Board 06/23/2021

May SM = $253k/F&B=$214k/Rent=$6k

Monthly updated financial report through May 31, 2021.

- Revenue continues to increase at a steady pace and we continue to remain cautiously optimistic with our projections.
  - Swap Meet recorded $253k for the month of May.
  - Projection for June has been adjusted up to $250k. (up from $150K)
  - Total $1.7M in swap meet revenue for FY 2021; a 51% reduction over prior year (which already experienced a 17% drop over FY 2019).
- Rent category includes $52k for payments from:
  - ($19,995) Various events including drive-in concerts, car driving skills events, & our small cell communication system.
  - ($26,050) Cumulative small cell communication system payments.

- For the record, reiterating message from last month that our level of expenditure continues to be representative of a significantly trimmed down and lean level of our operating and facility maintenance budget.
- It is in no way, shape, or form, representative of the stadium in full scale operation. We will continue to maintain these adjustments in order to achieve some semblance of solvency. (PTI, contracts, maintenance).

Encouraging news regarding our financial position.

- With swap meet revenues continuing to increase, we project to end FY 2021 in the black by approximately **$811K.** This is in stark contrast to our initial projections where we projected to be short by $1.1M at FYE; however, this has not come without cost to the stadium's operation and regular maintenance.
- We expect to hold to this lean pattern of expenditure through the remainder of this fiscal year and into FY 2022.
- While we did receive $4.087M in American Rescue Plan Act funds (ARPA), I will update and elaborate on the status of funding later in my report.

On the expense side of our projection, we continue to reflect:

- An estimated $123K in cumulative payout to HGEA employees retroactive to July 1, 2019 and captured in May's cost increase. ($377K)

- In our projection, we have also updated the SF assessment liability to account for FY '21 estimated special fund assessment of $200,000. This increases the total outstanding SF assessment to $575K for prior and current year assessments.

PROFIT/LOSS:

The net result of these adjustments is a net loss of ($2.93M). When we overlay our existing cash-balance coupled with revenue earned through FYE '21, we project to carry over $811K to start fiscal year 2022.

Segue into ARPA Funds.

ARPA (American Rescue Plan Act) Funds:

Update on the status of our $4.4M legislative appropriation through HB 200, HB1, SD1, CD1 that is supported by the American Rescue Plan Act (ARPA) through a carve-out for the Coronavirus State Fiscal Recovery Fund (CSFRF) and appropriated to the State of Hawaii as the primary recipient and to the Authority, as a (potential) subrecipient. CSFRF funds have been given the budget designation of "V"-funds.

On June 4th, Governor issued EM 21-03 (Management of Appropriated and Non-Appropriated Coronavirus Fiscal Recovery Funds) that provided:

- Guidance and instructions on eligible use of funds,
- Roles and responsibilities of funding (Designating Gov as prime recipient of funds),
- Instructions on how to "Request for Use of CSFRF funds", the process for disbursement of CSFRF funds, and
- Finally, the arduous task of complying with reporting requirements for recording and tracking of expenditure of funds.

On 06/21/21, we completed our request for use of funds and attestation and sent it on its way to DAGS for review and consideration.

Once our request is approved, our plan is to use the $811K FY '21 SF carryover balance to front our operating expenses, then draw down from our subrecipient award to reimburse our special fund.

1. In more specific detail, we will front **Payroll Expenses** by month with special funds, then draw down V-funds to reimburse our special fund.
2. For **Other Current Expenses**, we will charge the V-funds directly, so no reimbursement will be necessary.

Each month we will conduct the same procedure,

- Front payroll expense with SF, seek reimbursement after month end.
- Direct charge Other Current Expenses, and
- Repeat until we expend all of our V-funds for FY ’22.
- Implementation of this V-fund reimbursement cycle is projected to carry us for approximately 9-1/2 months, at which point we will rely on our accumulated special fund balance to address the remainder of the fiscal year.

FINALLY, while our ending cash position is looking better with each passing month, it is worth repeating and important to understand that we have trimmed back our operating budget significantly from pre-COVID-19 levels and at our current expenditure reporting level, we are no-where near what it takes to operate and maintain this facility on a full-scale recurring basis. We remain in survival mode and continue to remain in this mode out of necessity. This point is critical for me to communicate as there has been impact to operating in survival mode and to the operation of the facility.

Future updates will incorporate prior year trend and characteristic operational changes as they occur. We will also continue to monitor UHERO and the Council on Revenue’s projected trends.