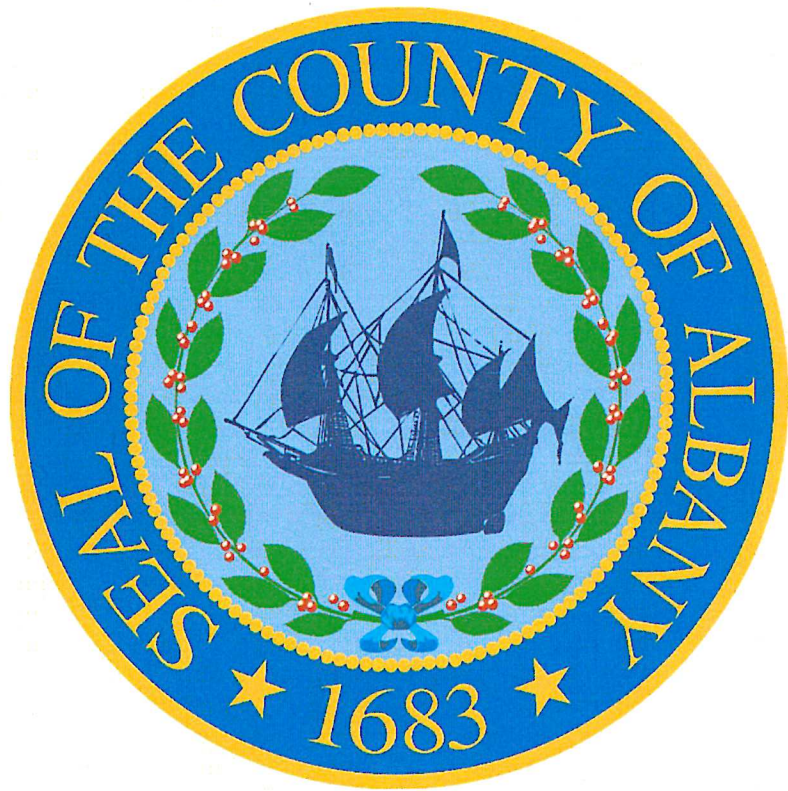


ALBANY COUNTY

Department of Audit and Control

Final Report

MVP Arena Audit



November 2022

Susan Rizzo, Comptroller

Table of Contents

Executive Summary3

Background3

Objectives4

Scope4

Approach4

Conclusion5

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Chip Dott, Executive Deputy Comptroller

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Executive Summary

The Albany County Comptroller's Office, Department of Audit and Control (DAC) performed an audit of process and controls related to various revenue streams of the MVP Arena. For the purpose of evaluating the MVP Arena's accounting procedures, the auditors examined financial data from seven events hosted by the Arena in 2021 and 2022. The auditors also reviewed the Arena's contracts with long term ticket holders, advertisers, and entertainment groups that use the venue. No observations were noted during the course of this audit.

Background

The MVP Arena is a civic center in Albany, New York with a maximum capacity of 17,500. Since the first performance at the arena in 1990 by Frank Sinatra, more than eighteen million patrons have attended sporting events, concerts, and various other types of performances. The MVP Arena, managed by ASM Global (ASM) has changed names several times since its inception through a bidding process. Originally the Knickerbocker Arena, became the Pepsi Arena in 1997, The Times Union Center in 2006, and in January of 2022 it received its current identity, (MVP Arena).

The Arena is home to a variety of local sports teams, including Siena Basketball, the Albany Empire Football Team, and the Albany Firewolves Lacrosse Team. The Arena has hosted notable entertainers such as The Rolling Stones, Paul McCartney, Elton John and Bruce Springsteen. In addition to sports and entertainment, the civic center has been used for New York State Bar Exam testing, and was used as a central location to administer the COVID-19 Vaccine for several months during the pandemic.

Since its construction in 1990, the facility has hosted an average of 165 events each year. In addition to 17,500 general admission seats, the MVP Arena has 25 private box suites that are rented to patrons for a three-year term. The revenue produced from each suite is approximately \$50,000 per year. The athletic clubs and teams that use the MVP Arena as their home stadium have long term contracts with varying rates based on average attendance and frequency of usage. Food and drink vendors that conduct business in the stadium as well as companies that use space within the arena to advertise must also engage in contractual agreements with the Arena. Advertising contracts typically range from one to five years, with a price range of \$1,000 - \$165,000 per year.

The 2023 fiscal year budget for the arena was completed in June of 2022 and turned over to the Albany County Department of Management and Budget (DMB) for review. The General Manager forecasts revenue projections based on comparable prior appearances and negotiations with prospective entertainment providers to create the Arena's budget for a given year. Any variance from the original budget is recorded in the Arena's monthly Financial Statements Report.

In accordance with the Comptroller's stated¹ duty to "Be the chief fiscal and auditing officer of County..." the DAC periodically performs audits to identify and evaluate the design and effectiveness of controls over financial transactions in all departments. Collection and reporting of funds, oversight of contracts, and adjustments to originally budgeted items can result in errors or possible loss. Controls over these

¹ Albany County Charter Article 4 §403(b)

functions should adequately provide reasonable assurance that the events resulting in loss are prevented or detected.

Objectives

- Determine if effective controls exist over the collection and reporting of event proceeds at the Arena, and the reconciliation of accounts; and
- Determine if effective controls exist in the Arena's management and oversight of contracts with outside vendors, including but not limited to; entertainment providers and advertisement agencies; and
- Provide management with recommendations, where appropriate

Scope

The scope of this audit included:

- Financial information including direct income, ancillary income, other income, indirect expenses, and other expenses, for the following events at the MVP Arena:
 - Siena College basketball games (October 25, 2021, December 3, 2021, and February 4, 2022).
 - Albany Empire football games (June 4, 2022, and June 26, 2022).
 - "The Casting Crowns" concert (May 12, 2022).
 - "The Sebastian Manascalco Comedy Event" (March 28, 2022).
- Balance Sheet and Income Statements for the MVP Arena that were affected by the aforementioned events
- The Arena's contracts with renters of private box suites, vendors or companies engaged in advertising contracts, and contracts with the following entities:
 - Siena College Basketball Team
 - Albany Empire Football Team
 - Albany Firewolves Lacrosse Team
 - Lia Auto Group Club Naming Rights
 - Pepsi Pouring Rights

Audit work was substantially completed in September, 2022.

Approach

To accomplish these objectives the DAC performed the following:

- Conducted an interview with the MVP Arena's Director of Finance regarding accounting procedures related to proceeds from events and their correlation to financial statements;

- Reviewed financial information related to seven events hosted by the MVP Arena from 2021-2022 (itemized in scope);
- Reviewed the arena's existing contracts with sports teams, vendors, advertisers, and renters of private box suites;

Conclusion

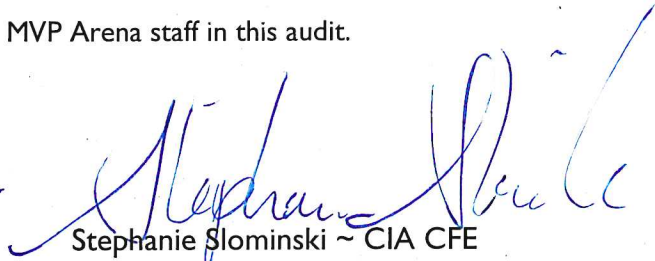
In reviewing the MVP Arena's process controls, the auditors found that the financial statements, contracts, and bookkeeping records they analyzed contained no irregularities. The auditors feel that the current record keeping system is sufficient and recommend that no changes need to be made at this time.

We appreciate the cooperation received from the MVP Arena staff in this audit.

Sincerely,



Susan Rizzo,
County Comptroller



Stephanie Slominski ~ CIA CFE
Chief Auditor

Cc: Bob Belber, General Manager, MVP Arena
Jenifer Cioffi, Director of Finance, MVP Arena
Edward Dott, Executive Deputy Comptroller
Joseph Lydon, Auditor