

**Lancaster County Convention
Center Authority**

Financial Statements with
Supplementary Information

Years Ended December 31, 2025 and 2024
with Independent Auditor's Report

MaherDuessel

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Balance Sheets	1
Statements of Revenues, Expenses, and Change in Net Position	3
Statements of Cash Flows	4
Notes to Financial Statements	6

Supplementary Information:

Combining Balance Sheet	26
Combining Schedule of Revenues, Expenses, and Changes in Net Position	28
Schedule of Expenses	29

Independent Auditor's Report

**Board of Directors
Lancaster County Convention Center Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 audit 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
March 26, 2026

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,479,525	\$ 1,334,508
Investments	1,431,031	1,370,728
Receivables:		
Taxes	1,529,948	1,435,514
Other	16,344	207,427
Accrued interest receivable	26,164	71,812
Due from Aimbridge Hospitality	160,282	328,325
Inventory	27,276	15,449
Prepaid expenses	197,963	75,209
Current portion of note receivable	21,107	-
Other asset	-	299
Total current assets	4,889,640	4,839,271
Restricted assets:		
Cash and cash equivalents	1,016,499	778,827
Investments	22,913,110	21,641,698
Total restricted assets	23,929,609	22,420,525
Note receivable, net of current portion	420,405	-
Capital assets:		
Land	1,279,017	1,607,517
Construction in progress	5,975,171	1,382,192
Building and improvements	79,455,366	77,325,306
Furniture, fixtures, and equipment:		
Convention Center	6,329,938	6,139,379
Penn Square Condominium Association	515,292	515,292
Office	8,451	8,451
	93,563,235	86,978,137
Less: accumulated depreciation	39,310,300	36,887,844
Net capital assets	54,252,935	50,090,293
Total Assets	\$ 83,492,589	\$ 77,350,089

(Continued)

Liabilities and Net Position	<u>2025</u>	<u>2024</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,841,051	\$ 155,383
Accrued payroll and payroll expense	8,173	6,948
Other accrued expenses	228,142	275,489
Unearned revenue	218,515	254,135
Current portion of notes payable	169,826	-
Contingency fee payable	50,000	50,000
Total current liabilities	<u>2,515,707</u>	<u>741,955</u>
Current liabilities (payable from restricted assets):		
Accrued interest payable	252,190	255,761
Current portion of bonds payable	925,000	885,000
Due to Discover Lancaster	2,109,508	2,039,387
Total current liabilities (payable from restricted assets)	<u>3,286,698</u>	<u>3,180,148</u>
Long-term liabilities:		
Reimbursement for contingency payable	100,000	150,000
Bonds payable, net	63,994,239	64,830,694
Total long-term liabilities	<u>64,094,239</u>	<u>64,980,694</u>
Total Liabilities	<u>69,896,644</u>	<u>68,902,797</u>
Net Position:		
Net investment in capital assets	2,312,214	(1,436,605)
Restricted	15,697,469	15,059,079
Unrestricted	(4,413,738)	(5,175,182)
Total Net Position	<u>13,595,945</u>	<u>8,447,292</u>
Total Liabilities and Net Position	<u><u>\$ 83,492,589</u></u>	<u><u>\$ 77,350,089</u></u>
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating Revenues:		
Conference services	\$ 2,687,914	\$ 2,631,837
Concession	446,135	477,184
Other	31,735	14,855
Total operating revenues	3,165,784	3,123,876
Operating Expenses:		
Departmental expenses	1,393,108	1,409,655
Undistributed operating expenses	2,301,804	2,131,689
Management fees	198,822	241,483
Fixed charges	128,796	109,124
Capital/development costs	20,097	14,099
Total operating expenses	4,042,627	3,906,050
Other Operating Expenses:		
Administrative expenses	563,304	502,495
Marketing Consortium	471,146	430,872
Depreciation	2,430,046	2,331,729
Total other operating expenses	3,464,496	3,265,096
Operating Loss	(4,341,339)	(4,047,270)
Non-Operating Revenues (Expenses):		
Hotel room rental tax income	8,532,467	8,163,870
Investment income	974,631	1,199,893
Other income	5,928	14,852
Gain on sale of assets	164,313	-
2024 CRIZ Grant	3,132,535	-
Interest expense	(3,319,882)	(3,289,528)
Total non-operating revenues (expenses)	9,489,992	6,089,087
Change in Net Position	5,148,653	2,041,817
Net Position:		
Beginning of period	8,447,292	6,405,475
End of period	\$ 13,595,945	\$ 8,447,292

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Operating receipts	\$ 3,271,247	\$ 3,190,915
Payments to suppliers for operating expenses	(4,774,776)	(4,349,036)
Payments to suppliers for project development costs	(20,097)	(14,099)
Payments to employees	(256,795)	(258,061)
Net cash provided by (used in) operating activities	(1,780,421)	(1,430,281)
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(5,275,437)	(1,995,441)
Proceeds from sale of capital assets	44,960	-
Principal payments on bonds and note payable	(3,969,664)	(840,000)
Principal drawdowns on note payable	3,254,490	-
Receipts from hotel room rental tax	10,547,541	10,196,935
Payment to Discover Lancaster	(2,039,387)	(1,951,955)
Other receipts	5,928	20,252
Grant receipts	3,132,535	-
Interest payments	(3,234,908)	(3,292,998)
Net additions/withdrawals from accounts restricted for capital replacement	(237,672)	(252,190)
Net cash provided by (used in) capital and related financing activities	2,228,386	1,884,603
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	13,519,095	15,711,057
Purchase of investments	(14,743,859)	(16,694,899)
Payments received on note receivable	8,488	-
Interest received	913,328	1,199,893
Net cash provided by (used in) investing activities	(302,948)	216,051
Net Increase (Decrease) in Cash and Cash Equivalents	145,017	670,373
Cash and Cash Equivalents		
Beginning of period	1,334,508	664,135
End of period	\$ 1,479,525	\$ 1,334,508

(Continued)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Continued)

	2025	2024
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (4,341,339)	\$ (4,047,270)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	2,430,046	2,331,729
(Increase) decrease in:		
Other receivables	191,083	100,724
Due from Aimbridge Hospitality	168,043	106,367
Inventory	(11,827)	2,875
Other asset	299	-
Other prepaid expenses	(122,754)	104,721
Increase (decrease) in:		
Accounts payable	37,770	(5,318)
Accrued payroll and payroll expenses	1,225	2,156
Contingency fee payable	(50,000)	(50,000)
Other accrued expenses	(47,347)	7,420
Unearned revenue	(35,620)	16,315
Total adjustments	2,560,918	2,616,989
Net cash provided by (used in) operating activities	\$ (1,780,421)	\$ (1,430,281)
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Significant Accounting Policies

Reporting Entity

The Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster (County), was formed on September 15, 1999, under the Municipality Authorities Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Authority is to provide financing and arrange for the development, construction, and operation of convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that (1) governing officials of a primary government are financially accountable for or (2) the nature and significance of the relationship between the entity and a primary government are such that to exclude the separate legal entity from the financial reporting entity would render the financial statements misleading or incomplete.

The Authority is part of the County's reporting entity based on the above criteria. These are the separate component unit financial statements of the Authority. No other entities are required to be included based on the above criteria.

A business plan was developed, which allowed the construction of the Lancaster County Convention Center (Center) and the Lancaster Marriott at Penn Square. The plan was the result of a complex and cooperative effort among government and community leaders and public and private partners. Throughout 2007 – 2009, the Authority incurred construction costs associated with the project.

The Lancaster County Convention Center and the Lancaster Marriott at Penn Square opened for operations on June 19, 2009.

The Center began operations on June 19, 2009 under the Qualified Convention Center Management Agreement, dated January 23, 2002, between the Authority and Aimbridge Hospitality (formerly Interstate Hotels & Resorts (IHR)). The Qualified Convention Center Management Agreement is for the period commencing with the opening of the convention

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

center and expiring on June 19, 2019. On June 9, 2019, the Authority and IHR entered into the Amended and Restated Qualified Convention Center Management Agreement. The term of the Amended and Restated Qualified Convention Center Management Agreement is June 9, 2019 through June 19, 2029. Thereafter, the Amended and Restated Qualified Convention Center Management Agreement may be renewed for one renewal period of five years if mutually agreed to, in writing, by both parties.

Penn Square Partners (PSP) and the Authority agreed to an amended and restated declaration of Condominium in April 2017, in which the Authority agreed to permit the new Marriott Tower to be included into the Penn Square Condominium Association. Construction on the new Marriott Tower began in 2017 and was completed in August 2019.

Basis of Accounting

The Authority's financial statements are presented using the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority measures and reports all assets, liabilities, revenues, expense, gains, and losses using the economic resources measurement focus and accrual basis of accounting.

The Authority is a member of the Penn Square Condominium Association, which is comprised of two ownership groups. The other ownership group is PSP, a private entity. Each ownership group has their own business operation with revenues and expenses, as described in the development agreements. Where tracking actual expenses would become too costly, approved allocation methodologies have been incorporated. These allocations are described in the IHR Operational Expense Guidelines (Guidelines). The Guidelines only interpret the governing documents and do not rewrite them.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Investments

The Authority accounts for investments at fair value. The fair value of the Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, loan proceeds, and Marketing Consortium funds are classified as restricted assets on the balance sheet, because the use of the funds is limited by applicable trust indentures or other agreements.

Capital Assets

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Buildings and improvements, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings and improvements	5-40 years
Furniture, fixtures, and equipment	3-10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Unearned Revenue

Unearned revenue represents deposits received by the Authority for future events. These

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

deposits will be recognized as revenue in the period in which the event occurs.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses and contributions of capital. Net position is classified in the following three components: Net investment in capital assets; restricted for various purposes; and unrestricted net position.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, upon settlement, actual results may differ from estimated amounts.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Revenues and expenses from operations include departmental operating revenues, departmental operating expenses, undistributed operating expenses, management and incentive fees, Marketing Consortium, fixed charges, administrative expenses, and depreciation. The principal operating revenues of the Authority is conference services revenue. The principal operating expenses include energy, repairs and maintenance, conference services, administration and general, and sales and marketing expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, if available, and then unrestricted resources as they are needed.

Adopted Pronouncements

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 102, Certain Risk Disclosures, for the year ended December 31, 2025. Adoption of this Statement did not have a significant impact on the Authority's financial statements for the current year.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

2. Hotel Room Rental Tax

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the total 3.9% tax, 20% was originally allocated to Discover Lancaster (formerly known as the Pennsylvania Dutch Convention and Visitors Bureau) to be used to promote tourism in the County, and 80% was allocated to the Authority to be used for construction and operation of the convention center facility.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Revenue is recognized in the period to which the County attributed collection.

In July 2022, the Authority and Discover Lancaster entered into a memorandum of understanding, as more fully described in note 14, which commits Discover Lancaster to directing its 20% of the hotel room rental tax revenues to the Authority through December 31, 2057.

At December 31, 2025 and 2024, the Authority's funds on deposit exceeded the established thresholds; therefore, \$2,109,508 and \$2,039,387, respectively, of the hotel room rental tax revenue was payable to Discover Lancaster under the terms of the memorandums of understanding.

3. Lease Agreement – LancasterHistory.Org

In July 2022, the Authority entered a new lease agreement with LancasterHistory.org (LHO). The new lease term is for a period of 99 years. Base rent and additional rent charges remain the same.

LHO started to renovate the property at 13 – 15 East Vine Street in 2023. LHO has scheduled the grand opening of the "Thaddeus Stevens, Lydia Hamilton Smith Center for History & Democracy", on May 1, 2026

4. Deposits and Investments

The Third Class County Convention Center Authority Act provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow the pooling of governmental funds for investment purposes.

In June 2023, the Authority adopted an investment policy whereby certain funds held under the Hotel Room Rental Tax Revenue Bonds, Series A and B of 2022 indenture, Authority funds held for capital replacement, CRIZ funds held for replacement of furniture, fixture, and equipment (FF&E), and funds held to perform target marketing for Priority 1

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

and Priority 2 events may be invested in short-term U.S. Treasury obligations or other eligible investments as defined in the indenture.

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

As of December 31, 2025, the book balance of the Authority was \$2,496,024 and the bank balance was \$2,795,638. At December 31, 2025, the book balance included \$1,016,499 and bank balance included \$1,472,460 of cash held with a trustee or others that is presented as restricted assets on the balance sheet. As of December 31, 2024, the book balance of the Authority was \$2,113,335 and the bank balance was \$2,076,569. At December 31, 2024, the book balance included \$778,827 and bank balance included \$905,904 of cash held with a trustee or others that is presented as restricted assets on the balance sheet. Of the bank balances, \$500,000 was covered by federal depository insurance at December 31, 2025 and 2024. At December 31, 2025 and 2024, the remainder of the bank balance was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Investments

The Authority's investments are considered Level 1 based on quoted market prices. Unrestricted and restricted investments, reported at fair value, were as follows:

<u>December 31, 2025</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Money market funds	\$ 15,709,388	\$ 875,246	\$ 14,834,142
U.S. Treasury notes	8,634,753	555,785	8,078,968
Total Investments	<u>\$ 24,344,141</u>	<u>\$ 1,431,031</u>	<u>\$ 22,913,110</u>
<u>December 31, 2024</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Money market funds	\$ 11,912,283	\$ 57,679	\$ 11,854,610
U.S. Treasury bills	7,451,806	-	7,451,806
U.S. Treasury bonds & notes	3,648,331	1,313,049	2,335,282
Total Investments	<u>\$ 23,012,420</u>	<u>\$ 1,370,728</u>	<u>\$ 21,641,698</u>

Custodial Credit Risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have a formal policy for custodial credit risk. The Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form. The Authority's investment in U.S. Treasury bills and U.S. Treasury bonds and notes carry the explicit guarantee of the U.S. government.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2025 and 2024, there were no investments held by the Authority that were subject to concentration of credit risk.

Credit Risk – The Authority limits its exposure to credit risk by permitting itself to invest in only U.S. government obligations or those obligations explicitly guaranteed by the U.S. government or other eligible investments as defined in the indenture. As of December 31, 2025, the Authority's investments in money market funds were rated AAA and U.S. Treasury notes were rated AA1 by Moody's. As of December 31, 2024, the Authority's investments in money market funds and U.S. Treasury bonds and notes were rated AAA by Moody's.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Interest Rate Risk – The Authority investment policy limits investment maturities to short-term U.S. Treasury obligations or other eligible investments are defined in the indenture as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following is a list of the Authority’s money market fund and U.S. Treasury obligation investments and the related average maturities at December 31, 2025:

	Fair Value	2026
Money market funds	\$ 15,709,388	\$ 15,709,388
U.S. Treasury notes	8,634,753	8,634,753
	\$ 24,344,141	\$ 24,344,141

The following is a list of the Authority’s money market fund and U.S. Treasury obligation investments and the related average maturities at December 31, 2024:

	Fair Value	2025
Money market funds	\$ 11,912,283	\$ 11,912,283
U.S. Treasury bills	7,451,806	7,451,806
U.S. Treasury notes	3,648,331	3,648,331
	\$ 23,012,420	\$ 23,012,420

At December 31, 2025 and 2024 the Authority’s investment in money market funds had an average maturity of less than one year.

5. Note Receivable

During the year ended December 31, 2025, the Authority entered into a Note Receivable for the sale of the Swan Property. The Swan Property which had a book value of \$328,500 was sold for \$500,000. \$450,000 of the sale price was financed with a note receivable. The note is for the principal amount of \$450,000 and shall accrue interest at 5.00% per annum. Payments shall be \$3,558.57 made monthly, on the first day of each month. The note is secured by a third priority mortgage on the property. The note receivable is recorded at carrying value and will mature on July 1, 2040.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Minimum future payments to be received from the note receivable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,107	\$ 21,596	\$ 42,703
2027	22,187	20,516	42,703
2028	23,322	19,381	42,703
2029	24,515	18,188	42,703
2030	25,769	16,934	42,703
2031-2035	150,022	63,492	213,514
2036-2040	<u>174,590</u>	<u>21,131</u>	<u>195,721</u>
	<u>\$ 441,512</u>	<u>\$ 181,238</u>	<u>\$ 622,750</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

6. Capital Assets

A summary of changes in capital assets for the year ending December 31 is as follows:

	Beginning Balance 1/1/2025	Additions/ Transfers	Disposals/ Transfers	Ending Balance 12/31/2025
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ (328,500)	\$ 1,279,017
Construction in progress	<u>1,382,192</u>	<u>5,811,898</u>	<u>(1,218,919)</u>	<u>5,975,171</u>
Total capital assets not being depreciated	<u>2,989,709</u>	<u>5,811,898</u>	<u>(1,547,419)</u>	<u>7,254,188</u>
Capital assets being depreciated:				
Building	77,325,306	2,135,169	(5,109)	79,455,366
Furniture, fixtures, and equipment:				
Convention Center	6,139,379	195,187	(4,628)	6,329,938
Penn Square Condominium Association	515,292	-	-	515,292
Office	<u>8,451</u>	<u>-</u>	<u>-</u>	<u>8,451</u>
Total capital assets, being depreciated	<u>83,988,428</u>	<u>2,330,356</u>	<u>(9,737)</u>	<u>86,309,047</u>
Less accumulated depreciation for:				
Buildings and improvements	30,838,093	2,200,363	(3,580)	33,034,876
Furniture, fixtures, and equipment	<u>6,049,751</u>	<u>229,684</u>	<u>(4,011)</u>	<u>6,275,424</u>
Total accumulated depreciation	<u>36,887,844</u>	<u>2,430,047</u>	<u>(7,591)</u>	<u>39,310,300</u>
Total capital assets being depreciated, net	<u>47,100,584</u>	<u>(99,691)</u>	<u>(2,146)</u>	<u>46,998,747</u>
Total capital assets, net	<u>\$ 50,090,293</u>	<u>\$ 5,712,207</u>	<u>\$ (1,549,565)</u>	<u>\$ 54,252,935</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Beginning Balance 1/1/2024	Additions/ Adjustments	Disposals/ Adjustments	Ending Balance 12/31/2024
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Construction in progress	-	1,382,192	-	1,382,192
Total capital assets not being depreciated	<u>1,607,517</u>	<u>1,382,192</u>	<u>-</u>	<u>2,989,709</u>
Capital assets being depreciated:				
Building	76,657,196	668,110	-	77,325,306
Furniture, fixtures, and equipment:				
Convention Center	6,055,815	94,358	(10,794)	6,139,379
Penn Square Condominium Association	515,292	-	-	515,292
Office	8,451	-	-	8,451
Total capital assets, being depreciated	<u>83,236,754</u>	<u>762,468</u>	<u>(10,794)</u>	<u>83,988,428</u>
Less accumulated depreciation for:				
Buildings and improvements	28,735,955	2,102,138	-	30,838,093
Furniture, fixtures, and equipment	5,820,161	229,590	-	6,049,751
Total accumulated depreciation	<u>34,556,116</u>	<u>2,331,728</u>	<u>-</u>	<u>36,887,844</u>
Total capital assets being depreciated, net	<u>48,680,638</u>	<u>(1,569,260)</u>	<u>(10,794)</u>	<u>47,100,584</u>
Total capital assets, net	<u>\$ 50,288,155</u>	<u>\$ (187,068)</u>	<u>\$ (10,794)</u>	<u>\$ 50,090,293</u>

7. Contingency Fee Payable

Per the second amendment to the Joint Development Agreement among the Authority, the RACL, and PSP, the Authority is to pay \$700,000 to PSP to reimburse the RACL/PSP contingency provided under the agreement. RACL/PSP agrees to use the funds received to either complete the project or to be deposited into the Furniture, Fixtures and Equipment (FF&E) Reserve Fund for the hotel. The agreement requires fourteen annual payments of \$50,000 beginning in March 2015. The Authority paid PSP \$50,000 during the years ending December 31, 2025 and 2024. The balance outstanding as of December 31, 2025 and 2024 was \$150,000 and \$200,000, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

8. Bonds and Note Payable

On December 1, 2022, the Authority's 2014 Bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series A and B of 2022 (2022 A and B Bonds) in the amount of \$6,755,000 and \$62,730,000, respectively.

The 2022 A Bonds are due in annual installments of \$45,000 to \$1,000,000 beginning in 2023 through 2030 with interest rates ranging from 4.73% to 5.17%. The 2022 B Bonds are due in annual installment of \$1,080,000 to \$3,860,000 beginning in 2030 and continuing through 2057 with interest rates ranging from 4.00% to 5.00%.

The 2022 B Bonds have optional redemption terms which, if exercised, could decrease the overall debt service. The optional redemption terms are allowable on or after May 1, 2032.

In conjunction with the issuance of the 2022 A and B Bonds, the Authority entered into a guarantee agreement with the County. Under the guaranty agreement, the County guarantees the payment of the Authority's obligation under the Debt Service Reserve Fund Replenishment Note.

Commons on Vine CRIZ Grant and Note Payable

On April 23, 2025, the Authority entered into a revenue note with a bank in the original principal amount of \$5,052,000 to finance the Commons on Vine renovation project and pay for issuance costs. The note is a drawdown note. The 2025 note is due in annual installments of \$415,000 to \$622,000 beginning in 2025 through 2034 with an interest rate of 5.20%, with principal payable annually on December 1, and interest payable semiannually on June 1 and December 1.

On October 22, 2024, the Authority entered into a grant agreement with CRIZ to pay annual debt service payments on the note payable for the Commons on Vine Renovation Project. The grant will not exceed \$6,250,666 toward the repayment of the loan over a ten year period and the related interest payments. The Authority is required to provide a 20% match for all project costs. Grant funds will be recognized as qualifying expenditures are incurred (including required match). The grant agreement provides for annual payments in the amount of \$625,066 for ten years, unless additional funds are provided at the sole discretion of the grantor. The grant funds are to be used for annual debt service payments or to make principal reduction payments on the note payable. As of December 31, 2025

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

and 2024 the Authority received \$3,132,535 and \$0, respectively. Of the total grant funds received, \$47,871 was used for interest payments.

Long-term liability activity for the year ended December 31 was as follows:

<u>Direct Borrowing</u>	Beginning of			End of	Current
December 31, 2025	Year	Additions	Retirements	Year	Portion
Bonds payable:					
Series of 2022	\$ 67,645,000	\$ -	\$ 885,000	\$ 66,760,000	\$ 925,000
Less: Discount on issuance	(1,929,306)	-	(88,545)	(1,840,761)	-
Note payable:					
2025 Note	-	3,254,490	3,084,664	169,826	169,826
	<u>\$ 65,715,694</u>	<u>\$ 3,254,490</u>	<u>\$ 3,881,119</u>	<u>\$ 65,089,065</u>	<u>\$ 1,094,826</u>

<u>Direct Borrowing</u>	Beginning of			End of	Current
December 31, 2024	Year	Additions	Retirements	Year	Portion
Bonds payable:					
Series of 2022	\$ 68,485,000	\$ -	\$ 840,000	\$ 67,645,000	\$ 885,000
Less: Discount on issuance	(2,017,851)	-	(88,545)	(1,929,306)	-
	<u>\$ 66,467,149</u>	<u>\$ -</u>	<u>\$ 751,455</u>	<u>\$ 65,715,694</u>	<u>\$ 885,000</u>

In accordance with Section 6.02 of the 2022 A and B Bonds Trust Indenture (Trust Indenture), if an event of default, such as failure to pay principal and interest on bonds when due, or any other events as defined by Section 6.01 of the Trust Indenture, the Trustee may 1) if the Authority is not collecting 100% of the hotel tax revenues, notify the County Treasurer (Treasurer) that an event of default has occurred and is continuing; and 2) pursue any available remedy to enforce the performance or compliance with any other obligation or requirement of this Trust Indenture or any of the security documents.

Upon the occurrence and continuance of an event of default under Section 6.01(c) of the Trust Indenture, the Trustee may, and if requested to do so by the holders of at least twenty-five percent (25%) in aggregate principal amount of 2022 A and B Bonds then outstanding, and if the Trustee is indemnified, the Trustee shall, exercise such of the rights and remedies conferred by the provision of Local Government Unit Debt Act.

Upon the occurrence of an event of default under Section 6.1(a) of the note agreement, the

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

purchaser may declare the entire principal amount of the revenue note to be immediately due and payable, whereupon the Revenue Note shall become immediately due and payable, both as to principal and interest and take any action at law or in equity to collect the payments then due.

The debt service requirements for the 2022 Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 925,000	\$ 3,026,282	\$ 3,951,282
2027	970,000	2,981,223	3,951,223
2028	1,020,000	2,932,846	3,952,846
2029	1,070,000	2,880,421	3,950,421
2030	1,125,000	2,825,026	3,950,026
2031-2035	6,560,000	13,196,812	19,756,812
2036-2040	8,375,000	11,383,850	19,758,850
2041-2045	10,425,000	9,334,394	19,759,394
2046-2050	12,760,000	6,999,663	19,759,663
2051-2055	15,990,000	3,761,763	19,751,763
2056-2057	7,540,000	362,425	7,902,425
	<u>\$ 66,760,000</u>	<u>\$ 59,684,705</u>	<u>\$ 126,444,705</u>

The debt service requirements for the 2025 note are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 169,826	\$ 8,831	\$ 178,657
	<u>\$ 169,826</u>	<u>\$ 8,831</u>	<u>\$ 178,657</u>

Subsequent to December 31, 2025, the Authority drew down an additional \$190,000 on the 2025 revenue note.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

9. Retirement Plans

Effective September 30, 2016, the Authority sponsors a Savings Incentive Match Plan for Eligible Individual Retirement Account (SIMPLE IRA) plan covering all eligible employees. Contributions are matched by the Authority, dollar for dollar up to 3% of the employee's compensation. Amounts charged to retirement expense totaled \$7,704 and \$7,742 for the years ended December 31, 2025 and 2024, respectively.

10. Restricted Assets

The restricted assets represent funds derived from the proceeds of the bonds and other agreements. The funds are restricted for payment of construction costs, debt service payments, settlement costs, and operating and administrative expenses. Restricted assets at December 31 are as follows:

	2025	2024
Cash and investments with trustee:		
Debt service reserve fund - 2022 Bonds	\$ 4,539,234	\$ 4,341,857
Bond fund - 2022 Bonds	1,125,257	1,105,435
Operating expense fund - 2022 Bonds	3,859,508	4,492,343
Excess funds - 2022 Bonds	8,260,621	5,725,732
Total cash and investments with trustee	17,784,620	15,665,367
Cash and investments held by Authority:		
Capital replacement fund	2,696,200	3,303,381
Lancaster CRIZ Authority - FF&E reserve	1,477,704	1,987,064
Lancaster 2025 CRIZ funds	459,181	-
Marketing Consortium funds	1,511,904	1,464,713
Total cash and investments held by Authority	6,144,989	6,755,158
	\$ 23,929,609	\$ 22,420,525

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

11. Net Investment in Capital Assets

Net investment in capital assets at December 31 is comprised of the following:

	2025	2024
Net capital assets	\$ 54,252,935	\$ 50,090,293
Debt service reserve fund - 2022 Bonds	4,539,234	4,341,857
Bond fund - 2022 Bonds	1,125,257	1,105,435
Lancaster 2025 CRIZ funds	459,181	-
Bonds payable, net	(64,919,239)	(65,715,694)
Note payable, net	(169,826)	-
Portion of bonds payable used to pay SWAP termination fee	8,971,790	9,090,724
Capital purchases in accounts payable	(1,797,118)	(149,220)
Contingency fee payable	(150,000)	(200,000)
Total net investment in capital assets	\$ 2,312,214	\$ (1,436,605)

12. Restricted Net Position

Net position is restricted at December 31 as follows:

	2025	2024
Operating expense fund - 2022 Bonds	\$ 3,859,508	\$ 4,492,343
Excess funds - 2022 Bonds	8,260,621	5,725,732
Capital replacement fund	2,696,200	3,303,381
Marketing Consortium funds	1,511,904	1,464,713
Due from - Penn Square Partners - reimb	1,040	125,233
Lancaster CRIZ Authority - FF&E reserve	1,477,704	1,987,064
Due to Discover Lancaster	(2,109,508)	(2,039,387)
Total restricted net position	\$ 15,697,469	\$ 15,059,079

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

13. Risk Management

The Authority maintains insurance contracts to mitigate the risk of loss arising from the following events: torts; theft of, damage to, or destruction of certain assets; wrongful acts by directors and officers; job-related illness or injuries to employees; acts of God; and losses resulting from providing medical benefits to employees and their dependents. Contracts are limited liability and limited to specific properties. Settled claims have not exceeded the commercial coverage insurance in any of the past three fiscal years.

14. Commitments, Contingencies, Other Restricted Assets

Continuing Covenant Agreement

Under the continuing covenant agreement, as amended, the Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default. The Authority was not in default of the liquidity covenant during any applicable quarter for the year ended December 31, 2025 and 2024.

Memorandum of Understanding

In July 2022, the Authority and Discover Lancaster entered into a memorandum of understanding which memorialized the understanding between the Authority and Discover Lancaster regarding the FF&E funding, the capital reserve funding, and the extension of Discover Lancaster's commitment to directing 100% of the hotel room rental revenue tax revenues to the Authority through December 31, 2057.

Marketing Consortium Funding

Funding to perform the target marketing for Priority 1 and Priority 2 events is required per the July 2022 memorandum of understanding with Discover Lancaster. During the years ended December 31, 2025 and 2024, the Authority provided funding of \$467,113 and \$457,954, respectively, as required by the memorandum of understanding.

Of the \$4,907,731 deposited in the Consortium accounts through December 31, 2025, \$3,527,231 had been expended. The remaining balance at December 31, 2025, including

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

interest, was \$1,511,904 and is included in the restricted cash and investments of the Authority.

FF&E Funding

Capital Replacement

For the years ended December 31, 2025 and 2024, the Authority made contributions of \$1,050,000 and \$1,100,000 to the capital replacement fund from the bonds fund. The balance in the restricted capital replacement fund is \$2,696,200 and \$3,303,381 as of December 31, 2025 and 2024, respectively is included in the restricted cash and investments of the Authority.

2014 CRIZ Grant

During the years ended December 31, 2025 and 2024, the Authority expended \$409,200 and \$582,956, respectively, of the Lancaster CRIZ Authority funds (CRIZ account). These expenses are initially paid from the Capital Replacement Fund and are subsequently reimbursed from the CRIZ account. At December 31, 2025 and 2024, the balance of the restricted cash and investments in the CRIZ account is \$1,477,704 and \$1,987,064, respectively. At December 31, 2025 and 2024, \$409,200 and \$582,956 remained to be reimbursed to the Authority's Capital Replacement Fund.

The CRIZ account and the capital replacement fund have separate restrictions regarding what capital items can be purchased with the reserves.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Funding Requirements of the July 2022 Memorandum of Understanding

Pursuant to the July 2022 memorandum of understanding between the Authority and Discover Lancaster, the marketing and FF&E funding is as follows:

	<u>Marketing Funding</u>	<u>FF&E Funding</u>
	Authority	Capital
	2022	Replacement
	<u>Bond Funds</u>	<u>Fund</u>
2026	\$ 476,455	\$ 1,050,000
2027	485,984	1,050,000
2028	495,704	1,050,000
2029	505,618	1,000,000
2030	515,730	1,000,000
2031-2035	2,737,559	5,750,000
2036-2040	3,022,486	7,750,000
2041-2045	3,337,069	11,500,000
2046-2050	3,684,394	16,250,000
2051-2055	4,067,869	21,750,000
2056-2057	1,743,326	9,000,000
Total	<u>\$ 21,072,194</u>	<u>\$ 77,150,000</u>

Incentives

The Convention Center offers incentives for certain future events in the form of discounts. The discounts are recognized in the period in which the event is held. At December 31, 2025 and 2024, the Convention Center's commitment to provide incentives was \$140,000, and \$120,000, respectively.

Construction Commitments

As of December 31, 2025, the Authority had construction commitments totaling approximately \$929,433 for two separate projects.

SUPPLEMENTARY INFORMATION

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING BALANCE SHEET

DECEMBER 31, 2025

Assets	Authority	Operations	Total
Current assets:			
Cash and cash equivalents	\$ 536,873	\$ 942,652	\$ 1,479,525
Investments	1,431,031	-	1,431,031
Receivables:			
Taxes	1,529,948	-	1,529,948
Other	1,040	15,304	16,344
Accrued interest receivable	26,164	-	26,164
Due from Operations/Due to Authority	280,500	(280,500)	-
Due from Aimbridge Hospitality	-	160,282	160,282
Inventory	-	27,276	27,276
Prepaid expenses	15,413	182,550	197,963
Current portion of note receivable	21,107	-	21,107
	3,842,076	1,047,564	4,889,640
Restricted assets:			
Cash and cash equivalents	735,999	280,500	1,016,499
Investments	22,913,110	-	22,913,110
	23,649,109	280,500	23,929,609
Note receivable, net of current portion	420,405	-	420,405
Capital assets:			
Land	1,279,017	-	1,279,017
Construction in Progress	5,975,171	-	5,975,171
Building and improvements	79,455,366	-	79,455,366
Furniture, fixtures, and equipment:			
Convention Center	6,329,938	-	6,329,938
Penn Square Condominium Association	515,292	-	515,292
Office	8,451	-	8,451
	93,563,235	-	93,563,235
Less: accumulated depreciation	39,310,300	-	39,310,300
	54,252,935	-	54,252,935
Total Assets	\$ 82,164,525	\$ 1,328,064	\$ 83,492,589

(Continued)

Liabilities and Net Position	<u>Authority</u>	<u>Operations</u>	<u>Total</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,830,098	\$ 10,953	\$ 1,841,051
Accrued payroll and payroll expense	8,173	-	8,173
Other accrued expenses	-	228,142	228,142
Unearned revenue	-	218,515	218,515
Current portion of note payable	169,826	-	169,826
Contingency fee payable	50,000	-	50,000
Total current liabilities	<u>2,058,097</u>	<u>457,610</u>	<u>2,515,707</u>
Current liabilities (payable from restricted assets):			
Accrued interest payable	252,190	-	252,190
Current portion of bonds payable	925,000	-	925,000
Due to Discover Lancaster	2,109,508	-	2,109,508
Total current liabilities (payable from restricted assets)	<u>3,286,698</u>	<u>-</u>	<u>3,286,698</u>
Long-term liabilities:			
Reimbursement for contingency payable	100,000	-	100,000
Bonds payable, net	63,994,239	-	63,994,239
Total long-term liabilities	<u>64,094,239</u>	<u>-</u>	<u>64,094,239</u>
Total Liabilities	<u>69,439,034</u>	<u>457,610</u>	<u>69,896,644</u>
Net Position:			
Net investment in capital assets	2,312,214	-	2,312,214
Restricted	15,697,469	-	15,697,469
Unrestricted	(5,284,192)	870,454	(4,413,738)
Total Net Position	<u>12,725,491</u>	<u>870,454</u>	<u>13,595,945</u>
Total Liabilities and Net Position	<u>\$ 82,164,525</u>	<u>\$ 1,328,064</u>	<u>\$ 83,492,589</u>
			(Concluded)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Authority	Operations	Total
Operating Revenues:			
Conference services	\$ -	\$ 2,687,914	\$ 2,687,914
Concession	-	446,135	446,135
Other	12,129	19,606	31,735
Total operating revenues	<u>12,129</u>	<u>3,153,655</u>	<u>3,165,784</u>
Operating Expenses:			
Departmental expenses	-	1,393,108	1,393,108
Undistributed operating expenses	-	2,301,804	2,301,804
Management fees	-	198,822	198,822
Fixed charges	-	128,796	128,796
Capital/development costs	20,097	-	20,097
Total operating expenses	<u>20,097</u>	<u>4,022,530</u>	<u>4,042,627</u>
Other Operating Expenses:			
Administrative expenses	563,304	-	563,304
Marketing Consortium	471,146	-	471,146
Depreciation	2,430,046	-	2,430,046
Total other operating expenses	<u>3,464,496</u>	<u>-</u>	<u>3,464,496</u>
Operating Loss	<u>(3,472,464)</u>	<u>(868,875)</u>	<u>(4,341,339)</u>
Non-Operating Revenues (Expenses):			
Hotel room rental tax income	8,532,467	-	8,532,467
Investment income	974,631	-	974,631
Other income	5,928	-	5,928
Gain on sale of assets	164,313	-	164,313
2024 CRIZ Grant	3,132,535	-	3,132,535
Interest expense	(3,319,882)	-	(3,319,882)
Total non-operating revenues (expenses)	<u>9,489,992</u>	<u>-</u>	<u>9,489,992</u>
Transfers	<u>(847,835)</u>	<u>847,835</u>	<u>-</u>
Change in Net Position	5,169,693	(21,040)	5,148,653
Net Position:			
Beginning of period	7,555,798	891,494	8,447,292
End of period	<u>\$ 12,725,491</u>	<u>\$ 870,454</u>	<u>\$ 13,595,945</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating Expenses:		
Departmental expenses:		
Conference service	\$ 488,773	\$ 390,348
Event management	761,134	889,547
Public space	143,201	129,760
Total departmental expenses	1,393,108	1,409,655
Undistributed operating expenses:		
Administrative and general	532,750	453,058
Sales and marketing	312,642	264,729
Repairs and maintenance	770,211	735,653
Energy	432,308	415,379
Information technology	150,738	165,355
Miscellaneous	103,155	97,515
Total undistributed operating expenses	2,301,804	2,131,689
Management fees	198,822	241,483
Marketing Consortium	471,146	430,872
Fixed charges:		
Insurance	128,796	109,124
Total fixed charges	128,796	109,124
Administrative expenses:		
Solicitor fees and expense	14,825	38,925
Historic properties repairs	50,365	281
Employee compensation	258,020	260,217
Executive director expenses, employee mileage and travel	3,417	6,378
Payroll taxes	19,470	19,185
Employee benefits	69,273	67,431
Office supplies and expense	4,142	7,451
Internet and computer service	11,238	9,010
Accounting fees	54,252	30,760
Business advisory fees	26,568	34,870
Insurance	18,944	17,308
Telephone expense	2,662	2,585
Advertising notices	640	1,858
Miscellaneous expense	29,488	6,236
Total administrative expenses	563,304	502,495

(Continued)

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Depreciation	2,430,046	2,331,729
Capital/development costs:		
Accounting	9,897	3,899
Trustee fees	10,200	10,200
Total capital/development costs	<u>20,097</u>	<u>14,099</u>
Total operating expenses	<u>\$ 7,507,123</u>	<u>\$ 7,171,146</u>
		(Concluded)