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The Stadium at Rentschler Field
Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports
June 30, 2021 and 2020

The Stadium at Rentschler Field

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Independent Auditor's Report

To the Secretary of the State of Connecticut
Office of Policy and Management and
to the Board of Directors of the
Capital Region Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium") of the State of Connecticut (the "State"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the index.

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.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field as of June 30, 2021 and 2020, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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As discussed in Note 1, the financial statements present only the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field and do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2021 and 2020, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Other Matters**Required Supplementary Information*

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 **September XX, 2021** on our consideration of the Stadium'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 solely 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 the effectiveness of the Stadium's 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 Stadium's internal control over financial reporting and compliance.

Hartford, Connecticut
September XX, 2021

The Stadium at Rentschler Field
Balance Sheets
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

	2021			2020		
	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
Assets						
Cash	\$ 148,403	\$ 579,225	\$ 727,628	\$ 160,925	\$ 151,005	\$ 311,930
Restricted cash	-	3,677,854	3,677,854	-	22,374	22,374
Receivables, net	-	1,525,078	1,525,078	-	66,980	66,980
Prepaid items	-	208,987	208,987	-	12,207	12,207
Total assets	<u>\$ 148,403</u>	<u>\$ 5,991,144</u>	<u>\$ 6,139,547</u>	<u>\$ 160,925</u>	<u>\$ 252,566</u>	<u>\$ 413,491</u>
Liabilities						
Accounts payable	\$ -	\$ 1,385,171	\$ 1,385,171	\$ -	\$ 481,724	\$ 481,724
Accrued expenses	-	197,600	197,600	-	89,947	89,947
Due to operations manager and related entities	-	128,605	128,605	-	214,107	214,107
Coronavirus relief fund deferred revenue	-	5,087	5,087	-	-	-
Event liabilities	-	691,978	691,978	-	19,595	19,595
Unearned revenue	-	3,082,630	3,082,630	-	14,895	14,895
Total liabilities	<u>-</u>	<u>5,491,071</u>	<u>5,491,071</u>	<u>-</u>	<u>820,268</u>	<u>820,268</u>
Fund Balances						
Nonspendable - prepaid items	-	208,987	208,987	-	12,207	12,207
Restricted for maintenance and capital improvements	148,403	-	148,403	160,925	-	160,925
Unassigned	-	291,086	291,086	-	(579,909)	(579,909)
Total fund balances	<u>148,403</u>	<u>500,073</u>	<u>648,476</u>	<u>160,925</u>	<u>(567,702)</u>	<u>(406,777)</u>
Total liabilities and fund balances	<u>\$ 148,403</u>	<u>\$ 5,991,144</u>	<u>\$ 6,139,547</u>	<u>\$ 160,925</u>	<u>\$ 252,566</u>	<u>\$ 413,491</u>

See Notes to the Financial Statements.

The Stadium at Rentschler Field

Statements of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds of the State of Connecticut Years Ended June 30, 2021 and 2020

	2021			2020		
	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
Revenues						
Events and facility rentals	\$ -	\$ 567,750	\$ 567,750	\$ -	\$ 1,756,696	\$ 1,756,696
Ancillary revenues	-	436,575	436,575	-	1,401,034	1,401,034
Parking	-	169,361	169,361	-	403,156	403,156
Sponsorship	-	62,963	62,963	-	40,337	40,337
State funding	-	2,000,000	2,000,000	-	-	-
Other revenue	137,557	36,545	174,102	133,555	299,481	433,036
Coronavirus relief fund revenue	-	128,478	128,478	-	-	-
Interest income	353	-	353	3,825	-	3,825
Total revenues	137,910	3,401,672	3,539,582	137,380	3,900,704	4,038,084
Expenditures						
Current						
Events	-	102,193	102,193	-	1,231,821	1,231,821
Concessions, catering and novelties	-	329,662	329,662	-	988,464	988,464
Parking	-	139,910	139,910	-	272,699	272,699
Facility operations	432	1,714,365	1,714,797	24,970	2,155,398	2,180,368
Coronavirus relief fund expenditures	-	128,478	128,478	-	-	-
Total expenditures	432	2,414,608	2,415,040	24,970	4,648,382	4,673,352
Excess (deficiency) of revenues over expenditures before capital outlays	137,478	987,064	1,124,542	112,410	(747,678)	(635,268)
Capital outlays	-	598,731	598,731	-	401,412	401,412
Excess (deficiency) of revenues over expenditures	137,478	388,333	525,811	112,410	(1,149,090)	(1,036,680)
Other financing sources (uses)						
Operating transfers in (out)	(150,000)	150,000	-	(100,000)	100,000	-
Capital transfer in - State of Connecticut, Bond Commission Funds	-	529,442	529,442	-	372,602	372,602
Total other financing sources (uses)	(150,000)	679,442	529,442	(100,000)	472,602	372,602
Net change in fund balances	(12,522)	1,067,775	1,055,253	12,410	(676,488)	(664,078)
Fund balances, beginning of year	160,925	(567,702)	(406,777)	148,515	108,786	257,301
Fund balances, end of year	\$ 148,403	\$ 500,073	\$ 648,476	\$ 160,925	\$ (567,702)	\$ (406,777)

See Notes to the Financial Statements.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

Note 1 - Summary of significant accounting policies

The accompanying financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium") have been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated in pronouncements of the Governmental Accounting Standards Board ("GASB"). Following is a summary of the reporting entity and significant accounting policies:

Reporting entity

The accompanying financial statements include the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium, which is owned by the State of Connecticut. The Stadium Facility Enterprise Fund and the Operating Accounts Fund are included in the basic financial statements of the State of Connecticut as nonmajor governmental funds (special revenue funds). These financial statements are intended to present the financial position and the respective changes in the financial position that are attributable solely to the transactions of the Stadium Facility Enterprise Fund and the Operating Accounts Fund. They do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Under Chapter 588z, Sections 32-650 through 32-669 of the Connecticut General Statutes, for the purpose of operating a facility known as the Rentschler Field Stadium in East Hartford, Connecticut, the State of Connecticut (the "State") legislature authorized the State of Connecticut Office of Policy and Management ("OPM") to (1) acquire the necessary real property for the facility site, (2) contract for professional services related to the design and construction of the facility, (3) coordinate the project with other state agencies and (4) provide for most facets of the Stadium's operations.

The State legislature established the Stadium Facility Enterprise Fund for the purpose of receiving income generated by the operations of the Stadium to be used for the purpose of funding maintenance and capital improvements at the facility. In addition, the State legislature authorized OPM to establish an Operating Account to account for all administrative functions of the Stadium. All unrestricted resources, except those required to be accounted for in another account, are accounted for in this fund. The Operating Account, in accordance with Connecticut General Statutes, is allowed to maintain a balance of no more than three months of operating expenditures, with the excess monies to be transferred to the Stadium Facility Enterprise Fund. No monies were transferred from the Operating Account to the Stadium Facility Enterprise Fund during the years ended June 30, 2021 and 2020.

The accompanying financial statements do not include a management's discussion and analysis ("MD&A") in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* because the focus of an MD&A is on a primary government. The State of Connecticut, the primary government, will provide an MD&A in its annual report that will include analysis of the Stadium's activities.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

Measurement focus and basis of accounting

The Stadium Facility Enterprise Fund and the Operating Accounts Fund are currently included in the basic financial statements of the State of Connecticut as nonmajor governmental funds (special revenue funds). The stand-alone financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash equivalents

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2021 and 2020.

Restricted cash

Cash reserves whose use is specified or limited by third parties for future events are classified as restricted cash in the accompanying balance sheets.

Pooled cash

Amounts maintained in the Stadium Facility Enterprise Fund are pooled with other funds of the State of Connecticut and are managed by the Cash Management Division of the State of Connecticut Office of the State Treasurer.

Accounts receivable

Trade accounts receivable are recorded at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances. The allowance is based on a history of write-offs, the level of past-due accounts based on the contractual terms of the receivables, and the overall financial condition of the customers. Collateral or other forms of security are not generally required. Receivables have been presented net of an allowance of uncollectible accounts in the amount of \$10,000 as of June 30, 2021 and June 30, 2020.

Event liabilities

Event liabilities represent prepaid ticket sales, advertising and other contractual revenues received in advance of a future event.

Reclassifications

Certain reclassifications have been made to the June 30, 2020 financial statement presentation to conform to the current year presentation.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

Sales tax

The State imposes a sales and admissions tax on events and activities held at the Stadium. Taxes are collected by the Stadium and remitted to the State. The Stadium excludes taxes collected from revenues.

Fund balance

Fund balance consists of the following categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation. Pursuant to the Connecticut General Statutes, monies in the Stadium Facility Enterprise Fund are restricted for the purpose of funding maintenance and capital improvements at the Stadium.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the State of Connecticut legislature (the highest level of decision making authority of the State) and cannot be used for any other purpose unless the legislature removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the intent to use amounts for specific purposes, but are not restricted or committed. The State has delegated the responsibility to assign funds to the Capital Region Development Authority.

Unassigned - Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Stadium considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Stadium considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Stadium's Board of Directors has provided otherwise in its commitment or assignment actions.

Revenue recognition

Events and facility rental - Revenues from events and facility rentals are principally generated from ticket sales, advertising signage and rental income derived from a lease agreement with the University of Connecticut (the "University"). Such revenue is recognized when the event takes place. Advance ticket sales are recorded as an event liability until the occurrence of the event.

Ancillary - Ancillary revenues consist of concessions, catering and novelties managed by a third-party operator and are recognized at the point of sale.

Sponsorship - Sponsorship revenues generally relate to either a one-time event or a number of events over a period of time. Revenues from a one-time event are recognized upon completion of the event. Sponsorship revenues relating to a number of events over a period of time are recognized ratably upon the completion of each of the events. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement.

The Stadium at Rentschler Field

Notes to the Financial Statements Special Revenue Funds of the State of Connecticut June 30, 2021 and 2020

Parking - Parking revenues are managed by a third-party operator at the facility and are recognized at the time of an event.

Other - All other types of revenues are recognized when earned and available.

Note 2 - Revenue concentrations

The State is party to a lease agreement with the University that provides the University with the right to use the facility for football games and other events. The lease agreement provides that the University pay a base rent in addition to other incremental operating costs (see Note 4). For the years ended June 30, 2021 and 2020, 0% and 63%, respectively, of the Operating Account Fund's revenues, including ancillary, parking service, and other revenues, were generated pursuant to the University's football games and other events.

Note 3 - Cash deposits

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, cash deposits or collateral securities that are in the possession of an outside party will not be able to be recovered.

Cash deposits are held in qualified public institutions as defined by the Connecticut General Statutes, which state that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging financial institution or the pledging financial institution's trust department or agent but not in the depositor - Stadium's name.

As of June 30, 2021 and 2020, \$4,042,680 and \$0, respectively, of the Operating Accounts Fund's bank balances of \$4,292,680 and \$249,394 were uninsured, and of this amount, \$3,613,412 and \$0, respectively, were uncollateralized.

The cash attributed to the Stadium Facility Enterprise Fund represents only a portion of the State's total cash deposits and additional disclosures regarding custodial credit risk may be obtained from the State.

Note 4 - Operating leases

University of Connecticut

OPM is party to a lease agreement with the University. During September 2016, the parties executed an amended and restated lease agreement that expires on June 30, 2023. Pursuant to the amended and restated lease agreement, the Stadium receives a base rent of \$170,000 per each home football game held at the facility in addition to reimbursement of allowable incremental operating expenses incurred in hosting the game. Base rent increases each subsequent year of the lease by \$500 per each home football game held at the facility. In addition, per the terms of the lease, the University is required to fund a Cumulative Operating Deficit Fund to cover any annual operating shortfalls in the Stadium budget, up to \$250,000 per year.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

The Stadium recognized \$0 and \$250,000 of revenue in other revenue from the University to cover the annual operating shortfall for the years ended June 30, 2021 and 2020, respectively. In accordance with the terms of the lease, OPM retains exclusive rights to certain ancillary revenues recognized from each game, including revenues from concessions and parking.

Cell tower

OPM is party to three separate license agreements for cell tower space. The leases expire at various dates through November 2025. Rental income recognized under the agreements totaled \$137,557 and \$133,555 for the years ended June 30, 2021 and 2020, respectively, and is included in other revenue in the accompanying statements of revenues, expenditures and changes in fund balances.

Note 5 - Significant agreements

Capital Region Development Authority

OPM has entered into a memorandum of understanding with the Capital Region Development Authority (the "Authority"), a quasi-public agency of the State of Connecticut. Pursuant to the memorandum, OPM delegated and assigned to the Authority custody and control of, and the right to operate, the Stadium facility, including the right to enter into agreements related to the operations of the stadium facility. The effective date of the agreement was July 1, 2013, amended on June 21, 2017, and expires on June 30, 2023. As part of the agreement, OPM retains ownership of the Stadium and other capital assets located at the Stadium or used in its operations, the right to amend, declare default under or terminate certain agreements, and the administration of the Stadium Facility Enterprise Fund. The amended agreement provides for an annual administrative fee to the Authority for such services from the Enterprise Fund not to exceed \$50,000, subject to available funds. During the fiscal year ended June 30, 2021, the Authority received additional appropriations through state agencies of which \$2,000,000 was appropriated for the Stadium annual operational funding.

Venue management

The Authority has entered into a management agreement with Spectra Venue Management ("Spectra") (previously known as Global Spectrum, L.P.). The term of the agreement expires on June 30, 2023 and can be terminated by the Authority in the event of default or upon a special termination event as defined in the agreement. The management agreement provides for a fixed management fee of \$8,333 per month for the first year of the contract. The fixed management fee increases each year by the percentage increase in the Consumer Price Index. In addition, the agreement provides for an incentive fee of 25% of gross event revenues in excess of a benchmark mutually agreed upon by the parties.

Management fees earned for the years ended June 30, 2021 and 2020 totaled \$109,518 and \$108,649, respectively, and are included in facility operations expenditures. Additionally, amounts owed to Spectra, which are classified on the balance sheets as due to operations manager and related entities, totaled \$44,551 and \$32,876 as of June 30, 2021 and 2020, respectively.

In addition, Spectra provides marketing services and receives a commission based on 10% of gross revenues from the sale of commercial advertising rights at the Stadium. Commissions earned totaled \$7,041 and \$5,148 for the years ended June 30, 2021 and 2020, respectively.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2021 and 2020

Food services and hospitality

Spectra has entered into an agreement with Spectra Food Services & Hospitality (previously known as Ovations Food Services). The agreement expires on June 30, 2023 and provides for a base fee of \$50,000 for the first year of the contract. The base fee increases each year by the percentage increase in the Consumer Price Index.

In addition, the agreement provides for an incentive fee of 12% of concession revenues in excess of \$1,000,000 per year, capped at the base fee for that year. Fees earned totaled \$54,552 and \$94,132 for the years ended June 30, 2021 and 2020, respectively, and are included in concessions, catering and novelties expenditures. Amounts owed to Spectra, which are classified on the balance sheets as due to operations manager and related entities, totaled \$84,054 and \$181,231 as of June 30, 2021 and 2020, respectively.

Pursuant to the management agreement between Spectra and the Authority, Spectra Food Services & Hospitality was required to contribute \$1,000,000 toward capital improvements to the Stadium and the XL Center, which is owned by the City of Hartford and leased by the Authority. In accordance with the agreement, each contribution is to be amortized on a straight-line basis beginning on the date each contribution was made and ending on June 30, 2023. In the event that the management agreement is terminated prior to the expiration of the agreement, the Authority is required to repay the unamortized portion of the capital contributions within thirty days of the termination date. As of June 30, 2021, the Stadium has recognized capital contributions of \$429,566, of which the unamortized portion subject to repayment totaled \$95,459 as of June 30, 2021.

Ticketing and fan engagement

Spectra has entered into an agreement with Spectra Ticketing & Fan Engagement (previously known as New Era Ticketing). During June 2017, Spectra Ticketing & Fan Engagement was acquired by an unaffiliated third party. The parties continue to operate in accordance with terms of the original agreement. The agreement expires on June 30, 2023 and provides for the payment of a per ticket processing fee. Ticketing fees paid by the Stadium for the years ended June 30, 2021 and 2020 totaled \$103,302 and \$1,876, respectively.

Note 6 - Contingencies

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Stadium is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Stadium's operations continue for an extended period of time, there could be a loss of revenue and other material adverse effects to the Stadium's financial position, results of operations, and cash flows.

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Supplementary Information

The Stadium at Rentschler Field

Schedules of Facility Operations Expenditures
Operating Accounts Fund
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Facility operations		
Utilities	\$ 672,049	\$ 678,377
Compensation, taxes and benefits	320,267	504,448
Building systems	80,916	176,403
Management fee	109,518	108,649
Maintenance services	131,268	148,305
Building and office supplies	28,048	101,718
Insurance	41,787	60,130
Equipment rentals and maintenance	9,519	54,061
Ground maintenance	865	9,496
Food services	173,299	119,210
Other	146,829	194,601
	<u>\$ 1,714,365</u>	<u>\$ 2,155,398</u>

See Independent Auditor's Report.

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Independent Auditor's 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*

To the Secretary of the State of Connecticut
Office of Policy and Management and
to the Board of Directors of the
Capital Region Development Authority

We have audited, in accordance with the 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 the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated **September XX, 2021**, which included an emphasis of a matter paragraph as indicated on page 3.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stadium's internal control over financial reporting ("internal control") as a basis for designing 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 Stadium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stadium'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 Stadium'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 financial statements. 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

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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.

Hartford, Connecticut
September XX, 2021