agency-funded activities of your agency that promote patent and product advancement in the space provided below:

N/A

10) Technical Assistance

If your agency provides technical assistance, please provide detailed information on technical assistance provided during FY13 in **the Performance on Goals and Objectives** section of this report along with job, investment, and/or other economic development impact. Please list the name(s) of the technical assistance programs offered by your agency in the space provided below:

N/A

Attachment A

Strategic Goals, Action Steps and Performance Measures

MCCA and the Commonwealth's Economic Development Policy and Plan

The MCCA is proud of its legacy and the contributions it continues to make towards the overall vision for Boston and the Commonwealth. As an entity of state government, we must always remember to shape our goals around the greater goals of the Commonwealth's economic development policies.

In Governor Patrick's 2012 Economic Development and Strategic Plan, he emphasizes the need to increase training for the creation of more middle skilled jobs in the Commonwealth. This includes the development of a Massachusetts Regional Workforce Strategy Initiative to build regional pipelines that will prepare Massachusetts workers to fill jobs that are in-demand in each region of the state and to develop skills pathways that will lead to opportunities.

At the MCCA, the creation of middle skilled jobs in the hospitality field is a major component of our future expansion plans.

The state tourism industry remains the third largest employer in the Commonwealth, producing $16.9 billion in direct spending and supporting 128,000 jobs that paid out $3.6 billion in wages and $1.1 billion in state and local taxes in 2011. It is also an industry that hosts a wide range of jobs. Many are middle skilled and offer room for long-term advancement. In addition, 4,000 construction jobs and 2,100 permanent jobs—many of them middle skilled—could be created through creation of a new headquarters hotel and the expansion of the Boston Convention & Exhibition Center. In addition, the MCCA will be part of the state's Customer Service and Hospitality Leadership by sponsoring a Boston Hospitality Summit and Joint Hospitality Programs. These involve customer service training, customer appreciation and a Boston "philosophy" geared to advance our role as an international convention destination.

The Governor also seeks to support regional development through infrastructure investment and local empowerment. The MCCA's vision plan calls for establishing planning objectives and guidelines for the BCEC site and surrounding neighborhoods to create a diverse, active and engaging urban realm that is welcoming to residents, conventioneers and nearby workers. Some highlights include the creation of better connections for residents and conventioneers to D Street and the South Boston Waterfront, as well as the development of headquarters and mid-priced hotels. The Commonwealth's goal of increasing the ease of doing business in Massachusetts is also shared by the MCCA. Under the leadership of the Mass Marketing Partnership, and in collaboration with the MCCA, we plan to help the state leverage our status as a leading host of international scientific, medical and technical conferences to better connect and market our key economic engines.

Goal	Action	Measurement	FY2013 Accomplishments/Progress

Support Job Growth through Economic Impact	Attract events with high levels of economic impact	Amount of economic impact, tax benefits and jobs supported through activities	FY2013 activities by the MCCA generated $655 million in economic activity, resulting in $34 million in combined state and local taxes and supporting approximately 5,900 jobs.
Advance Education and Workforce Development for Middle Skill Jobs	1.1 Provide workforce education and training to special populations, including those seeking ABE/ESL	Number of ESL programs provided and students participating; Incremental increase in English assessment scores;	A partnership of the MCCA, Levy, Local 26 and Best Corporation formed in 2012, and a 12- week ESOL program was rolled out and available for Levy and ABM employees. This partnership continues and has obtained a Learn at Work Grant from Comoro. The grant provides for two, two-hour classes for 33 weeks per year and lasting two years (or 264 hours of class time over two years), supporting approximately 20 employees enrolled in the program. In FY2013, MCCA granted awards to four students in the hospitality/tourism industry to pay for a portion of their college expenses.
	1.2 Define and increase awareness of pathways that provide for an opportunity to attain additional education	Number of students participating in tuition reimbursement programs and other industry specific educational programs and seminars	In FY2013, the MCCA awarded 22 grants under the South Boston Community Development Fund and the Community Grants program totaling $120K for programs across the Boston region focusing on job skills training and career development, particularly with youths.

Support Innovation and Entrepreneurship	2.3 Make Government a leader in promoting the adoption of innovative technologies	Value of investments related to new technologies including mobile apps;	In FY2013, the MCCA invested $2.6 million in technology upgrades, including upgrading our wireless capabilities to remain a technology leader in the convention industry.
		Number of programs to promote digital display art	In addition to our annual digital art display program, the MCCA holds and annual student art program which gives opportunities for talented, young artists to display their work.
	2.3 Increase awareness of innovation and entrepreneurship	Number of events hosted and economic impact generated in association with innovative, knowledge based regional industries	In FY2013, the MCCA hosted 119 education (32), technology (33) and medical/pharma (54) events, which reflective 3 sectors of Massachusetts' economic engines. Respectively, the economic impact of these three sectors are estimated to total $88 million, $51 million and $179 million in FY13.
Increase Ease of Doing Business	4.3.1 Assist with "ambassador" program	Develop qualitative "stories" regarding interactions between local industry and event clients, exhibitors and attendees in support of general economic development	The MCCA has worked in a number of examples to link local organizations and businesses with conventions/meetings hosted at our facilities, as well as promote our buildings as places for local organizations to conduct business. Dozens of Boston-based, short-term events are hosted by the MCCA annually that focus on the regional economy.

Address our Cost Competitiveness	Identify non-traditional revenue streams to enhance financial model	Revenues generated through investments related to "entrepreneurial government" initiatives, including real estate repurposing and tourism investments	In FY2013, the MCCA generated $1.6 million through "entrepreneurial government" initiatives, including leveraging non-revenue-generating space to generate lease and advertising revenues. There were no loans made in FY13, however, MCCA has a $17,412,565 loan outstanding to the Boston Tea Party Museum.

MCCA Visions and Goals 2013-2014

All successful organizations have a clear vision – a powerful, inspirational statement that answers the question: "Where are we going?" A clear vision statement also provides an aspirational goal to employees, partners and other constituents. The CEO must communicate the vision, obtain validation, and be willing to be challenged for this program to be successful.

Coupled with the vision statement are the Authority's priorities, which represent the most important goals. The vision and priorities are a prism through which all significant decisions throughout the organization are made. Vision and priorities are not static and should be evaluated and reviewed every 2-3 years.

In early 2012, the MCCA launched an organization-wide review of its vision and priorities, including discussions about culture, mission and values. The process included three separate meetings with different levels of the organization's employees: senior staff, senior managers, and future leaders and line workers. Thirty-five employees participated in the workshops, discussing and debating the organization's culture, its Top 5 vision statement, and its priorities.

Key Terms

Mission: the fundamental purpose of the company, which guides the actions of the organization and spells out its overall goal.

Values: the broad preferences, principles and beliefs shared among stakeholders of an organization. Values drive an organization's culture and provide a framework through which it makes decisions.

Culture: the collective behavior of employees who are part of an organization, and the meaning people attach to their actions. The patterns of such collective behaviors guide actions by defining appropriate behavior for various situations.

Vision: outlines what the organization wants to be, or how it wants the world to perceive it. It is a long-term view, which concentrates on the future, and is a source of inspiration.

Priorities: the principal set of tasks or goals designed to achieve the vision of the organization. They help align the employees of the organization to work together more effectively.

Mission and Values

The MCCA's mission is to generate significant regional economic activity by attracting conventions, tradeshows and events to its world-class facilities while maximizing the investment return for the residents and businesses in the Commonwealth of Massachusetts.

The MCCA's values

- We respect the investments made by the citizens of the Commonwealth.
- We value our community, business and state and local partnerships.
- We are passionate about understanding our customers' needs and exceeding their expectations.
- We embrace diversity both within the Authority, with our partners and within our community.
- We insist on providing the highest-quality experience to all who use our facilities.
- We diligently collect, research and analyze customer and competitor data.
- We invest in our facilities, infrastructure and personnel to maintain a leadership position in the industry.
- We collaborate with, respect, motivate, and support our team and clientele to provide excellence.
- We face challenges, correct deficiencies and celebrate achievements.
- We encourage innovation, experimentation and risk-taking.
- We work harder and smarter than any team in the industry.
- We actively pursue ways to make our facilities and events environmentally sound.

Vision

In November 2009, the MCCA launched the Top 5 Campaign, a long-term initiative to make Boston a Top 5 destination in the North American convention and meetings industry. To help steward and study this process, legislative leaders formed The Convention Partnership, a diverse 27-member group of stakeholders. After more than 18-months of study, the Convention Partnership issued its Final Report and reaffirmed the MCCA's vision. However, in three separate internal staff meetings, MCCA employees expressed concerns over the inadequacy of aiming for only quantitative measures. The employees wanted a vision statement that provided them with an aspiration to not just hold enough meetings to make it into the Top 5, but to do it better than anybody else.

The new vision statement adopted by the MCCA

- Become a Top 5 convention destination in North America.
- Remain a leading destination in North America for international events.
- Provide the best experience to our customers and consistently exceed their expectations of Boston.

Priorities

In support of our vision, the MCCA identified five key organizational priorities to focus our attention over the coming year:

- customer service and hospitality leadership
- technology leadership
- focus on employee engagement
- expansion and hotel development
- economic self-sufficiency

There was general acceptance of these priorities. However, the priority of “focus on employee engagement” was added at the request of the employees as a key priority.

1 Customer Service and Hospitality Leadership

At the core of our ability to be a successful meetings destination is the ability to meet and exceed customer expectations during their visit to Boston and our facilities. The focus on hospitality extends beyond the four walls of our facilities, as our customers associate their experience with not just their event but with the overall destination. The goals associated with maximizing the impact of this priority were developed to target all three levels of MCCA customers: event management, exhibitors and attendees.

2 Employee and Civic Engagement

Our employees deserve a similar level of focus and attention with respect to their experience at the MCCA. The MCCA is committed to providing all employees with the opportunities and tools they need to succeed and provide meaningful contributions to the success of the organization. The MCCA will continue to invest in the development of our employees and the development of a culture in which our employees thrive.

Civic engagement and giving back to the communities we serve is a commitment of the MCCA. By allowing our employees to volunteer their time to help others, we both give back to the communities we serve while highlighting the value of civic engagement within the Authority.

3 Technology Leadership

The BCEC is the most technologically advanced convention center in the world, and the MCCA will continue to invest in technology improvements to maintain that competitive advantage. Over the past few years, the explosion of mobile technology, digital media and the use of technology in our daily business has grown tremendously. The MCCA will focus on two dimensions of this technology strategy: applying technology to advance and improve how meetings are conducted; and, applying the use of new technologies in our daily business to promote transparency, effectiveness and efficiency.

4 Expansion and Hotel Development

Boston has demonstrated the capacity to perform at a high level in both the national and international convention and meetings marketplace. To grow, we need additional capacity in nearby hotel rooms and exhibit/meeting/ballroom space. The MCCA also needs to play a meaningful role in the future development of the South Boston Waterfront/Innovation District.

The MCCA will continue developing plans for a headquarter hotel and mid-priced hotel development, including land acquisition strategies, hotel RFQ/P development, pre-permitting activities and legislation. Concurrently, the MCCA will continue to evaluate parking needs, truck marshaling needs, infrastructure requirements, and the overall urban design of the BCEC and how it can best grow within the overall development of the Waterfront/Innovation District. Further, the MCCA will continue to evaluate the Hynes' role in the overall convention industry and invest in additional improvements to ensure its continued success.

5 Economic Self-Sufficiency

The basic financial model of the U.S. convention and meetings industry heavily subsidizes convention centers, a model that is under considerable stress. While the "loss leader" concept of the tourism industry is embraced by most, economic factors have called this model into question.

The industry remains a "buyer's market" with price competition. Local governments are experiencing financial pressure, causing concerns about convention center subsidies. Along with the industry financial dynamics, as Boston considers the expansion of its convention center, the long-term operational costs and financial support necessary need to be re-evaluated.

As a result of these changing dynamics, strategies and options are required to ensure the long-term financial stability of the Authority and reverse the accepted subsidization model towards one of self-sufficiency.

In the past four years, the MCCA made strategic investments to diversify its product portfolio, including the Hynes restaurant renovation project, the Boston Tea Party Ships &Museum®, and the BCEC's digital marquee and video wall. These investments will generate an additional $2.7 million in non-event revenues for the MCCA. To further advance this priority, the MCCA plans to refocus its attention on products and service management and development for its convention, garage, real estate and hospitality-related business.

The MCCA has also made strategic investments in all of its capital assets to maintain, preserve and ensure that its facilities offer quality and long-term growth without the need for subsidies.

MASSACHUSETTS CONVENTION CENTER AUTHORITY (A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND ADDITIONAL INFORMATION

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

MASSACHUSETTS CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND ADDITIONAL INFORMATION

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

TABLE OF CONTENTS

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Independent Auditors' Report

Independent Auditors' Report

To the Board Members
Massachusetts Convention Center Authority
Boston, Massachusetts 02210

Report on the Financial Statements

We have audited the accompanying financial statements of the Massachusetts Convention Center Authority (the Authority), a component unit of the Commonwealth of Massachusetts, as of and for the fiscal years ended June 30, 2013 and 2012, and the related notes to the 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 15) and certain pension and other postemployment benefits information (located on pages 39 through 42) 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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The additional information (located on pages 43 through 46) are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information is the responsibility of management and was derived from and relate 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 additional information 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 October 11, 2013 on our consideration of the Authority'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 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 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 Authority's internal control over financial reporting and compliance.

October 11, 2013

Management's Discussion and Analysis

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) comments on the Massachusetts Convention Center Authority's operations, performance and financial condition for the fiscal years ended June 30, 2013 and June 30, 2012.

The MD&A is presented in four sections:

Background describes the Authority's legislative history and enabling authority.

About our Business describes the Authority's mission, business, objectives, and strategies for success.

Summary of Financial Performance reviews the key measures we use to assess our performance and how our results in 2013 compare to our results in 2012, and how our results in 2012 compare to our results in 2011. It also provides detailed information and analysis about our performance for the past two years. It focuses on our operating results and provides financial information for each of our four facilities.

Risk Assessment provides an overview of the key risks that could affect our business.

Please refer to the audited *Financial Statements* when reading the MD&A.

About Forward Looking Statements

Statements made in this MD&A, that describe the Authority's or management's objectives, projections, estimates, expectations or predictions of the future may be "forward-looking statements", which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "estimates", "anticipates", or the negative thereof or other variations thereon. The Authority cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. You will find a more detailed assessment of the risks that could cause our actual results to materially differ from our current expectations in the *Risk Assessment* section of this MD&A.

About the Financial Statements

The Authority maintains its accounts and prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The financials statements of the Authority are maintained on an accrual basis of accounting. The Authority's financial report includes three basic financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Change in Net Position, and the Statements of Cash Flows.

BACKGROUND

The Massachusetts Convention Center Authority (the "MCCA" or "Authority") is an independent public authority of the Commonwealth of Massachusetts that owns and operates public assembly facilities primarily for the convention, tradeshow and meetings industry. It was established by Chapter 190 of the Acts of 1982 which was subsequently amended by Chapter 629 of the Acts of 1982; Chapter 400 of the Acts of 1983; Chapter 637 of the Acts of 1983; Chapter 78 of the Acts of 1988; Chapter 138 of the Acts of 1991; Chapter 307 of the Acts of 1991; Chapter 110 of the Acts of 1993; Chapter 152 of the Acts of 1997 ("Chapter 152"); Chapter 23 of the Acts of 1998; Chapter 45 and Chapter 256 of the Acts of 2001; and Chapter 139, section 211 of the Acts of 2012.

Under Chapter 190, the Commonwealth of Massachusetts acquired the John B. Hynes Veterans Memorial Auditorium and the Boston Common Garage (the "BCG" or "Garage") from the City of Boston. To manage these newly acquired assets, the legislation created the Authority, which was governed by a seven-member board chaired by the Treasurer of the Commonwealth. The MCCA remodeled and expanded the auditorium building, creating the John B. Hynes Veterans Memorial Convention Center (the "Hynes"), which was opened in 1988.

In 1997, the Commonwealth passed Chapter 152, which empowered the Authority to construct and manage a new convention facility on the South Boston waterfront, the Boston Convention & Exhibition Center (the "BCEC"), and provided the MCCA with control over and responsibility for the Springfield Civic Center, its renovation and expansion. Chapter 152 also expanded the Authority's board membership from seven to thirteen, to be chaired by an appointee of the Governor (approved by the Mayor) with a six-year term.

In the fiscal year 2003 budget for the Commonwealth, several provisions were enacted affecting the operations, marketing and financial activities of the MCCA. Most significantly, it suspended the Authority's funding for its net operating costs from the State Tourism Fund. This funding mechanism was replaced in fiscal year 2004 by disbursements from the Convention Center Fund, created by the 1997 Convention Center Act, which authorized the Commonwealth to provide the Authority with up to $17 million for operating expenses from the fund. This use requires that the State Treasurer and Secretary of Administration and Finance annually certify the availability of funds within the $17 million cap after payment of debt service which is required to be made first. This funding cap was subsequently increased to $23 million in fiscal year 2005, and the maximum annual operating funding level has not been increased since this time.

The fiscal year 2003 State budget also authorized but did not effectuate the transfer of ownership of two MCCA assets - the Hynes and the Boston Common Garage - to the Pension Reserves Investment Trust Board. To effectuate the transfer, additional legislative action would be required. In July of 2004, the legislature created a special legislative study commission that would work with the Authority to understand further the use of the Hynes and Boston Common Garage properties. Based on the recommendation of the Committee, the transfer of ownership of the two MCCA assets was repealed in fiscal year 2008.

The Authority is considered a component unit of the Commonwealth of Massachusetts for financial statement reporting purposes.

ABOUT OUR BUSINESS

WHAT WE DO

The MCCA operates three world-class public assembly facilities that generate significant regional economic activity by attracting conventions, tradeshows, and other events to the Commonwealth of Massachusetts. Two of these facilities – the BCEC and the Hynes – generate event-related revenue primarily from the sale and use of meeting and exhibition space, the sale of services that support the use of that space, such as cleaning, electricity, security and telecommunications (together such services are referred to herein as "Support Services"), and commissions on food and beverage sales at the facilities. The third facility, the MassMutual Center in Springfield, generates both arena event revenue, from hosting a full season of Springfield Falcon's minor league hockey games, the Springfield Armor's development league team and other arena events, and convention event revenue from the attached convention center, which opened in October 2005. Through these facilities, the MCCA attracts hundreds of thousands of people to the Commonwealth of Massachusetts, enriching the local economy with hotel and retail spending, and other direct spending on goods and services.

The MCCA also operates a 1,367-space underground public parking garage, the BCG, located in the Back Bay/ Beacon Hill neighborhood of Boston. The Garage is a top-tier parking facility in the heart of Boston, providing secure and accessible parking for commuters, nearby residents, and tourists alike. The Garage generates revenue almost exclusively as a result of parking fees. Currently, the Garage is managed by agreement with Central Parking, Inc., an experienced garage management company that also manages a number of other parking facilities in the Greater Boston area.

MANAGEMENT'S OBJECTIVES AND STRATEGY

The Authority's mission is to generate significant regional economic activity by attracting conventions, tradeshows, and other events to its world-class facilities while maximizing the investment return for the residents and businesses in the Commonwealth of Massachusetts. To accomplish this, the Authority's management operates the business consistent with strategic business principles for success in the short term and over time. The Authority strives to become a Top 5 convention destination in North America, remain a leading destination in North America for international events, and provide the best experience to our customers and consistently exceed their expectations of Boston. The Authority identifies the following five priorities critical to the success of this vision: customer service and hospitality leadership, technology leadership, expansion and hotel development, financial self-sufficiency and employee engagement. Unifying the management team and the Authority's dedicated employees and contractors in achieving these priorities is part of the Authority's over-arching goal, and management believes it is critical to becoming a true leader in the meetings industry.

SUMMARY OF FINANCIAL PERFORMANCE

2013

Fiscal year 2013 marked a successful year for the MCCA, which experienced a year-over-year increase in operating revenues, exceeding the originally adopted budget projections. This performance is notable because fiscal year 2012 witnessed a dramatic increase in revenues associated with high-quality events held within MCCA's facilities. Furthermore, in fiscal year 2012, there were one-time reductions in operating costs that did not occur in fiscal year 2013. In general, operating revenues increased in fiscal year 2013 across most MCCA facilities, offsetting costs increases that occurred year-on-year, particularly associated with event-related expenses, severe winter weather and the first year of deployment of the Authority's new Strategy and Product Development department, which will help to expand and diversify MCCA's revenue base and increase its self-sufficiency in the future.

2012

The Authority performed exceptionally well in fiscal year 2012 notwithstanding the economic environment. All three convention centers realized an increase in revenues due to strong event activities and were able to maintain, and in some cases reduce, their expense levels based on an unseasonably warm winter and financially advantageous contracts, such as cleaning and escalator maintenance. In addition, the Boston Common Garage realized a significant increase in revenues due to an increase in activities coupled with the implementation of a price adjustment in the beginning of the fiscal year. Finally, the Authority maintained a level funding policy for administrative and marketing and sales support which held throughout the year.

Overall the Authority performed significantly better than the previous fiscal year.

RESULTS OF OPERATIONS

Operating Revenues – 2013

In fiscal year 2013, MCCA operating revenues totaled $51.0 million, or an increase of 1.7% from fiscal year 2012 operating revenues of $50.2 million. The Hynes, MMC and BCG all experienced year-on-year increases, with the BCEC experiencing a decrease from fiscal year 2012.

Convention services income fell by 3.0% in fiscal year 2013, attributable to a 6.8% drop in services revenues at the BCEC (which still exceeded original budgeted revenues for fiscal year 2013). The reduction in services revenues resulted from the nature (quality) of events held in the MCCA facilities during the year. Additionally, there were two less bull's eye events held at the BCEC than had occurred in fiscal year 2012 and one less bull's eye event at the Hynes.

Despite less bull's eye events rental income was largely unchanged in fiscal year 2013 in comparison to the preceding year, totaling $14.4 million (an increase of 0.2%). Rental income fell at the BCEC, however this was offset by increases at the Hynes.

Food and beverage revenues witnessed modest gains, increasing by 1.9% from fiscal year 2012. Similar to rental income, annual reductions in food and beverage receipts from activities at the BCEC were offset by year-on-year growth at the Hynes, which saw an increase in average event quality.

Parking fee revenues increased substantially in fiscal year 2013, by 7.5%, from $10.4 million to $11.1 million. These revenues, which are entirely derived from activities at the BCG, were strengthened by general increases in daily/monthly demand for parking as well as the successful introduction of a new "reserved" space product, which witnessed substantial customer demand after being introduced at the beginning of the fiscal year.

Finally, commercial and other revenues, while representing a small portion of annual operating revenues, increased in fiscal year 2013 by 19.5% and 22.8%, respectively. The largest contributing factors were the increased amount of hotel lease income (which annualized to $500,000 from $250,000 in fiscal year 2012) as well as income generated by the Authority from media and advertising sales.

Operating Revenues – 2012

Total operating revenues for 2012 increased 10.9% to $50.2 million compared with a decrease of 4.3% in 2011 and an increase of 6.2% in 2010.

Convention services income increased 16.7% to $17.1 million, food and beverage income increased 4% to $6.4 million and convention rental income increased 9.1% to $14.3 million. The increase in convention services income was anticipated given the projected increase in the quality of events planned for the BCEC and Hynes plus additional unanticipated revenues from the MMC. Revenues at the BCEC increased 12.7% year-over-year even with a decrease in the number of bull's eye events, as the quality (average revenues) for all the event types increased considerably. The Hynes realized an increase in revenues of 7.2% due primarily to an increase in the number and quality of bull's eye events, particularly in the area of food and beverage, which was slightly offset by a decrease in the number and quality of "other" long-term events and short-term events.

The MMC again achieved double-digit growth in revenues for the second year in a row, realizing an amazing 20.8% increase in revenues. On the arena side, the addition of three graduations as well as Disney coming back for a full run contributed to this year's increase. However, the vast majority of the increase was a result of operations on the convention center side due to increased convention booking activity as well as continuing the introduction of non-traditional events, such as concerts and wrestling, to the event mix.

The 2012 Boston Common Garage revenues increased 6.9% due to a modest increase in monthly parkers, a significant increase in transient parkers, and a price adjustment made in the beginning of the fiscal year.

Commercial revenues increased 35.8% due to the commencement (January 2012) of the Westin Waterfront Land Lease payments, which resulted in new revenues totaling $250,000.

Operating Expenses - 2013

Total operating expenses, including depreciation, totaled $122.5 million in fiscal year 2013, an increase of 6.5% from the previous year. After excluding depreciation, annual operations in fiscal year 2013 cost $79.6 million, up 6.5% from fiscal year 2012 levels of $74.8 million. Operating expenses increased across the Authority's three convention facilities as well as MCCA's central operations and sales and marketing functions. They were mostly flat year-on-year at the BCG.

In fiscal year 2013 the MCCA experienced a return of severe cold and stormy weather which contributed to a 16.6% jump in utilities expenses. In addition, event-driven demand helped to increase fiscal year 2013 utilities above fiscal year 2012 levels. Beyond utilities, variable expense increases associated with convention services and activities, particularly at the Hynes, resulted in year-on-year increases in spending. As noted previously, fiscal year 2013 marked the first year of operations of MCCA's new Strategy and Product Development department which contributed to an increase in central operations spending. Lastly, salary increases reflected contractually-obligated wage increases negotiated by the Authority and MCCA's collective bargaining units.

Operating Expenses - 2012

Overall, the Authority's operating expenses increased slightly to $115.0 million. Adjusting for depreciation, the Authority's 2012 operating expenses increased 1.0% to $74.8 million, compared to $74.0 million in 2011.

Last year, the Authority predicted a shift of approximately $1.3 million from contracted services to salaries and benefits due to a full-years' worth of expenses in association with the Public Safety staff transition, which was fully realized in 2012. Finally, the Authority realized a significant decrease in utility expenses due to an unseasonably warm winter, which was offset by variable expenses associated with the increase in convention activities.

Non-Operating Revenues (Expenses), Net - 2013

Annual non-operating net revenues totaled $49.5 million, which was a modest increase (0.4%) from the previous year. In fiscal year 2013 there occurred a reduction (1.2%) in the annual funding requested by the Authority from the Convention Center Fund. As of the date of this report, the Authority has received all reimbursements due from the activities of fiscal year 2013.

Investment Income and Interest on Loans

Total investment income and interest on loans in fiscal year 2013 equaled approximately $797,000, or a 76% increase from the fiscal year 2012 amount of approximately $453,000. This change is entirely attributable to the fact that fiscal year 2013 was the first full year during which the Authority is being repaid by the Boston Tea Party Ship and Museum for the loan made by the Authority to rebuild the Museum. All other investment earnings were minimal, given the continued near-zero interest earnings environment.

Federal Grants

In fiscal year 2013, the Authority received a grant totaling $100,000, corresponding to continued federal funding through the state for use in conducting an analysis and review of the BCEC as an emergency response facility.

Gain on Sale of Capital Assets
In the fall of 2012 a portion of the MCCA's air rights were sold for a development project adjacent to the BCEC. The sale of this asset, which totaled $1.1 million, resulted in a one-time net profit of approximately $463,000. MCCA intends to utilize all proceeds of the sale for redevelopment projects in support of convention business.

Non-Operating Revenues (Expenses), Net - 2012
Fiscal year 2012 non-operating revenues (expenses), net, decreased to $49.4 million, principally due to a decrease in the net operating funding requirement. As of the date of this report, the Authority has received all reimbursements due from the activities of fiscal year 2012.

Interest Received on Loans Receivable
Interest received on loans receivable from the Boston Tea Party Ship and Museum totaled $445,309 during fiscal year 2012 and is expected to remain steady in accordance with the loan agreement.

Investment Income
Due to market conditions consistent with the past several years, investment income continued its downward trend during fiscal year 2012.

Federal Grants
The Authority received $120,624 in federal funding through the state for use in conducting an analysis and review of the BCEC as an emergency response facility.

COMPARISON TO BUDGET

Operating Revenues – 2013
In total, fiscal year 2013 operating revenues were $51.0 million, or $6.0 million above the original budget adopted in June 2012. Actual revenues performed better than budgeted levels across all four facilities, particularly at the Hynes, which saw annual revenues total 29.1% greater than the original forecast. While down year-on-year, corresponding to reduced bull's eye events, BCEC operating revenues did exceed budgeted levels by 8.9%. For both the BCEC and the Hynes actual operating revenues exceeded budgeted, in part, due to each facility hosting one large, high-quality event that was not assumed in initial revenue forecasts. Additionally, each Boston-based facility witnessed substantially greater event services than originally budgeted. MMC operating revenues exceeded forecasts by just under 30%, largely reflecting an increased number of arena events, particularly with the Falcons advancing to the second-round of the Calder Cup playoffs. Lastly, garage revenues at the BCG exceeded budgeted levels by 3.5%, reflecting generally improving economic conditions.

Operating Revenues – 2012
Fiscal year 2012 total operating revenues were $7.2 million higher than budget due to better than anticipated performance at all four facilities. Overall, the BCEC generated the greatest portion of this increase; more than $5.5 million due to far greater levels of support service revenues, such as rigging, internet and parking, then budgeted, generating $25.5 million in total revenues. The Hynes contributed more than $1 million to the increase based entirely on the unanticipated performance of the food and beverage operations, generating almost $10.7 million in total revenues. The BCEC and Hynes generated the second highest level of annual revenues, as compared to the pre-recession highs experienced in 2008. The MMC contributed over $500 thousand towards the increase due entirely to increased rental revenues and finished the year at $3.6 million. Finally, the BCG revenues (parking fees) were just slightly over budget at $10.4 million.

Operating Expenses – 2013
Including the annual expenses of a grant by the Authority to the Massachusetts Office for Travel and Tourism, total expenses were $77.7 million, which was $3.9 million (5.3%) above the original budget. Expenses exceeded original budgets due to two primary factors. First, increased event-related spending, particularly in regards to two large shows held at MCCA facilities not originally included in the fiscal year 2013 budget. Continuing trends from previous years, variable expenses, such as rigging, transportation, cleaning and part-time salaries exceeded original estimates based on the actual convention event experience. Second, severe weather resulted in increased utility expenses as well as snow and ice removal costs. Finally, the MMC expenses exceeded budgeted levels by 8.7%, corresponding to increased event-related services, which typically result in a corresponding revenue increase (please see page 10).

Operating Expenses – 2012
For 2012, the Authority's operating expenses were $4.4 million over budget, including a $1.3 million accrual for activities associated with the 2014 PCMA event. Additionally, the long-term sales team completed another record breaking year of sales, which resulted in higher than anticipated costs of sales. Finally, variable expenses, such as rigging, transportation, cleaning and part-time salaries, at the BCEC were higher than anticipated based on the increase in associated convention revenues.

Non-operating Revenues (Expenses), Net – 2013
The Authority's non-operating revenues were largely in line with budget with the exception of the fall 2012 transaction in which a portion of the MCCA's air rights were sold for a development project adjacent to the BCEC. While the sale of this asset resulted in a net profit of approximately $463,000, the MCCA intends to utilize all proceeds of the $1.1 million sale for redevelopment projects in support of convention business.

Non-operating Revenues (Expenses), Net – 2012
The Authority's non-operating revenues (expenses) were in line with budget.

KEY PERFORMANCE METRICS

	2013	2012	2011
MCCA Operating Coverage Ratio (including investment income, interest on loans; excluding depreciation and MOTT)	0.70	0.73	0.66
Rev. PGSF (BCEC)	$32.96	$35.83	$31.78
Rev. PGSF (Hynes), excluding commercial space	$40.11	$34.19	$31.35
Rev. PGSF (MMC – Con Center)	$20.56	$18.35	$12.00
Revenue per Attendee (MMC) – Arena	$7.93	$7.92	$6.55
Avg. Revenue per Space per Day (Common Garage)	$22.35	$20.77	$19.44

Annually the MCCA's management notes that it identifies one important measure of the Authority's financial performance to be its operating coverage ratio, which reveals the degree to which gross revenues from operations (including investment income and interest on loans) cover gross operating expenses (excluding depreciation and MOTT). Use of this ratio reveals, in part, the degree to which the Authority must rely on non-operating revenue (largely the annual subsidy from the Convention Center Fund) to underwrite the net cost of operations.

In 2013, 2012 and 2011, the Authority's operating coverage ratios (defined above) were 0.70, 0.73, and 0.66, respectively. Fiscal year 2013 experienced only a modest reduction from fiscal year 2012, reflecting continued favorable operating revenue performance. In fiscal year 2012 the ratio increased substantially, due to a significant increase in the quality and number of events hosted at all three properties, higher parking activities, an unseasonably warm winter and advantageous contract positions. Management believes this ratio will fluctuate between 0.65 and 0.75 (or +/- 7 percent from the 0.70 mid-point) depending on event activities in any specific year, given the Authority's current revenue and cost structure.

The convention centers' revenue-generating performance can also be measured by their Revenue Per Gross Square Feet (Rev. PGSF), which is the total event related revenue achieved in the fiscal year divided by the facility's gross square feet available for rental. This measures the amount of revenue the Authority was able to generate from the facility, assuming that all saleable square feet are equally capable of generating revenue from customers. Management believes this metric is a good reflection of both the number and quality of events leasing convention center space.

In fiscal year 2013 the BCEC experienced a drop of 8% in revenue per square foot primarily due to the reduced number of bull's eye events (as noted previously). The Hynes, however, experienced an 18% increase year-on-year. This is the second straight year of robust growth, indicating the improving quality of the events that have been held there over the past two years.

The MassMutual Center's arena top-line performance, as measured by revenue per attendee, increased from $7.92 in 2012 to $7.93 in 2013. Changes in the rent structure and strong AHL tenant revenue led to increased revenue from the Springfield Falcons, as well as two unbudgeted playoff games. Other strong events offset the losses that occurred with the MAAC Conference Championships. Management expects fiscal year 2014 results to trend similar to fiscal year 2013. When using revenue per gross square foot as the measurement, performance on the convention center side increased from $18.35 in fiscal year 2012 to $20.56 in fiscal year 2013. This is the result of increased convention booking activity as well as continuing the introduction of non-traditional events, such as concerts and wrestling, to the event mix. Management's outlook for the coming year is a slight increase over the current convention activity and revenue per gross square foot.

The BCG performance is measured by its Revenue per Space per Day, which is the total parking revenue achieved in the fiscal year divided by the facility's total number of available spaces per year (1,367 spaces times 365 days). Management believes this metric is a good reflection of our ability to "turn" the space during the day to maximize daily occupancy. In 2013, Common Garage Revenue per Space was $22.35, higher than fiscal year 2012 due to increased demand by transient and monthly parkers as well as the success of the new "reserved space" program.

ASSETS

	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	% Change 2013-2012	% Change 2012-2011
Cash and Cash Equivalents	$22,160,155	$19,328,882	$18,170,712	15%	6%
Restricted Cash and Cash Equivalents, including Cash held by Commonwealth	7,646,203	11,381,721	16,016,079	-33%	-29%
Grants (including Restricted Grants) Receivable from Commonwealth	32,239,241	12,299,159	14,201,570	162%	-13%
Convention Receivables, Loans Receivable (current) and Prepaid Expenses	5,531,071	6,100,814	3,549,278	-9%	72%
Long-term Loans Receivable	17,412,565	15,046,564	1,983,921	16%	658%
Capital Assets, Net *	822,077,181	809,953,066	828,479,621	2%	-2%
Total Assets	$907,066,416	$874,110,206	$882,401,181	4%	-1%

* Capital asset balances have been restated to reflect certain land deeded to the Authority in 2002, 2004 and 2009. See Note 15, page 38.

Cash and Cash Equivalents – Reflect monies on hand from Authority operations.

Restricted Cash and Cash Equivalents, including Cash Held by Commonwealth – Reflect the Authority's cash on hand restricted to the Boston Tea Party Ship and Museum, Inc. loan, and restricted escrow amounts related to the 2014 the Professional Conference Management Association (PCMA) event scheduled for January 2014. This balance also reflects cash held by the Commonwealth on behalf of the Authority for environmental remediation.

Grants (including Restricted Grants) Receivable From Commonwealth - Reflect the receivable due from the Commonwealth from the Convention Center Fund to offset the Authority's net cost of operations, pay-go capital program, advance related to the 2014 PCMA event and for capital contributions related to a land purchase.

Convention Receivables, Loans Receivable (current) and Prepaid Expenses – Reflect the Authority's receivables from operations, current loans receivable from the Boston Tea Party Ship and Museum, Inc., and prepaid assets such as insurance, which are expensed over time.

Long-term Loans Receivable – Reflect the Authority's noncurrent loans receivable from the Boston Tea Party Ship and Museum, Inc.

Capital Assets, Net – Reflect the Authority's investment in land and capitalized assets less accumulated depreciation.

LIABILITIES AND NET POSITION

	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	% Change 2013-2012	% Change 2012-2011
Payables, Accrued Expenses, Deposits and Deferred Revenue, and Compensated Absences (current)	$23,637,579	$23,045,998	$23,001,974	3%	0%
Environmental Remediation	6,204,618	6,204,618	0	0%	N/A
Accrued Compensated Absences, Noncurrent	1,251,318	1,149,860	1,035,100	9%	11%
Net OPEB Obligation	4,738,782	3,508,777	2,653,152	35%	32%
Net Position – (Invested in Capital Assets, Net of Related Debt) *	822,077,181	809,953,066	828,479,621	2%	-2%
Net Position – Restricted for Loans and Other	21,150,000	4,556,721	16,016,079	364%	-72%
Net Position – (Unrestricted)	28,006,938	25,691,166	11,215,255	9%	129%
Total Liabilities and Net Position	$907,066,416	$874,110,206	$882,401,181	4%	-1%

* Net position (invested in capital assets, net of related debt) has been restated to reflect certain land deeded to the Authority in 2002, 2004 and 2009. See Note 15, page 38.

Payables, Accrued Expenses, Deposits and Deferred Revenue and Compensated Absences (current) – Reflect the Authority's current responsibilities applicable to vendors, pension obligations, short-term accrued sick and vacation pay benefits and deposits received for future shows.

Environmental Remediation – Reflect the Authority's remediation requirements associated with the judgment from the *Commonwealth of Massachusetts et.al. v. SAK Recycling et.al., C.A. No. 96-0673A* case.

Accrued Compensated Absences, Noncurrent – Reflect the Authority's long-term accrued sick and vacation pay benefits.

Net OPEB Obligation – Reflect the Authority's retiree OPEB obligations as calculated in accordance with GASBS #45.

Net Position (Invested in Capital Assets) - Reflect the Authority's total investments in capital assets, net of accumulated depreciation and related debts.

Net Position (Restricted for Loans and Other) - Reflect the Authority's restricted amounts related to loans to the Boston Tea Party Ship and Museum, Inc., the 2014 PCMA event and capital contributions related to a land purchase.

Net Position (Unrestricted) – Reflects the accumulated revenues and expenses from Authority's operations, including proceeds from the Convention Center Fund and remaining monies from the Hynes restoration and renovation fund.

CONSTRUCTION ACTIVITIES

During fiscal year 2013, the Authority continued to significantly invest in technology and infrastructure needs associated with its 20-year, $630 million capital reinvestment program. The program provides the Authority with the projected future capital requirements necessary to keep the Authority's assets in excellent working condition. In addition, the Authority has a number of on-going capital projects, such as Hynes MTA tunnel, Hynes elevators and restrooms, BCEC master planning, BCEC waterproofing and Administrative upgrades, representing over $65.7 million in committed projects of which $29.9 million has been spent to date (see Note 13, page 36).

RISK ASSESSMENT

The Authority's financial performance and the value of its facilities are subject to a variety of risks normally associated with governmental authorities, and with the ownership and operation of real estate properties including, but not limited to, overall economic conditions as well as conditions specific to the convention and trade show industry. Operating risk, development risk, and environmental risk are among the general risks the Authority faces, and the Authority is also subject to fluctuations in the travel and tourism industry and the exhibit and trade show industry.

The Authority has hands-on management teams for each of the facilities it operates. Although the Authority believes that its real estate portfolio and revenue sources are significantly diversified, a material reduction in demand for space at any of its facilities could have a material impact on its ability to lease its space which would consequently impact its cash flows and operating results adversely.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 415 Summer Street, Boston, Massachusetts 02210.

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Basic Financial Statements

STATEMENTS OF NET POSITION

JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,160,155	$ 19,328,882
Restricted cash and cash equivalents	1,150,000	3,256,721
Cash held by Commonwealth for environmental remediation	6,496,203	8,125,000
Receivables, net of allowance for uncollectible amounts:		
Grants receivable from the Commonwealth	12,239,241	10,999,159
Convention receivables	3,572,500	4,584,954
Loans	303,837	246,715
Restricted grants receivable from the Commonwealth	20,000,000	1,300,000
Prepaid expenses	1,654,734	1,269,145
Total current assets	67,576,670	49,110,576
Noncurrent assets:		
Receivables, net of allowance for uncollectible amounts:		
Loans	17,412,565	15,046,564
Capital assets not being depreciated	181,132,019	146,411,442
Capital assets, net of accumulated depreciation	640,945,162	663,541,624
Total noncurrent assets	839,489,746	824,999,630
Total assets	907,066,416	874,110,206
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	12,230,408	11,854,695
Deposits and deferred revenue	10,347,474	10,224,492
Accrued compensated absences	1,059,697	966,811
Total current liabilities	23,637,579	23,045,998
Noncurrent liabilities:		
Environmental remediation	6,204,618	6,204,618
Accrued compensated absences	1,251,318	1,149,860
Net OPEB obligation	4,738,782	3,508,777
Total noncurrent liabilities	12,194,718	10,863,255
Total liabilities	35,832,297	33,909,253
NET POSITION		
Invested in capital assets, net of related debt	822,077,181	809,953,066
Restricted for:		
Loans	-	2,706,721
Other	21,150,000	1,850,000
Unrestricted	28,006,938	25,691,166
Total net position	$ 871,234,119	$ 840,200,953

See notes to basic financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Convention services income	$ 16,538,979	$ 17,051,287
Convention rental income	14,377,417	14,345,992
Food and beverage	6,496,453	6,374,639
Parking fees	11,142,882	10,360,893
Commercial revenue	1,440,388	1,205,701
Other	1,001,700	815,814
TOTAL OPERATING REVENUES	50,997,819	50,154,326
OPERATING EXPENSES		
Salaries and benefits - operating	22,197,181	20,536,202
Salaries and benefits - administrative	6,055,839	5,689,511
Other operating expenses	22,574,650	20,980,982
Contracted services	19,802,716	19,855,901
Utilities	8,981,133	7,701,013
Depreciation	42,897,730	40,264,615
TOTAL OPERATING EXPENSES	122,509,249	115,028,224
OPERATING LOSS	(71,511,430)	(64,873,898)
NONOPERATING REVENUES (EXPENSES)		
Massachusetts Convention Center Fund - Commonwealth grant	48,184,362	48,790,460
Federal grants	100,000	120,624
Interest received on loans receivable	793,634	445,309
Investment income	3,241	7,503
Gain on sale of capital assets	463,359	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	49,544,596	49,363,896
LOSS BEFORE CAPITAL CONTRIBUTIONS	(21,966,834)	(15,510,002)
CAPITAL CONTRIBUTIONS		
Capital contributions	53,000,000	-
CHANGE IN NET POSITION	31,033,166	(15,510,002)
NET POSITION AT BEGINNING OF YEAR (AS RESTATED)	840,200,953	855,710,955
NET POSITION AT END OF YEAR	$ 871,234,119	$ 840,200,953

See notes to basic financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 52,133,255	$ 49,358,282
Payments to vendors	(50,138,370)	(49,223,609)
Payments to employees	(28,058,676)	(26,034,368)
NET CASH FROM OPERATING ACTIVITIES	(26,063,791)	(25,899,695)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidy - Massachusetts Convention Center Fund	48,244,280	50,692,871
Federal grants	100,000	120,624
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	48,344,280	50,813,495
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(54,029,689)	(23,658,442)
Capital contributions	33,000,000	-
Proceeds from sale of capital assets	1,100,000	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(19,929,689)	(23,658,442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans issued	(2,423,123)	(13,309,358)
Interest received on loans receivable	793,634	445,309
Investment income	3,241	7,503
NET CASH FROM INVESTING ACTIVITIES	(1,626,248)	(12,856,546)
NET CHANGE IN CASH AND CASH EQUIVALENTS	724,552	(11,601,188)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (includes $3,256,721 as restricted cash at June 30, 2012)	22,585,603	34,186,791
CASH AND CASH EQUIVALENTS AT END OF YEAR (includes $1,150,000 as restricted cash at June 30, 2013)	$ 23,310,155	$ 22,585,603
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	$ (71,511,430)	$ (64,873,898)
Adjustments to reconcile operating loss to net cash from operating activities:		
Changes in assets and liabilities not requiring cash flows:		
Depreciation	42,897,730	40,264,615
Net OPEB obligation	1,230,005	855,625
Changes in assets and liabilities requiring cash flows:		
Convention receivables, net	1,012,454	(1,929,589)
Prepaid assets	(385,589)	(375,232)
Accounts payable and accrued expenses	375,713	(1,166,106)
Deposits and deferred revenue	122,982	1,133,545
Accrued compensated absences	194,344	191,345
Total adjustments	45,447,639	38,974,203
NET CASH FROM OPERATING ACTIVITIES	$ (26,063,791)	$ (25,899,695)

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *General*

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. *Reporting Entity*

Establishment and Background

The Massachusetts Convention Center Authority (the Authority), a component unit of the Commonwealth of Massachusetts (Commonwealth), is a public authority created by act of the Legislature of the Commonwealth with the original purpose of acquiring and operating a portfolio of assets, specifically, the John B. Hynes Veterans Memorial Convention Center (the Hynes Convention Center) and the Boston Common Garage (the Garage). The Authority's purpose is to generate significant regional economic activity by attracting conventions, trade shows, and other events to its facilities while maximizing investment return for the Commonwealth.

Pursuant to Chapter 152 of the Acts of 1997, effective November 17, 1997 (the Act), the Authority was empowered to expand its portfolio of assets as follows:

- Design, construct and operate a new Boston Convention & Exhibition Center (the BCEC) subject to appropriation of funds and financing by the Commonwealth.

- Receive transfer, ownership and control of the Springfield Civic Center, and subsequently expand and renovate the facility subject to appropriation of funds and financing by the Commonwealth.

In addition to these provisions, the Act also enlarged the Authority's Board of Directors to thirteen members. The BCEC officially opened for business in the summer of 2004, and the Springfield Civic Center project was completed in the fall of 2005 (see Note 5, now designated as the MassMutual Center). Subsequent acts (Chapter 23 of the Acts of 1998 and Chapter 45 of the Acts of 2001) have had several provisions relevant to the Authority.

As part of the BCEC project, the Authority also ground leased a portion of the project site to the Boston Convention Center Hotel, LLC (the Hotel) for the purpose of the design, construction, ownership and operation of a 790 room hotel adjacent and connected to the BCEC. The Authority was responsible for site preparations and construction of infrastructure associated with Hotel construction. The Hotel officially opened for business in June of 2006.

Funding

The Act, as amended by Section 439 of Chapter 26 of the Acts of 2003, created the Convention Center Fund (Fund). The purpose of the Fund is to provide funding for the activities of the Authority. Section 439 amended Section 10(c) of the Act authorizing up to $23 million annually to defray the Authority's net cost of operations from its activities as well as providing for reserves for capital and current expenses of the Authority. During fiscal year 2013, the Authority requested reimbursements from the Fund totaling $48,184,362 for the net cost of operations ($20,025,875), the pay-go capital program ($22,658,487) and other programs ($5,500,000). During fiscal year 2012, the Authority requested reimbursements from the Fund totaling $48,790,460 for the net cost of operations ($20,150,848), the pay-go capital program ($23,639,612) and other programs ($5,000,000).

C. *Implementation of New Accounting Principles*

For the year ending June 30, 2013, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.'s 60, 61 and 62 had no reporting impact for the Authority.

D. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The Authority's financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Operating revenues and expenses are segregated from nonoperating items. Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist primarily of Convention Center services and rental revenues and parking fees charged to users of the Boston Common Garage. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

E. *Cash and Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value.

F. *Restricted Assets*

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Cash has been restricted for funds received in advance from the Commonwealth for future costs related to the Authority hosting the 2014 Professional Convention Management Association (PCMA) event.

Grants receivable from the Commonwealth has been restricted for monies requested by the Authority from the Commonwealth for future costs related to the Authority hosting the 2014 PCMA event and for capital contributions related to a land purchase.

G. Accounts Receivable

Grants From the Commonwealth

The Authority is reimbursed by the Commonwealth to defray its net cost of operations from activities as well as providing for reserves for capital and current expenses of the Authority. These amounts are considered 100% collectible.

Convention

Convention receivables are stated net of an allowance for doubtful accounts. The allowance is established by management to provide for potential bad debts based on current information available and past experience. At June 30, 2013 and 2012, the allowance for doubtful accounts amounted to $434,877 and $246,593, respectively.

Loans

The Authority authorized an $18,000,000 loan to the Boston Tea Party Ship and Museum, Inc. for the construction of the Boston Tea Party museum and historical replica ships. Loan amounts were distributed based on reimbursement requests submitted and are recorded as receivables upon issuance. Outstanding loans at June 30, 2013 and June 30, 2012 totaled $17,716,402 and $15,293,279, respectively.

H. Prepaid Expenses

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

I. Capital Assets

The Authority's capital assets consist of land, construction in progress, intangible assets, land improvements, buildings and improvements (BCEC, Hynes Convention Center, MassMutual Center and Boston Common Garage), and equipment and fixtures.

Capital assets are recorded at cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives and capitalization thresholds of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)	Capitalization Threshold ($)
Land	N/A	50,000
Land improvements	10	50,000
Buildings and improvements	5 - 30	50,000 - 250,000
Equipment and fixtures	3 - 5	5,000

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

J. Revenue Recognition

Revenues are recognized on the accrual basis of accounting. The BCEC, Hynes Convention Center and MassMutual Center revenues consist primarily of rental income and income for services such as electricity, air, water, telephone, cleaning, security, internet access, equipment and food. Boston Common Garage revenue consists of parking fees.

K. Compensated Absences (Vacation Pay and Sick Leave Benefits)

All union employees are contractually entitled to receive vacation pay benefits and, upon retirement, sick leave benefits. In addition, the Authority has extended a similar, but more limited, benefit to all other eligible employees. Vacation pay and sick leave benefits accrued for employees at June 30, 2013 and June 30, 2012, totaled approximately $2,311,000 and $2,117,000, respectively, and is reflected in the accompanying statements of net position as accrued compensated absences.

L. Net Position

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"Loans" represents amounts on hand related to the Authority's loan authorization for the Boston Tea Party Ship and Museum, Inc.

"Other" represents amounts related to the Commonwealth's advance funding related to the Authority hosting the 2014 PCMA event and for capital contributions related to a land purchase.

M. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. The Authority does not have a policy for custodial credit risk of deposits. Bank deposits at June 30, 2013 and 2012 totaled $23,835,246 and $23,913,650, respectively, and were not exposed to custodial credit risk.

NOTE 3 - ACCOUNTS RECEIVABLE

At June 30, 2013, receivables consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Grants receivable from the Commonwealth	$ 32,239,241	$ -	$ 32,239,241
Convention receivables	4,007,377	(434,877)	3,572,500
Loans receivable	17,716,402	-	17,716,402
Totals	$ 53,963,020	$ (434,877)	$ 53,528,143

At June 30, 2012, receivables consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Grants receivable from the Commonwealth	$ 10,999,159	$ -	$ 10,999,159
Restricted grants receivable from the Commonwealth	1,300,000	-	1,300,000
Convention receivables	4,831,547	(246,593)	4,584,954
Loans receivable	15,293,279	-	15,293,279
Totals	$ 32,423,985	$ (246,593)	$ 32,177,392

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 109,380,754	$ 33,229,364	$ -	$ 142,610,118
Construction in progress	27,785,688	12,699,459	(10,571,605)	29,913,542
Intangible assets	9,245,000	-	(636,641)	8,608,359
Total capital assets not being depreciated	146,411,442	45,928,823	(11,208,246)	181,132,019
Capital assets being depreciated:				
Land improvements	75,857	-	-	75,857
Buildings and improvements:				
BCEC	688,647,911	7,759,032	(385,926)	696,021,017
Hynes Convention Center	198,663,478	3,615,293	(170,327)	202,108,444
MassMutual Center	73,034,302	228,005	(22,884)	73,239,423
Boston Common Garage	38,897,456	308,705	(14,600)	39,191,561
Equipment and fixtures	54,533,502	8,390,233	(3,454,793)	59,468,942
Total capital assets being depreciated	1,053,852,506	20,301,268	(4,048,530)	1,070,105,244
Less accumulated depreciation for:				
Land improvements	(47,849)	(5,828)	-	(53,677)
Buildings and improvements:				
BCEC	(167,986,656)	(24,805,596)	385,926	(192,406,326)
Hynes Convention Center	(148,872,343)	(7,914,206)	170,327	(156,616,222)
MassMutual Center	(16,191,711)	(2,543,389)	22,884	(18,712,216)
Boston Common Garage	(19,936,926)	(1,373,230)	14,600	(21,295,556)
Equipment and fixtures	(37,275,397)	(6,255,481)	3,454,793	(40,076,085)
Total accumulated depreciation	(390,310,882)	(42,897,730)	4,048,530	(429,160,082)
Total capital assets being depreciated, net	663,541,624	(22,596,462)	-	640,945,162
Total capital assets, net	$ 809,953,066	$ 23,332,361	$ (11,208,246)	$ 822,077,181

* As restated and described in Note 15 (page 38)

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 111,268,594	$ -	$ (1,887,840)	$ 109,380,754
Construction in progress	28,390,735	12,632,360	(13,237,407)	27,785,688
Intangible assets	9,245,000	-	-	9,245,000
Total capital assets not being depreciated	148,904,329	12,632,360	(15,125,247)	146,411,442
Capital assets being depreciated:				
Land improvements	75,857	-	-	75,857
Buildings and improvements:				
BCEC	679,800,729	9,019,783	(172,601)	688,647,911
Hynes Convention Center	192,789,214	6,209,755	(335,491)	198,663,478
MassMutual Center	72,953,271	81,331	(300)	73,034,302
Boston Common Garage	38,908,826	-	(11,370)	38,897,456
Equipment and fixtures	48,506,261	8,933,795	(2,906,554)	54,533,502
Total capital assets being depreciated	1,033,034,158	24,244,664	(3,426,316)	1,053,852,506
Less accumulated depreciation for:				
Land improvements	(42,021)	(5,828)	-	(47,849)
Buildings and improvements:				
BCEC	(144,362,101)	(23,783,439)	158,884	(167,986,656)
Hynes Convention Center	(141,787,531)	(7,420,303)	335,491	(148,872,343)
MassMutual Center	(13,619,059)	(2,572,952)	300	(16,191,711)
Boston Common Garage	(18,605,271)	(1,343,025)	11,370	(19,936,926)
Equipment and fixtures	(35,042,883)	(5,139,068)	2,906,554	(37,275,397)
Total accumulated depreciation	(353,458,866)	(40,264,615)	3,412,599	(390,310,882)
Total capital assets being depreciated, net	679,575,292	(16,019,951)	(13,717)	663,541,624
Total capital assets, net	$ 828,479,621	$ (3,387,591)	$ (15,138,964)	$ 809,953,066

* As restated and described in Note 15 (page 38)

NOTE 5 - DEFERRED REVENUE - NAMING RIGHTS

In September 2003, the Authority entered into an agreement by and between the Massachusetts Mutual Life Insurance Company for provision of naming rights at the new Springfield Civic Center. In consideration for $5,000,000 the Springfield Civic Center was designated as the MassMutual Center. MassMutual in turn granted the Authority a license to use the Intellectual Property for limited use. Upon termination of the agreement, the name of the facility shall revert to the Springfield Civic Center. The term of the agreement commenced on September 29, 2005 (the opening date of the new center) and will end on the 15th year anniversary unless terminated earlier. Included in other revenue is the amortization of the naming rights amounting to $333,333 and $333,333 for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 and June 30, 2012, the unamortized balance reported as deposits and deferred revenue totals approximately $2,417,000 and $2,750,000, respectively.

NOTE 6 – LEASES (RENTAL INCOME)

The Authority leases various properties to third parties. For the years ended June 30, 2013 and June 30, 2012, the Authority earned approximately $1,241,000 and $930,000, respectively, in rental income and is included as commercial revenue in the statements of revenues, expenses and changes in net position. The following represents the future minimum lease payments to be received under non-cancelable operating leases at June 30, 2013 and June 30, 2012:

2013

Fiscal Year	Payment
2014	$ 1,690,628
2015	1,803,545
2016*	2,061,820
2017*	2,186,820
2018*	2,186,820
Thereafter*	35,282,096

2012

Fiscal Year	Payment
2013	$ 1,179,835
2014	1,655,695
2015	1,803,545
2016*	2,061,820
2017*	2,186,820
Thereafter*	37,468,916

*Starting in fiscal year 2016, a portion of lease rental income to be received by the Authority will be based on a percentage of gross revenue, which at this time cannot be quantified.

NOTE 7 – OPERATING PERFORMANCE BY OPERATING SEGMENTS

The Authority currently operates six segments: the BCEC, the Hynes Convention Center, the MassMutual Center, the Boston Common Garage, Central Administration and Sales and Marketing. Summarized financial information for the years ended June 30, 2013 and 2012 is presented as follows:

Fiscal year 2013

	BCEC	Hynes Convention Center	MassMutual Center	Boston Common Garage	Central Administration	Sales and Marketing	Total
Assets:							
Current assets	$ 8,412,169	$ 1,233,694	$ 1,135,590	$ 1,395	$ 35,529,860	$ 113,962	$ 46,426,670
Restricted assets	20,000,000	-	-	-	1,150,000	-	21,150,000
Non current assets (excluding capital assets)	-	-	-	-	17,412,565	-	17,412,565
Capital assets	616,263,246	124,400,659	57,552,843	19,173,478	4,684,050	2,905	822,077,181
Total assets	$ 644,675,415	$ 125,634,353	$ 58,688,433	$ 19,174,873	$ 58,776,475	$ 116,867	$ 907,066,416
Liabilities:							
Current liabilities	$ 10,332,699	5,396,898	$ 3,651,740	$ 331,987	$ 3,422,003	$ 502,252	$ 23,637,579
Noncurrent liabilities	6,962,553	249,148	-	31,471	4,935,810	15,736	12,194,718
Total liabilities	$ 17,295,252	$ 5,646,046	$ 3,651,740	$ 363,458	$ 8,357,813	$ 517,988	35,832,297
Net Position:							
Invested in capital assets, net of related debt							822,077,181
Restricted:							
Other							21,150,000
Unrestricted							28,006,938
Total net position							$ 871,234,119

Fiscal year 2012

	BCEC	Hynes Convention Center	MassMutual Center	Boston Common Garage	Central Administration	Sales and Marketing	Total
Assets:							
Current assets	$ 10,325,460	$ 1,647,886	$ 772,604	$ 312	$ 31,807,593	$ -	$ 44,553,855
Restricted assets	-	-	-	-	4,556,721	-	4,556,721
Non current assets (excluding capital assets)	-	-	-	-	15,046,564	-	15,046,564
Capital assets*	600,055,739	124,626,669	59,532,648	20,286,725	5,446,058	5,227	809,953,066
Total assets	$ 610,381,199	$ 126,274,555	$ 60,305,252	$ 20,287,037	$ 56,856,936	$ 5,227	$ 874,110,206
Liabilities:							
Current liabilities	$ 10,398,230	4,923,872	$ 3,593,277	$ 309,529	$ 3,311,136	$ 509,954	$ 23,045,998
Noncurrent liabilities	6,690,935	199,280	-	36,565	3,925,505	10,970	10,863,255
Total liabilities	$ 17,089,165	$ 5,123,152	$ 3,593,277	$ 346,094	$ 7,236,641	$ 520,924	33,909,253
Net Position:							
Invested in capital assets, net of related debt*							809,953,066
Restricted:							
Loans							2,706,721
Other							1,850,000
Unrestricted							25,691,166
Total net position*							$ 840,200,953

* As restated and described in Note 15 (page 38)

Fiscal year 2013

	BCEC	Hynes Convention Center	MassMutual Center	Boston Common Garage	Central Administration	Sales and Marketing	Total
Operating revenues	$ 23,450,466	$ 12,383,732	$ 4,012,273	$ 11,151,348	$ -	$ -	$ 50,997,819
Operating expenses	(57,552,183)	(24,956,197)	(11,513,977)	(3,973,128)	(17,314,094)	(7,199,670)	(122,509,249)
Operating income (loss)	(34,101,717)	(12,572,465)	(7,501,704)	7,178,220	(17,314,094)	(7,199,670)	(71,511,430)
Nonoperating Revenues/(Expenses):							
Interest on loans receivable	-	-			793,634		793,634
Investment income	-	-	-	-	3,241	-	3,241
Convention center fund	-	-	-	-	48,184,362	-	48,184,362
Federal grants	-	-	-	-	100,000		100,000
Gain on sale of capital assets	463,359	-	-	-	-	-	463,359
Loss before capital contributions	(33,638,358)	(12,572,465)	(7,501,704)	7,178,220	31,767,143	(7,199,670)	(21,966,834)
Capital contributions	53,000,000	-	-	-	-	-	53,000,000
Change in net position	$ 19,361,642	$ (12,572,465)	$ (7,501,704)	$ 7,178,220	$ 31,767,143	$ (7,199,670)	31,033,166
Net position-beginning of year (as restated)							840,200,953
Net position-end of year							$ 871,234,119

Fiscal year 2012

	BCEC	Hynes Convention Center	MassMutual Center	Boston Common Garage	Central Administration	Sales and Marketing	Total
Operating revenues	$ 25,485,198	$ 10,663,649	$ 3,587,630	$ 10,362,567	$ 55,282	$ -	$ 50,154,326
Operating expenses	(55,459,618)	(22,840,332)	(11,064,153)	(3,963,935)	(15,485,936)	(6,214,250)	(115,028,224)
Operating income (loss)	(29,974,420)	(12,176,683)	(7,476,523)	6,398,632	(15,430,654)	(6,214,250)	(64,873,898)
Nonoperating Revenues/(Expenses):							
Interest on loans receivable	-	-	-	-	445,309	-	445,309
Investment income	-	-	-	-	7,503	-	7,503
Convention center fund	-	-	-	-	48,790,460	-	48,790,460
Federal grants	-	-	-	-	120,624	-	120,624
Change in net position	$ (29,974,420)	$ (12,176,683)	$ (7,476,523)	$ 6,398,632	$ 33,933,242	$ (6,214,250)	(15,510,002)
Net position-beginning of year (as restated)							855,710,955
Net position-end of year							$ 840,200,953

* As restated and described in Note 15 (page 38)

NOTE 8 – LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Environmental remediation	$ 6,204,618	$ -	$ -	$ 6,204,618	$ -
Net OPEB obligation	3,508,777	1,425,727	(195,722)	4,738,782	-
Compensated absences	2,116,671	194,344	-	2,311,015	1,059,697
Total	$ 11,830,066	$ 1,620,071	$ (195,722)	$ 13,254,415	$ 1,059,697

During the fiscal year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion
Environmental remediation	$ -	$ 6,204,618	$ -	$ 6,204,618	$ -
Net OPEB obligation..............	2,653,152	1,047,991	(192,366)	3,508,777	-
Compensated absences...........	1,925,366	191,305	-	2,116,671	966,811
Total...................................	$ 4,578,518	$ 7,443,914	$ (192,366)	$ 11,830,066	$ 966,811

NOTE 9 - ENVIRONMENTAL REMEDIATION

The Authority has included in its financial statements a cost estimate for the remediation of parcels of land adjacent to the Boston Convention and Exhibition Center in South Boston. In previous years, these sites had been identified by the Massachusetts Department of Environmental Protection as being contaminated (soil) and in need of remediation. During fiscal year 2012, it was determined that the Authority was ultimately responsible for the site cleanup.

During fiscal year 2007, the Authority, Commonwealth of Massachusetts and Boston Redevelopment Authority entered into a Settlement Agreement that provided $8,125,000 in settlement proceeds to be deposited with the Commonwealth to mitigate/offset the costs of remediation. The settlement proceeds are being held by the Commonwealth on behalf of the Authority. This amount is presented in these financial statements as "Cash held by Commonwealth for environmental remediation" and totals $6,496,203 at June 30, 2013.

The Authority anticipates full remediation efforts to coincide with the expansion of the BCEC. For remediation costs that exceed the settlement proceeds received and investment income earned, the Authority expects to recover the costs from the Convention Center Fund maintained by the Commonwealth. As a result, there is no impact to the Authority's reported net position. The expected recovery from the Commonwealth is not yet realized or realizable.

The following represents the estimated environmental remediation obligation at June 30, 2012 and 2013:

Polluted sites..	$ 8,091,200
Expected recoveries (from Commonwealth for costs in excess of settlement proceeds)............	(1,886,582)
Net environmental remediation obligation...............	$ 6,204,618

The environmental remediation obligation was determined using the expected cash flow technique, which uses all expectations regarding possible cash flows. The gross environmental remediation obligation is based on what it would cost to perform remediation activities in fiscal year 2014. Actual costs may vary due to inflation, changes in technology, and changes in regulations.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description – The Authority provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process (for union employees) or Board policy decisions (for non-union employees). The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of July 1, 2012, the latest actuarial valuation, is as follows:

Active employees	273
Retired employees	26
Total	299

Funding Policy - The contribution requirements of Plan members and the Authority are established and may be amended by the Authority. The required contribution rates of union employees hired on or before December 1, 2011 and after December 1, 2011 are 15% and 25%, respectively. For non-union employees hired after June 30, 2008, the required contribution rate is 25%. For non-union employees hired between July 1, 2003 and July 31, 2008, the required contribution rate is 20%. For non-union employees hired before July 1, 2003, the required contribution rate is 20%. The Authority pays the remaining required contribution for each type of employee. The Authority also reimburses union retired employees for the employee portion (10% for retirees who retired on or before July 1, 1994; 15% for retirees who retired after July 1, 1994; and 100% for additional catastrophic illness coverage) of the insurance benefits if they have 5 years of continuous service with the Authority at the time of retirement. Those employees who have less than 5 years of continuous service do not receive this benefit. There are currently 10 union retired employees who receive this benefit. In addition, the Authority used to cover these costs for non-union retirees but has discontinued that practice. There are currently 11 non-union retired employees who were grandfathered in under the old policy. The Authority currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Authority.

Annual OPEB Cost and Net OPEB Obligation – The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost, the actual amount contributed to the plan, and changes in the Authority's net OPEB obligation for the past two fiscal years:

	2013	2012
Annual required contribution	$ 1,480,485	$ 1,088,841
Interest on net OPEB obligation	140,351	104,704
Adjustment to annual required contribution	(195,109)	(145,554)
Annual OPEB cost	1,425,727	1,047,991
Contributions made	(195,722)	(192,366)
Increase in net OPEB obligation	1,230,005	855,625
Net OPEB obligation at beginning of year	3,508,777	2,653,152
Net OPEB obligation at end of year	$ 4,738,782	$ 3,508,777

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011	$ 1,037,232	22.7%	$ 2,653,152
June 30, 2012	1,047,991	18.4%	3,508,777
June 30, 2013	1,425,727	13.7%	4,738,782

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2012, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/12	$ -	$ 10,590,032	$ 10,590,032	-	$ 19,485,872	54.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar over 30 years at transition
Remaining amortization period:	26 years at July 1, 2012
Interest discount rate:	4.0%
Healthcare/Medical cost trend rate:	3.0% for fiscal year 2013; 5.0% for next two fiscal years
Projected salary increases:	3.0% per year
Inflationary rate:	3.5% per year

Allocation of AOPEBC – AOPEBC were allocated to the Authority's operating segments as follows:

	2013	2012
BCEC	$ 758,575	$ 486,317
Hynes	334,660	285,523
Boston Common Garage	66,488	69,077
MassMutual Center	15,635	15,105
Administration	230,700	172,929
Marketing and Sales	19,669	19,040
Total AOPEBC	$ 1,425,727	$ 1,047,991

NOTE 11 - PENSION PLAN

Plan Description – The Authority contributes to the Commonwealth's State Employees' Retirement System (System), a single-employer defined benefit pension plan administered by the Commonwealth's State Retirement Board.

Massachusetts law assigns authority to establish and amend benefit provisions of the plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. The System does not issue a standalone report but is reported as a pension trust fund in the Commonwealth of Massachusetts' annual audited financial statements.

Funding Policy – Massachusetts law governs the contributions of plan members and the Commonwealth. Plan members are required to contribute to the System at rates ranging from 5% to 14% of annual covered compensation. Pursuant to its enabling legislation, the Authority reimburses the System for benefits provided in the prior year, in effect "pay-as-you-go" basis one year behind. The Authority's contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were approximately $477,000, $451,000 and $434,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 12 - RISK FINANCING

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance.

The Group Insurance Commission administers health care and other insurance for the Authority's employees and retirees.

The Authority participates in a premium based workers' compensation plan.

NOTE 13 - COMMITMENTS

The following represents the Authority's ongoing projects at June 30, 2013:

Project	Total Committed Amount	Spent Through June 30, 2013	Remaining Commitment
Administrative upgrades	$ 537,351	$ 37,351	$ 500,000
BCEC master planning	18,873,297	9,023,297	9,850,000
BCEC D street open space	298,096	251,777	46,319
BCEC weather proofing	1,182,906	1,182,906	-
BCEC offices renovation	361,556	11,556	350,000
BCEC Hall A regular area entry doors	52,000	4,994	47,006
BCEC interior wood restoration program (phase 1 of 3)	155,651	-	155,651
BCEC sidewalk/curbing	50,000	-	50,000
BCEC AHU volume flow station upgrades	90,000	-	90,000
BCEC food service equipment	207,103	27,103	180,000
BCEC transportation information kiosks	67,450	37,450	30,000
BCEC technology upgrades	1,678,311	38,311	1,640,000
BRA summer street enhancements	1,100,000	-	1,100,000
Hynes reposition/enhancements	550,151	350,151	200,000
Hynes MTA ceiling renovation	22,490,780	7,821,780	14,669,000
Hynes main roof replacement	4,864,979	1,814,979	3,050,000
Hynes passenger/freight elevator improvements	7,191,866	6,101,866	1,090,000
Hynes restroom renovations	2,720,870	2,310,870	410,000
Hynes hvac terminal box DDC retrofit	147,736	1,575	146,161
Hynes main chiller replacement	254,038	24,038	230,000
Hynes escalator modernization	13,509	13,509	-
Hynes secondary gas hw boilers	70,901	901	70,000
Hynes food service improvement kit & concessions	668,180	138,180	530,000
Hynes technology upgrades	268,776	34,776	234,000
BCG feasibility project	500,190	400,190	100,000
BCG fire shutters	313,883	93,883	220,000
BCG passenger elevators	259,465	19,465	240,000
BCG foundation leak management	166,667	96,667	70,000
BCG carbon monoxide monitor system	432,621	32,621	400,000
BCG fire alarm replacement	141,585	43,347	98,238
Total	$ 65,709,918	$ 29,913,543	$ 35,796,375

The following represents the Authority's ongoing projects at June 30, 2012:

Project	Total Committed Amount	Spent Through June 30, 2012	Remaining Commitment
Hynes resposition/enhancements	$ 467,438	$ 82,728	$ 384,710
Hynes fire alarm	3,541,855	3,283,508	258,347
Hynes MTA ceiling renovation	11,790,943	6,540,916	5,250,027
Hynes VCT (hazmat) flooring	1,127,137	427,137	700,000
Hynes main roof replacement	2,855,684	1,485,040	1,370,644
Hynes passenger/ freight elevator improvements	5,282,555	1,705,565	3,576,990
Hynes restroom renovations	2,864,113	1,232,292	1,631,821
Hynes cooling tower CT1-4 / booster pumps	2,561,098	2,468,899	92,199
Hynes NOC upgrade	125,000	50,556	74,444
Hynes fire sprinkler test drain line modifications	143,000	59,529	83,471
BCEC D street open space	256,915	33,006	223,909
BCEC master planning	10,882,367	5,518,008	5,364,359
BCEC water proofing	4,920,790	2,609,263	2,311,527
BCEC kitchen floor drainage	538,663	257,340	281,323
BCEC NW ramp CMU repointing	1,118,697	643,623	475,074
BCEC RM53/54, offices construction	1,410,000	580,705	829,295
Boston common garage feasibility project	550,000	400,190	149,810
BCG park level kiosk accessible entrances	300,000	252,085	47,915
BCG fire shutters	299,280	71,921	227,359
Administrative upgrades	413,000	83,378	329,622
Total	$ 51,448,535	$ 27,785,689	$ 23,662,846

Subsequent events

On September 11, 2013, the Authority's Board authorized the Executive Director to enter into Purchase and Sale Agreements to purchase two parcels of land totaling 4.35 acres of land in close proximity to the BCEC. The purchase, which is estimated to total approximately $18 million, will be funded with payments made by the Commonwealth of Massachusetts to the Authority from the Convention Center Fund. Plans for the use of the properties are under development but will be consistent with the purposes related to the Authority's "Top 5" initiative, including facilitating expansion of the BCEC.

At the time of the finalization of these financial statements the Authority was continuing to work with various legislators and other state and city partners to advance legislation that would authorize the funding of construction of the expansion of the BCEC.

NOTE 14 - CONTINGENCIES

Various legal actions and claims are pending against the Authority. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Authority at June 30, 2013.

The Authority participates in federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

The Authority's net position has been restated for certain land deeded to the Authority in 2002, 2004 and 2009. The fair values at the dates of transfer totaled $49,460,400. As a result, the beginning net position for the fiscal year ended June 30, 2013 and June 30, 2012 has been restated from $790,740,553 and $806,250,555 to $840,200,953 and $855,710,955, respectively.

NOTE 16 - FUTURE IMPLEMENTATION OF GASB PRONOUCEMENTS

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.

- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Authority will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.

- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

PENSION PLAN SCHEDULE

The following schedule provides information related to the System as a whole, for which the Authority is one participating employer:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/13	$ 20,317,389,000	$ 29,385,442,000	$ 9,068,053,000	69.1%	$ 5,183,195,009	175.0%
01/01/12	20,507,644,000	27,784,731,000	7,277,087,000	73.8%	4,922,387,818	147.8%
01/01/11	21,244,900,000	26,242,776,000	4,997,876,000	81.0%	4,808,250,285	103.9%
01/01/10	19,019,062,000	24,862,421,000	5,843,359,000	76.5%	4,711,563,000	124.0%
01/01/09	16,992,214,000	23,723,240,000	6,731,026,000	71.6%	4,712,655,000	142.8%
01/01/08	20,400,656,000	22,820,502,000	2,419,846,000	89.4%	4,574,233,000	52.9%

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the Authority's other post employment benefits plan:

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/08	$ -	$ 10,037,707	$ 10,037,707	-	$ 13,180,857	76.2%
07/01/10	-	9,085,391	9,085,391	-	15,683,675	57.9%
07/01/12	-	10,590,032	10,590,032	-	19,485,872	54.3%

NOTE A - PENSION PLAN

Additional information as of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2013
Actuarial cost method:	Entry age normal
Amortization method:	5.0% in fiscal years 2013 and 2014; 6.0% in fiscal years 2015 to 2017 and 4.0% thereafter.
Remaining amortization period:	27 years
Asset valuation method:	Corridor approach (actuarial value of assets cannot be less than 90% nor more than 110% of the market value of assets)
Actuarial assumptions:	
Investment rate of return:	8.00%
Projected salary increases:	3.50% in fiscal year 2013; 3.75% in fiscal year 2014; 4.00% in fiscal year 2015; 4.00% - 9.00%, depending on group classification and years of service after fiscal year 2015
Cost of living adjustments:	3.0% of the first $13,000 of an allowance

Additional Information

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive/ (Negative)
REVENUES			
BCEC	$ 21,534,033	$ 23,450,466	$ 1,916,433
Hynes	9,589,273	12,383,732	2,794,459
Boston Common Garage	10,771,526	11,151,348	379,822
MassMutual Center	3,089,914	4,012,273	922,359
TOTAL REVENUES	44,984,746	50,997,819	6,013,073
EXPENSES			
BCEC	27,599,617	30,256,752	(2,657,135)
Hynes	14,759,574	14,772,899	(13,325)
Boston Common Garage	2,473,887	2,345,837	128,050
MassMutual Center	7,976,249	8,672,351	(696,102)
Central Administration	9,679,099	9,652,063	27,036
Marketing and Sales	6,267,214	6,481,612	(214,398)
TOTAL EXPENSES	68,755,640	72,181,514	(3,425,874)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(23,770,894)	(21,183,695)	2,587,199
NONOPERATING REVENUES (EXPENSES)			
Investment and loan income	800,000	796,875	(3,125)
Gain on sale of capital assets	-	463,359	463,359
Payment to Massachusetts Office of Travel and Toursim	(5,000,000)	(5,500,000)	(500,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,200,000)	(4,239,766)	(39,766)
CHANGE IN NET POSITION	$ (27,970,894)	$ (25,423,461)	$ 2,547,433

See independent auditors' report.

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive/ (Negative)
REVENUES			
BCEC	$ 19,947,646	$ 25,485,198	$ 5,537,552
Hynes	9,615,272	10,663,649	1,048,377
Boston Common Garage	10,321,835	10,362,567	40,732
MassMutual Center	3,072,706	3,587,630	514,924
Other income	-	55,282	55,282
TOTAL REVENUES	42,957,459	50,154,326	7,196,867
EXPENSES			
BCEC	26,637,683	29,741,788	(3,104,105)
Hynes	14,679,402	13,670,675	1,008,727
Boston Common Garage	2,442,137	2,364,167	77,970
MassMutual Center	8,010,709	8,206,854	(196,145)
Central Administration	8,924,317	8,724,733	199,584
Marketing and Sales	5,665,524	8,049,767	(2,384,243)
TOTAL EXPENSES	66,359,772	70,757,984	(4,398,212)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(23,402,313)	(20,603,658)	2,798,655
NONOPERATING REVENUES (EXPENSES)			
Investment and loan income	423,000	452,812	29,812
Payment to Massachusetts Office of Travel and Toursim	(5,000,000)	(5,000,000)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,577,000)	(4,547,188)	29,812
CHANGE IN NET POSITION	$ (27,979,313)	$ (25,150,846)	$ 2,828,467

See independent auditors' report.

SCHEDULE OF SALARY AND OTHER COMPENSATION OF HIGHLY COMPENSATED EMPLOYEES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Amounts reported in FY 13 financial statements:				
	Base Salary	Other Compensation		Total Compensation	Base compensation at June 30, 2013
James E. Rooney, Executive Director............	$ 253,915	$ 25,000	(A)	$ 278,915	$ 257,525
Kenneth A. Sinkiewicz, Deputy Director.......	154,400	-		154,400	155,272
Johanna M. Storella, Chief Strategy Officer....	171,522	-		171,522	180,003
William Smith, General Counsel.................	154,400	-		154,400	155,272
Michael Esmond, Chief Financial Officer.......	50,000	-		50,000	130,000
John T. Haley Jr., Chief Facilities Officer........	154,400	-		154,400	155,272
Steven G. Snyder, Chief Technology Officer...	161,911	-		161,911	162,822
Maureen Shea Baker, General Manager.........	154,400	-		154,400	155,272
Total compensation..............................	$ 1,254,948	$ 25,000		$ 1,279,948	$ 1,351,438

(A) Per an agreement between the MCCA Board of Directors and MCCA's Executive Director, annually the MCCA Executive Committee oversees an evaluation process of the performance of the Executive Director and determines the amount of bonus compensation to be awarded, which can be up to 10 percent of base compensation. The bonus included above represents monies paid in fiscal year 2013 relating to the prior years' performance.

See independent auditors' report.

Massachusetts Convention Center Authority (MCCA)

Business Plan

FISCAL YEAR 2013

JOHANNA STORELLA

CHIEF FINANCIAL OFFICER

Submitted for approval – March 15, 2012

Executive Summary

Mission statement
The Massachusetts Convention Center Authority's (MCCA) mission is to generate significant regional economic activity by attracting conventions, tradeshows, and other events to its world-class facilities while maximizing the investment return for the residents and businesses in the Commonwealth of Massachusetts.

Strategic Goals, Action Steps and Performance Measures

Goal	Action	Measurement
Support Job Growth through Economic Impact	Attract events with high levels of economic impact	Amount of economic impact, tax benefits and jobs supported through activities
Advance Education and Workforce Development for Middle Skill Jobs	1.1 Provide workforce education and training to special populations, including those seeking ABE/ESL 1.2 Define and increase awareness of pathways that provide for an opportunity to attain additional education	Number of ESL programs provided and students participating; Incremental increase in English assessment scores; Number of students participating in tuition reimbursement programs and other industry specific educational programs and seminars
Support Innovation and Entrepreneurship	2.3 Make Government a leader in promoting the adoption of innovative technologies 2.3 Increase awareness of innovation and entrepreneurship	Value of investments related to new technologies including mobile apps; Number of programs to promote digital display art Number of events hosted and economic impact generated in association with innovative, knowledge based regional industries
Increase Ease of Doing Business	4.3.1 Assist with “ambassador” program	Develop qualitative “stories” regarding interactions between local industry and event clients, exhibitors and attendees in support of general economic development

Address our Cost Competitiveness	Identify non-traditional revenue streams to enhance financial model	Revenues generated through investments related to “entrepreneurial government” initiatives, including real estate repurposing and tourism investments

Additional Opportunities/Challenges for FY2013