

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA
PERFORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)**

AUDITED FINANCIAL STATEMENTS

For the year ended March 31, 2020

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Revenues, Expenses, and Change in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Egg's Proportionate Share of the Net Pension Liability	25
Schedule of the Egg's Pension Contributions	26
Schedule of the Changes in the Net OPEB Liability	27
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	28

One Hudson City Centre, Suite 204
Hudson, NY 12534

Phone 518-828-1565
Fax 518-828-2672
Web www.uhy-us.com

INDEPENDENT AUDITOR'S 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 (a public benefit corporation and component unit of the State of New York) (the "Egg"), as of March 31, 2020 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, 2020, 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.

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 net other postemployment benefits on pages 3-8 and 25-27 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 October 14, 2020 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Hudson, New York
October 14, 2020

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2020

The Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, hereafter referred to as the “Egg”, is pleased to present its 2019-2020 Annual Financial Report.

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, UHY LLP, is included on pages 1-2 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, 2020. 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 2020 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). However, the Egg was forced to close in mid-March 2020 due to the restrictions on public gatherings as a result of the COVID-19 pandemic. As a result, many events – both presented by the Egg as well as rentals – were cancelled or postponed. This negatively impacted the Egg’s earned income total for the month of March 2020. With the facility shut down indefinitely, the Egg has taken steps to minimize expenditures – including staff furloughs – while the ability to earn income from performances and rentals remains impossible. The Board of Directors continues to monitor the financial situation and will make other adjustments to the Egg’s administration as necessary depending on the length of the facility shutdown.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
March 31, 2020**

3. Financial and Organizational Highlights (Continued)

- 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), facilitating a series of meetings of art presenters in five regions in the 2019-2020 fiscal year, 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 Egg did not have any cash flows from financing activities during the year ended March 31, 2020.

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.

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.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
March 31, 2020**

5. Summary of Organization and Business (Continued)

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 190 events during its 2019-2020 season with more than 67,500 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, 2020 and 2019 are presented on the following page.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION**
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
March 31, 2020

7. Financial Analysis (Continued):

	<u>Condensed Statement of Net Position</u>			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current assets	\$ 1,066,587	\$ 1,138,828	\$ (72,241)	(6)
Equipment, net	20,330	27,648	(7,318)	(26)
Total assets	<u>1,086,917</u>	<u>1,166,476</u>	<u>(79,559)</u>	<u>(7)</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	<u>117,486</u>	<u>199,419</u>	<u>(81,933)</u>	<u>(41)</u>
LIABILITIES				
Current liabilities	<u>535,929</u>	<u>711,642</u>	<u>(175,713)</u>	<u>(25)</u>
Non-current liabilities				
Net pension obligation	109,001	51,891	57,110	110
Other postemployment benefits	<u>1,204,760</u>	<u>1,252,588</u>	<u>(47,828)</u>	<u>(4)</u>
Total non-current liabilities	<u>1,313,761</u>	<u>1,304,479</u>	<u>9,282</u>	<u>1</u>
Total liabilities	<u>1,849,690</u>	<u>2,016,121</u>	<u>(166,431)</u>	<u>(8)</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>43,909</u>	<u>172,694</u>	<u>(128,785)</u>	<u>(75)</u>
NET POSITION				
Invested in capital assets	20,330	27,648	(7,318)	(26)
Unrestricted	<u>(709,526)</u>	<u>(850,568)</u>	<u>141,042</u>	<u>17</u>
Total net position	<u>\$ (689,196)</u>	<u>\$ (822,920)</u>	<u>\$ 133,724</u>	<u>16</u>

Condensed Statement of Revenues, Expenses and Change in Net Position

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenue	\$ 1,912,374	\$ 2,034,346	\$ (121,972)	(6)
Non-operating revenue	<u>224,218</u>	<u>223,823</u>	<u>395</u>	<u>0</u>
Total revenues	<u>2,136,592</u>	<u>2,258,169</u>	<u>(121,577)</u>	<u>(5)</u>
Depreciation expense	17,829	24,484	(6,655)	(27)
Other operating expense	2,024,347	2,012,458	11,889	1
Non-operating expense	<u>-</u>	<u>2,469</u>	<u>(2,469)</u>	<u>(100)</u>
Total expenses	<u>2,042,176</u>	<u>2,039,411</u>	<u>2,765</u>	<u>0</u>
Change in net position, before OPEB	94,416	218,758	(124,342)	(57)
OPEB (benefit) expense	<u>(39,308)</u>	<u>295,953</u>	<u>(335,261)</u>	<u>(113)</u>
Change in net position	133,724	(77,195)	210,919	(273)
Net position, beginning of year	<u>(822,920)</u>	<u>(745,725)</u>	<u>(77,195)</u>	<u>(10)</u>
Net position, end of year	<u>\$ (689,196)</u>	<u>\$ (822,920)</u>	<u>\$ 133,724</u>	<u>16</u>

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
March 31, 2020**

8. Financial Condition:

The overall financial position of the Egg was strong at March 31, 2020. During the past five fiscal years, the Egg has generated operating surpluses (before other postemployment benefits) and has erased a substantial negative fund balance.

As of March 31, 2020 and 2019, net working capital was \$530,658 and \$427,186, respectively. Improvements to net working capital have occurred in recent years as a result of improved operating income before postretirement benefits and non-cash pension and depreciation expenses.

Operating revenues decreased from 2019 to 2020 by 6%, due in part to the closing of the Egg's theater and other facilities to the public and the cancellation or postponement of events due to the COVID-19 pandemic. The Egg's ticket revenue decreased by \$123,676, or 12%, from 2019 to 2020.

The Egg experienced a slight increase of \$5,234 in operating expenses from 2019 to 2020, or less than 1%. This was due in part to an increase in salaries and wages to full-time and part-time staff, advertising expenses, and employee benefits, which increased by \$61,464, \$9,172, and \$7,930 from 2019 to 2020, respectively. However, these were offset by decreases to artist fees and production hospitality expenses, which decreased by \$63,731 and \$11,350 from 2019 to 2020, respectively.

As noted in previous financial statements, over the past two decades, the Egg has received a significant portion of its operating revenue from the State of New York. While the percentage has significantly declined in recent years due to the success of programming and management of the Egg, these funds remain critical to the Egg's ability to deliver on its mission to present a wide range of artistic talent to its diverse audience.

9. Long Term Obligations

With its current cash flow, the Egg has been able to pay all its vendors within the Prompt Payment Guidelines that have been established by management.

Long-term obligations are comprised of unfunded pension obligations and other postretirement benefits.

10. Contacting the Authority's Financial Manager

This financial report is intended to provide a general overview of the Egg's fiscal health and to illustrate the Egg's accountability for the revenue it receives. If you have questions about this report or need further information, contact the Business Manager, Matthew G. Moross at The Egg, PO Box 2065, Albany, NY 12220 or at www.theegg.org.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
March 31, 2020**

11. Principal Officials

The Egg's Board of Directors is as follows as of March 31, 2020:

<u>Name</u>	<u>Appointed by</u>
Susan T. Cleary	Governor
RoAnn Desito	OGS Commissioner
Anthony Esposito, Acting Chair	Governor
James I. Sullivan	Governor
Vincent McArdle	Governor
James I. Malatras	Governor
Joyce Shenker	Speaker of the Assembly
Alexander Boschi	President of the Senate
Maston Sansom	President of the Senate
William Burgess	Minority Leader of the Senate
Michael Avella	Minority Leader of the Assembly

Peter A. Lesser, Executive Director

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER
CORPORATION
(A Component Unit of the State of New York)
STATEMENT OF NET POSITION
March 31, 2020**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 964,412
Accounts receivable	29,935
Prepaid expenses	72,240
Total current assets	1,066,587
Equipment, net	20,330
Total assets	1,086,917

DEFERRED OUTFLOWS OF RESOURCES:

Differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between contributions and proportionate share of contributions - pension plan	57,486
Contributions to pension plan subsequent to measurement date	60,000
Total deferred outflows of resources	117,486

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	69,819
Unearned revenue	192,447
Vendor tickets payable	273,663
Total current liabilities	535,929

Non-current liabilities:

Net pension obligation	109,001
Other post retirement benefits	1,204,760
Total non-current liabilities	1,313,761
Total liabilities	1,849,690

DEFERRED INFLOWS OF RESOURCES

Net differences between projected and actual earnings on pension plan investments, changes in proportion and differences between contribution and proportionate share of contributions, and differences between expected and actual experience - pension plan	43,909
	43,909

NET POSITION

Net position:

Unrestricted	(709,526)
Invested in capital assets	20,330
Total net position	\$ (689,196)

See notes to financial statements.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER
CORPORATION**
(A Component Unit of the State of New York)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the year ended March 31, 2020

OPERATING REVENUES

Ticket sales	\$ 903,171	\$ 1,026,847
Rental and commission revenue	780,002	773,097
Concession revenue	23,523	23,473
Corporate and foundation grants	127,550	120,367
Individual contributions	76,784	87,633
Other operating revenue	1,344	1,238
Total operating revenues	1,912,374	2,034,346

OPERATING EXPENSES

Salaries and wages	742,140	680,676
Employee benefits	167,649	159,719
Payroll taxes	61,912	59,839
Artist fees	617,633	681,364
Advertising	42,006	32,834
Professional fees	38,012	33,415
Production:		
Hospitality	49,167	60,517
Supplies and licenses	22,650	21,222
Equipment rental and maintenance	43,359	52,885
Credit card and bank fees	69,194	65,504
Depreciation	17,829	24,484
Maintenance - NYS OGS	113,436	110,132
Insurance	34,855	31,299
Office supplies	4,958	7,420
Utilities	237	2,713
Publication	9,889	8,675
Travel and entertainment	1,255	1,227
Other	5,995	3,017
Total operating expenses	2,042,176	2,036,942

OPERATING LOSS BEFORE POSTEMPLOYMENT BENEFITS BENEFIT

	(129,802)	(2,596)
Other postemployment benefits benefit	39,308	(295,953)

OPERATING LOSS

NON-OPERATING REVENUE

Interest earnings	4,218	3,823
Total non-operating revenue	4,218	1,354

Appropriation from New York State

CHANGE IN NET POSITION

	220,000	220,000
	133,724	(77,195)
NET POSITION, Beginning of year	(822,920)	(622,038)
NET POSITION, End of year	\$ (689,196)	\$ (822,920)

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 1,662,673
Received from grants and contributions	204,334
Paid to suppliers and vendors for goods and services	(1,199,008)
Paid to employees for services, including benefits	(909,963)
Paid to New York State retirement system	<u>(60,000)</u>
Net cash used for operating activities	<u>(301,964)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of capital assets	(10,511)
Interest received	<u>4,218</u>
Net cash used for investing activities	<u>(6,293)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Appropriation from New York State	<u>220,000</u>
Net cash provided by financing activities	<u>220,000</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(88,257)
CASH AND CASH EQUIVALENTS, Beginning of year	1,052,669
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 964,412</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (90,494)
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:	
Depreciation	17,829
Pension expense	70,258
Other postemployment benefits benefit	39,308
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	1,719
Prepaid expenses	(17,735)
Accounts payable and accrued expenses	(26,578)
Unearned revenue	(47,086)
Vendor tickets payable	(102,049)
Other postemployment benefit payments	(87,136)
Net pension obligation	<u>(60,000)</u>
Net cash used for operating activities	<u>\$ (301,964)</u>

See notes to financial statements.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1 – NATURE OF ORGANIZATION

Financial Reporting Entity

The Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation (the “Egg”) was created as a public benefit corporation under New York State Public Authorities Law Section 66, Chapter 688 of the Laws of 1979 by the New York State Legislature to provide upstate New York with a performing arts center in order to present the finest artistic talent in New York State during each annual season. The Egg presents world-class modern dance and family entertainment, as well as a wide variety of music and theatre events. Although predominantly local, the Egg’s audience comes from western Massachusetts, Syracuse, Poughkeepsie, and 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 District so that those living at or below the poverty level can have the same cultural opportunities as those who can afford full-priced tickets. In this way, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Egg’s activities are accounted for similar to those often found in the private sector, using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounts for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Deferred Outflows/Inflows of Resources

GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time.

A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changes how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources (“deferrals”), in addition to assets and liabilities, and reports net position instead of net assets.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The Egg applies GASB Statement No. 68, "Accounting and Financial Reporting For Pensions – An Amendment of GASB Statement No. 27." This statement improves accounting and financial reporting by state and local governments for pensions and improves the information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Egg is required to record deferred outflows and inflows of resources related to its obligation to the New York State and Local Employees' Retirement System as a result of this statement.

Other Postemployment Benefits (OPEB)

The Egg applies GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions and requires the immediate recognition of OPEB expense, rather than allowing the government entity to choose the recognition period of the effects of changes in benefit terms.

Budgetary Data

The budget policies are as follows:

In March of each year the proposed budget for the upcoming year is presented to the board of directors for approval.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Revenue Recognition

Contributions are recognized when received or in the period of intended use as specified by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Revenues related to specific performances that are generated from ticket sales, rental of venues, and concession sales are recognized on the date the show is performed. Funds received in advance of the performance are recorded as unearned revenue until recognized.

Operating revenues include revenue generated from ongoing operating activities. Non-operating revenues include investing, financing, and other non-recurring activities.

Income Taxes

A provision for income tax has not been provided for in these financial statements, as the Egg is a not-for-profit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Egg has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Egg considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution in the Egg's name. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, obligations of New York State or its municipalities, and certificates of deposit with maturities greater than three months.

Accounts Receivable

Accounts receivable balances are carried at the original invoice amount less any estimated allowance for uncollectible accounts. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management determined no allowances for uncollectible accounts were required for the years ended March 31, 2020. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recognized when received.

The Egg generally will not charge interest on past due receivables. A receivable is considered to be past due if the balance is outstanding for more than 90 days.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Egg to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at a Federal Deposit Insurance Corporation (FDIC) insured financial institution and credit exposure is limited to one institution. The Egg has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of this institution, management believes that the risk of loss of any uninsured balance is minimal. The Egg's bank maintains additional collateral to cover cash balances that exceed the FDIC limit.

Concentration of Revenue

A portion of the Egg's revenue is generated from sources outside of its day to day operations. During the year ended March 31, 2020, there was one revenue source that was individually responsible for producing more than 10% of revenue (Appropriation from New York State). The aggregate amount of revenue from this source totaled \$220,000 for the year ended March 31, 2020.

Property and Equipment

The cost of property and equipment is recorded at cost, except for contributed property and equipment, which is recorded at fair market value. The Egg capitalizes expenditures for acquisitions, renewals, and betterments of capital assets with a cost greater than \$500, whereas maintenance and repair costs are expensed as incurred. When property and equipment is sold or retired, the appropriate accounts are relieved of costs and accumulated depreciation, and the resultant gain or loss is credited or charged to operations. The recorded value is depreciated over the useful lives of the related assets using the straight-line method. The estimated useful lives used for determining depreciation of property and equipment ranges from three to five years.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Prepaid expenses are related to the prepayment of expenses for performances that will occur in the subsequent fiscal year and general operating expenses related to future periods. Included in the prepaid balance at March 31, 2020 is \$59,000 that was paid ahead of future performances to secure the services of the performing artists.

Vendor Tickets Payable

Throughout the year, the Egg enters into rental contracts that allow promoters the right to have their artist perform at the Egg for a specified fee plus expenses. The Egg will sell tickets through its box office and will pay the promoters the net proceeds collected after expenses. The balance of vendor tickets payable at March 31, 2020 represents ticket sales collected for shows to be performed under rental contracts in fiscal 2021.

Advertising

Advertising costs are expensed when incurred. Advertising costs amount to \$42,006 for the year ended March 31, 2020.

Risks and Uncertainties

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

Subsequent to March 11, 2020, the Egg has taken the following actions to comply with laws and regulations and address the impact of COVID-19: temporarily reduced their weekly operating hours to 1 employee working 37.5 hours per week, mostly on a remote basis; and closed facilities to the general public. The Egg canceled 27 events and space rentals and postponed 39 events that were supposed to take place subsequent to the year ended March 31, 2020. During the months subsequent to March 31, 2020, the Egg has refunded \$27,336 of 2020 fiscal year deferred revenue for the canceled events and space rentals.

The extent of COVID-19's effect on the Egg's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact on the Egg's finances. Given the pandemic has evolved into a worldwide health crisis, the disease could have an adverse material effect on the Egg's activities, results of operations, financial condition, and cash flow.

Subsequent Events

Subsequent events have been evaluated through October 14, 2020, which is the date the financial statements were available to be issued.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 3 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents as included in the statement of net position at March 31, 2020:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Amount in Excess</u>
Key Bank	\$ 963,162	\$ 1,016,661	\$ 250,000	\$ 766,661
Petty Cash	1,250	-	N/A	1,250
Total	<u>\$ 964,412</u>	<u>\$ 1,016,661</u>		<u>\$ 767,911</u>

At March 31, 2020, cash deposits of the Egg exceeded FDIC insurance coverage by \$767,911. However, the excess amount at March 31, 2020 was collateralized at the Bank by governmental securities.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of and for the years ended March 31, 2020 and 2019:

	<u>March 31, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>March 31, 2020</u>
Furniture and fixtures	\$ 9,588	\$ -	\$ -	\$ 9,588
Office equipment	6,128	-	-	6,128
Computer equipment	55,907	1,356	-	57,263
Theatre equipment	168,260	9,155	-	177,415
	<u>239,883</u>	<u>10,511</u>	<u>-</u>	<u>250,394</u>
Accumulated depreciation	212,235	17,829	-	230,064
Total property and equipment	<u>\$ 27,648</u>	<u>\$ (7,318)</u>	<u>\$ -</u>	<u>\$ 20,330</u>

Depreciation expense was \$17,829 during the year ended March 31, 2020.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Egg pays the New York State Office of General Services (OGS), a related party, for its maintenance, insurance, parking, and telephones. Expenses incurred for maintenance services provided by OGS amounted to \$113,436 for the year ended March 31, 2020. The Egg owed \$1,682 to OGS as of March 31, 2020.

In addition to the services noted above, the Egg utilizes office space and theater space in buildings owned by OGS and incurs no charges for the use of these spaces.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN

Plan Description:

The Egg participates in the New York State and Local Employees' Retirement System (the "System" or "ERS"). This is a cost-sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as a trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided:

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN (Continued)

Tiers 3, 4, and 5 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of average final salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN (Continued)

Contributions:

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2020	\$ 60,000
2019	58,079
2018	72,266

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the NYSLRS's average rate and the previous graded rate.
- For subsequent State fiscal years in which the NYSLRS's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the NYSLRS' fiscal years when the local employer opts to participate in the program.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At March 31, 2020, the Egg reported a liability of \$109,001 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019 for fiscal 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Egg's proportion of the net pension liability was based on a projection of the Egg's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2020, the Egg's proportion was 0.0015384%.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN (Continued)

For the year ended March 31, 2020, the Egg recognized pension expense of \$70,258. At March 31, 2020, the Egg reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,465	\$ 7,317
Changes of assumptions	27,398	-
Net difference between projected and actual earnings on pension plan investments	-	27,976
Changes in proportion and differences between the Egg's contributions and proportionate share of contributions	8,623	8,616
The Egg's contributions subsequent to the measurement date	60,000	-
Total	<u>\$ 117,486</u>	<u>\$ 43,909</u>

\$60,000 reported as deferred outflows of resources related to pensions resulting from the Egg's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending March 31,:

2020	\$ 23,873
2021	(22,191)
2022	(1,603)
2023	13,498
	<u>\$ 13,577</u>

Actuarial Assumptions:

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2018 with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.5%
Salary Increases	4.2%
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustment	1.3%

Annuitant mortality rates for fiscal 2020 are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN (Continued)

Actuarial Assumptions (Continued):

The actuarial assumptions for fiscal 2020 used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic equity	4.55%	36.0%
International equity	6.35%	14.0%
Private equity	7.50%	10.0%
Real estate	5.55%	10.0%
Absolute return strategies	3.75%	2.0%
Opportunistic portfolio	5.68%	3.0%
Real assets	5.29%	3.0%
Bonds and mortgages	1.31%	17.0%
Cash	-0.25%	1.0%
Inflation-indexed bonds	1.25%	4.0%

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate:

The discount rate used to calculate the total pension liability was 7.0% as of March 31, 2020. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION

(A Component Unit of the State of New York)

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 6 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption:

The following presents the Egg's proportionate share of the net pension liability at March 31, 2020 calculated using the current-period discount rate assumption of 7.0%, as well as what the Egg's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net pension liability (asset)	\$ 476,570	\$ 109,001	\$ (199,783)

Pension Plan Fiduciary Net Position:

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	Employees' Retirement System (in thousands)
	<u> </u>
Employers' total pension liability	\$ 189,803,429
Plan net position	(182,718,124)
Employers' net pension liability	<u>\$ 7,085,305</u>
 Ratio of plan net position to the employers' total pension liability	 <u>96.27%</u>

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP). The Egg provides continuation of medical insurance coverage to eligible employees that retire directly from employment at the Egg after retirement age (average retirement age of 65). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Funding Policy – Health insurance premiums for retired individuals of the Egg are equal to the premiums charged for active employees. The Egg pays a portion of the premium for medical coverage for the retired individual for the lifetime of the retiree based on the plan chosen by the employee at the time of their retirement.

During the year ended March 31, 2019, the Egg amended the criteria for those receiving, or those who are eligible to receive, postemployment benefits. Health coverage for spouses of retirees are no longer offered. Postemployment benefits will be received only by the individual retiree of the Egg. This amendment was approved by the Board of Directors.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The number of participants as of March 31, 2020, the effective date of the latest OPEB valuations, follows:

Active employees	6
Retired employees	<u>1</u>
Total	<u><u>7</u></u>

There were 5 participants younger than 65 and 2 over 65 with average age of 42 and 72, respectively.

Total OPEB Liability:

The Egg's total OPEB liability of \$1,204,760 was measured as of March 31, 2020, and was determined by an actuarial valuation as of April 1, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the March 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2%
Salary increases	2%
Discount rate	3.66%
Healthcare cost trend rates	4.6% for 2020, increasing 0.1% per year to 4.7% for 2021 and an additional 0.1% to 4.8% for 2022-2025, then decreasing to 4.7% for 2026 and later years
Retirees' share of benefit-related costs	A portion of premium paid based on plan chosen for lifetime of employee
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

The discount rate was based on the S&P 20 AA Municipal Bond Index.

Mortality rates were based on the RP-2000 mortality table for males and females projected 18 years. This assumption does not include a margin for future improvements of longevity.

The Egg applies the alternative measurement method of GASB 75.

GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(A Component Unit of the State of New York)
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability:

Balance at 3/31/2019	\$	1,252,588
Changes for the year:		
Service cost		110,000
Interest		44,690
Effect of economic/demographic gains or losses		(114,004)
Effect of assumptions changes or inputs		(79,994)
Benefit payments		(8,520)
Net changes		<u>(47,828)</u>
Balance at 3/31/2020	\$	<u>1,204,760</u>

OPEB change in valuation as shown on the statement of revenues, expenses, and change in net position is made up of the aggregate of service cost, interest, effect of economic/demographic gains or losses, and effect of assumptions changes or inputs noted in the above table.

Sensitivity of the total OPEB liability to changes in the discount rate. The following represents the total OPEB liability of the Egg, as well as what the Egg's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.66%) or 1-percentage point higher (4.66%) than the current discount rate:

	<u>Discount Rate -1%</u>	<u>Baseline</u>	<u>Discount +1%</u>
Discount Rate	2.66%	3.66%	4.66%
Net OPEB Liability	\$ 1,439,855	\$ 1,204,760	\$ 1,021,893

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Egg, as well as what the Egg's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>Baseline Trend -1%</u>	<u>Baseline</u>	<u>Baseline Trend +1%</u>
Net OPEB Liability	\$ 995,698	\$ 1,204,760	\$ 1,479,393

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
SCHEDULE OF THE EGG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
For the year ended March 31, 2020**

The Egg's proportion of the net pension liability	\$ 109,001
The Egg's proportionate share of the net pension liability	0.0015384%
The Egg's covered-employee payroll	\$ 425,060
The Egg's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.64%
Plan fiduciary net position as a percentage of the total pension liability	96.27%

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION
(A Component Unit of the State of New York)
SCHEDULE OF THE EGG'S PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
For the year ended March 31, 2020**

NYSLRS PENSION PLAN
Years Ended March 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 60,000	\$ 58,079	\$ 72,266	\$ 55,125	\$ 63,821	\$ 61,073
Contributions in relation to the contractually required contribution	60,000	58,079	72,266	55,125	63,821	61,073
Contribution deficiency (excess)	<u>\$ -</u>					
The Egg's covered-employee payroll	\$ 425,060	\$ 419,805	\$ 427,293	\$ 389,230	\$ 369,765	\$ 317,303
Contributions as a percentage of covered- employee payroll	14.12%	13.83%	16.91%	14.16%	17.26%	19.25%

See notes to financial statements.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING ARTS
CENTER CORPORATION**
(A Component Unit of the State of New York)
SCHEDULE OF THE CHANGES IN THE NET OPEB LIABILITY
March 31, 2020

Balance at March 31, 2019	\$ 1,252,588
Changes for the year:	
Service costs	110,000
Interest	44,690
Effect of economic/demographic gains or losses	(114,004)
Effect of assumption changes or inputs	(79,994)
Benefit payments	<u>(8,520)</u>
Net changes	<u>(47,828)</u>
Balance at March 31, 2020	<u><u>\$ 1,204,760</u></u>

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center 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 financial statements of Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation as of and for the year ended March 31, 2020, 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, and have issued our report thereon dated October 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation'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 Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses and/or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Hudson, New York
October 14, 2020