INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, (an enterprise fund of the State of New York) (the "Egg"), as of March 31, 2019 and for the year then ended, and the related notes to the financial statements, which collectively comprise Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation'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 respective financial position of the Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, as of March 31, 2019, and the respective change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2, Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation adopted the Governmental Accounting Standards Board’s Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans as of and for the year ended March 31, 2019. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of local government’s proportionate share of the net pension liability, schedule of pension contributions, and schedule of changes in the total Other Postemployment Benefits liability and related ratios on pages 4-9, 29-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2019 on our consideration of Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation’s internal control over financial reporting and compliance.

Albany, New York
June 28, 2019

1. Responsibilities and Controls

The management of the Egg has prepared and is responsible for the financial statements and related information included in this report. A system of internal controls is maintained to provide reasonable assurance that assets are safeguarded and the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes that its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Egg’s system of internal accounting controls is evaluated on an ongoing basis by the Egg’s internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Finance Committee of the Egg’s Board of Directors serves the role of an Audit Committee. It is composed of members of the Board who are not employees of the Egg and who provide a broad view of management’s financial reporting and control functions. Periodically, this Committee meets with management and the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Egg’s operations are conducted according to management’s intentions and to a high standard of business ethics.

2. Audit Assurance

The unmodified (i.e. clean) opinion of our independent external auditors, Pattison, Koskey, Howe & Bucci, CPAs, P.C., is included on pages 1-3 of this report. This section presents management’s discussion and analysis of the Egg’s financial condition and activities for the year ended March 31, 2019. This information should be read in conjunction with the financial statements.
3. Financial and Organizational Highlights

The following are some of the highlights of the 2019 fiscal year:

- The Egg remained on solid financial ground, successfully augmenting earned revenue from performance ticket sales, facility rentals and contracted services with unearned income from memberships, grants, corporate support and its appropriation from the State of New York (NYS).

- The Egg continues to serve as the administrative arm of the NYS Performing Arts Presenters Network (with support for these and related activities directed through the NYS Council on the Arts), hosting a statewide arts conference in Albany as well as arranging for other opportunities for presenting organizations to collaborate.

4. Required Financial Statements

The financial statements for the Egg report information about the accounting methods which are used and are similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The Statement of Net Position includes all of the Egg’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Egg’s creditors (liabilities).

All of the year’s revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement measures the success of the Egg’s operations over the past year and can be used to determine whether the Egg has successfully met all its costs and fees through its admissions and rental of the facility.

The statement of cash flows presents how the Egg generates and uses its cash and cash equivalents in operations, financing, and investing activities. Positive results from operating activities indicate that income from operations generated cash while a negative result indicates a use of cash. Negative investing and financing activities indicate a use of cash to acquire assets or pay back long-term debt.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of the material data provided in the statements. The notes present information about the Egg’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

See independent auditors’ report.

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5. Summary of Organization and Business

The Egg was created by an act of Legislation in 1979 to provide upstate New York with a world class performing arts center in order to present the finest artistic talent in New York State as well as provide a venue for international artists. A public benefit corporation, the Egg presents world class modern dance and family entertainment, as well as a wide variety of music and theater events. Although predominantly local, the Egg’s audience comes from Western Massachusetts, Syracuse, Poughkeepsie, the Adirondack Region, as well as national and international tour groups. In addition, it is the Egg’s policy to provide free tickets to many public service organizations in the Capital Region so that those who are living below the poverty level can have the same cultural opportunities as those who can afford a full price ticket. In this way, as well as programming, the Egg attracts the most diverse audiences, bringing them together through the shared experience of artistic creation. The Egg also provides space and develops programs for civic, governmental, performing arts, and other cultural and public entities for the benefit of the citizens of New York State, as well as the departments and agencies of New York State government.

The Egg pays the New York State Office of General Services (OGS), a related party, for its maintenance, insurance, parking and telephones. The venue is maintained by OGS but is operated and managed by The Egg and consists of the Kitty Carlisle Hart Theater (982 seats) and The Lewis A. Swyer Theater (445 seats). Each theater offers a spacious lounge area; the Hart Theater Lounge is capable of holding large receptions. Offices are located on the Concourse and P-1 Levels of the Empire State Plaza; the P-1 area contains a scene shop, costume shop, paint room, 2 large rehearsal rooms as well as storage.

6. General Authority Data

The Egg hosted more than 224 events during its 2018-2019 season with more than 98,500 people attending.

7. Financial Analysis

The comparative condensed financial statements and other selected information providing key financial data and indicators for management, monitoring, and planning for the years ended March 31, 2019 and 2018 are presented on the following page.