



May 5, 2016

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

Dear Karen:

Enclosed please find the 1st quarter reports for 2016, highlighting efforts made toward achieving funding purposes as stated in our Marketing Plan and Budget, financial statements as of March 31, 2016 and 2015 audited financial statements for Visit Buffalo Niagara and Buffalo Niagara Convention Center.

Sincerely,

A handwritten signature in black ink that reads "Patrick J. Kaler". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Patrick J. Kaler
President and CEO

/Enclosures



May 5, 2016

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:

A handwritten signature in black ink, appearing to read "Patrick J. Kaler", written over a horizontal line.

Patrick J. Kaler
President and CEO



2016 First Quarter Report

FINANCE & ADMINISTRATION				
Q1 Financials	Projected	Budgeted	Variance	% Variance
Revenues	\$ 929,295	\$ 880,840	\$ 48,455	5.50%
Expenses				
Marketing Department	\$ 305,465	\$ 269,211	\$ 36,254	13.47%
Convention Sales & Services	332,032	340,582	(8,550)	-2.51%
Destination Development	34,395	41,861	(7,466)	-17.84%
Airport Visitor Center	36,383	39,455	(3,072)	-7.79%
Downtown Visitor Center	23,611	22,566	1,045	4.63%
Administrative & Finance	195,546	196,378	(832)	-.42%
TOTAL EXPENSES	\$ 927,432	\$ 910,053	\$ (17,379)	1.91%
Increase (Decrease) In Net Assets	\$ 1,863	\$ (34,876)	\$ 46,944	

SALES				
Q1 Sales Results	Goal	Actual	+/-	% Variance
Convention Leads	90	94	4	4.40%
Sports Leads	70	78	8	11.43%
Group Tour Leads	52	53	1	1.92%
Definite Business	96	147	51	53.13%
Hotel Room Nights	50,500	52,146	1,646	3.26%
YTD Sales Results	Goal	Actual	+/-	% Variance
Convention Leads	90	94	4	4.40%
Sports Leads	70	78	8	11.43%
Group Tour Leads	52	53	1	1.92%
Definite Business	96	147	51	53.13%
Hotel Room Nights	50,500	52,146	1,646	3.26%
YOY Comparison	2016	2015	+/-	% Variance
Convention Leads	94	95	-1	-1.05%
Sports Leads	78	77	1	1.30%
Group Tour Leads	53	52	1	1.92%
Definite Business	147	133	14	10.53%
Hotel Room Nights	52,146	49,284	2,862	5.81%
Q1 Major Bookings		Hotel Room Nights	Economic Impact	
National Softball Association Girls Fast Pitch		4,010	\$3,387,000	
Amherst Youth Hockey Association NYSAHA Tournament		2,916	\$1,934,200	
Church of God Saints in Christ		1,435	\$1,986,500	
NYS Chiefs of Police		1,000	\$1,185,600	
Knights of St. John International		1,035	\$772,400	
Star Swimming Speedo Championships		1,000	\$695,950	
American Contract Bridge League		510	\$613,500	
International Economic Development Council		690	\$594,300	
American Society of Civil Engineers		654	\$522,950	
AAU Basketball Tip Off Classic		450	\$276,740	
USA Sled Hockey IPC Pan Pacific Teams		400	\$258,000	
Niagara Frontier Regional Camera Clubs		200	\$244,530	

Q1 Site Visits	Hotel Room Nights	Economic Impact
National Veterans Creative Arts Festival	1,000	\$1,980,730
Niagara Frontier Regional Camera Club	600	\$244,536
American Guild of Organists	243	\$214,256
USS John R. Pierce DD-753 Sailors Organization	125	\$148,600

Q1 Lost Business

Meeting/Event	Year(s)	Hotel Room Nights	Reason Lost
University Risk Management & Insurance Association	2015	2,040	Conference lost to Disney Resorts, Board was concerned about attracting attendees.
National Association of Teachers of Singing	2020	1,796	Lost to Knoxville, group room rates in Buffalo were too high.
USA Gymnastics Women's	2016	1,300	Lack of local support to assist in running the event and fundraising.
Church of Our Lord Jesus Christ	2021	1,200	Lost to Tysons Corner, VA; Hotel room rates were too high in Buffalo
Communicators for Women Religious Conference	2017	475	Lost to Niagara Falls.
National Conference for Black Political Scientists	2017	235	City Image and weather were given as reasons Buffalo wasn't chosen by the site committee.
NYS Foreign Language Teachers	2016	145	Hotel room rates were too high.
National Conference of State Legislatures	2016	140	Selected Niagara Falls due to Tribal affiliation

Q1 Sales Initiatives and Programs

DC Sales Mission – In mid-January VBN partnered with the BNCC and conducted five sales calls in Washington DC and attended a meeting/reception for Association of Meeting Professionals and networked with more than 50 planners at the event.

Sports Commission Meetings - In keeping with the TSE Long Range Plan, the Sports commission initiated two working committees focused on dedicated funding, facilities, future bids and attracting new amateur sports business. Both committees are meeting regularly, recruiting members and preparing next steps.

Tradeshows Attended

Diversity Summit – An appointment-based reverse tradeshow that brings together diversity meeting planners from national associations, corporations, specialty groups and religious organizations. VBN requested 48 planners and we were accepted by 27 planners. VBN received two immediate leads with five additional that need further development.

American Bus Association – This is an appointment-based tradeshow. Attendees included highly qualified domestic operators, as well as new tour operators from Canada. VBN conducted 55 appointments, which resulted in seven immediate leads and five additional prospects that need further development.

National Tour Association – An appointment based tradeshow and marketplace. VBN had 39 appointments which produced two immediate leads with the potential for four additional. The immediate leads are a quick turnaround for May and July of 2016, generating 1,200 hotel room nights.

PCMA – Not a typical conference, there isn't a tradeshow component but there are many opportunities to interact with meeting planners and develop a network. VBN participates on the PCMA advocacy task force which is made up of suppliers and planners who work on Meetings Mean Business event, technical updates, meeting trends, best practice review etc.

Christian Meetings and Convention Association – CMCA is a reverse tradeshow where suppliers go from booth to booth meeting with various meeting planners. There were over 100 planners in attendance; 54 of them plan meetings in NY. VBN met with 16 planners and will be working on the development of four potential leads.

L&L Travel Show – VBN conducted a dinner presentation where we previewed our Chinese language video which was well received. One immediate lead was generated for a tour series starting in 2017.

Experient Envision – VBN conducted scheduled appointments with 13 representatives from Experient who source conventions and meetings from associations across the country. Experient is a third-party company that provides services which include meeting planning, meeting management, event planning, site sourcing, hotel contract negotiation, registration, housing, and lead retrieval services for association, tradeshow and government clients.

VBN Convention Services – provided ambassador training to 35 volunteers who work information welcome desks when major conventions, meetings and events are in town.

The convention services team provided volunteers and welcome desk information services for 17 groups representing 7,083 Room Nights. Groups included: the Diocese of Buffalo, Department of Youth and Young Ministry; NYS Republican Party, New York State United Teachers, and NYS Law Examiners.

Sports Commission Services -

Q1 was a busy quarter for the Buffalo Niagara Sports Commission, 12 groups in total were serviced, often with more than one event in the same weekend.

The events hosted included the MAAC Swimming & Diving Championships, SUNYAC Swimming & Diving Championships, the 24th Annual Gymnastics Niagara Cup, NJCAA National Bowling Championships, NYSAHA State Tournaments, NYSPHSAA Boys State Swimming Championships, NYSPHAA Ice Hockey Championships, NYS YMCA Swimming Championships, USA Speedo Sectionals & Eastern Zone Championships, 34th Bi Annual Niagara Skating Invitational, and the USA Hockey U18 Tier II National Championship.

Upcoming Tradeshows

- National Association of Sports Commissions
- X Site New England
- Spring Time in DC
- International POW WOW
- Expo at Empire State Plaza
- Direct Selling Association
- MPI NENY
- ESSAE
- Reunion Friendly Network

MARKETING			
Q1 Website & Mobile	2016	2015	Variance
Unique Visitors	308,673	175,572	75.81%
Pageviews	747,914	699,023	6.99%
Time on Site	1:36	3:01	-46.96%
YTD Website & Mobile	2016	2015	Variance
Unique Visitors	308,673	175,572	75.81%
Pageviews	747,914	699,023	6.99%
Time on Site	1:36	3:01	-46.96%
<p>We are seeing considerable YOY growth with our unique visitors thanks to improvements in content, SEO and SEM. The downturn in time on site is due to the fact that we're driving considerable traffic to our blog posts. Visitors are reading the blog content and then leaving the site. Our goal is to continue to actively link to other areas of our website within each blog in hopes of keeping them on the website longer. As of March 31st, our relationship with our web developer for the last year, Substance, has ended. We now have a relationship with Madden Media, who is also handling our SEO and SEM work, to manage our web development as well.</p>			
Social Media	2016	2015	Variance
VBN on Facebook	69,020	61,969	+11.38%
Twitter	19,300	15,178	+27.16%
Instagram	13,600	4,006	+239.49%

Domestic Advertising			
Continued our digital relationship with eBrains that includes lead generation, email marketing and social media advertising. Began working with Madden Media to execute our SEO and SEM work. Purchased advertising with the Chautauqua Star. On the meetings side of the business, ads ran in NASC, CVENT and LGBT Meetings Directory. We also promoted the Bring It Home campaign within Prospectus in the Buffalo News and at a Business First event.			
Canadian Marketing Initiative			
Received a \$125,000 grant through the NYS CFA process in 2016 that allowed us to continue with our Canadian Marketing Initiative as a joint effort with Niagara USA. We continued our digital relationship with eBrains that includes email marketing, SEO/SEM and social advertising. We started a new relationship with Field Day, a company that specializes in reaching the cultural market in Southern Ontario. We're working on a direct mail piece with them that will educate the cultural consumer there about the value of Buffalo Niagara compared to cultural attractions in Ontario. Starting January 1, our digital billboard at the Peace Bridge began, welcoming Canadians to Buffalo and reminding them that we appreciate their business. This will run for a full year.			
International Marketing			
Continued our relationship with Brand USA in reaching an international audience with the UK and Canadian markets. Part of our ad buy with Miles Media (selling on behalf of Brand USA) includes banner ads, articles, print ads and destination articles.			
Social Media			
Our #WinterBUF photo campaign yielded approximately 2,000 submissions showcasing the best of Buffalo in the wintertime. These photos helped power VBN's own social media channels with beautiful imagery of Buffalo. In March, we rolled out the #TravelBUF hashtag that will serve as our go-to hashtag for the remainder of the year and onward.			
Video Production			
We released 3 videos in Q1. Those included another installment of Buffalo For Real TV featuring Pausa Art House, an updated version of our Buffalo Winterlude video and then a video made in conjunction with The Buffalo News to promote our Bring It Home campaign at their Prospectus event in January.			
Media Relations			
Media Outlet	Circulation	Media Value	Headline and Quotes/Highlights
CNN.com	9,634,382	\$228,474	16 Intriguing Things to See and Do in the U.S. in 2016
NationalPost.com	15,081	\$2,909	Buffalo Bringing New Life to Canalside
Paste.com	972,614	\$4,927	Buffalo Is Edgier Than You Think
HuffingtonPost.com	27,592,818	\$95,121	Ultimate Comeback Cities to Visit
USATODAY.com	15,565,447	\$146,598	Ted's Hot Dogs: Buffalo's Other Classic Food Fave

INDUSTRY RELATIONS / DESTINATION DEVELOPMENT			
Q1 Downtown VIC	2016	2015	Variance
Walk-In Traffic	1,934	1,781	8.59%
Merchandise Sales	\$3,837	\$2,781	37.96%
YOY Downtown VIC	2016	2015	Variance
Walk-In Traffic	1,934	1,781	8.59%
Merchandise Sales	\$3,837	\$2,781	37.96%
Q1 Airport VIC	2016	2015	Variance
Walk-In Traffic	9,319	10,912	-14.60%
Merchandise Sales	\$33,384	\$30,230	10.43%
YOY Airport VIC	2016	2015	Variance
Walk-in Traffic	9,319	10,912	-14.60%
Merchandise Sales	\$33,384	\$30,230	10.43%
Q1 Tourism Insider	Subscribers	Open Rate	Click Through Rate
Q1 Tourism Insider	*Sent in Q2 (April) to feature 2015 Annual Report		
Q1 Travel Pulse	Subscribers	Open Rate	Click Through Rate
January	1381	25.85%	7.82%
February	1685	28.61%	9.14%
March	1676	22.38%	4.77%

Q1 Ambassador/Volunteer Engagement				
Date	Convention/Event Name	# of Volunteers	# of Hours	Total Hours
March 4-6; March 11-13; March 18-20	New York State Hockey State Championships	15	3/each shift	45
3/31-4/4	USA U18 Tier II National Championship	6	3/each shift	18
TOTAL		21		63

Q1 Visit Buffalo Niagara Academy Programs			
Industry Meeting	Date	Attendance	Survey Score
Q1 Industry Meeting at Albright Knox Art Gallery. Gavin Landry, Empire State Development (I Love NY campaign); Drew Hilker, Places Mobile (Google Street View); and Jennifer Fidanza, AAA Western and Central NY presented alternative, affordable (some cases free) options available for industry partners to advertise their business.	2/11/16	77	
Front-Line Staff Training	Date	Attendance	Survey Score
Buffalo Niagara A2D live training class – These 12 individuals were the “field test” group for the A2D training we will be launching during NTTW. Comments received were very positive – from “it was perfect;” to “liked sharing of ideas/experiences;” to “the live class flowed very well.”	3/22/16	12	4.67% (out of 5)

VBN EVENTS CALENDAR			
Event	Date	Location	Description
National Tourism Week	5/1-5/7/16 5/11/16	Various East Aurora	Peace Bridge and several businesses will be lit red in honor of hospitality; open house at Brisbane VC Mon, Wed & Thurs; Lamar donating digital boards.
Spring Fling Frontline FAM Tour	5/11/16	East Aurora	FAM tour for 56 frontline staff
Beacon Awards Luncheon	5/3/16	Buffalo Niagara Convention Center	11 individuals will be recognized; Tony Conte inducted into Beacon Hall of Fame; David Whitaker key note speaker; releasing Why Tourism Matters video.
JetBlue LAX-BUF Launch	6/16/16	Los Angeles and Buffalo Niagara International Airport	In terminal events at LAX and BUF in cooperation with NTCC and JetBlue around the launch of new daily service between Los Angeles and Buffalo.
Q2 Industry Meeting	6/22/16	Buffalo Museum of Science	Topics not finalized; potentially Extranet training.
All Market Fam Tour	7/20-22/16	Various locations	Meeting and Event planners will learn about new developments in Buffalo related to the meetings and convention business.
VBN Board Meeting	7/27/16	WNED Board Room	Second quarter meeting
Q3 Industry Meeting	Week of 8/28	Woodlawn Beach	Still finalizing details
Customer Advisory Council	9/7-9/16	Buffalo Niagara Convention Center	Association Executive Directors and Meeting Planners from around the country come to Buffalo to discuss industry trends, and offer advice related to convention industry marketing and sales initiatives.



Buffalo Niagara Convention & Visitors Bureau, Inc.

FINANCIAL STATEMENTS

MARCH 31, 2016 AND 2015

UNAUDITED

For Presentation at the Board of Director's Meeting on Wednesday April 27, 2016

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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Buffalo Niagara Convention & Visitors Bureau, Inc.
Summary Review Memorandum
For the three Months ended March 31, 2016

Statements of Activities:

For the three months ended March 31, 2016, the Bureau, has realized an increase in net assets of \$ 1,863, approximately \$30,000 ahead of the budgeted pace. Below is a synopsis of the relevant variances.

Revenues:

Through March revenues are running ahead of budget by \$ 48,000. The major variances are as follows:

- **Joint Co-op Marketing** – Variance attributed to recognition of sponsorship revenues received from the NTTC for assistance with the Canadian Marketing Initiative.
- **Grant Revenues** - Variance attributed to recognition of NYSCFA grant revenues received for assistance with the Canadian Marketing Initiative.
- **Merchandise Sales Airport VC & Buffalo Visitor Centers** – Running ahead of budget due to better than expected sales at both locations. A small increase in traffic through the BNIA and Visitor Center walk-ins is accounting for this positive trend.

Expenditures:

Through March, expenditures are \$ 17,000 ahead of the budgeted pace. Since it is still very early in our budget year many of the variance are timing related. Below is a summary of the more significant changes.

- **Advertising** - Variance attributed to the start of the 2016 Canadian Marketing Initiative which has begun to incur some initial start-up costs. Since the magnitude of the program is predicated around receiving a \$ 225,000 grant from NYS and \$ 100,000 in sponsorship funding from NTTC which was not known at the time of the budget preparation, the corresponding advertising expenses were not budgeted for as well. As of March approximately \$ 40,000 of unbudgeted advertising had been incurred for this program.
- **Convention Commitments** – Variance is timing related and should come into line as we progress through the back half of the year.
- **Airport Visitor Center Operations** – Activity at the Airport Visitor Center has improved slightly. Revenues have exceeded budget through March while cost cutting measures implemented late in 2015 have resulted in slightly lower operational costs of the Center.
- **Destination Development** – Lower than expected costs mainly due to the use of bulk mail to send out larger collateral mailings has resulted in reduced distribution costs.

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
BALANCE SHEET
MARCH 31, 2016 AND 2015

UNAUDITED

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 231,147	\$ 130,725
Accounts Receivable - Erie County	3,354,500	3,300,000
Accounts Receivable - Trade	242,169	133,193
Grants Receivable	-	75,000
Prepaid expenses and supplies	156,619	121,925
	<hr/>	<hr/>
Total current assets	3,984,435	3,760,843
Property and equipment, net	<hr/> 65,205	<hr/> 73,629
	<hr/>	<hr/>
Total assets	<u>\$ 4,049,640</u>	<u>\$ 3,834,472</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Short-term borrowings	\$ 150,000	\$ 200,000
Accounts payable and accrued expenses	406,465	307,438
Accounts payable - Foundation	43,592	63,593
Deferred revenue - Other	353,642	339,940
Deferred revenue - Bed Tax	2,515,875	2,475,000
	<hr/>	<hr/>
Total current liabilities	3,469,574	3,385,971
Net assets	<hr/> 580,066	<hr/> 448,501
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 4,049,640</u>	<u>\$ 3,834,472</u>

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
FOR THE THREE MONTHS ENDED MARCH 2016 AND 2015

	<u>Actual 3 Months 03/31/16</u>	<u>Budgeted 3 Months 03/31/16</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Annual Budget 2016</u>	<u>Actual 3 Months 04/01/15</u>
REVENUES	<u>\$ 929,295</u>	<u>\$ 880,840</u>	<u>\$ 48,455</u>	<u>5.50%</u>	<u>\$ 4,070,750</u>	<u>\$ 900,034</u>
MARKETING DEPARTMENT EXPENSES	\$ 305,465	\$ 269,211	\$ 36,254	13.47%	\$ 1,186,250	\$ 361,404
SALES & SERVICES DEPARTMENT EXPENSES	332,032	340,582	(8,550)	-2.51%	1,581,900	382,452
DESTINATION DEVELOPMENT	34,395	41,861	(7,466)	-17.84%	184,500	-
AIRPORT VISITOR CENTER EXPENSES	36,383	39,455	(3,072)	-7.79%	205,735	44,653
BUFFALO VISITOR CENTER EXPENSES	23,611	22,566	1,045	4.63%	102,560	19,993
ADMINISTRATIVE & FINANCE EXPENSES	195,546	196,378	(832)	-0.42%	809,805	182,671
TOTAL EXPENSES	<u>\$ 927,432</u>	<u>\$ 910,053</u>	<u>\$ 17,379</u>	<u>1.91%</u>	<u>\$ 4,070,750</u>	<u>\$ 991,173</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 1,863	\$ (29,213)	\$ 31,076		\$ -	\$ (91,139)
NET ASSETS - BEGINNING	578,203	578,203	-		527,696	539,640
NET ASSETS - ENDING	<u>\$ 580,066</u>	<u>\$ 548,990</u>	<u>\$ 31,076</u>	<u>5.66%</u>	<u>\$ 527,696</u>	<u>\$ 448,501</u>

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
 TOTAL REVENUES
 FOR THE THREE MONTHS ENDED MARCH 2016 AND 2015

	Actual 3 Months 03/31/16	Budgeted 3 Months 03/31/16	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2016	Actual 3 Months 04/01/15
Eric County Grant	\$ 838,626	\$ 838,626	\$ -	0.00%	\$ 3,354,500	\$ 825,000
BNCC Management Fee Allocation	-	1,500	(1,500)	-100.00%	6,000	4,440
Visitor Guide Advertising	-	-	-	-	258,000	-
Assessments - Convention	-	-	-	-	26,950	-
NYS Matching Funds Program	-	-	-	-	55,000	-
Joint/Co-Op - Marketing	15,650	6,645	9,005	135.52%	40,600	24,566
Joint/Co-Op - Sales	-	-	-	-	73,000	9,072
Joint/Co-Op - Destination Development	-	-	-	-	25,000	-
Joint/Co-Op - Airport	-	-	-	-	3,500	-
Grant Revenues	37,600	-	37,600	-	-	-
Merchandising Revenues - BVC	3,837	1,925	1,912	99.32%	24,000	2,781
Merchandising Revenues - Airport VC	33,383	31,270	2,113	6.76%	200,000	30,231
Interest Income	10	34	(24)	-70.59%	200	49
Miscellaneous Income	189	715	(526)	-73.57%	3,500	3,895
Merchandising Revenues - Conventions	-	125	(125)	-100.00%	500	-
Total Revenues	\$ 929,295	\$ 880,840	\$ 48,455	5.50%	\$ 4,070,750	\$ 900,034

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
TOTAL EXPENSES
FOR THE THREE MONTHS ENDED MARCH 2016 AND 2015

	Actual 3 Months 03/31/16	Budgeted 3 Months 03/31/16	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2016	Actual 3 Months 04/01/15
<u>Personnel Costs:</u>						
Salaries	\$ 396,514	\$ 395,806	\$ 708	0.18%	\$ 1,612,310	\$ 399,860
Payroll Taxes & Fringe Benefits	75,619	78,525	(2,906)	-3.70%	319,375	83,970
Training	3,228	6,055	(2,827)	-46.69%	45,500	9,060
Total Personnel Costs	\$ 475,361	\$ 480,386	\$ (5,025)	-50.21%	\$ 1,977,185	\$ 492,890
<u>Sales & Marketing Expenditures:</u>						
Advertising	\$ 177,644	\$ 137,781	\$ 39,863	28.93%	\$ 415,000	\$ 201,760
Convention Commitments	34,500	39,500	(5,000)	-12.66%	202,750	36,829
Visitor Guide	-	-	-	-	232,000	-
Tradeshows	20,005	20,650	(645)	-3.12%	132,500	27,551
Printing	11,564	9,940	1,624	16.34%	21,000	6,311
Postage	1,878	2,380	(502)	-21.09%	10,900	8,387
Sales Bids & Promotions	4,705	6,500	(1,795)	-27.62%	90,850	10,880
Convention Sales & Services	5,557	995	4,562	458.49%	21,000	1,098
Travel & Meetings	6,141	4,725	1,416	29.97%	35,500	4,416
Albany Office	3,861	4,500	(639)	-14.20%	18,000	4,470
Receptions	-	-	-	-	37,200	-
Research	9,413	12,370	(2,957)	-23.90%	36,000	14,663
Website Development/Hosting	18,047	17,955	92	0.51%	60,500	31,465
Familiarization Tours	1,616	805	811	100.75%	61,100	1,379
Professional Fees & Public/Media Relations	10,872	9,999	873	8.73%	40,000	13,044
Freelance/Graphic Artist	3,245	5,225	(1,980)	-37.89%	15,000	4,175
Regional Marketing	13,312	12,000	1,312	10.93%	12,000	12,022
Airport Visitor Center Operations	21,447	22,736	(1,289)	-5.67%	138,850	20,953
Market Arcade Visitor Center Operations	6,539	5,471	1,068	19.52%	34,185	3,082
Promotional Items	2,366	1,715	651	37.96%	18,000	1,527

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC.
TOTAL EXPENSES
FOR THE THREE MONTHS ENDED MARCH 2016 AND 2015

	Actual 3 Months 03/31/16	Budgeted 3 Months 03/31/16	\$ Variance Over (Under)	% Variance Over (Under)	Annual Budget 2016	Actual 3 Months 04/01/15
Destination Development	10,619	16,791	(6,172)	-36.76%	84,275	8,602
Film/Video/Photo Productions	8,238	8,250	(12)	-0.15%	37,500	3,550
Photography	681	1,945	(1,264)	-64.99%	17,000	4,331
Online Media Resource	900	1,374	(474)	-34.50%	5,500	793
Social Networking	300	375	(75)	-20.00%	1,500	198
Special Projects	-	-	-	-	-	-
Newsletter	-	-	-	-	3,500	-
Annual Report	-	-	-	-	-	-
Total Sales & Marketing Expenditures	\$ 373,450	\$ 343,982	\$ 29,468	8.57%	\$ 1,781,610	\$ 421,486
Technology & Equipment	3,314	3,800	(486)	-12.79%	14,150	-
Departmental Administrative Expenses	75,307	81,885	(6,578)	-8.03%	297,805	76,797
Total Expenses	\$ 927,432	\$ 910,053	\$ 17,379	1.91%	\$ 4,070,750	\$ 991,173

**BUFFALO NIAGARA CONVENTION &
VISITORS BUREAU, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

DECEMBER 31, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo Niagara Convention & Visitors Bureau, Inc. and Affiliates

We have audited the accompanying consolidated balance sheets of Buffalo Niagara Convention & Visitors Bureau, Inc. and Affiliates (the Organization) as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additional Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying additional information presented on pages 9 through 11 is presented for additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Louden & McCormick, LLP
April 13, 2016

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

Consolidated Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash	\$ 604,177	\$ 725,089
Accounts receivable, net of allowance for doubtful accounts of \$6,000 in 2015 and 2014	305,453	143,472
Prepaid expenses	61,017	91,852
Inventory	21,696	24,944
	992,343	985,357
Property and equipment, net (Note 2)	118,761	150,944
	\$ 1,111,104	\$ 1,136,301
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 203,033	\$ 219,438
Refundable advances	64,964	99,162
Deferred revenue	123,884	112,290
	391,881	430,890
Net assets - unrestricted	719,223	705,411
	\$ 1,111,104	\$ 1,136,301

See accompanying notes.

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

Consolidated Statements of Activities

For the years ended December 31,	2015	2014
Revenues:		
Grants (Note 4)	\$ 3,580,087	\$ 3,660,119
Hotel assessments	43,454	52,569
Private sector participation	246,720	261,537
Advertising	250,759	238,465
Shared services	9,939	8,242
Merchandise sales	223,934	240,605
Interest and other	10,363	6,393
Total revenues	4,365,256	4,467,930
Expenses:		
Salaries	1,553,203	1,551,114
Advertising	742,791	917,767
Other marketing and promotion	382,106	393,628
Payroll taxes and benefits	283,053	273,096
Administrative	224,761	236,821
Visitors' Guide	222,025	222,851
Occupancy	209,384	218,139
Convention services and commitments	196,155	198,599
Trade shows	147,757	154,818
Market research	78,190	94,943
Website and internet	67,485	206,958
Postage, printing, and supplies	59,516	63,787
Depreciation	53,462	57,280
Professional fees	53,076	84,693
Travel and meetings	51,538	48,779
Receptions and sales promotions	17,402	16,651
Special events	9,540	22,741
Total expenses	4,351,444	4,762,665
Change in net assets	13,812	(294,735)
Net assets - beginning	705,411	1,000,146
Net assets - ending	\$ 719,223	\$ 705,411

See accompanying notes.

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

For the years ended December 31,	2015	2014
Operating activities:		
Change in net assets	\$ 13,812	\$ (294,735)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	53,462	57,280
Loss on disposal of equipment	-	12,513
Changes in other current assets and current liabilities:		
Accounts receivable	(161,981)	120,873
Prepaid expenses	30,835	4,060
Inventory	3,248	12,174
Accounts payable and accrued expenses	(16,405)	20,272
Refundable advances	(34,198)	(5,000)
Deferred revenue	11,594	(48,874)
Net operating activities	(99,633)	(121,437)
Investing activities:		
Property and equipment expenditures	(21,279)	(48,748)
Net change in cash	(120,912)	(170,185)
Cash - beginning	725,089	895,274
Cash - ending	\$ 604,177	\$ 725,089
Supplemental cash flows information:		
Interest paid (approximates expense)	\$ 1,635	\$ 1,997

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

The consolidated financial statements of Buffalo Niagara Convention & Visitors Bureau, Inc. and Affiliates (the Organization) include the accounts of Buffalo Niagara Convention & Visitors Bureau, Inc. (CVB) and its controlled affiliated entities, Buffalo Niagara Convention & Visitors Bureau Foundation (the Foundation) and Buffalo Niagara Sports Development Company, Inc. (the Sports Commission).

CVB is a business league, not-for-profit corporation organized to promote conventions and tourism in the Buffalo-Niagara region.

The Foundation was formed to solicit charitable contributions for the benefit of educating the public on the cultural activities and resources in the Buffalo-Niagara region. In addition, the Foundation can receive, administer and disburse funds for its approved charitable purposes pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Sports Commission is a not-for-profit corporation formed to promote sports competition in the Western New York region to strengthen the local economy and enhance the community.

All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

Buffalo Niagara Convention Center Management Corporation (the Convention Center) is related to the Organization through common governance. The Organization received fees for shared administrative services from the Convention Center in 2015 and 2014 totaling \$10,000 and \$8,000, of which \$4,000 and \$1,000 is included in accounts receivable as of December 31, 2015 and 2014.

Governmental Support:

Under the terms of agreements dated March 5, 2015 and March 10, 2014, the County of Erie, New York (the County) provided subsidies for operations in 2015 and 2014 totaling \$3,300,000 and \$3,233,283, representing 76% and 72% of total revenues, respectively. The agreement provides the Organization will repay the County any surplus funds at the end of the contract year, calculated as the excess of net assets over the 6 month average of operating expenses, based on actual expenses for the 36 months immediately preceding the current year. The Organization had no surplus funds for 2015 or 2014.

Funding by the County for the year ending December 31, 2016 will continue in the form of a subsidy to CVB totaling \$3,354,500 under the terms of an agreement executed on February 26, 2016.

Funding beyond December 31, 2016 is contingent upon actions to be taken by the County. The Board and management of CVB believe the funding arrangements will be made timely so uninterrupted operations will continue beyond that time.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 13, 2016, the date the financial statements were available to be issued.

Cash:

At various times, cash in financial institutions may exceed federally insured limits and subject the Organization to concentrations of credit risk.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to bad debts expense and a credit to allowance for bad debts based on its assessment of the current status of individual accounts and historical trends. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for bad debts and a credit to accounts receivable.

Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over estimated service lives. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Refundable Advances:

Certain grant awards are recorded as refundable advances until services are performed.

Deferred Revenue:

Deferred revenue consists primarily of advertising revenue related to the Visitors' Guide to be published in the next fiscal year.

Advertising:

Advertising costs are generally expensed as incurred, and amounted to \$742,791 and \$917,767 for the years ended December 31, 2015 and 2014.

Contributions:

Contributions to the Foundation are recorded at fair value at the date the contribution is made. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as unrestricted revenue.

Sales Tax:

Certain jurisdictions impose a sales tax on CVB sales to nonexempt customers. CVB collects these taxes from customers and remits the entire amount accordingly. CVB excludes from revenues and expenses the tax collected and remitted.

Tax Status:

CVB is a 501(c)(6) organization exempt from taxation under Section 501(a) of the Internal Revenue Code. The Foundation and Sports Commission are 501(c)(3) organizations exempt from taxation under Section 501(a) of the Internal Revenue Code. Management believes that the Organizations are no longer subject to examination by Federal and State taxing authorities for years prior to 2012.

Reclassification:

The financial statements for the year ended December 31, 2014 have been reclassified to conform with the presentation adopted for December 31, 2015.

2. Property and Equipment:

	2015	2014
Office furniture and equipment	\$ 701,177	\$ 679,898
Leasehold improvements	153,343	153,343
	<u>854,520</u>	833,241
Less accumulated depreciation	735,759	682,297
	<u>\$ 118,761</u>	<u>\$ 150,944</u>

3. Short-Term Borrowings:

CVB has available a \$500,000 bank demand line of credit with interest payable at prime plus 2%. The line is secured by essentially all CVB assets and an assignment of CVB's rights under its grant agreement with the County, and is subject to annual review and renewal. There were no amounts outstanding under the line at December 31, 2015 and 2014.

4. Grant Revenue:

	2015	2014
County of Erie subsidy	\$ 3,300,000	\$ 3,233,283
Empire State Development - Canadian Marketing Initiative Working Capital	212,400	-
Power Authority of the State of New York - Canadian Marketing Initiative	-	250,000
New York State - Regional Tourism Marketing Program	-	67,000
Empire State Development - National Garden Festival Working Capital	-	50,000
New York State - Tourism Matching Funds Program	54,547	54,912
Foundations and other	13,140	4,924
	<u>\$ 3,580,087</u>	<u>\$ 3,660,119</u>

5. Retirement Plan:

CVB maintains a 401(k) profit sharing plan covering substantially all CVB employees. The plan requires certain minimum CVB contributions based on salaries and employee deferrals. CVB funds all required contributions currently. Total expense pertaining to the plan was \$26,500 and \$22,900 for the years ended December 31, 2015 and 2014.

6. Commitments:

In the normal course of business, CVB enters into agreements with organizations to bring conventions to the Buffalo Niagara region. Future minimum cash commitments, which are often reduced by various revenue sources at the time of the convention, are:

2016	\$ 105,000
2017	43,000
2018	29,000
2019	23,000
2020	2,000
	<u>\$ 202,000</u>

CVB leases office space and equipment under the terms of operating leases. Rental expense under the leases totaled approximately \$153,000 and \$162,000 in 2015 and 2014.

Future minimum annual lease payments due under noncancelable agreements are as follows:

2016	\$ 130,000
2017	123,000
2018	112,000
2019	112,000
2020	112,000
Thereafter	<u>432,000</u>
	<u>\$ 1,021,000</u>

7. Functional Classification of Expenses:

	2015	2014
Program services:		
Convention	\$ 1,699,417	\$ 1,672,935
Communications	1,826,695	2,165,428
Visitor Center	315,961	332,725
	<u>3,842,073</u>	4,171,088
General and administrative	509,371	591,577
	<u>\$ 4,351,444</u>	<u>\$ 4,762,665</u>

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

Additional Information
Consolidating Balance Sheet Schedules

December 31,

2015

2014

	CVB	Foundation	Sports		Consolidated Totals	CVB	Foundation	Sports		Consolidated Totals
			Commission	Eliminations				Commission	Eliminations	
Assets										
Current assets:										
Cash	\$ 512,018	\$ 24,789	\$ 67,370	\$ -	\$ 604,177	\$ 580,539	\$ 34,577	\$ 109,973	\$ -	\$ 725,089
Accounts receivable, net	316,114	158,746	20,000	(189,407)	305,453	143,442	120,757	-	(120,727)	143,472
Prepaid expenses	56,771	5,000	-	(754)	61,017	87,606	5,000	-	(754)	91,852
Inventory	21,696	-	-	-	21,696	24,944	-	-	-	24,944
	<u>906,599</u>	<u>188,535</u>	<u>87,370</u>	<u>(190,161)</u>	<u>992,343</u>	<u>836,531</u>	<u>160,334</u>	<u>109,973</u>	<u>(121,481)</u>	<u>985,357</u>
Property and equipment, net	65,205	53,556	-	-	118,761	61,684	89,260	-	-	150,944
	<u>\$ 971,804</u>	<u>\$ 242,091</u>	<u>\$ 87,370</u>	<u>\$ (190,161)</u>	<u>\$ 1,111,104</u>	<u>\$ 898,215</u>	<u>\$ 249,594</u>	<u>\$ 109,973</u>	<u>\$ (121,481)</u>	<u>\$ 1,136,301</u>

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 269,717	\$ 123,477	\$ -	\$ (190,161)	\$ 203,033	\$ 258,229	\$ 82,690	\$ -	\$ (121,481)	\$ 219,438
Refundable advances	-	1,759	63,205	-	64,964	-	9,700	89,462	-	99,162
Deferred revenue	123,884	-	-	-	123,884	112,290	-	-	-	112,290
	<u>393,601</u>	<u>125,236</u>	<u>63,205</u>	<u>(190,161)</u>	<u>391,881</u>	<u>370,519</u>	<u>92,390</u>	<u>89,462</u>	<u>(121,481)</u>	<u>430,890</u>

Net assets - unrestricted

	578,203	116,855	24,165	-	719,223	527,696	157,204	20,511	-	705,411
	<u>\$ 971,804</u>	<u>\$ 242,091</u>	<u>\$ 87,370</u>	<u>\$ (190,161)</u>	<u>\$ 1,111,104</u>	<u>\$ 898,215</u>	<u>\$ 249,594</u>	<u>\$ 109,973</u>	<u>\$ (121,481)</u>	<u>\$ 1,136,301</u>

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

Additional Information
Consolidating Statement of Activities Schedules

For the years ended December 31,

2015

2014

	2015			2014			Consolidated Totals	Eliminations	Consolidated Totals
	CVB	Foundation	Sports Commission	CVB	Foundation	Sports Commission			
Revenues:									
Grants	\$ 3,566,947	\$ 51,096	\$ -	\$ 3,655,195	\$ 59,125	\$ -	\$ 3,660,119	\$ (54,201)	\$ 3,660,119
Hotel assessments	43,454	-	-	52,569	-	-	52,569	-	52,569
Private sector participation	214,808	-	31,912	225,175	-	36,362	261,537	-	261,537
Advertising	250,759	-	-	238,465	-	-	238,465	-	238,465
Shared services	9,939	-	-	8,242	-	-	8,242	-	8,242
Merchandise sales	223,934	-	-	240,605	-	-	240,605	-	240,605
Interest and other	10,363	-	-	3,928	2,465	-	6,393	-	6,393
Total revenues	4,320,204	51,096	31,912	4,424,179	61,590	36,362	4,467,930	(54,201)	4,467,930
Expenses:									
Salaries	1,553,203	-	-	1,551,114	-	-	1,551,114	-	1,551,114
Advertising	742,791	-	-	917,767	-	-	917,767	-	917,767
Other marketing and promotion	377,106	41,057	-	393,628	52,172	-	393,628	(52,172)	393,628
Payroll taxes and benefits	283,053	-	-	273,096	-	-	273,096	-	273,096
Administrative	224,731	30	-	236,662	159	-	236,821	-	236,821
Visitors' Guide	222,025	-	-	222,851	-	-	222,851	-	222,851
Occupancy	208,819	2,464	-	217,704	2,464	-	218,139	(2,029)	218,139
Convention services and commitments	196,155	-	-	198,599	-	-	198,599	-	198,599
Trade shows	147,757	-	-	154,818	-	-	154,818	-	154,818
Market research	52,432	-	25,758	94,943	-	-	94,943	-	94,943
Website and internet	67,485	-	-	206,958	-	-	206,958	-	206,958
Postage, printing, and supplies	59,516	-	-	63,787	-	-	63,787	-	63,787
Depreciation	17,758	35,704	-	21,576	35,704	-	57,280	-	57,280
Professional fees	47,926	5,150	-	79,518	5,150	25	84,693	-	84,693
Travel and meetings	51,538	-	-	48,779	-	-	48,779	-	48,779
Receptions and sales promotions	17,402	-	-	16,651	-	-	16,651	-	16,651
Special events	-	7,040	2,500	-	2,787	19,954	22,741	-	22,741
Total expenses	4,269,697	91,445	28,258	4,698,451	98,436	19,979	4,762,665	(54,201)	4,762,665
Change in net assets	50,507	(40,349)	3,654	(274,272)	(36,846)	16,383	(294,735)	-	(294,735)
Net assets - beginning	527,696	157,204	20,511	801,968	194,050	4,128	1,000,146	-	1,000,146
Net assets - ending	\$ 578,203	\$ 116,855	\$ 24,165	\$ 527,696	\$ 157,204	\$ 20,511	\$ 705,411	\$ -	\$ 705,411

BUFFALO NIAGARA CONVENTION & VISITORS BUREAU, INC. AND AFFILIATES

**Additional Information
Schedule of Contracted Surplus**

For the year ended December 31, 2015

Net assets	\$ 719,223
Working capital, as defined in agreement with County of Erie dated March 5, 2015	<u>2,161,547</u>
Contractual surplus (deficit)	<u>\$ (1,442,324)</u>

BUFFALO NIAGARA CONVENTION CENTER			
Q1 Revenue	Goal	Actual	Variance
Rent Revenue	\$307,843	\$317,461	+3.1%
F&B Revenue	\$802,903	\$788,678	-1.8%
Electrical Service	\$54,546	\$69,496	+27.4%
Other Revenue	\$36,018	\$50,065	+39.0%
TOTAL REVENUE	\$1,201,310	\$1,225,700	+2.0%
YTD Revenue	2016	2015	Variance
Rent Revenue	\$317,461	\$296,993	+6.9%
F&B Revenue	\$788,678	\$722,338	+9.2%
Electrical Service	\$69,496	\$54,965	+26.4%
Other Revenue	\$50,065	\$46,830	+6.9%
TOTAL REVENUE	\$1,225,700	\$1,121,126	+9.3%
Q1 Events	2016	2015	Variance
Number of Events	32	40	-20%
Attendance	173,147	180,233	-3.9%
YTD Events	2016	2015	Variance
Number of Events	32	40	-20%
Attendance	173,147	180,233	-3.9%
F&B Profit Margin	26.3%	19.1%	+37.7%
Guest Satisfaction Survey	4.77	4.81	-8%
Comments Q1			
<ul style="list-style-type: none"> Total revenues were up slightly to budget in the first quarter by (+\$24k) or +2.0%. Rental revenues were up by (+\$10k) or 3.1% as a result of \$10k in rental charges billed to Ingram Micro. Food and Beverage revenues were down slightly (-\$14k) or -1.8%. Electrical revenues were up to budget in the first quarter by (+\$15k) or +27.4% as the Auto Show (+\$3k), NACUFS (+\$8k) and NACAC (+\$7k) all exceeded their budgeted electrical revenues. Other revenues were up to budget by \$14k as a result of higher than budgeted pass-through revenues. 			
Q1 Major Events Hosted			
Month	Event Name	Number of Attendees	
Jan	Buffalo Soupfest	7,500	
Jan	Town Square Media – Buffalo on Tap	6,797	
Jan	Cheersport	5,400	
Jan	Tuxedo Junction –Bridesworld	3,500	
Jan	Ingram Micro – 2016 North American Sales Kick Off Meeting	1,495	
Jan	Roman Catholic Diocese – 2016 Gala	1,000	
Feb	Niagara Frontier Automobile Dealers Association – 2016 Auto Show	70,000	
Feb	Varsity Brands – American Championship 2016	5,398	
Feb	Moog Inc – Mid Winter Bash	2,520	
Feb	City of Buffalo - State of the City Address	1,585	
Feb	New York State Board of Law Examiners – February Bar Exam	1,479	
March	Marketplace Events – Buffalo Home Show	43,247	
March	Buffalo Motorama	8,000	
March	National Association of College Fairs – 2016 College Fair	8,000	
March	NYC Dance Alliance – 2016 Annual Buffalo Regional Convention	900	

Q1 Major Events Booked		
Year	Event Name	Expected Revenue
2016	Delaware North – Food & Beverage Summit	\$68,425
2016	Roswell Park Alliance Foundation	\$65,000
2016	Rockwell Automation – Rockwell on the Move	\$43,905
2016	Delaware North – Global Leadership Meeting	\$23,700
2016	Stampede Global – National Sales Meeting & Vendor Summit	\$40,600
2016	Greater Buffalo Sports Hall of Fame Dinner	\$40,000
2016	Dave & Adam’s Cardworld – 2016 Nickel City Con	\$27,200
2016	M&T Bank – Officers Meeting	\$35,000
2017	Ingram Micro – 2017 North American Sales Kick Off Meeting	\$235,000
2017	Varsity Brands – 2017 Varsity Spirit	\$49,218
2017	Stampede Global – National Sales Meeting & Vendor Summit	\$45,000
Q1 Notable Sales Activities		
Date	Program	
Jan	Attended Beakers & Beer with VBN – Medical Campus Event	
Jan	Tour of Buffalo Niagara Medical Campus	
Jan	NYS School Boards Assn – Site inspection	
Feb	Attended Potomac PCMA Mix & Bowl Event in DC	
Feb	National Veterans Creative Art Festival – Site Inspection	
Feb	Attended PMPI MACE Appointment Show & Educational Conference DC	
March	Attended the Business First Best Places to Work Luncheon	
March	NYS Dental Association – Site Inspection	



**Buffalo Niagara Convention Center Management
Corporation**

FINANCIAL STATEMENTS

MARCH 31, 2016 and 2015

UNAUDITED

For Presentation at the Board of Director's Meeting on Wednesday April 27, 2016

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

FINANCIAL STATEMENTS

FOR THE MONTH AND THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
BALANCE SHEET
MARCH 31, 2016 AND 2015

UNAUDITED

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 397,623	\$ 391,870
Accounts receivable (net)	478,567	392,334
Accounts Receivable - County Grant	1,725,369	1,699,871
Inventory	76,826	72,450
Prepaid expenses	66,934	68,266
	Total current assets	2,624,792
Property and equipment, net	-	-
	Total assets	\$ 2,624,792
	\$ 2,745,319	\$ 2,624,792

LIABILITIES AND NET ASSETS

Current liabilities:		
Short-term borrowings	\$ -	\$ -
Current portion of long-term debt	-	-
Accounts payable and accrued expenses	225,953	377,572
Deferred revenue - Erie County Grant	1,294,027	1,274,903
Deferred revenue - Technology Grant	28,196	28,196
Deferred revenue - Other	127,707	108,731
	Total current liabilities	1,789,402
Long-term debt	-	-
Net Assets:		
Net assets - unrestricted	1,069,436	835,390
	Total liabilities and net assets	\$ 2,624,792
	\$ 2,745,319	\$ 2,624,792

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
STATEMENT OF ACTIVITIES
MARCH 31, 2016 AND 2015

UNAUDITED

	<u>Actual March 2016</u>	<u>Budget March 2016</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Actual March 2015</u>
Technology Grant	\$ -	\$ -	\$ -	0%	\$ -
County Grant Funds	143,781	143,781	-	0%	141,656
Other revenues	195,726	225,847	(30,121)	-13%	226,317
Total Revenues	<u>339,507</u>	<u>369,628</u>	<u>(30,121)</u>	<u>-8%</u>	<u>367,973</u>
Payroll and related costs	192,470	182,037	10,433	6%	172,781
Professional fees	22,377	20,167	2,210	11%	28,250
Supplies	24,037	17,895	6,142	34%	23,754
Telephone	5,573	6,150	(577)	-9%	1,683
Postage and Freight	140	245	(105)	-43%	306
Occupancy costs	58,318	64,007	(5,689)	-9%	78,451
Equipment rental and maintenance	9,341	9,242	99	1%	9,486
Travel expenses	3,005	2,230	775	35%	2,175
Promotional expenses	3,782	10,318	(6,536)	-63%	9,455
Other Expenses	6,317	4,017	2,300	57%	1,132
Depreciation expense	-	-	-	0%	-
Capital Equipment Purchases	-	10,000	(10,000)	-100%	149
Total Operating expenses	<u>325,360</u>	<u>326,308</u>	<u>(948)</u>	<u>0%</u>	<u>327,622</u>
Increase (decrease) in net assets	14,147	43,320	(29,173)	-67%	40,351
Net assets - beginning	1,055,289	1,011,598	43,691	4%	795,039
Net assets - ending	<u><u>\$1,069,436</u></u>	<u><u>\$1,054,918</u></u>	<u><u>\$ 14,518</u></u>	<u><u>1%</u></u>	<u><u>\$ 835,390</u></u>

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
STATEMENT OF ACTIVITIES
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

UNAUDITED

	<u>Actual March 2016</u>	<u>Budget March 2016</u>	<u>\$ Variance Over (Under)</u>	<u>% Variance Over (Under)</u>	<u>Actual March 2015</u>
Technology Grant	\$ -	\$ -	\$ -	0%	\$ -
County Grant Funds	431,342	431,343	(1)	0%	424,968
Other revenues	649,560	633,304	16,256	3%	540,178
Total Revenues	<u>1,080,902</u>	<u>1,064,647</u>	<u>16,255</u>	<u>2%</u>	<u>965,146</u>
Payroll and related costs	574,813	577,022	(2,209)	0%	526,114
Professional fees	44,886	36,501	8,385	23%	50,513
Supplies	69,340	53,685	15,655	29%	96,983
Telephone	12,934	18,450	(5,516)	-30%	11,633
Postage and Freight	742	735	7	1%	830
Occupancy costs	182,519	184,384	(1,865)	-1%	204,451
Equipment rental and maintenance	28,401	27,726	675	2%	28,799
Travel expenses	5,443	6,690	(1,247)	-19%	7,181
Promotional expenses	21,975	30,954	(8,979)	-29%	25,747
Other Expenses	18,698	12,051	6,647	0%	11,303
Depreciation expense	-	-	-	0%	-
Capital Equipment Purchases	184	10,000	(9,816)	-98%	50,693
Total Operating expenses	<u>959,935</u>	<u>958,198</u>	<u>1,737</u>	<u>0%</u>	<u>1,014,247</u>
Increase (decrease) in net assets	120,967	106,449	14,518	14%	(49,101)
Net assets - beginning	948,469	948,469	-	0%	884,491
Net assets - ending	<u><u>\$ 1,069,436</u></u>	<u><u>\$ 1,054,918</u></u>	<u><u>\$ 14,518</u></u>	<u><u>1%</u></u>	<u><u>\$ 835,390</u></u>

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
SCHEDULE OF FOOD SERVICE OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

UNAUDITED

	<u>For the Month</u>		<u>Year To date</u>		<u>Year To Date</u>	
	<u>March</u>		<u>March</u>		<u>March</u>	
	<u>2016</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
<u>Sales:</u>						
Sales - Food	\$ 98,494	68.10%	\$ 638,825	81.00%	\$ 571,012	79.05%
Sales - Beverage	45,129	31.20%	146,593	18.59%	148,011	20.49%
Sales - Vending all	1,004	0.69%	3,260	0.41%	3,315	0.46%
Sales - Non-foods Other	-	0.00%	-	0.00%	-	0.00%
Total Sales	<u>144,627</u>	<u>100.00%</u>	<u>788,678</u>	<u>100.00%</u>	<u>722,338</u>	<u>100.00%</u>
<u>Cost of Sales:</u>						
Cost of Sales - Food	41,785	28.89%	201,897	25.60%	203,792	28.21%
Cost of Sales - Beverage	14,748	10.20%	36,331	4.61%	43,216	5.98%
Cost of Sales - Vending all	851	0.59%	2,000	0.25%	1,751	0.24%
Cost of Sales - Non foods & Other	2,087	1.44%	3,652	0.46%	7,256	1.00%
Cost of Sales - Employee meals	-	0.00%	-	0.00%	-	0.00%
Total Cost of Sales	<u>59,471</u>	<u>41.12%</u>	<u>243,880</u>	<u>30.92%</u>	<u>256,015</u>	<u>35.44%</u>
Gross Profit	<u>85,156</u>	<u>58.88%</u>	<u>544,798</u>	<u>69.08%</u>	<u>466,323</u>	<u>64.56%</u>
<u>Operating Expenses:</u>						
Salaries & Benefits	78,366	54.18%	277,708	35.21%	276,480	38.28%
Professional fees/Contracts	-	0.00%	-	0.00%	-	0.00%
Supplies and Freight	3,549	2.45%	15,035	1.91%	15,494	2.14%
Occupancy	6,985	4.83%	19,754	2.50%	15,691	2.17%
Equipment rental & maintenance	930	0.64%	3,529	0.45%	3,582	0.50%
Travel expenses	-	0.00%	-	0.00%	-	0.00%
Promotion	1,491	1.03%	18,484	2.34%	14,901	2.06%
Other	455	0.31%	3,155	0.40%	2,371	0.33%
Total Operating Expenses	<u>91,776</u>	<u>63.46%</u>	<u>337,665</u>	<u>42.81%</u>	<u>328,519</u>	<u>45.48%</u>
Net Income Food Service	<u>\$ (6,620)</u>	<u>-4.58%</u>	<u>\$ 207,133</u>	<u>26.26%</u>	<u>\$ 137,804</u>	<u>19.08%</u>

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORP.
OTHER REVENUES RECAP
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

UNAUDITED

	For The Month			Year to Date					
	Actual March 2016	Budget March 2016	\$ Variance Over (Under)	% Variance Over (Under)	Actual March 2015	Budget March 2016	\$ Variance Over (Under)	% Variance Over (Under)	Actual March 2015
Rentals	\$ 149,152	\$ 148,652	\$ 500	0%	\$ 168,204	\$ 317,461	\$ 9,618	3%	\$ 296,993
Equipment Rentals	250	898	(648)	-72%	768	4,733	2,039	76%	3,858
Electrical Services	31,744	20,816	10,928	52%	23,742	69,496	14,950	27%	54,965
Commissions	2,832	1,321	1,511	114%	1,920	5,405	1,442	36%	3,586
Net Catering Revenues	(6,620)	41,352	(47,972)	-116%	8,375	207,133	(23,796)	-10%	137,804
Interest	-	-	-	-	-	-	(5)	-100%	-
Other	18,368	12,808	5,560	43%	23,308	45,332	12,008	36%	42,972
Total Other Revenues	\$ 195,726	\$ 225,847	\$ (30,121)	-13%	\$ 226,317	\$ 649,560	\$ 16,256	3%	\$ 540,178

**BUFFALO NIAGARA CONVENTION CENTER
MANAGEMENT CORPORATION**

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

DECEMBER 31, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo Niagara Convention Center Management Corporation

We have audited the accompanying balance sheets of Buffalo Niagara Convention Center Management Corporation (the Center) as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Center as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional information on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 18, 2016, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Center's internal control over financial reporting and compliance.


February 18, 2016

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash	\$ 841,786	\$ 1,045,034
Accounts receivable, net (Note 2)	511,052	258,281
Inventory (Note 3)	73,907	56,300
Prepaid expenses	61,496	43,054
	<u>\$ 1,488,241</u>	<u>\$ 1,402,669</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 254,406	\$ 259,005
Accrued expenses	123,559	105,962
Deferred revenue	161,807	153,025
	<u>539,772</u>	<u>517,992</u>
Unrestricted net assets	<u>948,469</u>	<u>884,677</u>
	<u>\$ 1,488,241</u>	<u>\$ 1,402,669</u>

See accompanying notes.

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Statements of Activities

For the years ended December 31,	2015	2014
Changes in unrestricted net assets:		
Revenue and support:		
Erie County grant (Note 1)	\$ 1,699,871	\$ 1,674,750
Revenue from in-house catering service	3,094,872	2,692,433
Rentals	925,313	867,434
Technology grant	-	5,000
Miscellaneous	126,023	108,474
Total revenue and support	<u>5,846,079</u>	<u>5,348,091</u>
Expenses:		
Program services	4,927,580	4,490,993
General and administrative	854,707	808,364
Total expenses	<u>5,782,287</u>	<u>5,299,357</u>
Change in unrestricted net assets	63,792	48,734
Net assets - beginning	<u>884,677</u>	<u>835,943</u>
Net assets - ending	<u>\$ 948,469</u>	<u>\$ 884,677</u>

See accompanying notes.

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Statements of Cash Flows

For the years ended December 31,	2015	2014
Operating activities:		
Change in unrestricted net assets	\$ 63,792	\$ 48,734
Adjustments to reconcile change in unrestricted net assets to net operating activities:		
Changes in other current assets and current liabilities:		
Accounts receivable	(252,771)	176,445
Inventory	(17,607)	(815)
Prepaid expenses	(18,442)	8,120
Accounts payable	(4,599)	(160,310)
Accrued expenses	17,597	(8,404)
Deferred revenue	8,782	(20,758)
Net change in cash	(203,248)	43,012
Cash - beginning	1,045,034	1,002,022
Cash - ending	\$ 841,786	\$ 1,045,034
Supplemental cash flows information:		
Interest paid (approximates expense)	\$ -	\$ 392

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

Buffalo Niagara Convention Center Management Corporation (the Center) is a nonprofit corporation organized to operate, manage and promote a convention center facility located in the City of Buffalo, New York (the City) pursuant to an agreement with Erie County, New York (the County). The membership of the Corporation consists of one class of members composed of the City and the County.

The Center grants credit to individuals, businesses and not-for-profit organizations located throughout the United States.

Buffalo Niagara Convention and Visitors Bureau, Inc. (the CVB) is an entity related to the Center through shared administration and common board members. The Center reimbursed the CVB \$10,000 and \$8,000 in fees for shared administrative services in 2015 and 2014, of which \$1,000 was included in accounts payable at December 31, 2014.

Governmental Support:

Under the terms of annual public benefit services contracts (service contracts) with the County, the Center received subsidies for operations in 2015 and 2014 totaling \$1,699,871 and \$1,674,750, representing 29% and 31% of total revenue, respectively. The service contracts also require the Center to repay the County any surplus funds at the end of the contract year, calculated as the excess of net assets over the 6 months average of operating expenses, based on actual expenses for the 36 months immediately preceding the current year. The Center had no calculated surplus funds for 2015 or 2014.

Funding by the County for the year ending December 31, 2016 is expected to continue in the form of a subsidy to the Center with similar terms. Funding beyond December 31, 2016 is contingent upon actions taken by the County. The Board and management of the Center believe the funding arrangements will be made timely so uninterrupted operations will continue beyond that time.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 18, 2016, the date the financial statements were available to be issued.

Cash:

At various times, cash in financial institutions may exceed federally insured limits and subject the Center to concentrations of credit risk.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to bad debts expense and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical trends. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

Inventory:

Inventory consists primarily of food and beverage products and is valued at the lower of first-in, first-out cost or market.

Deferred Revenue:

Deferred revenue consists of rental deposits received in advance of scheduled events and advances on certain grants. Revenue will be recognized when the events occur or when the Center has incurred expenditures in compliance with the specific grant requirements.

Sales Tax:

Certain jurisdictions impose a sales tax on the Center sales to nonexempt customers. The Center collects these taxes from customers and remits the entire amount accordingly. The Center excludes from revenues and expenses the tax collected and remitted.

Functional Allocation of Expenses:

The costs of providing program and supporting services have been summarized in the statements of activities. Certain costs have been allocated among program and supporting services based on management estimates.

Tax Status:

The Center is a 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code. Management believes that the Center is no longer subject to examination by Federal and State taxing authorities for years prior to 2012.

2. Accounts Receivable:

	2015	2014
Trade receivables	\$ 520,052	\$ 271,281
Less allowance for doubtful accounts	9,000	13,000
	<u>\$ 511,052</u>	<u>\$ 258,281</u>

3. Inventory:

	2015	2014
Food	\$ 32,251	\$ 26,112
Beverage	33,946	21,590
Catering service supplies	6,415	7,821
Vending machine merchandise	1,295	777
	<u>\$ 73,907</u>	<u>\$ 56,300</u>

4. Short-Term Borrowings:

The Center has available a \$400,000 bank demand line of credit for working capital financing with interest payable at prime plus 1½%. The line is secured by essentially all assets of the Center. There were no outstanding borrowings under this line at December 31, 2015 and 2014.

5. Retirement Plans:

The Center maintains a noncontributory, defined contribution profit sharing plan covering essentially all nonunion employees. Employer contributions are a percentage of qualifying compensation for 2015 and 2014. Total expense under this plan was \$17,900 for 2015 and \$19,800 for 2014.

The Center's union employees are covered by defined benefit multi-employer plans pursuant to the terms of collective bargaining agreements. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Center chooses to stop participating in a multiemployer plan, the Center may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Center's participation in the plans for the years ended December 31, 2015 and 2014 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone statuses available in 2015 and 2014 are for the following plan year ends: December 31, 2014 and 2013 for Plan 1, December 31, 2014 and 2013 for Plan 2, and January 31, 2015 and 2014 for Plan 3. The zone status is based on information that the Center received from the plans and is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the plan is subject.

Pension Plan	EIN/Pension Plan Number	PPA Zone Status		FIP/RP Status Pending/Implemented	Company Contributions		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2015	2014		2015	2014		
Plan 1	16-0908576/001	Green	Green	Yes	\$ 23,500	\$ 20,600	Yes	December 31, 2017
Plan 2	13-6130178/001	Yellow	Yellow	Yes	3,700	2,700	Yes	December 31, 2017
Plan 3	36-6052390/001	Green	Green	No	32,200	28,900	No	December 31, 2017
					<u>\$ 59,400</u>	<u>\$ 52,200</u>		

The Center was not listed in any of the Forms 5500 as providing more than 5 percent of the total contributions for the plan years ended January 31, 2015 and 2014 and December 31, 2014 and 2013. At the date the financial statements were issued, Forms 5500 were not available for the plan years ended January 31, 2016 and December 31, 2015.

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Additional Information
Schedule of Functional Expenses

For the year ended December 31, 2015

With comparative summarized totals for the year ended December 31, 2014

	Program Services	General and Administrative	2015 Total	2014 Total
Salaries and wages	\$ 1,077,949	\$ 461,978	1,539,927	\$ 1,430,071
Payroll taxes	109,122	46,766	155,888	156,725
Employee benefits	201,918	86,536	288,454	230,838
Total non-catering personnel expenses	<u>1,388,989</u>	<u>595,280</u>	<u>1,984,269</u>	<u>1,817,634</u>
In-house catering expenses	2,376,429	-	2,376,429	2,070,884
Professional and contracted services	13,000	95,332	108,332	122,645
Property and equipment purchases	53,938	5,993	59,931	107,511
Supplies	218,898	35,635	254,533	279,258
Telephone	49,655	8,763	58,418	69,882
Postage	1,958	345	2,303	2,345
Occupancy	570,701	63,411	634,112	556,410
Rental and maintenance of equipment	100,278	11,142	111,420	104,407
Travel and entertainment	21,982	2,442	24,424	18,363
Promotion, printing and publications	122,283	-	122,283	115,033
Dues and subscriptions	-	6,311	6,311	4,856
Laundry, uniforms and cleaning	9,469	3,157	12,626	10,807
Interest	-	-	-	392
Miscellaneous	-	26,896	26,896	18,930
Total non-personnel expenses	<u>3,538,591</u>	<u>259,427</u>	<u>3,798,018</u>	<u>3,481,723</u>
Total	<u>\$ 4,927,580</u>	<u>\$ 854,707</u>	<u>\$ 5,782,287</u>	<u>\$ 5,299,357</u>

See independent auditors' report.

BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Additional Information
Schedule of Contracted Surplus

For the year ended December 31, 2015

Net assets	\$ 948,469
Working capital, as defined in agreement with County of Erie dated March 6, 2015	<u>2,519,103</u>
Contractual surplus (deficit)	<u>\$ (1,570,634)</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Buffalo Niagara Convention Center Management Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of Buffalo Niagara Convention Center Management Corporation (the Center) as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Lynnden & McCormick, LLP
February 18, 2016