



S. PATRICIA WHITE, CPA, P.C.

Austin Convention Enterprises, Inc.

Financial Statements
and
Accountant's Compilation Report

For the Nine Months Ended September 30, 2020

Austin Convention Enterprises, Inc.

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S. PATRICIA WHITE, CPA, P.C.

Accountant's Compilation Report

Board of Directors
Austin Convention Enterprises, Inc.
Austin, Texas

Management is responsible for the accompanying financial statements of Austin Convention Enterprises, Inc. (the Company) as of and for the nine months ended September 30, 2020, which collectively comprise the Company's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit all of the disclosures and management discussion and analysis required by accounting principles generally accepted in the United States of America. If the omitted disclosures and management discussion and analysis were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplemental information on page 7 is the representation of management. This information was subject to my compilation engagement, however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

I am not independent with respect to the Company.

Patricia White CPA

October 30, 2020

Financial Statements

Austin Convention Enterprises, Inc.

Statement of Net Position

September 30, 2020

ASSETS

CURRENT ASSETS

Cash in bank	\$ 3,127,742
Accounts receivable, net of allowance of \$93,550	624,607
Inventories	146,034
Other current assets	<u>913,395</u>
Total Current Assets	<u>4,811,778</u>

NONCURRENT ASSETS

Investments - restricted	
2017 Available revenue fund	24,785
2017 Tax and insurance fund	462,511
2017 Administrative fee fund	6,066
2017 Renewal and replacement fund	2,070,896
2017A Debt service fund	2,802,035
2017A Debt service reserve fund	13,457,270
2017B Debt service fund	3,178
2017B Debt service reserve fund	6,223,125
2017 Supplemental renewal and replacement fund	3,147,353
2017AB Subordinate management fee fund	756
2017AB Operating reserve fund	2,604,135
2017 Excess revenue corporate fund	3,097
2017 Excess revenue prepayment fund	<u>10,693,514</u>
Total Investments	41,498,721
Capital assets, net of accumulated depreciation of \$112,084,222	172,154,061
Capital reserve - ACCA	<u>488,788</u>
Total Noncurrent Assets	<u>214,141,570</u>

TOTAL ASSETS 218,953,348

DEFERRED OUTFLOWS - LOSS ON REFUNDING 12,855,058

Accountant's compilation report should be read with this financial statement

Austin Convention Enterprises, Inc.

Statement of Net Position (Continued)

September 30, 2020

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 4,353,137
First tier debt service accrued interest	1,546,937
Second tier debt service accrued interest	643,750
Bonds payable - current maturities	<u>8,940,000</u>
Total Current Liabilities	<u>15,483,824</u>

NONCURRENT LIABILITIES

Series 2017A bonds payable	118,195,000
Series 2017B bonds payable	48,120,000
Premium on Series 2017A bonds payable, net	12,689,849
Premiums on Series 2017B bonds payable, net	4,097,407
Payroll taxes payable	<u>135,703</u>
Total Noncurrent Liabilities	<u>183,237,959</u>

Total Liabilities	<u>198,721,783</u>
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DEFERRED INFLOWS - GAIN ON REFUNDING	<u>928,829</u>
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NET POSITION

Net investment in capital assets	14,322,564
Restricted - debt service	17,023,503
Unrestricted	<u>811,727</u>
Total Net Position	<u>\$ 32,157,794</u>

Accountant's compilation report should be read with this financial statement

Austin Convention Enterprises, Inc.

Statements of Revenues, Expenses and Changes in Net Position

For the Nine Months Ended September 30, 2020

	Capital Assets	Hotel Operations	Total
Operating Revenue	\$ -	\$ 19,591,230	\$ 19,591,230
Operating Expenses			
Hotel Operating Expenses			
Direct operating expenses	-	9,965,561	9,965,561
Sales and marketing	-	1,918,428	1,918,428
Taxes and insurance	-	401,168	401,168
Information and telecom systems	-	621,630	621,630
General and administrative	377,110	2,864,823	3,241,933
Management fees	-	2,807,361	2,807,361
Operations monitor	-	153,264	153,264
Depreciation expense	-	9,604,942	9,604,942
Total Hotel Operating Expenses	377,110	28,337,177	28,714,287
D&O insurance	32,412	-	32,412
Professional fees	685,213	-	685,213
Total Operating Expenses	1,094,735	28,337,177	29,431,912
Operating Income (Loss)	(1,094,735)	(8,745,947)	(9,840,682)
Non-operating Revenues and (Expenses)			
Amortization of premiums on Series 2017A bonds	1,176,453	-	1,176,453
Amortization of premiums on Series 2017B bonds	421,739	-	421,739
City of Austin projects expense	(2,000,000)	-	(2,000,000)
Interest income	128,900	-	128,900
Interest expense	(7,269,926)	-	(7,269,926)
Total Non-operating Revenues and (Expenses)	(7,542,834)	-	(7,542,834)
Change in Net Position	\$ (8,637,569)	\$ (8,745,947)	(17,383,516)
Net Position at Beginning of Period			49,541,310
Net Position at End of Period			\$ 32,157,794

Accountant's compilation report should be read with this financial statement

Austin Convention Enterprises, Inc.

Statement of Cash Flows

For the Nine Months Ended September 30, 2020

Cash Flows from Operating Activities	
Cash received from customers	\$ 21,439,974
Cash payments to employees for services	(6,736,449)
Cash payments to suppliers for goods and services	<u>(17,668,654)</u>
Net Cash Used in Operating Activities	<u>(2,965,129)</u>
Cash Flows from Investing Activities	
Interest received	194,230
Investment purchases and sales, net	<u>21,799,910</u>
Net Cash Provided by Investing Activities	<u>21,994,140</u>
Cash Flows from Non-Capital Financing Activities	
Payments for City of Austin projects	<u>(2,000,000)</u>
Net Cash Used in Non-Capital Financing Activities	<u>(2,000,000)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of fixed assets	(3,682,627)
Payments of bond principal	(8,520,000)
Interest Paid	<u>(8,975,750)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(21,178,377)</u>
Net Decrease in Cash and Cash Equivalents	(4,149,366)
Cash and Cash Equivalents at Beginning of Period	<u>7,277,312</u>
Cash and Cash Equivalents at End of Period	<u><u>\$ 3,127,946</u></u>
Noncash Investing, Capital and Financing Activities	
Amortization of bond premiums	<u>\$ (1,598,192)</u>
Amortization of deferred loss on refunding	<u>\$ 750,111</u>
Amortization of deferred gain on refunding	<u><u>\$ (52,248)</u></u>

Accountant's compilation report should be read with this financial statement

Austin Convention Enterprises, Inc.

Statement of Cash Flows (Continued)

For the Nine Months Ended September 30, 2020

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (9,840,682)
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	9,604,942
Change in Assets and Liabilities:	
(Increase) decrease in:	
Accounts receivable, net	1,940,225
Inventory	11,599
Other current assets	31,138
Other assets	42,187
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>(4,754,538)</u>
Net Cash Used in Operating Activities	<u>\$ (2,965,129)</u>

Accountant's compilation report should be read with this financial statement

Supplemental Information

Austin Convention Enterprises, Inc.

Hotel Occupancy, Average Daily Rate, and RevPAR

For the Nine Months Ended September 30, 2020 and the Year Ended December 31, 2019

The following information is included to provide a summary of Hotel operations in comparison to the prior year.

Description	Nine Months Ended September 30, 2020	Year Ended December 31, 2019
Occupancy Rate	25%	74%
Average Daily Rate	\$206	\$234
Revenue per available room (RevPAR)	\$52	\$174

The following information is included to provide a summary of Hotel operations in comparison to the Competitive Set. The Competitive Set includes four hotels in the Hotel's immediate market area that are most comparable to the Hotel in quality, price, and market. The calculations related to the Competitive Set are based on the nine months ended September 30, 2020.

Description	Hilton Austin	Competitive Set
Occupancy Rate	25%	30%
Average Daily Rate	\$206	\$182
Revenue per available room (RevPAR)	\$52	\$54

Accountant's compilation report should be read with this supplemental information