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November 11, 2015

Ms. Karen M. McCarthy
Clerk, Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Karen:

Enclosed please find the 3rd quarter report for 2015 regarding efforts made toward achieving funding purposes as stated in our Marketing Plan and Budget and financial statements as of September 30, 2015 for Visit Buffalo Niagara and Buffalo Niagara Convention Center.

Sincerely,

A handwritten signature in cursive script that reads "Patrick J. Kaler".

Patrick J. Kaler
President and CEO

/Enclosures



November 11, 2015

I, the undersigned, do hereby certify based on my knowledge, the information provided herein:

- is accurate, correct and does not contain any untrue statement of material fact;
- does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made;
- fairly presents, in all material respects, the financial condition and results of operations of the authority as of and for the periods presented in the financial statements.

Visit Buffalo Niagara

By 
Patrick J. Kaler
President and CEO



2015 Third Quarter Report

FINANCE & ADMINISTRATION				
Q3 Financials	Projected	Budgeted	Variance	% Variance
Revenues	\$3,345,900	\$3,082,755	\$ 263,145	8.54%
Expenses				
Marketing Department	\$ 1,395,485	\$ 1,122,116	\$ 273,369	24.36%
Convention Sales & Services	\$ 1,232,395	\$ 1,258,429	(\$ 26,034)	-2.07%
Airport Visitor Center	\$ 158,165	\$ 200,941	(\$ 42,776)	-21.29%
Downtown Visitor Center	\$ 74,400	\$ 61,067	\$ 13,333	21.83%
Administrative & Finance	\$ 562,310	\$ 543,353	\$ 18,957	3.49%
TOTAL EXPENSES	\$3,422,755	\$ 3,185,906	\$ 236,849	7.43%
Increase (Decrease) In Net Assets	\$ (76,855)	\$(103,151)	\$ 26,296	

SALES				
Q3 Sales Results	Goal	Actual	+/-	% Variance
Convention Leads	96	105	9	9.4%
Sports Leads	64	71	7	10.9%
Group Tour Leads	38	38	0	0
Definite Business	90	134	44	48.9%
Hotel Room Nights	39,150	37,867	-1,283	-3.3%
YTD Sales Results				
Convention Leads	281	304	23	8.2%
Sports Leads	209	214	5	2.4%
Group Tour Leads	130	135	5	3.9%
Definite Business	279	407	128	45.9%
Hotel Room Nights	122,750	127,806	5,056	4.1%
YOY Comparison	2015	2014		
Convention Leads	304	239	65	27.2%
Sports Leads	214	237	-23	-9.7%
Group Tour Leads	135	128	7	5.5%
Definite Business	407	375	32	8.5%
Hotel Room Nights	127,806	119,157	8,649	7.3%
Q3 Major Bookings		Hotel Room Nights		Economic Impact
National Association of State Alcohol & Drug Abuse Directors		1,900		\$887,167
National Scrabble Players Association		1,120		\$755,403
Nickel City Cloggers Association		834		\$635,445
Cheer Sport Grand Championship		689		\$735,035
Ingram Micro Winter Sales Program		675		\$500,786
National Association of Parliamentarians		620		\$482,844
All American Prospects Game- Scouts		600		\$546,708
2016 US Squash Doubles Tournament		600		\$327,377
School of Sisters of Notre Dame		535		\$458,979
NYS County Highway Superintendents		465		\$535,145
United University Professions Fall Delegate Assembly		440		\$482,582
National Association of Commissions for Women		235		\$165,071

Q3 Site Visits	Hotel Room Nights	Economic Impact
NCAA City tour - Various events	N/A	N/A
National Softball Association- World Series	5,000	\$3,200,000
National Prevention Network	1,900	\$1,129,481
Harley Davidson Motor Company	1,100	\$1,876,363
Association for Preservation Technology International	771	\$939,838
USS The Sullivans	300	\$210,673
LT Planning & Incentives	300	\$195,038
Still Bank Collectors Club	295	\$288,829
Panther Veterans Organization	200	\$388,971
Church of God Militant Pillar	175	\$410,646
USS L.Y. Spear	70	\$64,440

Q3 Lost Business

Meeting/Event	Year(s)	Hotel Room Nights	Reason Lost
International Institute of Municipal Clerks	2020	3,220	Buffalo did not make the short list due to image issues and marketability to draw attendees.
Health Physics Society	2019	3,025	Site selection committee was concerned about the marketability of Buffalo to constituents. Boston was selected.
Land Trust Alliance	2018	2,180	Board of Directors wasn't convinced they could raise adequate funds needed to hold the conference in Buffalo. Group was lost to Pittsburgh.
National Grange of the Order of Patrons of Husbandry	2018	875	After several attempts BNCC could not accommodate the group's date and space demands, due to business already on the books.
Delta Chi Fraternity	2018	750	Buffalo bid didn't make the short list, group was lost to Denver CO.
Thai Boxing Association Sanctioning Authority	2016	400	Venue cost was too expensive for the organizers.
Western New York Conference of African Methodist Church Annual Conference	2016	208	Site committee was disappointed in the condition and service at Byblo's hotel. Group was lost to Niagara Falls.
USS Black DD-666	2016	200	Lost to Albuquerque, will rebid for 2017.
Carleton Place Black Friday Shopping tour	2015	50	This is a Canadian group that decided to stay in Canada due to exchange rates.

Q3 Sales Initiatives and Programs

Customer Advisory Council –VBN hosted the second annual Customer Advisory Council meeting where 14 Executive Directors and Professional Meeting Planners from National and State Associations convened for a two-day meeting which immersed them into Buffalo's culture. The council toured the city on The Campaign for Greater Buffalo's Open Air Bus, they were entertained at the Larkin Square Filling Station, walked the convention district with Michael Schmand, had breakfast with Congressman Brian Higgins, as part of the US Travel Association's Travel Talks program to meet with members of Congress in their districts, to discuss how meetings mean business in Buffalo and the US, they completed an assessment of their impressions of the convention district and offered many insightful recommendations for the VBN team to use in selling and marketing Buffalo as a convention destination.

NCAA Site Inspection - One of the top decision makers for the NCAA Championships arrived to Buffalo, for a FAM tour. The visit consisted of a city tour, presentation and venue site visits. The FAM tour was hosted by members of the MAAC Conference, Buffalo Sabres, Canisius College, Niagara University, the Buffalo Niagara Sports Commission and Visit Buffalo Niagara. The purpose of the visit was to showcase the revitalization of the city and the new improvements to Buffalo since the NCAA's last visit in 2014. It was also to express why Buffalo would be a great host city for the NCAA Men's Division I Frozen Four, along with many other championships in 2019/2020 such as rowing, wrestling & Women's Lacrosse.

Attended **Connect Specialty**, a tradeshow designed to attract meeting planners from Sorority, Fraternity, Military, Special Interest and Minority National Associations. VBN representatives met with 37 planners in a reverse tradeshow format and generated four immediate leads for National Stepping Association (two years), Our Little Miss and Star One Pageants. Six additional prospects will need further development.

Attended **Connect Marketplace**, a tradeshow designed for the national association meeting planners for educational, networking and business opportunities. VBN along with several hotel partners conducted 48 sales appointments which generated eight immediate leads among them are the National Funeral Directors Annual Meeting, Association of Consulting Foresters Conference, the Eastern Seaboard Apprenticeship Conference and the North East Association for Institutional Research.

Exhibited at **MPI World Education Congress**; this annual event attracts National Association meeting planners for education, networking and business opportunities. VBN representatives conducted 20 appointments and have generated four immediate leads.

Attended **Connect Sports**, BNSC representatives conducted 38 appointments with sport event rights holders which generated eight new business lead opportunities.

Buffalo Niagara Sports Commission representatives attended the **SPORTS Relationship Conference** where they met with 20 sport event rights holders and acquired four new leads business lead opportunities.

Participated in successful tournament bids at the **US Aquatics Convention** with officials from Star Swimming. Buffalo was awarded as host to two Senior Zone Championships 2016 & 2017 and 2017 Speedo Championships. Each event will bring over 600 competitors plus family members and friends staying in over 1,000 hotel room nights. Buffalo was also awarded two US Synchronized swimming events for 2016 in cooperation with Sim Kins and Tonawanda Aquettes.

VBN was host to **TourMappers** receptive operator, Doug Kellogg. Doug was a guest speaker at our industry meeting focused on growing and servicing international markets. He did site inspections of seven hotel properties and several attractions while in town, he has already picked up several contracts with hotels since his visit.

A FAM tour was hosted for **I Love NY Women Only**, representatives from Germany, Albany and Washington DC were in town to tour women owned businesses for women only travel. New itineraries are being created by the German operator using Buffalo as the gateway into the US from Toronto. The operator from Albany is creating a new itinerary focusing on bicycling in Buffalo Niagara.

Hosted **I Love NY Selling Long Haul** FAM Tour with guests from UK and Germany. The tour operators; five from the UK, one from Ireland and four German operators along with one travel writer from Selling Long Haul Magazine were in town for an afternoon visiting- Darwin Martin House, Albright Knox, Canalside, Big Ditch and dinner at Tappo.

Attended **CA Sales Mission** in Los Angeles with NYS team. Conducted presentations and meetings with approximately 75 operators and agents from over 35 companies over two days. The majority of the operators are focused on the Asian and European inbound markets.

MARKETING

MARKETING			
Q3 Website & Mobile	2015	2014	Variance
Users	251,901	382,199	-34%
Pageviews	786,283	1,619,314	-51%
Time on Site	2:05	3:10	-35%
YTD Website & Mobile	2015	2014	Variance
Users	613,799	990,167	-38%
Pageviews	2,198,736	4,082,751	-46%
Time on Site	2:25	3:17	-26%

Organic website traffic declined more dramatically than expected after the launch of the new website. eBrains is continually working to combat this downturn in visitation and progress is being realized. In fact, September 2015 vs. September 2014 was only off by 3%. We are encouraged by these results and hope to see even more upturn in the 4th quarter.

Survey comments from visitors to our website:

"Personally I find the website to be very well organized and visually stimulating! It has a lot of valuable information I didn't see on any other web pages I've visited. Definitely has helped me say yes to a visit buffalo in the very near future!"

"This is a very clean, streamlined site. It has a ton of useful information and has given me a ton of ideas for exploring the city."

"The site is sleek, modern, and optimized for mobile browsing. The pictures capture attention and it effectively showcases most of the unique experiences offered by the Buffalo area."

Social Media	2015	2014	Variance
VBN on Facebook	64,570	61,945	+4.2%
The 716 on Facebook	66,262	70,753	-6.3%
Twitter	17,361	12,655	+37.1%
Instagram	7,849	2,257	+248%

Domestic Advertising

Seneca Gaming buys in Pittsburgh, Erie PA, Youngstown OH, Akron OH, Rochester, Hamilton, Toronto and other parts of Southern Ontario.

Continued digital campaign with eBrains that included lead generation, email marketing, PPC, social media marketing and display advertising.

TripAdvisor sponsorship of the Buffalo, NY page, which gives us three banner ads on home page and some control of photo, video and link content.

Canadian Marketing Initiative

Ten week print ad buy with the Toronto Star began in May and ended in July.

Digital campaign with eBrains that included lead generation, email marketing, PPC, social media marketing and display advertising continued. Girlfriend Getaways is the campaign's theme and that is reflected in creative, messaging, itineraries and landing pages.

Purchased four weeks of TV ads with WNED and WUTV/Fox 29 to attract the Southern Ontario market with a Girlfriend Getaway message.

Creation and Editing of the NEW Buffalo Niagara Shopping Guide.

Social Media

The Marketing Department has shifted its strategy on social media and is linking back to blogs and other VBN website content more frequently on Facebook in an attempt to draw more traffic to the site. The number of website referrals from Facebook grew 1,432% in the last year, from 1,369 hits in the third quarter of 2014 to 20,977 hits in the third quarter of 2015.

VBN's #Buffalove15 photo campaign yielded over 6,000 entries – more than twice the total of a similar campaign that ran in 2014.

Video Production

Our YouTube channel has now exceeded 1.2 million views.

We released two Buffalo For Real TV episodes – Riverworks & Even More Beer.

We continue to work with Billy & Pat to produce shorter form video content and in Q3 those included 'Buffalo's Best Snack Shacks', 'SUP Erie Adventures' and 'Antique World' in Clarence.

Media Relations

Visit Buffalo Niagara had the strongest quarter for media relations in its history, with features pitched by VBN and press trips hosted generating coverage worth over \$1.5 million in ad equivalency value, including hits in USATODAY.com, Forbes.com, The Guardian, the National Post, the Pittsburgh Tribune-Review and The Toronto Star. VBN has also set a record year to date for media relations, with stories generating over \$3 million in ad equivalency value – nearly twice the amount for all of 2014 and more than three times the total for 2013.

Media Outlet	Circulation	Media Value	Headline and Quotes/Highlights
NationalPost.com	27,258	\$2,784	Frank Lloyd Wright's Martin House is Becoming One of Buffalo's Most Popular Tourist Attractions.
The Pittsburgh Tribune-Review	185,651	\$2,041	Head north to experience a renaissance.
The Guardian	9.9 million	\$660,861	Frank Lloyd Wright and the Zombie Building Boom
USA Today.com	14.2 million	\$433,114 (Combined)	Two-part series on exploring Buffalo's chicken wing.
Forbes.com	12,134,963	\$290,227	Feature on the U.S. Open History of Grover Cleveland G.C.
Toronto Star	361,223	\$123,539	Buffalo, A Haven for Food Fans
Curbed.com	190,060	\$ 36,407	A Buffalo Case Study: Can Architecture Bring a City Back?
GOErie.com	73,576	\$ 2,559 (Combined)	Two-part series on Buffalo's Food Scene.

INDUSTRY RELATIONS / DESTINATION DEVELOPMENT

Q3 Downtown VIC & info tables	2015	2014	Variance	
Walk-In Traffic & info requests	7,471	5,954	25.47%	
Merchandise Sales	\$12,278	\$4,258	188%	
YTD Downtown VIC	2015	2014	Variance	
Walk-In Traffic	14,551	9,544	52.46%	
Merchandise Sales	\$23,085	\$13,332	73.15%	
Q3 Airport VIC	2015	2014	Variance	
Walk-In Traffic	25,606	26,710	-4.13%	
Merchandise Sales	\$63,942	\$73,310	-12.82%	
YTD Airport VIC	2015	2014	Variance	
Walk-in Traffic	48,461	61,770	-21.55%	
Merchandise Sales	\$145,194	\$173,101	-16.16%	
Q3 Tourism Insider	Subscribers	Open Rate	Click Through Rate	
July	3,641	25.56%	1.32%	
Q3 Travel Pulse	Subscribers	Open Rate	Click Through Rate	
July	1,261	21.36%	7.09%	
August	1,320	24.81%	8.90%	
September	1,332	22.6%	6.65%	
Q3 Ambassador/Volunteer Engagement				
Date	Convention/Event Name	# of Volunteers	# of Hours	Total Hours
July 10-11	Ryu-Kon Anime	10	3-4 hour shifts	32 hours
July 15-16	USS Little Rock	12	3 hour shifts	36 hours
July 15-16	American Legion	22	3 hour shifts	66 hours
July 22	National Association of Educational Office Prof.	3	3 hour shifts	9 hours
August 6-8	STAR Swimming	5	2.5 hours/shift	12.5 hours
August 8	Grand Encampment of Knights Templar	3	3 hour shifts	12 hours
September 6	Biggest Loser Half Marathon/5K	7	5 hour shifts	35 hours
Sept 14-18	USS Guam	1	4 hours	4 hours
Sept 28-Oct 1	Ass. Of University Research Parks	8	Various times	60 hours
TOTAL		71		266.5 hours

Q3 Visit Buffalo Niagara Academy Programs		
Industry Meeting	Date	Attendance
"Are you International Ready?" Panel discussion with industry experts (Stuart Barrie – Academy Travel, Sydney; Doug Kellogg, TourMappers of North America; Tim Lewis, Viator and Mary Twomey, Tourism Solutions) sharing their thoughts and best practice tips for attracting and accommodating international visitors. Held at Greatbatch Pavilion of Martin House.	July 14	73
Destination Marketing Summit. Keynote presentation by Berkeley Young "Changing Expectations of Travelers to Buffalo/Niagara" which also incorporated results of recent Visitor Profile Study. Attendees had their choice of two (from 7 offerings) breakouts: Kevin Evanetski, Social Yeah – Instagram; Brian Hayden, Visit Buffalo Niagara – Social Media 101; Lisa Lubin, LL World Travel – Video is Key; Berkeley – Let's discuss what you want to accomplish with email marketing; Steve Bell, Partner, Eric Mower – Getting the media's attention; Lisa (again) – Online journalism; working with bloggers and Diana Principe, Partner Hotel Henry and MODA – Word of mouth through the biggest megaphone ever! (online reviews)	September 30	91

VBN EVENTS CALENDAR			
Event	Date	Location	Description
Holiday Open House	12/8/15	Visitor Center and VBN Offices	4:00-7:00 p.m. – Refreshments, Holiday Shopping in Visitor Center and tour of offices
January Board of Directors Meeting	1/29/16	TBD	Rollout of Sports Master Plan

2015 Third Quarter Report

BUFFALO NIAGARA CONVENTION CENTER			
Q3 Revenue	Goal	Projected	Variance
Rent Revenue	\$79,467	\$104,432	+31.4%
F&B Revenue	\$437,800	\$437,496	-.1%
Electrical Service	\$40,232	\$34,832	-13.4%
Other Revenue	\$29,400	\$21,655	-26.3%
TOTAL REVENUE	\$586,899	\$617,158	+5.2%
YTD Revenue	Goal	Projected	Variance
Rent Revenue	\$511,197	\$517,094	+1.2%
F&B Revenue	\$1,887,105	\$2,243,192	+18.9%
Electrical Service	\$117,166	\$107,101	-8.6%
Other Revenue	\$100,825	\$102,617	+1.8%
TOTAL REVENUE	\$2,616,293	\$2,970,004	+13.5%
Q3 Events	2015	2014	Variance
Number of Events	29	30	-3.3%
Attendance	15,333	20,977	-26.9%
YTD Events	2015	2014	Variance
Number of Events	117	115	+1.7%
Attendance	218,757	251,892	-13.2%
F&B Profit Margin	27.4%	24.6%	11.4%
Guest Satisfaction Survey	4.81%	4.75%	+1.2%

Comments Q3

Total revenues were up to budget in the third quarter by \$30k or 5.2%. The Church of South India and Law Board events exceeded budgeted revenues by \$53k and \$11k respectively.

The increase in rental revenues was primarily from new events booked in the year including Ryu-Kon (\$7k) and Queen City Conquest (\$7k).

Food and Beverage revenues in Q3 were flat to budget.

Electrical revenues are down as the Bar Exam utilized fewer electrical connections for the test takers.

Q3 Major Events Hosted	Event Name	Number of Attendees
Month	NYS Board of Law Examiners – Summer Bar Exam	2,988
July	Ryu-Kon	1,400
July	Church of South India	683
July	National Association of Educational Office Professionals	403
September	Kaleida Health Foundation – 2015 Gala	1,060
September	Biggest Loser Walk/Run	4,500
September	Town Square Media – Diversity Job Fair	1,200
September	Masten District Senior Ball	850
September	Queen City Conquest	400

Q3 Major Events Booked

Year	Event Name	Expected Revenue
2016	ECMC Lifeline Foundation – 2016 Gala	\$150,000
2016	M&T Bank – Commercial Sales Meeting	\$86,000
2016	Moog Inc – Mid Winter Bash	\$81,000
2016	Department of Human Resources, Civil Service Police Exam	\$16,537
2016	2016 Buffalo Soupfest	\$16,310
2016	The Ryu-Kon Group – 2016 TatsuCon	\$16,000
2016	NAACP Awards Dinner	\$12,000
2017	Insurance Club of Buffalo 2017 I-Day	\$60,000
2018	NYS Dance Alliance – 2018 Annual	\$23,443
2018	Eastern Association of College and University Business Officers	\$75,000

Q3 Notable Sales Activities

Date	Program
July	Attended National Market Sales Meeting with VBN & Hotel Partners
July	Delaware North GuestPath Meeting and Site Inspection
July	HPN Site Inspection
July	Rockwell Automation Site Inspection
July	Still Bank Collectors Site Inspection
August	Gaufest Attendance Building in Milwaukee with locals and VBN for 2017
August	Hosted and Participated in Customer Advisory Council with VBN
August	Harley Davidson Site Inspection
August	Attended Connect Marketplace with VBN and hotel partners
August	Attended International Association of Venue Managers Conference
August	Association for Preservation Technology Site Inspection
September	Hosted Buffalo Niagara Event Professionals Breakfast and Site tour
September	Hosted clients at Kaleida Gala
September	Association Development Group Site Inspection



Buffalo Niagara Convention & Visitors Bureau, Inc.

FINANCIAL STATEMENTS

SEPTMEBR 30, 2015 AND 2014

UNAUDITED

For Presentation at the Board of Director's Meeting on Friday November 6, 2015

Buffalo Niagara Convention & Visitors Bureau, Inc.
Summary Review Memorandum
For the nine Months ended September 30, 2015

Statements of Activities:

For the nine months ended September 30, 2015, the Bureau, has realized an increase in net assets of \$ 28,169, approximately \$75,000 ahead of the budgeted deficit of \$ 46,926 through September 30th. The majority of the variance is timing related and is expected to come back into line as we progress through the fourth quarter of 2015. Below is a synopsis of the relevant variances:

Revenues:

Through September revenues are running ahead of budget by \$ 280,000, predominately due to activity surrounding the Canadian Marketing Initiative and the additional County Grant Funding Appropriation of \$ 66,000. Details of the more significant variances are as follows:

- **Erie County Grant** – Variance is a result of the County increasing the 2015 grant by 2% or \$ 67,000 over 2014 amounts. Increase was unknown during the CVB budgeting process which concluded in August 2014 and therefore could not be factored into the 2015 budget. Through September the budgetary impact is approximately \$50,000.
- **Assessments** – Increase is due to additional group subsidies collected through the CVB for groups holding their meeting and events here. There is also a corresponding convention commitment required to be paid to or on behalf of the group.
- **Joint Co-op Marketing** – Variance attributed to recognition of sponsorship revenues received from the NTTC for assistance with the 2015 Canadian Marketing Initiative. The total sponsorship received from the NTTC is \$ 100,000 of which \$ 70,000 has been recognized through September 2015.
- **Grant Revenues** – Through September the Bureau has recognized \$ 191,000 in grant revenue to be received from NYS for the 2015 Canadian Marketing Initiative. Costs associated with the program will also exceed budget amounts in a similarly.
- **Merchandise Sales Airport VC/Brisbane VC** – Airport Visitor Center Sales are running behind budget due to slower than expected sales some of which was weather related which hurt pre summer sales while the majority of the decrease is believed attributable to the slower airport traffic as well as the downturn in the value of the Canadian dollar. In the Downtown Visitor Center just the opposite is occurring. Sales are up with the more prominent exposure of the Center, leading to greater walk in traffic resulting in the additional sales generated.
- **Miscellaneous Income** – Variance predominately resulting from the 2015 Key Bank Sponsorship of \$ 2,500 which was received to help offset costs for the Downtown Buffalo Visitor Center.

Buffalo Niagara Convention & Visitors Bureau, Inc.
Summary Review Memorandum
For the nine Months ended September 30, 2015

Expenditures:

Through September, expenditures are approximately \$ 205,000 ahead of the budgeted pace. As noted previously most is attributed to the Canadian Marketing Initiative Below is a summary of the more significant changes.

- **Personnel Costs and Salaries, PR Taxes & Fringes Benefits** – Running ahead of budget through September. Variance is mainly due to timing and is related to the recording of our monthly vacation accrual. Fringe benefits variance attributed to timing various health care related benefits are usage related so it expected at this time that line item will come back in line as we work through the last quarter of the year.
- **Advertising/ Photography** – A majority of the variance is attributed to the 2015 Canadian Marketing Initiative. As of September approximately \$ 366,000 in advertising and \$ 15,000 in photography had been incurred for this program. By the end of the program the CVB will have recognized \$ 350,000 in unbudgeted revenues and expenses associated with the Canadian Marketing Initiative Program.
- **Tradeshows** – Reduction results from cancellation of attendance at a couple of convention tradeshows. It was management's decision to pull out of these shows due to anticipated poor performance. Funds for these shows were allocated to other future shows or other programming opportunities such as FAM Tours and a unique marketing opportunity this fall when the Buffalo Bills play an October game in London.
- **Sales Bids & Promotion** – Variance is timing related centered around the final billing for the Customer Advisory Council facilitation.
- **Reception Expense** - Variance is timing related. The NYC Receptive Operators Program which was budgeted to occur in September did not happen until the first week of October.
- **Research** – A portion of the Visitor Profile Study prepared by the firm of Young Strategies was begun in 2014 after the 2015 budget had been prepared. A portion of the costs which were incurred in 2014 is giving rise to the current variance.
- **Website Development & Hosting** – Variance is due to the final costs associated with the completion and launch of the new VBN website. While it was hoped the costs associated with the website would be completed by the end of 2014, some remaining costs (which were to be paid from the 2013 Erie County Grant holdover) were not incurred until the first quarter of 2015.
- **Familiarization Tours** – A Significant increase in the number of travel writers the marketing department has hosted through September along with the addition of an I Love NY, Australian Group FAM which the Bureau hosted in May is giving rise to this variance.
- **Airport Visitor Center Operations** – Downturn in sales at the airport center have also caused a reduction in operating costs as well. The variance is mainly related to the lower cost of merchandise due to lower than expected sales.

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

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BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
BALANCE SHEET
SEPTEMBER 30, 2015 AND 2014

UNAUDITED

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,165,380	\$ 1,275,771
Accounts Receivable - Erie County	-	-
Accounts Receivable - Trade	57,271	47,689
Grants Receivable	250,000	300,500
Prepaid expenses and supplies	107,559	85,978
Total current assets	1,580,210	1,709,938
Property and equipment, net	73,629	47,025
Total assets	\$ 1,653,839	\$ 1,756,963

LIABILITIES AND NET ASSETS

Current liabilities:		
Short-term borrowings	\$ -	\$ -
Accounts payable and accrued expenses	122,274	205,150
Accounts payable - Foundation	42,272	39,925
Deferred revenue - Other	96,484	56,799
Deferred revenue - Bed Tax	825,000	808,321
Total current liabilities	1,086,030	1,110,195
Net assets	567,809	646,768
Total liabilities and net assets	\$ 1,653,839	\$ 1,756,963

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>Actual 9 Months 09/30/15</u>	<u>Budgeted 9 Months 09/30/15</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Annual Budget 2015</u>	<u>Actual 9 Months 09/30/14</u>
REVENUES	<u>\$ 3,366,408</u>	<u>\$ 3,085,760</u>	<u>\$ 280,648</u>	<u>9.09%</u>	<u>\$ 4,011,133</u>	<u>\$ 3,497,169</u>
MARKETING DEPARTMENT EXPENSES	\$ 1,382,913	\$ 1,109,996	\$ 272,917	24.59%	\$ 1,339,797	\$ 1,635,695
SALES & SERVICES DEPARTMENT EXPENSES	1,169,673	1,217,329	(47,656)	-3.91%	1,583,911	1,178,088
AIRPORT VISITOR CENTER EXPENSES	155,883	200,941	(45,058)	-22.42%	271,225	185,593
BUFFALO VISITOR CENTER EXPENSES	73,983	61,067	12,916	21.15%	82,500	59,558
ADMINISTRATIVE & FINANCE EXPENSES	555,787	543,353	12,434	2.29%	733,700	593,435
TOTAL EXPENSES	<u>\$ 3,338,239</u>	<u>\$ 3,132,686</u>	<u>\$ 205,553</u>	<u>6.56%</u>	<u>\$ 4,011,133</u>	<u>\$ 3,652,369</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 28,169	\$ (46,926)	\$ 75,095		\$ -	\$ (155,200)
NET ASSETS - BEGINNING	539,640	539,640	-		539,640	801,968
NET ASSETS - ENDING	<u>\$ 567,809</u>	<u>\$ 492,714</u>	<u>\$ 75,095</u>	<u>15.24%</u>	<u>\$ 539,640</u>	<u>\$ 646,768</u>

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
TOTAL REVENUES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Actual 9 Months 09/30/15	Budgeted 9 Months 09/30/15	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2015	Actual 9 Months 09/30/14
Erie County Grant	\$ 2,475,000	\$ 2,424,960	\$ 50,040	2.06%	\$ 3,233,283	\$ 2,424,962
BNCC Management Fee Allocation	6,257	10,500	(4,243)	-40.41%	12,000	7,085
Visitor Guide Advertising	245,719	245,000	719	0.29%	245,000	229,084
Assessments - Convention	45,605	5,000	40,605	812.10%	5,000	52,569
NYS Matching Funds Program	54,547	55,100	(553)	-1.00%	55,100	54,912
Joint/Co-Op - Marketing	107,466	70,000	37,466	53.52%	70,000	129,059
Joint/Co-Op - Sales	64,687	67,500	(2,813)	-4.17%	109,500	69,068
Grant Revenues	191,200	-	191,200	-	-	338,632
Joint/Co-Op - Airport	2,912	6,500	(3,588)	-55.20%	6,500	4,120
Merchandising Revenues - BVC	23,084	13,375	9,709	72.59%	20,000	13,330
Merchandising Revenues - Airport VC	145,129	186,545	(41,416)	-22.20%	250,000	173,101
Interest Income	70	585	(515)	-88.03%	750	328
Miscellaneous Income	4,732	320	4,412	1378.75%	3,500	919
Merchandising Revenues - Conventions	-	375	(375)	-100.00%	500	-
Total Revenues	\$ 3,366,408	\$ 3,085,760	\$ 280,648	9.09%	\$ 4,011,133	\$ 3,497,169

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
TOTAL EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Actual 9 Months 09/30/15	Budgeted 9 Months 09/30/15	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2015	Actual 9 Months 09/30/14
<u>Personnel Costs:</u>						
Salaries	\$ 1,168,597	\$ 1,164,391	\$ 4,206	0.36%	\$ 1,562,500	\$ 1,142,641
Payroll Taxes & Fringe Benefits	216,435	224,135	(7,700)	-3.44%	300,483	206,404
Training	26,710	29,800	(3,090)	-10.37%	34,500	31,980
Total Personnel Costs	\$ 1,411,742	\$ 1,418,326	\$ (6,584)	-13.44%	\$ 1,897,483	\$ 1,381,025
<u>Sales & Marketing Expenditures:</u>						
Advertising	\$ 670,632	\$ 356,581	\$ 314,051	88.07%	\$ 385,000	\$ 798,169
Convention Commitments	139,485	150,275	(10,790)	-7.18%	160,275	184,454
Visitor Guide	216,831	217,715	(884)	-0.41%	220,000	221,078
Tradeshows	94,429	99,950	(5,521)	-5.52%	144,000	96,866
Printing	16,537	22,300	(5,763)	-25.84%	31,500	38,180
Branding Initiative	-	-	-	-	-	-
Postage	25,932	29,435	(3,503)	-11.90%	36,250	27,521
Sales Bids & Promotions	50,363	72,300	(21,937)	-30.34%	101,500	51,819
Convention Sales & Services	19,449	20,350	(901)	-4.43%	25,100	9,653
Travel & Meetings	24,000	27,355	(3,355)	-12.26%	38,000	24,226
Washington DC Rep Firm	-	-	-	-	-	-
Albany Office	13,263	13,320	(57)	-0.43%	17,750	14,070
Receptions	6,472	22,500	(16,028)	-71.24%	37,700	15,728
Research	38,520	51,575	(13,055)	-25.31%	59,000	53,234
Distribution	17,840	18,490	(650)	-3.52%	20,000	16,966
Website Development/Hosting	56,664	48,215	8,449	17.52%	68,000	124,422
Familiarization Tours	24,303	12,965	11,338	87.45%	39,000	33,699
Professional Fees & Public/Media Relations	34,864	50,585	(15,721)	-31.08%	65,000	47,637
Freelance/Graphic Artist	9,230	12,205	(2,975)	-24.38%	17,500	12,243
Regional Marketing	12,022	25,500	(13,478)	-52.85%	25,500	10,581

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
TOTAL EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Actual 9 Months 09/30/15	Budgeted 9 Months 09/30/15	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2015	Actual 9 Months 09/30/14
Airport Visitor Center Operations	94,578	128,296	(33,718)	-26.28%	173,725	116,248
Market Arcade Visitor Center Operations	23,146	12,146	11,000	90.56%	17,550	13,012
Promotional Items	14,771	12,585	2,186	17.37%	18,000	7,950
Destination Development	38,313	40,250	(1,937)	-4.81%	50,050	22,673
Film/Video/Photo Productions	17,450	22,750	(5,300)	-23.30%	40,000	23,971
Photography	27,937	10,755	17,182	159.76%	15,000	31,684
Online Media Resource	2,520	4,122	(1,602)	-38.86%	5,500	3,269
Social Networking	2,436	915	1,521	166.23%	1,200	1,907
Special Projects	-	-	-	-	-	-
Newsletter	2,066	4,000	(1,934)	-48.35%	4,000	-
Annual Report	-	-	-	-	-	-
Total Sales & Marketing Expenditures	\$ 1,694,053	\$ 1,487,435	\$ 206,618	13.89%	\$ 1,816,100	\$ 2,001,260
Technology & Equipment	8,082	7,600	482	6.34%	9,350	9,438
Departmental Administrative Expenses	224,362	219,325	5,037	2.30%	288,200	260,646
Total Expenses	\$ 3,338,239	\$ 3,132,686	\$ 205,553	6.56%	\$ 4,011,133	\$ 3,652,369



**Buffalo Niagara Convention Center Management
Corporation**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 and 2014

UNAUDITED

For Presentation at the Board of Director's Meeting on Friday November 6, 2015

***BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT
CORPORATION***

FINANCIAL STATEMENTS

FOR THE MONTH AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

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Buffalo Niagara Convention Center Management Corporation
Summary Review Memorandum
For the nine Months ended September 30, 2015

Statements of Activities:

For the nine months ended September 30, 2015, the Center realized an increase in net assets of \$ 36,092. The Center is ahead of the budgeted pace by approximately \$ 32,000. Below is a synopsis of the relevant variances.

Revenues:

Through September overall revenues of \$ 2,622,739 is approximately \$ 153,000 ahead of budgeted revenues through September 30th.

- **Erie County Grant Funds** – The Center will receive an additional \$ 25,000 in Erie County grant funds to make their total grant for 2015 \$ 1,700,000. Through the end of September this equated to an additional \$ 18,839.
- **Earned Revenues from F&B, Rental & Electrical Services** – Overall earned revenues have exceeded budget by \$ 134,000. The majority of the increase is being generated from the catering activities at the building, while the other lines of earned revenue have remained consistent with budgeted expectations. Electrical Services are off slightly as lower than expected convention type business is the cause. While rental revenue is up as a result of additional bookings during the third quarter which were not part of the budgeted figures. Net Catering revenues are running significantly ahead of budget as a result of new business and various booked events exceeding budgeted revenue expectations. Most recently, Kaleida, Buffalo Firefighters CSVA and the Dinosaurs exhibit in addition to the UAW event and Catholic Press account for the positive variance in earned revenues.

Expenditures:

For the nine months ended September 30st, expenditures are \$ 121,000 ahead of budget. The majority of the variance is due to the use of the 2013 holdover funds of which approximately \$ 100,000 remained unexpended at the end of 2014 and was to be used to acquire small capital and equipment purchases as well as departmental related supplies. The remainder of the variance through the first half of the year is a combination of business levels, catering activity, timing variances and the usage of the 2013 holdover funds as described.

A list of the major categories with variances is as follows:

- **Salaries and PR Taxes & Fringes Benefits** – Overall payroll is running below budget for the year due to lower payroll costs resulting from the open Compliance Officer Position that has remained unfilled pending the ABO finalization.
- **Supplies** – Ahead of budget due to the purchase of various departmental supplies and equipment. Including the purchase of cloud lighting system and various other electrical and janitorial supplies. These purchases although unbudgeted in 2015, were part of the supplies to be purchased using the return of the 2013 county grant retainage.

Buffalo Niagara Convention Center Management Corporation
Summary Review Memorandum
For the nine Months ended September 30, 2015

- **Communication Expenses** – Costs are down due to lower phone and internet fees resulting from switching of vendors.
- **Occupancy Costs** – For the year are running ahead due to increased electrical costs and usage. In addition the costs of EMT services and security was higher than expected but is offset by the higher than expected revenue generated from the chargeback to groups as previously mentioned.
- **Capital Equipment Purchases** - The large variance is a result of the Center using the remainder of its 2013 Erie County holdover funds. The center used approximately \$ 50,000 for the purchase of small capital and equipment such as the carpeting of rooms 102-108 recovering of 450 banquet chairs, the purchase of new board room chairs for group usage and the updating of the fire door so as to remain compliant with current fire and building codes. The usage of these funds is the primary cause of the first quarter variance.

**BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
BALANCE SHEET
SEPTEMBER 30, 2015 AND 2014**

UNAUDITED

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,270,948	\$ 1,132,016
Accounts receivable (net)	407,069	712,098
Accounts Receivable - County Grant	-	-
Inventory	76,718	66,527
Prepaid expenses	62,121	51,776
Total current assets	1,816,856	1,962,417
Property and equipment, net	-	-
Total assets	\$ 1,816,856	\$ 1,962,417

LIABILITIES AND NET ASSETS

Current liabilities:		
Short-term borrowings	\$ -	\$ -
Current portion of long-term debt	-	-
Accounts payable and accrued expenses	310,565	347,142
Deferred revenue - Erie County Grant	424,968	418,688
Deferred revenue - Technology Grant	28,196	28,196
Deferred revenue - Other	132,359	139,195
Total current liabilities	896,088	933,221
Long-term debt	-	-
Net Assets:		
Net assets - unrestricted	920,768	1,029,196
Total liabilities and net assets	\$ 1,816,856	\$ 1,962,417

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015 AND 2014

UNAUDITED

	<u>Actual September 2015</u>	<u>Budget September 2015</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Actual September 2014</u>
Technology Grant	\$ -	\$ -	\$ -	0%	\$ -
County Grant Funds	141,656	139,562	2,094	2%	139,563
Other revenues	62,366	84,621	(22,255)	-26%	222,361
Total Revenues	<u>204,022</u>	<u>224,183</u>	<u>(20,161)</u>	<u>-9%</u>	<u>361,924</u>
Payroll and related costs	144,508	156,443	(11,935)	-8%	150,013
Professional fees	7,800	9,189	(1,389)	-15%	9,497
Supplies	15,422	12,618	2,804	22%	17,232
Telephone	5,120	6,251	(1,131)	-18%	2,535
Postage and Freight	104	247	(143)	-58%	94
Occupancy costs	40,986	44,911	(3,925)	-9%	38,727
Equipment rental and maintenance	7,018	9,272	(2,254)	-24%	9,435
Travel expenses	4,150	1,959	2,191	112%	1,117
Promotional expenses	6,139	8,814	(2,675)	-30%	4,146
Other Expenses	1,934	2,864	(930)	-32%	1,880
Depreciation expense	-	-	-	0%	-
Capital Equipment Purchases	5,995	5,000	995	20%	-
Total Operating expenses	<u>239,176</u>	<u>257,568</u>	<u>(18,392)</u>	<u>-7%</u>	<u>234,676</u>
Increase (decrease) in net assets	(35,154)	(33,385)	(1,769)	5%	127,248
Net assets - beginning	955,922	921,904	34,018	4%	901,948
Net assets - ending	<u><u>\$ 920,768</u></u>	<u><u>\$ 888,519</u></u>	<u><u>\$ 32,249</u></u>	<u><u>4%</u></u>	<u><u>\$1,029,196</u></u>

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

UNAUDITED

	<u>Actual September 2015</u>	<u>Budget September 2015</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Actual September 2014</u>
Technology Grant	\$ -	\$ -	\$ -	0%	\$ 5,000
County Grant Funds	1,274,903	1,256,064	18,839	1%	1,256,063
Other revenues	1,347,836	1,213,529	134,307	11%	1,323,284
Total Revenues	<u>2,622,739</u>	<u>2,469,593</u>	<u>153,146</u>	<u>6%</u>	<u>2,584,347</u>
Payroll and related costs	1,473,106	1,496,446	(23,340)	-2%	1,403,651
Professional fees	112,803	109,693	3,110	3%	107,781
Supplies	188,546	113,007	75,539	67%	184,513
Telephone	40,377	56,251	(15,874)	-28%	52,702
Postage and Freight	1,829	2,216	(387)	-17%	1,786
Occupancy costs	485,658	466,931	18,727	4%	426,005
Equipment rental and maintenance	82,248	83,449	(1,201)	-1%	80,258
Travel expenses	21,278	17,629	3,649	21%	15,468
Promotional expenses	78,097	79,342	(1,245)	-2%	74,369
Other Expenses	39,058	25,786	13,272	0%	21,191
Depreciation expense	-	-	-	0%	-
Capital Equipment Purchases	63,647	15,000	48,647	324%	22,267
Total Operating expenses	<u>2,586,647</u>	<u>2,465,750</u>	<u>120,897</u>	<u>5%</u>	<u>2,389,991</u>
Increase (decrease) in net assets	36,092	3,843	32,249	839%	194,356
Net assets - beginning	884,676	884,676	-	0%	834,840
Net assets - ending	<u><u>\$ 920,768</u></u>	<u><u>\$ 888,519</u></u>	<u><u>\$ 32,249</u></u>	<u><u>4%</u></u>	<u><u>\$1,029,196</u></u>

**BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
SCHEDULE OF FOOD SERVICE OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

UNAUDITED

	<u>For the Month</u> <u>September</u>		<u>Year To date</u> <u>September</u>		<u>Year To Date</u> <u>September</u>	
	<u>2015</u>	<u>%</u>	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
<u>Sales:</u>						
Sales - Food	\$ 147,309	78.30%	\$ 1,879,494	83.85%	\$ 1,728,457	84.97%
Sales - Beverage	40,580	21.57%	355,603	15.86%	301,376	14.81%
Sales - Vending all	247	0.13%	6,340	0.28%	4,430	0.22%
Sales - Non-foods Other	-	0.00%	-	0.00%	-	0.00%
Total Sales	<u>188,136</u>	<u>100.00%</u>	<u>2,241,437</u>	<u>100.00%</u>	<u>2,034,263</u>	<u>100.00%</u>
<u>Cost of Sales:</u>						
Cost of Sales - Food	65,543	34.84%	617,092	27.53%	549,147	26.99%
Cost of Sales - Beverage	15,224	8.09%	103,702	4.63%	84,963	4.18%
Cost of Sales - Vending all	237	0.13%	3,553	0.16%	2,260	0.11%
Cost of Sales - Non foods & Other	1,381	0.73%	13,501	0.60%	14,396	0.71%
Cost of Sales - Employee meals	-	0.00%	-	0.00%	-	0.00%
Total Cost of Sales	<u>82,385</u>	<u>43.79%</u>	<u>737,848</u>	<u>32.92%</u>	<u>650,766</u>	<u>31.99%</u>
Gross Profit	<u>105,751</u>	<u>56.21%</u>	<u>1,503,589</u>	<u>67.08%</u>	<u>1,383,497</u>	<u>68.01%</u>
<u>Operating Expenses:</u>						
Salaries & Benefits	63,674	33.84%	736,996	32.88%	657,437	32.32%
Professional fees/Contracts	-	0.00%	-	0.00%	-	0.00%
Supplies and Freight	7,267	3.86%	57,288	2.56%	49,772	2.45%
Occupancy	5,064	2.69%	47,952	2.14%	48,954	2.41%
Equipment rental & maintenance	247	0.13%	5,472	0.24%	10,846	0.53%
Travel expenses	-	0.00%	-	0.00%	-	0.00%
Promotion	2,715	1.44%	40,929	1.83%	41,855	2.06%
Other	1,153	0.61%	13,103	0.58%	14,554	0.72%
Total Operating Expenses	<u>80,120</u>	<u>42.59%</u>	<u>901,740</u>	<u>40.23%</u>	<u>823,418</u>	<u>40.48%</u>
Net Income Food Service	<u>\$ 25,631</u>	<u>13.62%</u>	<u>\$ 601,849</u>	<u>26.85%</u>	<u>\$ 560,079</u>	<u>27.53%</u>

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
OTHER REVENUES RECAP
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

UNAUDITED

	For The Month			Year to Date					
	Actual September 2015	Budget September 2015	\$ Variance Over (Under)	% Variance Over (Under)	Actual September 2014	Budget September 2015	\$ Variance Over (Under)	% Variance Over (Under)	Actual September 2014
Rentals	\$ 27,590	\$ 15,215	\$ 12,375	81%	\$ 52,676	\$ 511,197	\$ 10,262	2%	\$ 537,891
Equipment Rentals	-	734	(734)	-100%	250	6,606	(1,473)	-22%	4,343
Electrical Services	5,922	1,300	4,622	356%	8,793	117,166	(5,543)	-5%	111,426
Commissions	15	1,599	(1,584)	-99%	577	14,391	(2,645)	-18%	13,247
Net Catering Revenues	25,632	55,967	(30,335)	-54%	143,895	463,290	138,561	30%	560,079
Interest	-	6	(6)	-100%	12	54	(54)	-100%	12
Other	3,297	9,800	(6,593)	-67%	16,158	100,825	(4,801)	-5%	96,286
Total Other Revenues	\$ 62,366	\$ 84,621	\$ (22,255)	-26%	\$ 222,361	\$1,213,529	\$ 134,307	11%	\$ 1,323,284