

# 2003 Annual Report

Mon, March 24, 2008

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## Welcome

The year 2003 was a pivotal one for the Atlantic City Convention & Visitors Authority.

With the product mix changing so rapidly, we felt it was crucial to address our current and potential visitors and get an inside view of their opinions regarding the destination. We held productive focus groups in our drive markets and garnered valuable information that was used in the development of our new marketing theme, "Always Turned On."

October 16th brought 350 community leaders and influencers to the convention center for the launch, which was hosted by Laurin Sydney of CNN. The new marketing theme was unveiled to the audience with use of a fast moving video with powerful music. The audience exited the program energized by this new message. A press conference was also held and the results were 12 million television impressions and 3 million in the print media.

The year also brought defined departmental objectives for both sports and film marketing. These two areas will bring additional opportunities for economic impact as well as promotional value.

Boardwalk Hall's success with eight sold out concerts and its prominence as declared by Billboard Magazine as the highest grossing venue of its size in 2003 is something our entire community can take pride in.

We are proud of the awards the Authority won in 2003 and they are highlighted in this report.

The opportunities to enhance Atlantic City's visitor base are abundant as new attractions continue to come on line. The additional hotel rooms, retail and entertainment projects and new restaurant offerings will diversify the product and allow for new visitors to take advantage of Atlantic City.

It is our goal at the Atlantic City Convention & Visitors Authority to work with our partners, visitors, convention planners, city and state leaders to assure Atlantic

**Atlantic City**  
always turned on™

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**James E. McGreevey**  
Governor



**Mark A. Brown**  
Chairman of the Board



**Jeffrey S. Vasser**  
Executive Director

City's place as a first class destination resort.

Please feel free to contact one of us with any questions or comments you may have.

Sincerely,

**Mark A. Brown**  
**Jeffrey S. Vasser**

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## Awards and Recognitions

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They like us...they *really* like us. Our standards of excellence were recognized with a variety of awards in 2003.

### Convention Industry Awards

Readers of the following publications voted Atlantic City as a top destination for CVB and convention center services:

- ➔ Corporate & Incentive Travel
- ➔ Meetings & Conventions
- ➔ Meetings News and Facilities
- ➔ Destinations

### Communication Awards

The public relations and marketing aspects of the launch of the "Always Turned On" marketing theme garnered several awards:

- ➔ The Philadelphia Chapter of the Public Relations Society of America awarded a coveted Pepperpot Award.
- ➔ The League of American Communications Professionals honored us with a prestigious Magellan Award.
- ➔ The Hotel Sales and Marketing Association International bestowed a prominent Golden Bell Public Relations Award.

### Boardwalk Hall Awards

Boardwalk Hall's \$90 million restoration continued to receive prominent awards:

- ➔ The National Trust for Historic Preservation awarded the 2003 National Preservation Honor Award.
- ➔ Building Design and Construction magazine gave the Grand Award, the highest honor bestowed in the 19th Annual Reconstruction Awards.
- ➔ Billboard magazine recognized Boardwalk Hall as the top grossing mid-sized arena for December 2002 through May 2003, and for the full year of 2003.

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## Boardwalk Hall

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In 2003, Boardwalk Hall firmly established its reputation as a world-class facility, playing host to more than 352,000 guests at 109 events. That reputation was cemented with recognition by Billboard magazine as top grossing mid-sized arena, December 2002 through May 2003, as well as top grossing mid-sized arena for 2003, reflecting more than \$17 million in ticket sales.



That success stemmed in large part from partnerships with nationally respected touring promoters such as Clear Channel, Concerts West, JAM and Jack Utsick Presents, as well as local promoters including Caesars Entertainment and Trump Properties. This led to eight sold out concerts featuring Bruce Springsteen, Bon Jovi, Fleetwood Mac, Cher, Alan Jackson, the Eagles, Elton John and Simon & Garfunkel.

Sports events also played a starring role in Boardwalk Hall's stellar performance. In keeping with the building's long and distinguished relationship with the boxing industry, the Gatti-Ward III fight attracted a record crowd for a non-title boxing match, generated one of highest ratings for HBO Sports and was named by Ring Magazine as Fight of the Year. In addition, the hall hosted Don King's record eight-title fight card in December, plus Ultimate Fighting, the NJ High School Wrestling Finals and midget car racing. And the Boardwalk Bullies hockey team won the ECHL's prestigious Kelly Cup Championship in an exciting playoff season.

### Additional event highlights include:

➔ In perhaps the biggest musical coup in the city's recent entertainment history, New Jersey superstar Bruce Springsteen played his first Atlantic City concert on the stage of Boardwalk Hall.

➔ Continued use of the Adrian Phillips Ballroom as smaller special events venue. LeAnn Rimes, Aretha Franklin, David Cassidy, National Karate championships, boxing, a wine distributor's tasting and two Asian concerts attracted more than 22,000 guests.



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## Convention Center Development

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### Convention Activity

Sports collectors, pool and spa manufacturers, schoolteachers and knitting enthusiasts all had one thing in common in 2003 – the Atlantic City Convention Center. As with the Atlantic City destination itself, diversification was key to booking conventions and public shows.

While convention centers across the country faced the challenges of additional regional convention centers coming online, coupled with a trend to smaller regional meetings rather than large national conventions, the Atlantic City Convention Center's bookings remained relatively stable. The facility hosted 59 convention and trade shows, 24 public shows, 96 meetings and more than 30 other events, bringing 487,110 people through the doors.

Conventions and public shows alone provided an economic impact of more than \$327 million in 2003, plus tax revenues of close to \$12.9 million.

Those figures, down from 2002, reflect fact that two large conventions held in 2002 – AHR and National Catholic Educators – are "traveling" conventions that are held in different locations each year. Additionally, attendance figures reflect 2003's harsh winter that brought snowstorms during several major conventions and public shows and deterred participants from attending.

While many annual conventions and public shows returned to Atlantic City, several came here for the first time, including:


- ➔ The National Sports Collectors Convention, featuring 750 dealers and more than 100 sports and entertainment celebrities.
- ➔ Stitches Knitting Expo, which drew 6,000 knitting enthusiasts and has booked the Atlantic City Convention Center for the fall of 2004.
- ➔ The Money Show, which drew a wide regional audience.
- ➔ The national D.A.RE Conference, which brought thousands of drug and alcohol abuse counselors and featured the nation's drug czar as a keynote speaker.
- ➔ Psychic John Edwards, who enthralled sold-out audiences.

### In addition:

- ➔ The Convention Development staff booked more than 225 Convention Center

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always turned on™



 [1996-2003 Economic Impact Results: Atlantic Convention Facilities \(PDF\)](#)

and hotel conferences, public shows and conventions during 2003. These events, occurring in 2003 and beyond, will generate an estimated 174,772 room nights with an estimated delegate spending of nearly \$204 million.

➡ Several new events booked in 2003 for subsequent years include:

**The International Auto Salon East**, a popular West Coast show that chose Atlantic City for their first ever East Coast event; **Drawin' the Wild Card Tattoo Show**, which will host an international cast of top tattoo artists; **The Mid-Atlantic Hardscaping Trade Show**, which plans to grow the show into a major annual event; **Avon Home for the Holidays**, which will make the Atlantic City Convention Center its home for the annual showcase of products in 2004; **The Fire Department Instructors Conference East**, which will come to Atlantic City in both 2004 and 2005.

#### **Additional Convention Center Activity**

The Convention Center is more than major trade and public shows, though. Throughout 2003, we hosted 96 meetings and 32 other events (graduations, receptions, civic and religious events and dances), attracting more than 33,800 people.

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## Financial Numbers

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 [Click here \(PDF\)](#) to read Atlantic City Convention Center's Financial Statements for the years ending December 31, 2003 and 2002 and Independent Auditor's Report

 Articles in PDF format where indicated ([requires Acrobat Reader](#))



# ***Atlantic City Convention Center Authority***

*Financial Statements for the  
Years Ended December 31, 2003 and 2002 and  
Independent Auditors' Report*

# ATLANTIC CITY CONVENTION CENTER AUTHORITY

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## **INDEPENDENT AUDITORS' REPORT**

Chair and Members of the Board  
Atlantic City Convention Center Authority  
Atlantic City, New Jersey

We have audited the accompanying statements of net assets of Atlantic City Convention Center Authority (the "Authority"), a component unit of the New Jersey Sports and Exposition Authority ("NJSEA"), as of December 31, 2003 and 2002, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the respective financial statements taken as a whole. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Deloitte &amp; Touche LLP".

March 10, 2004

# ATLANTIC CITY CONVENTION CENTER AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### INTRODUCTION TO THE ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the Financial Statements.

#### *Management's Discussion and Analysis*

This section of the Atlantic City Convention Center Authority's (the "Authority") financial statements, the Management's Discussion and Analysis ("MD&A"), presents an overview of the Authority's operations and financial performance during the years ended December 31, 2003 and 2002. It provides an assessment of how the Authority's financial position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the other financial statements described below.

#### *Financial Statements of the Authority*

All of the Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the GASB. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Capital assets are capitalized and depreciated over their useful lives.

The financial statements offer short- and long-term financial information about the Authority's activities and consist of a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information on all Authority assets, liabilities, revenues, and expenses in a manner similar to that used by most private-sector companies. These two statements also report the Authority's net assets and changes in them. One can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. Net assets increase both when revenues exceed expenses and when the Authority's assets increase without a corresponding increase to the authority's liabilities.

The Statement of Cash Flows presents information about the Authority's relevant sources and uses of cash for the year. It is prepared in a manner that summarizes (1) cash flows from operations, (2) noncapital financing activities, (3) capital and related financing activities, and (4) investing activities. Additionally, noncash transactions that have an effect on the entity's financial position are also presented in the Statement of Cash Flows. Specifically, the Statement of Cash Flows, along with related disclosures and information on other financial statements, can be useful in assessing the following:

- Ability of an entity to generate future cash flows
- Ability of an entity to pay its debt as the debt matures
- Need to seek outside financing
- Reasons for differences between cash flows from operations and operating income
- Effect on an entity's financial position of cash and noncash transactions from investing, capital, and financing activities

### *The Notes to the Financial Statements*

This section of the Authority's financial statements provide information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies. The notes also contain details of contractual obligations, future commitments and contingencies of the Authority along with any other events or developing situations that could materially affect the Authority's financial position.

### **The Authority's Business**

The Authority was established to promote the tourist, resort, convention, and casino industries in addition to operating and maintaining the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall.

- The Atlantic City Convention & Visitors Authority serves as the destination's principal marketing arm, stimulating economic growth through convention, business and leisure tourism development. The Atlantic City Convention & Visitors Authority is funded primarily through marketing fees, which are imposed on hotels in Atlantic City.
- The New Jersey Sports and Exposition Authority ("NJSEA") is the owner and, through the Atlantic City Convention Center Authority, has engaged SMG, to provide management services for the Atlantic City Convention Center, Boardwalk Hall, and West Hall.
- The Atlantic City Convention Center consists of 486,000 square feet of contiguous exhibition space, 45 meeting rooms or 114,000 square feet of meeting space, and a 1,500 space parking garage. The facility serves an integral role in the fabric of the hospitality community by offering an anchor facility for the production of conventions, trade shows, corporate meetings and consumer shows. The facility produces economic impact to the community by attracting exhibitors and attendees to the region, where their spending produces new revenue streams for area businesses and residents.
- The Historic Boardwalk Hall is now fit out as a modern special event center able to compete with the nation's finest arenas for major entertainment and sporting events. The Boardwalk Hall offers the opportunity to provide the local community with a new venue for activities, broadening the diversity and attractiveness for residents and visitors alike.
- West Hall was constructed in 1978 to augment the Historic Boardwalk Hall as an expanded convention facility. The facility is currently used to stage events held in Boardwalk Hall and provides additional parking for the same.
- The Convention Center, Historic Boardwalk Hall, and the West Hall operate at a deficit, seeking to attract visitors and business to this marketplace through a competitive rate structure.

These facilities are also a significant generator of indirect revenue in the form of increased tax generation. Luxury taxes imposed by the State on hotel room rentals, cover charges, drinks and admissions paid within Atlantic City are paid to NJSEA to first make debt payments on bonds issued to construct and renovate the facilities, and then transferred to the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall to cover the operational deficits and capital expenditures of the facilities.

## **Financial Analysis**

The following sections will discuss the significant changes in the Authority's financial position for 2003. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations are provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Authority's financial statements in accordance with Generally Accepted Accounting Principles.

### **Highlights**

Operating revenues were up \$600,000 due to electrical sales, offset by \$1,100,000 in higher operating costs, bad debt expense, rigging grid collapse at Boardwalk Hall, and higher marketing and luxury tax collections. The Authority's net assets increased \$1,238,000 in 2003, representing a \$743,000 increase over the \$495,000 increase in its net assets in 2002. The primary reason for this increase was an additional \$786,000 in marketing fee revenue in 2003 and the collection of the additional \$456,000 in luxury tax transfers for operational deficits. Marketing fee revenue is the primary funding source of the Marketing Operations Segment of the Authority, and it represents the Atlantic City hotel occupancy tax that Marketing Operations receives from the state. In 2003, over 2,500 hotel rooms were added to the Atlantic City hotel room inventory, which helped to produce the additional marketing fee revenue.

The Authority's total assets increased \$1,225,000 to \$11,314,000 in 2003. This increase was due in large part to the \$1,313,000 increase in Marketing Operations' total assets in 2003. The increase in total assets, and more specifically cash, is due to the \$1,238,000 increase in net assets for the year, due to the delay in the revitalization incentive program, established by the Casino Reinvestment Development Program ("CRDA"), which would have redirected marketing fee revenue back to hotel properties in Atlantic City with capital projects approved by CRDA. Instead, that marketing fee revenue remained on the Authority's books. The program was to be implemented by the end of 2003, however it was delayed until 2004, which caused a substantial increase in cash.

Boardwalk Hall's net operating performance increased \$146,000 in 2003 primarily as a result of the incremental increase in event-related revenues such as special services, facility rentals, parking and concessions over the incremental increase in production expenses, which also includes salaries and wages, repairs and maintenance, and supplies. Incremental event-related revenues amounted to \$1,009,000, while incremental production-related expenses were \$915,000, yielding a positive impact on operations of \$94,000. Although the number of events held at the facility remained constant, the scale and profile of the 2003 events changed considerably.

Conversely, the Convention Center's net operating performance decreased \$596,000 in 2003 as a result of the \$550,000 decrease in event-related revenues for the year. Revenues from special services and facility rentals decreased \$897,000 as a result of a few of the larger conventions in 2002 not returning

in 2003. However, parking revenue increased \$336,000 as a result of a parking agreement with a local hotel and rate increases being in effect for the entire year in 2003.

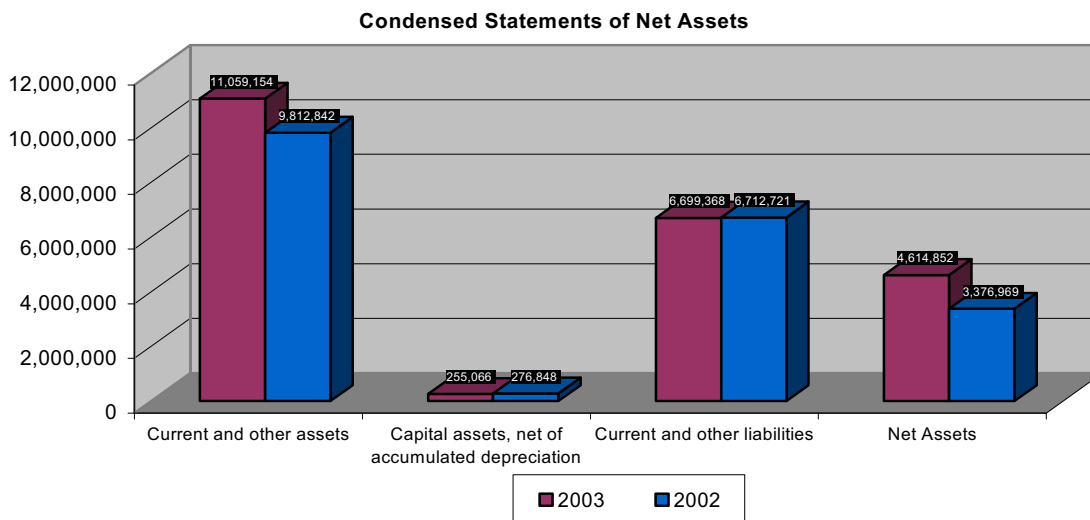
## Financial Summaries

The following exhibits and tables provide a condensed summary and basic explanation of the changes in the financial statements described above, which are also presented in full detail in this annual report:

### EXHIBIT 1

#### Condensed Statements of Net Assets

	December 31, 2003	December 31, 2002
Current and other assets	\$ 11,059,154	\$ 9,812,842
Capital assets, net of accumulated depreciation	<u>255,066</u>	<u>276,848</u>
Total assets	11,314,220	10,089,690
Current and other liabilities	<u>(6,699,368)</u>	<u>(6,712,721)</u>
Net assets	<u>\$ 4,614,852</u>	<u>\$ 3,376,969</u>



Current and other assets increased \$1,246,000 dollars in 2003 to \$11,059,000 largely as a result of Marketing Operations' \$1,334,000 increase in current assets for the year.

Generally, the Authority's assets consist of cash and cash equivalents, receivables from the State of New Jersey, the NJSEA and customers, and capital assets. Capital assets consist of computers,



equipment, and furniture and fixtures. The Authority's liabilities consist of accounts payable, accrued expenses, and deferred revenue.

## EXHIBIT 2

### Condensed Statements of Revenues, Expenses and Changes in Net Assets

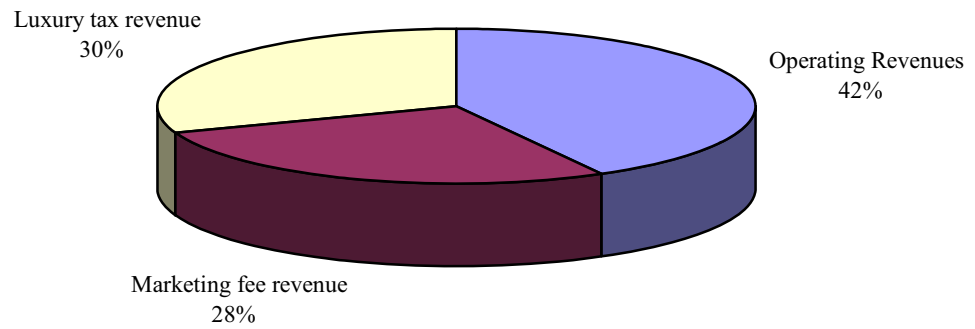
	Year Ended December 31, 2003	Year Ended December 31, 2002
Operating revenues	\$ 14,215,578	\$ 13,613,195
Operating expenses	<u>(32,712,454)</u>	<u>(31,628,390)</u>
Operating loss	<u>(18,496,876)</u>	<u>(18,015,195)</u>
Nonoperating income:		
Luxury tax revenue	10,308,368	9,852,232
Marketing fee revenue	9,362,657	8,576,593
Interest income	<u>63,734</u>	<u>80,999</u>
Total nonoperating income	<u>19,734,759</u>	<u>18,509,824</u>
Increase in net assets	<u>\$ 1,237,883</u>	<u>\$ 494,629</u>

While the Statements of Net Assets show the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

Sources of revenue consisted of:

- Operating revenues, which are the total revenues generated at the Convention Center, Boardwalk Hall, the West Hall, and the Marketing Operations Segment.
- Luxury tax revenue, which is received from NJSEA for the operating deficit of the Convention Center, Boardwalk Hall, and the West Hall.
- Marketing fee revenue, which is collected from the State, to promote the destination of Atlantic City.

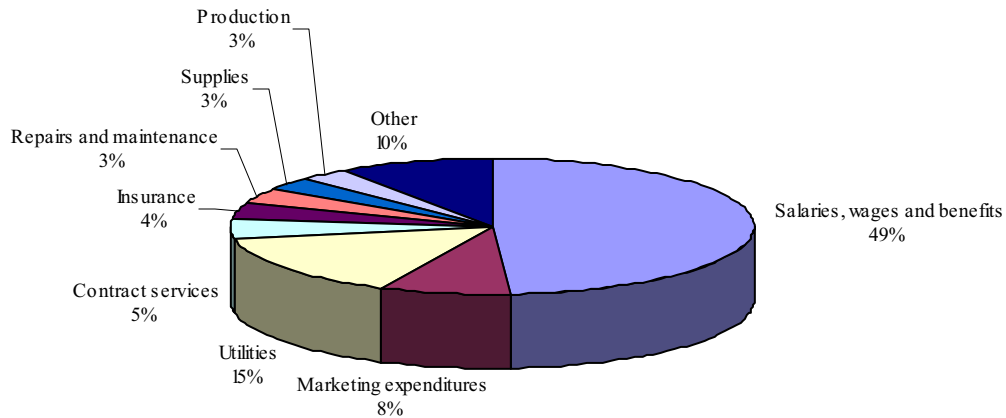
## Sources of Revenue



Sources of expenses consisted of:

- Operating expenses, which are all of the costs associated with promoting the destination of Atlantic City and operating the facilities, except for costs of a capital nature that are depreciated.
- Depreciation expenses, which recognizes the cost of capital assets, such as equipment and furniture & fixtures over their estimated useful lives, which is usually between three (3) and five (5) years.

## Sources of Expenses



Operating revenues for the Authority increased \$602,000 primarily on the strength of the \$759,000 increase in operating revenues at the Boardwalk Hall. In 2003, the Boardwalk Hall hosted several upscale concert and show events, which helped to improve its event-related operating revenues over 2002.

Operating expenses for the Authority increased \$1,100,000 in 2003 as a result of costs associated with the collapse of the Boardwalk Hall grid structure during the year, bad debt expense, and the increased expenses associated with the Convention Center's new role of providing electrical services to its exhibitors. The Convention Center took over these responsibilities late in 2002 and performed them the entire year in 2003. Operating expenses increased for Boardwalk Hall and the Convention Center \$613,000 and \$617,000, respectively.

Non-operating income at the Authority increased approximately \$1,225,000 in 2003 as a result of increases in luxury taxes and marketing fees. Luxury taxes increased approximately \$456,000 due to the increased 2003 operating deficit of the buildings, while marketing fee revenues increased approximately \$786,000 as a result of the 2,500 hotel room additions in 2003.

## Operating Highlights

### Attendance

	2003	2002	2001
Boardwalk Hall	401,963	427,053	105,858
Convention Center	<u>487,111</u>	<u>561,565</u>	<u>484,297</u>
	<u>889,074</u>	<u>988,618</u>	<u>590,155</u>

### Events

	2003	2002	2001
Boardwalk Hall	100	112	36
Convention Center	<u>224</u>	<u>176</u>	<u>199</u>
	<u>324</u>	<u>288</u>	<u>235</u>

### Operating Revenues & Expenses by Facility (000's)

	2003	2002	2001
Operating Revenues:			
Boardwalk Hall	\$ 4,441	\$ 3,692	\$ 1,148
Convention Center	9,288	9,268	7,593
Marketing Operations	<u>487</u>	<u>654</u>	<u>1,002</u>
	<u>\$ 14,216</u>	<u>\$ 13,614</u>	<u>\$ 9,743</u>
Operating Expenses:			
Boardwalk Hall	\$ 11,157	\$ 10,544	\$ 7,608
Convention Center	13,757	13,140	12,120
Marketing Operations	<u>7,798</u>	<u>7,944</u>	<u>8,932</u>
	<u>\$ 32,712</u>	<u>\$ 31,628</u>	<u>\$ 28,660</u>

Travel media showcase revenues decreased \$252,000 in 2003 due to Marketing Operations' sale of the use of the showcase's name and rights to another firm. In years past, Marketing Operations managed

both the revenues and expenses of the event, but in 2003, it only received commissions on the number of booths sold.

Special Services revenue increased by \$627,000 in 2003 for the Convention Center primarily because the Center provided electrical service for exhibitors for the full year as opposed to only four months in 2002, offset by an increase of \$620,000 in contract services expense is also attributed to providing this service.

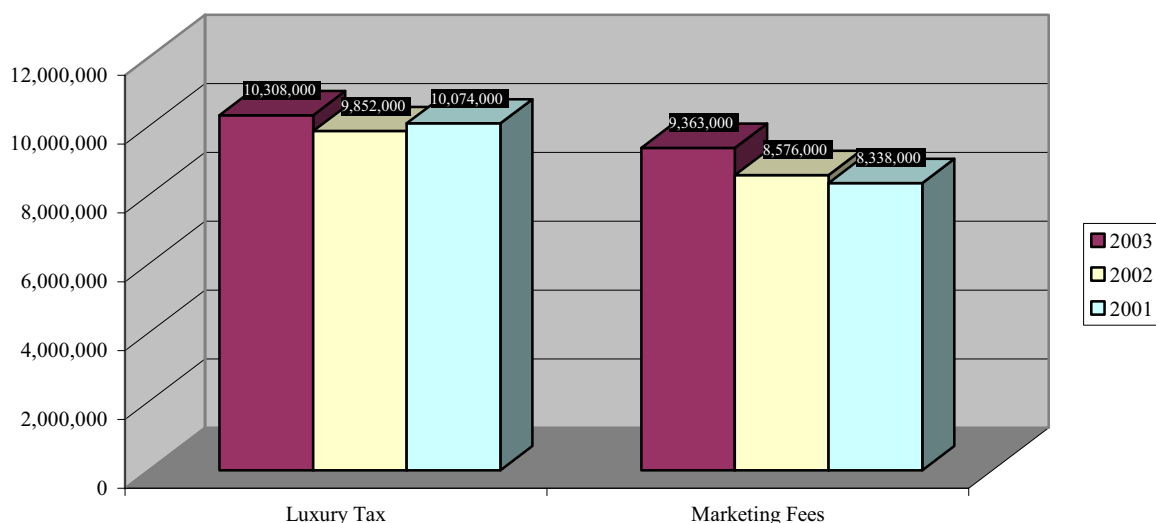
Salaries, wages and benefits for Marketing Operations increased \$220,000 in 2003 as a result of a \$66,000 increase in healthcare costs and the fact that an administrative position and two director-level positions were filled most of 2003, while these positions were vacant all or part of 2002. Marketing Operations also hired several permanent part-time positions to work in the Visitors Welcome Center on the Boardwalk. These positions were vacant for a portion of 2002 when the Center was relocated to Boardwalk Hall.

Marketing expenditures decreased \$798,000 in 2003 primarily due to the \$688,000 decrease in marketing expenditures for Marketing Operations. Approximately \$200,000 of the decrease pertained to Marketing Operations' lack of involvement with Travel Media Showcase in 2003. Convention development funds, which are subsidies Marketing Operations gives larger conventions and attractions to come to Atlantic City, also decreased by \$267,000 in 2003. In 2002, some of the larger uses of convention development funds were for promotions at the Boardwalk Hall. Finally, Marketing Operations shifted approximately \$250,000 of its marketing expenditures on the regional marketing program to contract services in 2003. The Boardwalk Hall and Convention Center decreased its event related advertising by approximately \$100,000 in 2003.

#### **Non-operating Highlights (000's)**

	<b>2003</b>	<b>2002</b>	<b>2001</b>
Nonoperating Revenues			
Luxury Tax	\$ 10,308	\$ 9,852	\$ 10,074
Marketing Fees	<u>9,363</u>	<u>8,576</u>	<u>8,338</u>
	<u>\$ 19,671</u>	<u>\$ 18,428</u>	<u>\$ 18,412</u>

### Nonoperating Revenues



Luxury tax revenue is received from NJSEA from the available Luxury Tax receipts to cover the operating deficit of the Atlantic City Convention Center, the Boardwalk Hall, and the West Hall. This revenue increased \$456,000 or 5 percent (5%) as a result of an increased operating deficit in 2003.

Marketing fee revenue increased \$786,000 or 9.2 percent (9.2%) in 2003 as a result of over 2,500 new hotel rooms being put into service during the year.

### EXHIBIT 3

#### Capital Assets

	Balance, December 31, 2002	Additions	Disposals	Balance, December 31, 2003
Computer equipment	\$ 721,056	\$ 67,895	\$ (298,871)	\$ 490,080
Furniture, fixtures and equipment	<u>1,049,076</u>	<u>35,469</u>	<u>(708,222)</u>	<u>\$ 376,323</u>
Total at cost	1,770,132	103,364	(1,007,093)	866,403
Less accumulated depreciation	<u>(1,493,284)</u>	<u>(125,146)</u>	<u>1,007,093</u>	<u>(611,337)</u>
Capital assets net of accumulated depreciation	<u>\$ 276,848</u>	<u>\$ (21,782)</u>	<u>0</u>	<u>\$ 255,066</u>

At the end of 2003, the Authority had invested \$255,066 in capital assets, at a cost of \$866,403 net of accumulated depreciation of \$611,337 as shown in Exhibit 3.

Capital asset additions during 2003 consisted substantially of computer system equipment and upgrades, office furniture, and capital equipment. The Authority considers any asset with a value over \$5,000 and an estimated useful life over one year, a depreciable asset.

### **Budgetary Controls**

The Authority adopts Operating and Capital Plans, which are approved by its Board of Directors prior to the start of each new year. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, on a monthly basis throughout the year.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide our board of directors, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at the Atlantic City Convention and Visitors Authority, 2314 Pacific Avenue, Atlantic City, NJ 08401, or visit our website at: [www.atlanticcitynj.com](http://www.atlanticcitynj.com).



# ATLANTIC CITY CONVENTION CENTER AUTHORITY

## STATEMENTS OF NET ASSETS DECEMBER 31, 2003 AND 2002

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	2003	2002
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 4)	\$ 5,475,438	\$ 3,486,938
Due from the State of New Jersey - marketing fees (Note 3)	1,520,199	2,124,089
Due from New Jersey Sports and Exposition Authority (Note 3)	1,642,536	1,523,365
Receivables net of allowance for doubtful accounts of \$272,577 and \$74,783, respectively	1,304,837	1,544,471
Prepaid expenses and other assets	<u>1,116,144</u>	<u>1,133,979</u>
Total current assets	11,059,154	9,812,842
Capital assets, net of accumulated depreciation (Note 5)	<u>255,066</u>	<u>276,848</u>
TOTAL ASSETS	<u>\$ 11,314,220</u>	<u>\$10,089,690</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 5,043,902	\$ 4,361,328
Deferred revenue	<u>1,655,466</u>	<u>2,351,393</u>
Total liabilities	<u>6,699,368</u>	<u>6,712,721</u>
NET ASSETS:		
Invested in capital assets, net of related debt	255,066	276,848
Unrestricted	<u>4,359,786</u>	<u>3,100,121</u>
Total net assets	<u>4,614,852</u>	<u>3,376,969</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,314,220</u>	<u>\$10,089,690</u>

See notes to financial statements.

**ATLANTIC CITY CONVENTION CENTER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
REVENUES:		
Special services	\$ 5,398,161	\$ 4,771,107
Facilities rental	4,564,504	4,530,519
Parking	1,869,776	1,522,631
Concessions	1,473,024	1,277,763
Promotion reimbursement	701,785	779,339
Travel media showcase	6,900	259,301
Other	201,428	472,535
Total operating revenues	<u>14,215,578</u>	<u>13,613,195</u>
EXPENSES:		
Salaries, wages and benefits	15,892,821	15,477,131
Marketing expenditures	2,602,943	3,401,046
Utilities	4,845,261	4,964,690
Contract services	1,568,326	907,476
Insurance	1,155,781	1,014,312
Repairs and maintenance	1,128,954	1,060,566
Supplies	1,063,022	896,791
Professional fees	351,607	387,127
Management fees	766,000	1,378,026
Bad debt expense	557,295	162,311
Parking participation	190,000	190,000
Depreciation	125,146	132,688
Grid collapse	541,582	-
Production	1,013,207	714,016
Other	910,509	942,210
Total operating expenses	<u>32,712,454</u>	<u>31,628,390</u>
OPERATING LOSS	<u>(18,496,876)</u>	<u>(18,015,195)</u>
NONOPERATING REVENUE:		
Interest	63,734	80,999
Marketing fee revenue (Note 3)	9,362,657	8,576,593
Luxury tax revenue (Note 3)	10,308,368	9,852,232
Total nonoperating revenue	<u>19,734,759</u>	<u>18,509,824</u>
INCREASE IN NET ASSETS	1,237,883	494,629
NET ASSETS, BEGINNING OF YEAR	<u>3,376,969</u>	<u>2,882,340</u>
NET ASSETS, END OF YEAR	<u>\$ 4,614,852</u>	<u>\$ 3,376,969</u>

See notes to financial statements.

# ATLANTIC CITY CONVENTION CENTER AUTHORITY

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,759,285	\$ 14,506,698
Payments to suppliers	(16,010,282)	(15,456,933)
Payments to employees	<u>(15,876,617)</u>	<u>(15,742,172)</u>
Net cash used in operating activities	<u>(18,127,614)</u>	<u>(16,692,407)</u>
CASH FLOWS FROM NONCAPITAL ACTIVITIES:		
Luxury tax revenue	10,189,197	9,027,345
Marketing fee revenue	<u>9,966,547</u>	<u>7,771,611</u>
Net cash provided by non-capital financing activities	<u>20,155,744</u>	<u>16,798,956</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -		
Additions to investment in facilities	<u>(103,364)</u>	<u>(181,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Interest collected	<u>63,734</u>	<u>80,999</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,988,500	5,896
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,486,938</u>	<u>3,481,042</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,475,438</u>	<u>\$ 3,486,938</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (18,496,876)	\$ (18,015,195)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	125,146	132,688
(Increase) decrease in assets:		
Receivables, net	239,634	(80,646)
Prepays and other assets	17,835	(221,565)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	682,574	518,162
Deferred revenues	<u>(695,927)</u>	<u>974,149</u>
Net cash used in operating activities	<u>\$ (18,127,614)</u>	<u>\$ (16,692,407)</u>

See notes to financial statements.

# ATLANTIC CITY CONVENTION CENTER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2003 and 2002

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### 1. BACKGROUND AND AUTHORIZING LEGISLATION

Chapter 459 of P.L. 1981, approved on January 12, 1982 and amended effective January 13, 1992, created the Atlantic City Convention Center Authority (the "Authority"). The Authority is responsible for the promotion, operation and maintenance of the existing Atlantic City Convention Center, as well as, the new convention center, which opened in May 1997. In addition, the Authority, through its marketing operations, promotes tourism into the greater Atlantic City area. The Authority consists of seven board members, of which, six public members are appointed by the Governor of the State of New Jersey, with the advice and consent of the Senate, and the President of the New Jersey Sports and Exposition Authority (the "Sports Authority"), who shall be an ex officio member.

On March 15, 2001, the Casino Reinvestment Development Authority ("CRDA") established the revitalization incentive program. The purpose of the program is to facilitate the development of entertainment-retail districts for the city of Atlantic City and promote revitalization of other urban areas in the state. In the program, marketing fees will be redirected back to hotel properties in Atlantic City with capital projects approved by CRDA. The program was to be implemented before the end of 2003, however it will not be implemented until 2004.

Effective November 12, 1992, the operations of the Authority were combined with the operations of the Sports Authority. On July 10, 1995, the Sports Authority and the Authority jointly entered into an operating agreement with Spectacor Management Group ("SMG") which is subject to renewal periodically, whereby SMG will operate the facilities previously operated by the Authority. The Authority continues to operate its marketing division.

On June 26, 2000, the Sports Authority formed The Historic Boardwalk Hall, L.L.C. (the "LLC"), a limited liability company in the state of New Jersey for the purpose of financing and operating the Historic Boardwalk Hall. The Sports Authority, as Managing Member, has designated that the Authority continue operating, maintaining and promoting the Boardwalk Hall for the LLC.

The West Hall was constructed in 1978 to augment the Historic Boardwalk Hall as an expanded convention facility. The facility is currently used to stage events held in the Boardwalk Hall and provides additional parking for the same.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General**—In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**Reporting Entity**—The Authority is a component unit of the Sports Authority, which is a component unit of the State of New Jersey. The GASB establishes the criteria used in determining which organizations should be included in financial statements. Generally accepted accounting principles

require the inclusion of the transactions of government organizations for which an organization is financially accountable.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government, and financial accountability as a result of fiscal dependency.

The Authority's financial statements are included in the Sports Authority's December 31, 2003 and 2002 consolidated financial statements.

***Revenues and Expenses***—Revenues of the Authority related to the usage of the Boardwalk Hall, West Hall, and the Convention Center are recognized when a convention or an event occurs. Direct expenses are allocated on a show-by-show basis. Overhead and maintenance costs are expensed as incurred.

***Deferred Revenues***—Deferred revenues relate to the fees collected in advance by the Authority for the usage of the Convention Center, Boardwalk Hall and West Hall. Such revenues will be recognized once the event occurs. Deferred revenues also relate to the advance collection of marketing partnership dues for the subsequent year.

***Fixed Assets***—Depreciation is based on the estimated useful lives of the capital assets using the straight-line method. Computer equipment and furniture and fixtures are depreciated over three to five years. Improvements, repairs and maintenance that significantly extend the life of an asset are capitalized. Fixed assets are stated at historical cost. Other repairs and maintenance are charged to expense when incurred. The cost of the Historic Boardwalk Hall and the Convention Center are recorded on the financial statements of the Sports Authority.

***Accumulated Vacation Time***—Salaried employees of the Authority may accumulate vacation time up to a maximum of their total vacation time for one year. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a lump-sum payment of their accumulated vacation time.

***Cash and Cash Equivalents***—Cash and cash equivalents include short-term investments, which generally mature within 90 days, that are carried at cost, which approximates market. The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Change in Accounting***—The Authority has not yet adopted or evaluated the impact that will result from adopting Statement of Governmental Accounting Standards No. 40 and 42, Deposit and Investment Risk Disclosures, and Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, which will take effect in 2004.

### 3. LUXURY TAX AND MARKETING FEES

Pursuant to NJSA 40:48.21A, the State Treasurer directs the luxury tax collected by the State of New Jersey to the Sports Authority. The Sports Authority will utilize these funds to pay the debt service on the bonds issued by the Sports Authority for acquisition of the Historic Boardwalk Hall and construction of the Convention Center and to fund any deficit at year-end to the extent available.

Luxury tax funds were used as follows:

	<b>Year Ended December 31,</b>	
	<b>2003</b>	<b>2002</b>
Luxury tax collected	\$ 18,420,000	\$ 18,882,000
Interest earned on collected funds	190,000	305,000
Debt service payments	(11,733,000)	(11,307,000)
Operating deficit	(10,308,000)	(9,852,000)
Funds to be used for maintenance items	<u>(2,620,000)</u>	<u>(1,454,000)</u>
Luxury tax deficit	<u>\$ (6,051,000)</u>	<u>\$ (3,426,000)</u>

The luxury tax deficit is funded by the Sports Authority from the Maintenance Reserve/Working Capital Fund which was created to fund future debt service payments and operating deficits.

Effective March 1, 1992, New Jersey legislature adopted a bill, which authorized the Authority to impose fees ("Marketing Fees") on hotels in Atlantic City. The proceeds from the fees collected pursuant to this legislation are collected by the State of New Jersey and paid into a special fund established and held by the Authority. Marketing Fees are recognized as revenue by the Authority when the fees are assessed. Expenses are recognized as liabilities when incurred.

### 4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are:

	<b>December 31,</b>			
	<b>2003</b>		<b>2002</b>	
	<b>Book Balance</b>	<b>Bank Balance</b>	<b>Book Balance</b>	<b>Bank Balance</b>
Demand deposits	\$1,140,017	\$1,865,474	\$1,702,252	\$2,435,702
State of New Jersey Cash Management Fund	<u>4,335,421</u>	<u>4,335,421</u>	<u>1,784,686</u>	<u>1,784,686</u>
Total cash and cash equivalents	<u>\$5,475,438</u>	<u>\$6,200,895</u>	<u>\$3,486,938</u>	<u>\$4,220,388</u>

The Board of Directors of the Atlantic City Convention Center Authority adopted a policy specifying the institutions and types of investments that can be made with funds available for investment. A

general description of those investments is the following: (a) direct obligations of, or obligations guaranteed by the United States; (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state in which the obligations are rated in the top two rating categories by Moody's Investors' Service, Inc. (Moody's) and Standard and Poor's Corporation (S&P); (c) direct obligations of the State of New Jersey; (d) certificates of deposit and bankers' acceptances which are rated in the top two categories by Moody's and S&P; (e) commercial paper, except those issued by bank holding companies, rated in the top category by Moody's and S&P; and (f) State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is a money market fund managed by the State of New Jersey Division of Investments. P.L. 1950 c. 270 and subsequent legislation permit the Division to invest in a variety of securities, including, in the case of short-term investments, obligations of the U.S. Government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements, bankers' acceptances and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the Investment Council. Securities in the Cash Management Fund are insured, registered or held by the Division or its agent in the Cash Management Fund's name.

All demand deposits of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the bank. At December 31, 2003, the Authority's demand deposits were fully secured by collateral security lodged with the Sports Authority's Bank.

## 5. CAPITAL ASSETS

Capital assets consist of the following:

	December 31,			
	2002	Additions	Disposals	2003
Computer equipment	\$ 721,056	\$ 67,895	\$ (298,870)	\$ 490,080
Furniture, fixtures and equipme	<u>1,049,076</u>	<u>35,469</u>	<u>(708,222)</u>	<u>376,323</u>
Total at cost	1,770,132	103,364	(1,007,092)	866,403
Less accumulated depreciation	<u>(1,493,284)</u>	<u>(125,146)</u>	<u>1,007,093</u>	<u>(611,337)</u>
Capital assests, net of accumulated depreciation	<u>\$ 276,848</u>	<u>\$ (21,782)</u>	<u>\$</u>	<u>\$ 255,066</u>

These amounts represent capital costs incurred by the Atlantic City Convention Center Authority. The costs of the Historic Boardwalk Hall and the Convention Center are recorded on the financial statements of the Sports Authority. The Authority considers any asset with a value over \$5,000 and an estimated useful life over one year, a depreciable asset.

## 6. PENSION PLANS

***Plan Description and Employer and Employee Contributions***—Salaried employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey (PERS), a multiple-employer public retirement system. The payroll for employees covered by PERS for the



years ended December 31, 2003 and 2002 was \$2,550,258 and \$2,488,687, respectively. The Authority's total payroll for the years ended December 31, 2003 and 2002 was \$2,970,153 and \$2,815,082, respectively.

All Authority salaried employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute a percentage of their salary based on their age at the time of their enrollment. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of an actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

The contributions required for the years ended December 31, 2003 and 2002 were \$124,868 (4.8%) and \$110,857 (4.4%), respectively. The contribution was made solely by the employees for 2003 and 2002.

## **7. COMMITMENTS AND CONTINGENCIES**

1. A portion of the Authority's operating revenues are attributable to leasing of the Atlantic City Convention Center and Historic Boardwalk Hall facilities for various conventions, trade shows, sporting events and other expositions. Rental income is a fee based on square foot of utilization, flat fee per event or a percentage of ticket sales. Rental income, under these leases, was approximately \$4,564,504 and \$4,530,519 for the years ended December 31, 2003 and 2002, respectively.
2. The Authority is the subject of, or a party to, various pending or threatened legal actions involving outside interests. The Authority believes that any ultimate liability arising from these actions should not have a material effect on its financial position or operations.

3. On May 14, 2001, The Historic Boardwalk Hall, L.L.C. entered into a three-year license agreement with two one-year options with Shinn Enterprises Incorporated. The agreement provides for Shinn Enterprises Incorporated to operate a hockey franchise within Historic Boardwalk Hall. The Authority, in section 37 of the agreement, guaranteed revenue to the hockey franchise for the first three years of the contract. Net ticket sales of full season tickets, partial season tickets and group sales tickets of twenty (20) or more are guaranteed at \$720,000 for the first hockey season, \$540,000 for the second hockey season, and \$360,000 for the third hockey season. This guarantee covered the three years ended December 31, 2003, and the Authority supplemented the shortfalls during this period. The Authority made actual payments to the hockey franchise to cover shortfalls of \$47,000 and \$174,000 for the years ended December 31, 2003 and 2002, respectively.
4. In September 1999, the Authority entered into a joint advertising and marketing agreement with the South Jersey Transportation Authority. The term of the agreement was for the year ended December 31, 1999 with three one-year renewals ended December 31, 2002. Total cost was \$300,000 for the first year and \$400,000 for the remaining three years, for a total of \$1,500,000. On September 20, 2001, the Authority's Board approved, in principle, a three-year extension of this agreement at \$400,000 per year or \$1,200,000.
5. The Authority is a party to an on-going agreement with New Jersey Transit. As long as rail service is operated to the Atlantic City Convention Center, New Jersey Transit is entitled to a pro rata share of the net operating revenue of the garage at the convention center. It was further agreed that an annual lump sum amount of \$190,000 would satisfy this agreement.

**8. INFORMATION ON AUTHORITY OPERATIONS BY OPERATING SEGMENT**

The Authority has three responsibilities: operation of the Boardwalk Convention Center, operation of the New Convention Center, and promoting tourism through its Marketing Operations. The following table illustrates how these three operations contribute to the operating results of the Authority.

	Year Ended December 31, 2003					Year Ended December 31, 2002				
	Boardwalk Hall Operations	Convention Center	Marketing Operations	Elimination Entries	Combined December 31, 2003	Boardwalk Hall Operations	Convention Center	Marketing Operations	Elimination Entries	Combined December 31, 2002
<b>OPERATING REVENUES:</b>										
Special services	\$ 2,681,704	\$ 3,409,610	-	\$ (693,153)	\$ 5,398,161	\$ 2,282,102	\$ 3,172,113	\$ -	\$ (683,108)	\$ 4,771,107
Facilities rental	1,418,018	3,146,486	-	-	4,564,504	1,003,794	3,526,725	-	-	4,530,519
Parking	181,468	1,688,308	-	-	1,869,776	170,448	1,352,183	-	-	1,522,631
Concessions	599,972	873,052	-	-	1,473,024	416,157	861,606	-	-	1,277,763
Promotion reimbursement and fees	188,659	54,733	458,393	-	701,785	264,037	128,477	386,825	-	779,339
Travel media showcase	-	-	6,900	-	6,900	-	-	259,301	-	259,301
Other	213,930	116,287	21,211	(150,000)	201,428	388,294	226,838	7,403	(150,000)	472,535
	5,283,751	9,288,476	486,504	(843,153)	14,215,578	4,524,832	9,267,942	653,529	(833,108)	13,613,195
<b>OPERATING EXPENSES:</b>										
Salaries, wages and benefits	6,108,297	5,970,967	3,813,557	-	15,892,821	5,799,548	6,084,237	3,593,346	-	15,477,131
Marketing expenditures	175,350	610	3,117,357	(690,374)	2,602,943	270,467	6,094	3,805,349	(680,864)	3,401,046
Utilities	1,963,473	2,683,030	201,537	(2,779)	4,845,261	2,204,038	2,621,500	141,396	(2,244)	4,964,690
Contract services	15,005	1,122,983	430,338	-	1,568,326	45,031	456,293	406,152	-	907,476
Insurance	16,987	1,119,712	19,082	-	1,155,781	5,389	988,238	20,685	-	1,014,312
Repairs and maintenance	305,221	663,543	160,190	-	1,128,954	238,015	678,604	143,947	-	1,060,566
Supplies	393,636	519,065	150,321	-	1,063,022	305,455	410,808	180,528	-	896,791
Professional fees	71,037	186,964	93,606	-	351,607	155,575	231,552	-	-	387,127
Management fees	383,000	383,000	-	-	766,000	689,013	689,013	-	-	1,378,026
Bad debts expense	349,396	206,695	1,204	-	557,295	107,844	53,559	908	-	162,311
Parking participation	-	190,000	-	-	190,000	-	190,000	-	-	190,000
Depreciation	-	-	125,146	-	125,146	-	-	132,688	-	132,688
Grid Collapse	541,582	-	-	-	541,582	-	-	-	-	714,016
Production	602,107	411,100	-	-	1,013,207	282,663	431,353	-	(150,000)	942,210
Other	232,031	299,493	528,985	(150,000)	910,509	440,898	299,041	352,271	-	-
	11,157,122	13,757,162	8,641,323	(843,153)	32,712,454	10,543,936	13,140,292	8,777,270	(833,108)	31,628,390
<b>OPERATING LOSS</b>	<b>(5,873,371)</b>	<b>(4,468,686)</b>	<b>(8,154,819)</b>	<b>-</b>	<b>(18,496,876)</b>	<b>(6,019,104)</b>	<b>(3,872,350)</b>	<b>(8,123,741)</b>	<b>-</b>	<b>(18,015,195)</b>
<b>NONOPERATING INCOME:</b>										
Interest	23,810	9,879	30,045	-	63,734	24,155	15,067	41,777	-	80,999
Easement	-	-	-	-	-	-	-	-	-	-
Easement termination fee (Note 7)	-	-	-	-	-	-	-	-	-	-
Marketing fee revenue (Note 3)	-	-	9,362,657	-	9,362,657	-	-	8,576,593	-	8,576,593
Luxury tax revenue (Note 3)	5,849,561	4,458,807	-	-	10,308,368	5,994,949	3,857,283	-	-	9,852,232
	5,873,371	4,468,686	9,392,702	-	19,734,759	6,019,104	3,872,350	8,618,370	-	18,509,824
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>1,237,883</b>	<b>-</b>	<b>1,237,883</b>	<b>-</b>	<b>-</b>	<b>494,629</b>	<b>-</b>	<b>494,629</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>3,376,969</b>	<b>-</b>	<b>3,376,969</b>	<b>-</b>	<b>-</b>	<b>2,882,340</b>	<b>-</b>	<b>2,882,340</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,614,852</b>	<b>\$ -</b>	<b>\$ 4,614,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,376,969</b>	<b>\$ -</b>	<b>\$ 3,376,969</b>

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# 2003 Annual Report

Mon, March 24, 2008

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## Highlights

2003 was a pivotal year for both Atlantic City and the Convention & Visitors Authority. With competition for gaming dollars from surrounding states becoming a near certainty, the time was ripe to attract a newer, younger demographic from a broader geographic region, and turn them into loyal, repeat visitors.

The opening of the Borgata put Atlantic City in the limelight, and projected a hip, younger image – a perfect lead-in to the new marketing theme, “Atlantic City, Always Turned On,” that we launched in October.

New beach bars, new shopping opportunities and construction throughout the city gave the ACCVA a variety of new ideas to present to visitors, media and meeting planners alike. As the construction boom continues into 2004 and beyond, the excitement continues to build, and the ACCVA will continue to build on 2003’s activities and achievements.

### Some highlights from 2003 include:

- Introduction of the new marketing theme, “Atlantic City, Always Turned On,” garnered media coverage that reached 12 million broadcast viewers and 3 million impressions in print media. This coverage was the impetus for additional feature and destination stories.
- Fox 5 TV in Washington, D.C. broadcast live from the beach during their morning show, CN8 cable network produced special segments about Atlantic City, and other major media such as The Travel Channel, WHYY, VH1 and the CBS Morning Show all produced segments here.
- Eight major concerts played to sold-out audiences at Boardwalk Hall, including Bruce Springsteen’s first-ever Atlantic City concert.
- The ACCVA Web site’s traffic quadrupled to 4 million visits, 25,000 consumers received our quarterly email newsletter, 170,000 people stopped at the Visitor Welcome Centers and 47,000 visitor requests for information were fulfilled.
- Several major conventions and public shows came to the Atlantic City Convention Center for the first time, including the National Sports Collectors Convention, Stitches Knitting Exp and The Money Show. Conventions and public shows provided an economic impact of nearly \$248 million.



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A new marketing theme “Atlantic City, Always Turned On” is unveiled.



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## Media Relations

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2003 was a momentous year for media relations. The research and comprehensive work done on Atlantic City's marketing theme culminated on October 16th with the launch of "Atlantic City, Always Turned On." The media responded positively to the new theme and coverage generated on that particular aspect included 2,706,759 impressions in print and 11,931,163 viewers in broadcast media. In addition, the year brought a wonderful resource to the department, the partnership with Weber Shandwick, the largest public relations firm in the world. Working hand in hand with key executives of their travel group, many positive articles on Atlantic City as a destination ran in such prestigious publications as The New York Times and USA Today. In addition, media relations team members also pitched large publications, and merited large articles in the Sunday sections of such newspapers as The Baltimore Sun, The Scranton Times, and The Cincinnati Herald.

The year 2004 will bring an even finer concentration of our primary goal, which is changing consumers' opinions of Atlantic City as a total destination experience. The department will continue to raise the consciousness of potential visitors by highlighting new developments, amenities and the variety of attractions, entertainment, sports and first class casino resorts which make Atlantic City a must-see locale.

➔ The department produced 117 press releases that highlighted conventions, tourism activities and events in and around the region.

➔ Department staff spoke personally with over 1,600 media representatives from across the country.

➔ Based on reports from Burelles, one of the Country's most well known clipping services, 90 million people were exposed to newspaper articles and television and radio programs about Atlantic City.

➔ The department hosted six familiarization programs in the City.

➔ The department executed 150 individual media tours, interview arrangements, dining and entertainment experiences.

➔ Department personnel met with 204 media representatives outside of Atlantic City at either trade shows or in their offices.

➔ The Speakers Bureau conducted 19 speaking engagements.

➔ Broadcast highlights for the year included "Fox Washington" where the department hosted 60 minutes of live broadcast from Atlantic City's beach, several programs on "CN8," "The Travel Channel," "WHYY," "VHI," "CBS Morning Show" and others.

➔ The department successfully reached 1.2 million African-American readers as a direct result of our Black History familiarization tour in February of 2003.

➔ Meetings media were a focus, and personal relationships were cultivated with editors at each key trade magazine.

➔ Media relations services for conventions were enhanced during 2003. In addition to press releases and alerts, department personnel conducted a variety of public relations initiatives, coordinated ribbon cutting ceremonies and special events, provided hot buttons on our Web site and developed collateral specifically for the media who covered the conventions.

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## Publications

The publications department at the ACCVA became the center of activity in implementing the "Always Turned On" theme through collateral materials, display materials and promotional items. The redesign and production process was extensive and will continue through 2004 to ensure consistency and quality in all printed items. A move toward increased in-house design and printing capabilities proved to be an asset throughout the process.

### Additional accomplishments include:

- ➔ The department placed 100 advertisements in convention, travel trade and leisure travel publications to drive meetings to the destination.
- ➔ A new stationery package was completed.
- ➔ Official guidelines were established for the graphic integrity and usage of the new brand message.
- ➔ A new brochure, the Self-Guided Boardwalk Tour, was written and designed in-house and distributed at the Visitors Welcome Center.
- ➔ The Visitors Guide was completely redesigned in-house, including a completely new size and format.
- ➔ In-kind design services were provided to a variety of marketing partners, including the first annual Arts Alive festival, Lucy the Elephant, Race Across America and the New Jersey Fresh Seafood Festival.
- ➔ The publications staff increased the ACCVA photo library by producing digital photographs of several trade shows and public events.

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## Tourism Development

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In 2003, backed by a new marketing theme and logo, "Atlantic City, Always Turned On," the tourism development department vigorously set out to spread the word about the new Atlantic City. The approach was far reaching and the results were hugely successful.

What better way to reach Atlantic City's primary target 35-to-65 age bracket than the Internet? A demographic that is already plugged in could now be turned on to a new, hipper Atlantic City. Website visits were up 400 percent to 4 million and unique visits doubled to 500,000 compared to 2002. Plus, 25,000 consumers received our quarterly email newsletter.

But nothing beats face-to-face contact to get the word out, and the ACCVA responded to 170,000 in-person visitor inquiries in 2003, up 5 percent from last year. In addition, 47,000 visitor requests for information were fulfilled via mail, telephone and the Internet.

Showing off the city is the next step, and the ACCVA accomplished that by sponsoring and promoting Atlantic City Trolley Tours. The tours were so successful, they doubled the volume of riders when compared to the previous year and a second Atlantic City tour will be offered each week in 2004.

Touring the world-famous Boardwalk is on every visitor's list, and more than 20,000 of the ACCVA's new Boardwalk Walking Tour Guide were distributed to visitors in just six months. Plus, Boardwalk Hall's new audio information center, "Talking Window" is the perfect quick reference to some of Atlantic City's attractions and was accessed 13,794 times in 2003.

### Several achievements were made in Tourism Development in 2003 including:

- ➔ Hosting 700 guests at the American Bus Association annual meeting.
- ➔ Contacting 300 domestic tour operators and referring 200 motor coach leads to partners for a potential economic impact of \$3,655,000.
- ➔ Contacting 208 international tour operators resulting in 165 group leads to partners.



-  [Tourism Statistics \(PDF\)](#)
-  [Annual Visits \(PDF\)](#)
-  [Atlantic City's Travel Destination Rankings \(PDF\)](#)

➔ Delivering presentations to 490 AAA and Delta reservation agents.

➔ Increasing revenue-generating programs such as room reservations, which were up 87 percent, and the combination of event and attraction sales, merchandise sales and lottery sales, which increased by 64 percent.

The ACCVA sponsored several special events in 2003 including the Race Across America. The event featured some of the world's top endurance bicycle racers. Atlantic City's logo traveled with the racers on their cross-country trek from San Diego, CA to Atlantic City, resulting in 40 hits on network television affiliates at an estimated value of \$200,000. Plus, the 6th Annual Atlantic City Host Awards, which salutes excellence in customer service in Atlantic City, drew the largest number of attendees so far, making it the most successful event since its inception.

Tourism Development focused on an extensive outreach marketing program in 2003. We worked directly with consumers through AAA, consumer direct shows and the Marketing Partner Program to make Atlantic City a successful tourist destination. In 2003, the department also took the initial steps toward developing a promising marketing program for sports and film promotions.

The future of Atlantic City tourism looks as bright as its new logo.



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