

MEET AC, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP®
ACCOUNTANTS AND ADVISORS

MEET AC, INC. AND AFFILIATE

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ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Meet AC, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Meet AC, Inc. and Affiliate (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Meet AC, Inc. and Affiliate as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of functional expenses and the consolidating statements of financial position and the consolidating statements of activities and change in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink, reading "Friedman LLP". The signature is written in a cursive, stylized font.

March 9, 2018
Linwood, NJ

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | December 31, | |
|--|---------------------|---------------------|
| | 2017 | 2016 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents - uncommitted | \$ 761,858 | \$ 1,216,833 |
| Cash and cash equivalents - committed for convention incentive funds | 425,223 | 296,803 |
| Investment in certificates of deposit | 300,000 | - |
| Accounts receivable | 5,407 | 14,445 |
| Prepaid expenses | 141,903 | 65,804 |
| Total current assets | 1,634,391 | 1,593,885 |
| Noncurrent assets | | |
| Intangible assets | 35,000 | 25,000 |
| Computer equipment - at cost, less accumulated depreciation | 26,205 | 31,955 |
| Total noncurrent assets | 61,205 | 56,955 |
| Total assets | \$ 1,695,596 | \$ 1,650,840 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 173,341 | \$ 308,551 |
| Accrued payroll and related expenses | 636,647 | 617,340 |
| Refundable advance - NJ Department of State | 55,385 | 23,146 |
| Refundable advance - CRDA | 425,223 | 296,803 |
| Total current liabilities | 1,290,596 | 1,245,840 |
| Commitments | | |
| Unrestricted net assets | 405,000 | 405,000 |
| Total liabilities and net assets | \$ 1,695,596 | \$ 1,650,840 |

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

| | Year Ended December 31, | |
|--|-------------------------|-------------------|
| | 2017 | 2016 |
| Revenues and other support | | |
| CRDA contract revenue | \$ 6,862,601 | \$ 8,157,882 |
| Registration staffing | 156,538 | 131,066 |
| Grants | 74,001 | 63,074 |
| Interest income | 9,975 | 8,528 |
| Total revenues and other support | 7,103,115 | 8,360,550 |
| Expenses | | |
| Program services | | |
| Meetings, conventions and groups | 6,071,342 | 6,985,762 |
| Registration staffing | 133,801 | 123,595 |
| Marketing - sports and entertainment | 373,844 | 740,675 |
| Total program services | 6,578,987 | 7,850,032 |
| Supporting services | | |
| Management and general | 524,128 | 510,518 |
| Total expenses | 7,103,115 | 8,360,550 |
| Change in unrestricted net assets | - | - |
| Net assets, beginning of year | 405,000 | 405,000 |
| Net assets, end of year | \$ 405,000 | \$ 405,000 |

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, | |
|---|-------------------------|---------------------|
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Change in unrestricted net assets | \$ - | \$ - |
| Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities | | |
| Depreciation expense | 10,455 | 9,155 |
| Changes in assets and liabilities | | |
| Accounts receivable | 9,038 | 1,320 |
| Prepaid expenses | (76,099) | 186,165 |
| Accounts payable and accrued expenses | (135,210) | (197,077) |
| Accrued payroll and related expenses | 19,307 | (68,871) |
| Refundable advance - NJ Department of State | 32,239 | 23,146 |
| Refundable advance - CRDA | 128,420 | (45,027) |
| Net cash used in operating activities | (11,850) | (91,189) |
| Cash flows from investing activities | | |
| Purchase of certificates of deposit | (300,000) | - |
| Intangible assets | (10,000) | (25,000) |
| Equipment purchases | (4,705) | (6,348) |
| Net cash used in investing activities | (314,705) | (31,348) |
| Net decrease in cash and cash equivalents | (326,555) | (122,537) |
| Cash and cash equivalents beginning of year | 1,513,636 | 1,636,173 |
| Cash and cash equivalents end of year | \$ 1,187,081 | \$ 1,513,636 |
| Supplemental cash flow disclosure | | |
| Schedule of cash and cash equivalents | | |
| Cash and cash equivalents - uncommitted | \$ 761,858 | \$ 1,216,833 |
| Cash and cash equivalents - committed for convention incentive funds | 425,223 | 296,803 |
| | <u>\$ 1,187,081</u> | <u>\$ 1,513,636</u> |

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Meet AC, Inc. ("Meet AC" or the "Organization") was incorporated on April 22, 2014. Effective June 18, 2014, the Casino Reinvestment Development Authority ("CRDA"), which is an instrumentality of the State of New Jersey (the "State"), approved the restructuring and outsourcing of the sales function of its Convention Sales Division through the creation of this separate and distinct not-for-profit business league entity. The Organization's purpose is to promote, market and advance the City of Atlantic City as a premium destination for conventions, meetings, and tradeshows, all with the goal of expanding the convention and tourism industries in Atlantic City and promoting the general business conditions of the community at large. As such, the CRDA and the Organization have entered into a public-private partnership agreement, whereby the CRDA provides funding to the Organization in exchange for these services, including booking convention space at Atlantic City Convention Center and Historic Boardwalk Hall (the "Facilities"), hotel rooms and off-site venues within Atlantic City, and promoting other Atlantic City amenities (see note 2).

Meet AC's affiliate, Atlantic City Sports Commission, Inc. (the "Commission"), was incorporated on December 3, 2014. The Commission was created by the State, through the efforts of the CRDA and Meet AC, to further carry out the CRDA's purposes. The Commission's purpose is to engage in sports and entertainment related activities, including, but not limited to, making distributions for charitable purposes and improving the Atlantic City region by promoting, marketing and advancing Atlantic City as a destination for amateur and professional sporting and other entertainment events. The Commission's primary source of revenue is from CRDA funding passed through Meet AC to the Commission.

Principles of Consolidation

Accounting principles generally accepted in the United States of America ("GAAP") require the Organization to consolidate entities in which it has control and an economic interest, when that control is evidenced through a majority ownership or voting interest. Meet AC has an economic interest and control of the Commission's board, by virtue of common corporate governance, and therefore consolidation is required. The consolidated financial statements include the accounts of Meet AC and the Commission, collectively referred to as the "Organization." All material intra-organizational accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements have been presented in accordance with GAAP. Net assets, revenues and other support, and expenses are classified based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets consist of assets, revenues and other support which are available and used for operations and programs.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily restricted net assets include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization.

Permanently restricted net assets include funds with donor-imposed restrictions in perpetuity.

There were no temporarily restricted or permanently restricted net assets as of December 31, 2017 and 2016.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, support, and expenses. Actual results could differ from those estimates.

Revenues and Support

All contract revenue and grants are recorded as refundable advances until they are expended in accordance with the terms of the Organization's agreement with the CRDA or the granting agency, at which time they are recognized as unrestricted revenues and support. Any CRDA contract revenues received but not expended as of the end of the year are permitted to be retained in a budget reserve in accordance with the terms of the agreement with CRDA. If, at the end of the contract term, the CRDA requests a return of any remaining uncommitted and unexpended monies, over and above the allowable budget reserve retained, the refundable advances would then be reclassified as due back to the CRDA. Accordingly, revenue is recognized only to the extent of expenses incurred (exchange transaction), plus the allowable budget reserve in the case of the CRDA contract.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For purposes of the statement of cash flows, the Organization considers all cash and cash equivalents with original maturities of three months or less when purchased to be cash or cash equivalents.

Investments

The Board of Directors may approve the investment of unused funds into money-market type funds and certificates of deposit with maturities approved by the Board of Directors. Investments consist of certificates of deposits with maturities greater than three months. The investments are stated at cost which approximates fair value, and are insured by the Securities Investor Protection Corporation subject to certain limitations.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represent amounts due from registration activities, and are stated at the amounts management expects to collect. Management evaluates its accounts receivable and records an allowance for doubtful accounts, when deemed necessary, based on a combination of historical experience, aging analysis, and information on specific accounts. Based on the Organization's review of accounts receivable, no allowance for doubtful accounts is considered necessary at December 31, 2017 and 2016.

Equipment

Equipment is stated at cost, less accumulated depreciation. The Organization's policy is to capitalize all assets with estimated useful lives greater than one year and with an original cost over \$1,000. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The principal useful life for computers and computer equipment is estimated to be five years.

Intangible Assets

The intangible assets consist of domain names (meetac.com and meetatlanticcity.com) purchased by the Organization. The Organization follows the provisions of Accounting Standards Codification 350-30-35-18 for intangible assets, which requires an organization to perform impairment testing annually, or more frequently if events or circumstances indicate that the asset may be impaired, using a direct valuation methodology for those assets determined to have an indefinite life. Since the domain names have been determined to have an indefinite life, no amortization is recorded. No impairment loss was recognized for the years ended December 31, 2017 and 2016.

Compensated Absences

Certain employees of the Organization have earned a vested right to compensation for unused vacation time. Accordingly, the Organization has made an accrual for vacation compensation that employees have earned but not taken. As of December 31, 2017 and 2016, the Organization has accrued approximately \$66,000 and \$59,000 of earned vacation, respectively, which is included in accrued payroll and other expenses in the statement of financial position.

Functional Allocation of Expenses

Expenses are charged to programs and supporting services benefitted on the basis of time and expense analysis. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Advertising Costs

It is the Organization's policy to expense advertising costs as incurred. The Organization incurred \$1,099,341 and \$1,323,523 in advertising costs for the years ended December 31, 2017 and 2016, respectively.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Meet AC, Inc. qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. Contributions to the Organization are neither solicited nor tax deductible.

Atlantic City Sports Commission, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Commission also has been classified as an organization that is not a private foundation under Section 509(a)(2), and therefore qualifies for the charitable contribution deduction under Section 170(b)(1)(a). Since both entities qualify as tax-exempt organizations for both federal and state purposes, and neither organization engaged in any activities that might give rise to unrelated business income tax, the consolidated financial statements do not reflect a provision for income taxes.

Reclassification of Prior Year Presentation

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 presentation.

Subsequent Events

These consolidated financial statements were approved by management and available for issuance on March 9, 2018. Management has evaluated subsequent events through this date.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 – LIQUIDITY

As a result of the economic condition of Atlantic City and the re-allocation of a portion of the Luxury Tax Revenues to the city of Atlantic City for debt reduction, the amount of funding allocated from this source to the CRDA has been significantly decreased. In response to the reduction in Luxury Tax Revenue and in accordance with the terms of the Organization's contract with the CRDA (see note 7), on January 17, 2017, the CRDA approved the Organization's 2017 budget with a \$1.1 million reduction in funding from \$8.1 million to \$7 million.

In March of 2017, CRDA notified the Organization that there would be no funding available after December 31, 2017 for the 2018 budget year. Management and the Board of Directors commenced discussions with the CRDA regarding future funding of the Organization through alternative sources other than Luxury Tax Revenues and met with state legislators to allocate long-term funding through the legislative process in an effort to keep the Organization intact and able to continue its contribution to Atlantic City's economy. In October of 2017, CRDA approved the Organization's 2018 budget, which maintained the 2017 funding level of \$7 million, and acknowledged that the 2018 budget was to be funded through the Tourism Promotion Fee, net income from Luxury Tax Revenue (if any), and CRDA's general fund. The Tourism Promotion Fee is a fee charged for each room rental in a hotel, motel, inn, rooming house, etc., located in Atlantic City.

As a result of the change in the Organization's source of funding, the ongoing support from the CRDA, and the Organization's ability to manage expenses within its budget, Management and the Board of Directors projects that it will have sufficient liquidity to continue operations for at least one year from the issuance of these financial statements.

3 - PROGRAM AND SUPPORTING SERVICES

Program Services

Meet AC, Inc.'s program services have been established, in accordance with the Organization's agreement with the CRDA, to promote and market the Atlantic City Convention Center and Historic Boardwalk Hall (the "Facilities") as premier destinations for conventions, meetings, trade shows and group leisure events; conduct coordinated advertising, publicity and promotion campaigns emphasizing attractions offered in Atlantic City (the "City") for meetings and groups; sell and coordinate the booking and reservation of convention, meeting and trade show space, hotel rooms and other off-site venues; participate in appropriate convention and destination marketing associations' events and trade shows to assure favorable publicity about the City and the Facilities; solicit convention, tradeshow and meeting organizations to use the Facilities and other venues throughout the City; provide tourism and event-planning services to associations, businesses, organizations and groups convening or holding conventions, meetings or events; prepare, publish and update materials providing specific information on the Facilities, hotels, restaurants, entertainment and other amenities located in the City, and distribute said materials to event planners

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - PROGRAM AND SUPPORTING SERVICES (Continued)

Program Services (Continued)

or coordinators; coordinate with City hotels, restaurants and entertainment venues the cross-selling and booking of said facilities in connection with the booking of a convention, tradeshow or other meeting events at the Facilities; and create and maintain strategic relationships for the coordination of services with the CRDA and its business partners, as they relate to the convention and meeting business in the City.

The Commission's program services are supported by Meet AC's agreement with the CRDA, and established to promote and market the Atlantic City Convention Center, Historic Boardwalk Hall and Bader Field (the "Commission Facilities") as premier destinations for sports related events, emphasizing attractions offered in the City for events to groups; to sell and coordinate the booking and reservation of events, hotel rooms and other off-site venues; to participate in appropriate convention and destination marketing associations' events and trade shows to assure favorable publicity about the City and the Commission Facilities; and to solicit, create and support sport related events to use the Commission Facilities and other venues throughout the City.

Supporting Services

Management and general services include those functions necessary to obtain and manage the Organization's financial and other resources, ensure an adequate working environment, develop and administer Organization programs and services and, in conjunction with the Organization's Board of Directors, oversee the articulation of Organization policies and procedures, as well as long-term Organization strategies.

4 – CASH AND CASH EQUIVALENTS – COMMITTED FOR CONVENTION INCENTIVE FUNDS

The Organization enters into agreements with other organizations to hold future events, conferences, and meetings in Atlantic City. As of December 31, 2017, the Organization had committed \$425,223 in unused CRDA funding to fulfill future agreements totaling \$1,125,000 (see note 6).

5– REFUNDABLE ADVANCES

The Organization operates under an agreement with the CRDA. At December 31, 2017 and 2016, the Organization received funds in advance of and in excess of expenses incurred, which are reflected as refundable advances totaling \$425,223 and \$296,803, respectively; however, the Organization entered into commitments, exceeding these amounts, for future incentive funding of events to sales groups. The Organization typically recognizes these amounts as revenue in the subsequent year, as the events take place and the commitments entered into are satisfied.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5- REFUNDABLE ADVANCES (Continued)

The Organization was awarded grants from the NJ Department of State, Division of Travel & Tourism, entitled, *Destination Marketing Organization*, in the amounts of \$82,480, covering the period July 1, 2015 to June 30, 2016, \$82,480, covering the period July 1, 2016 to June 30, 2017 and \$130,000, covering the period July 1, 2017 to June 30, 2018. For the year ending December 31, 2016, the Organization recognized revenues of \$44,980 for the grant covering the period July 1, 2015 to June 30, 2016 and \$18,094 for the grant covering the period July 1, 2016 to June 30, 2017. For the year ending December 31, 2017, the Organization recognized revenues of \$64,386 for the grant covering the period July 1, 2016 to June 30, 2017 and \$9,615 for the grant covering the period July 1, 2017 to June 30, 2018. At December 31, 2017 and 2016, the Organization had received funds in advance of and in excess of expenses incurred, which are reflected as refundable advances totaling \$55,385 and \$23,146, respectively. During 2017, the Organization recognized the December 31, 2016 refundable advance of \$23,146 as revenue. The Organization anticipates recognizing the remaining funds as revenue in 2018, prior to the June 30, 2018 grant expiration date.

6 - COMMITMENTS

The Organization enters into agreements with various groups and organizations providing convention development and incentive funds to encourage the booking of conferences, conventions, and meetings in Atlantic City. As of December 31, 2017, the Organization had the following incentive funding commitments:

| | |
|------------|--------------|
| 2018 | \$ 551,500 |
| 2019 | 179,500 |
| 2020 | 169,000 |
| 2021 | 65,000 |
| 2022 | 85,000 |
| Thereafter | 75,000 |
| | <hr/> |
| | \$ 1,125,000 |

7 - CONCENTRATIONS

Major Sources of Revenue

The Organization receives the majority of its funding from the CRDA, which, under a 5 year contract originally set to expire at the end of 2019, provided for quarterly funding totaling \$8.1 million per year. The contract also provides for a reduction in the funding commitment to the Organization, in the event of an extraordinary reduction in the amount of annual Luxury Tax Revenues collected by the CRDA in any year. See note 2 for the reduction of funding in 2017 and 2018 to \$7 million per year, respectively and the change in the source of funding for 2018.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 - RELATED PARTY TRANSACTIONS

Contract Revenues

The Organization is funded by the CRDA as part of its collaborative, public-private partnership agreement with the CRDA in exchange for promotional, marketing and sales efforts rendered, including booking convention space, leisure groups, hotel rooms and off-site venues. Revenue recognized for the years ended December 31, 2017 and 2016 was \$6,862,601 and \$8,157,882, respectively.

Rental Expense

The Organization leases its operating facilities, on a month-to-month basis, from the CRDA. The monthly rental expense is based upon the percentage of floor space used. Rent expense for both years ended December 31, 2017 and 2016 was \$60,000.

Miscellaneous Expenses

Occasionally, the CRDA will pay various administrative/office expenses on behalf of the Organization, for which the Organization will reimburse the CRDA. Amounts have been *de minimis*.

9 – GAIN CONTINGENCY

The Organization has filed a lawsuit against an organization which was advanced \$75,000 in incentive funding in 2015. The Organization is seeking a refund of the incentive funds, since the event was cancelled by the venue and did not take place. The collectability of the refund is uncertain. Therefore, any recovery arising from this claim will be recorded as other income in the year received.

10 - RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan, covering all full-time employees. The Organization contributed a Safe Harbor amount equal to 4% of each full-time employee's compensation in 2017, and 3% of each full-time employee's compensation in 2016. The contributions for the years ended December 31, 2017 and 2016 were \$90,046 and \$73,345, respectively.

SUPPLEMENTARY INFORMATION

MEET AC, INC. AND AFFILIATE
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

| | Program Services | | | Supporting Services | | Total Functional Expenses |
|-------------------------------|----------------------------------|-----------------------|--------------------------------------|------------------------|------------------------|---------------------------|
| | Meetings, Conventions and Groups | Registration Staffing | Marketing - Sports and Entertainment | Total Program Services | Management and General | |
| Payroll | \$ 1,966,819 | \$ 117,135 | \$ 86,285 | \$ 2,170,239 | \$ 241,616 | \$ 2,411,855 |
| Payroll taxes | 151,105 | 8,795 | 6,601 | 166,501 | 22,910 | 189,411 |
| Benefits | 394,137 | - | 12,056 | 406,193 | 34,736 | 440,929 |
| Salaries and related expenses | 2,512,061 | 125,930 | 104,942 | 2,742,933 | 299,262 | 3,042,195 |
| Marketing | 1,659,151 | 7,821 | 173,937 | 1,840,909 | 17,928 | 1,858,837 |
| Client entertainment | 471,821 | - | 8,486 | 480,307 | 2,138 | 482,445 |
| Advertising and print | 1,012,915 | - | 86,389 | 1,099,304 | 37 | 1,099,341 |
| Public relations | 237,845 | - | 90 | 237,935 | 5,425 | 243,360 |
| Office and computer expenses | 29,331 | 50 | - | 29,381 | 40,383 | 69,764 |
| Other expenses | 30,439 | - | - | 30,439 | 5,748 | 36,187 |
| Facilities and insurance | 68,476 | - | - | 68,476 | 61,751 | 130,227 |
| Professional fees | 38,848 | - | - | 38,848 | 91,456 | 130,304 |
| Depreciation | 10,455 | - | - | 10,455 | - | 10,455 |
| Total expenses | \$ 6,071,342 | \$ 133,801 | \$ 373,844 | \$ 6,578,987 | \$ 524,128 | \$ 7,103,115 |

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

| | Program Services | | | | Supporting Services | | Total Functional Expenses |
|-------------------------------|----------------------------------|-----------------------|--------------------------------------|------------------------|------------------------|----|---------------------------|
| | Meetings, Conventions and Groups | Registration Staffing | Marketing - Sports and Entertainment | Total Program Services | Management and General | | |
| Payroll | \$ 2,013,217 | \$ 112,459 | \$ 51,217 | \$ 2,176,893 | \$ 258,499 | \$ | \$ 2,435,392 |
| Payroll taxes | 181,321 | 9,020 | 5,967 | 196,308 | 21,345 | | 217,653 |
| Benefits | 408,192 | - | 5,656 | 413,848 | 37,957 | | 451,805 |
| Salaries and related expenses | 2,602,730 | 121,479 | 62,840 | 2,787,049 | 317,801 | | 3,104,850 |
| Marketing | 2,356,246 | 2,086 | 577,721 | 2,936,053 | 25,924 | | 2,961,977 |
| Client entertainment | 305,544 | - | 10,724 | 316,268 | 2,522 | | 318,790 |
| Advertising and print | 1,239,362 | - | 75,131 | 1,314,493 | 9,030 | | 1,323,523 |
| Public relations | 228,081 | - | 12,489 | 240,570 | 223 | | 240,793 |
| Office and computer expenses | 52,754 | - | - | 52,754 | 53,460 | | 106,214 |
| Other expenses | 66,480 | 30 | 1,770 | 68,280 | 2,434 | | 70,714 |
| Facilities and insurance | 107,215 | - | - | 107,215 | 24,342 | | 131,557 |
| Professional fees | 18,195 | - | - | 18,195 | 74,782 | | 92,977 |
| Depreciation | 9,155 | - | - | 9,155 | - | | 9,155 |
| Total expenses | \$ 6,985,762 | \$ 123,595 | \$ 740,675 | \$ 7,850,032 | \$ 510,518 | \$ | \$ 8,360,550 |

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

| | Meet AC | Atlantic City Sports Commission | Eliminations | Consolidated Statement |
|--|---------------------|---------------------------------------|-----------------|---------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents - uncommitted | \$ 761,719 | \$ 139 | \$ - | \$ 761,858 |
| Cash and cash equivalents - committed for convention incentive funds | 425,223 | - | - | 425,223 |
| Investment in certificates of deposit | 300,000 | - | - | 300,000 |
| Accounts receivable | 5,407 | - | - | 5,407 |
| Prepaid expenses | 134,403 | 7,500 | - | 141,903 |
| Due from related party | - | 981 | (981) | - |
| Total current assets | 1,626,752 | 8,620 | (981) | 1,634,391 |
| Noncurrent assets | | | | |
| Intangible assets | 35,000 | - | - | 35,000 |
| Computer equipment - at cost, less accumulated depreciation | 26,205 | - | - | 26,205 |
| Total noncurrent assets | 61,205 | - | - | 61,205 |
| Total assets | \$ 1,687,957 | \$ 8,620 | \$ (981) | \$ 1,695,596 |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | \$ 164,721 | \$ 8,620 | \$ - | \$ 173,341 |
| Accrued payroll and related expenses | 636,647 | - | - | 636,647 |
| Refundable advance - NJ Department of State | 55,385 | - | - | 55,385 |
| Refundable advance - CRDA | 425,223 | - | - | 425,223 |
| Due to related party | 981 | - | (981) | - |
| Total current liabilities | 1,282,957 | 8,620 | (981) | 1,290,596 |
| Unrestricted net assets | 405,000 | - | - | 405,000 |
| Total liabilities and net assets | \$ 1,687,957 | \$ 8,620 | \$ (981) | \$ 1,695,596 |

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

| | Meet AC | Atlantic City Sports Commission | Eliminations | Consolidated Statement |
|--|---------------------|---------------------------------------|-----------------|---------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents - uncommitted | \$ 1,216,694 | \$ 139 | \$ - | \$ 1,216,833 |
| Cash and cash equivalents - committed for convention incentive funds | 296,803 | - | - | 296,803 |
| Investment in certificates of deposit | - | - | - | - |
| Accounts receivable | 14,445 | - | - | 14,445 |
| Prepaid expenses | 59,079 | 6,725 | - | 65,804 |
| Due from related party | (9,230) | - | 9,230 | - |
| Total current assets | 1,577,791 | 6,864 | 9,230 | 1,593,885 |
| Noncurrent assets | | | | |
| Intangible assets | 25,000 | - | - | 25,000 |
| Computer equipment - at cost, less accumulated depreciation | 31,955 | - | - | 31,955 |
| Total noncurrent assets | 56,955 | - | - | 56,955 |
| Total assets | \$ 1,634,746 | \$ 6,864 | \$ 9,230 | \$ 1,650,840 |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | \$ 292,457 | \$ 16,094 | \$ - | \$ 308,551 |
| Accrued payroll and related expenses | 617,340 | - | - | 617,340 |
| Refundable advance - NJ Department of State | 23,146 | - | - | 23,146 |
| Refundable advance - CRDA | 296,803 | - | - | 296,803 |
| Due to related party | - | (9,230) | 9,230 | - |
| Total current liabilities | 1,229,746 | 6,864 | 9,230 | 1,245,840 |
| Unrestricted net assets | 405,000 | - | - | 405,000 |
| Total liabilities and net assets | \$ 1,634,746 | \$ 6,864 | \$ 9,230 | \$ 1,650,840 |

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

| | Meet AC | Atlantic City Sports Commission | Eliminations | Consolidated Statement |
|--|-------------------|---------------------------------------|------------------|---------------------------|
| Revenues and other support | | | | |
| CRDA contract revenue | \$ 6,862,601 | \$ 384,814 | \$ (384,814) | \$ 6,862,601 |
| Registration staffing | 156,538 | - | - | 156,538 |
| Grants | 74,001 | - | - | 74,001 |
| Interest income | 9,975 | - | - | 9,975 |
| Total revenues and other support | 7,103,115 | 384,814 | (384,814) | 7,103,115 |
| Expenses | | | | |
| Program services | | | | |
| Meetings, conventions and groups | 6,071,342 | - | - | 6,071,342 |
| Registration staffing | 133,801 | - | - | 133,801 |
| Marketing - sports and entertainment | - | 373,844 | - | 373,844 |
| Atlantic City Sports Commission | 373,844 | - | (373,844) | - |
| Total program services | 6,578,987 | 373,844 | (373,844) | 6,578,987 |
| Supporting services | | | | |
| Management and general | 524,128 | 10,970 | (10,970) | 524,128 |
| Total expenses | 7,103,115 | 384,814 | (384,814) | 7,103,115 |
| Change in unrestricted net assets | - | - | - | - |
| Net assets, beginning of year | 405,000 | - | - | 405,000 |
| Net assets, end of year | \$ 405,000 | \$ - | \$ - | \$ 405,000 |

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

| | Meet AC | Atlantic City Sports Commission | Eliminations | Consolidated Statement |
|--|-------------------|---------------------------------------|------------------|---------------------------|
| Revenues and other support | | | | |
| CRDA contract revenue | \$ 8,157,882 | \$ 749,817 | \$ (749,817) | \$ 8,157,882 |
| Registration staffing | 131,066 | - | - | 131,066 |
| Grants | 63,074 | - | - | 63,074 |
| Interest income | 8,528 | - | - | 8,528 |
| Total revenues and other support | 8,360,550 | 749,817 | (749,817) | 8,360,550 |
| Expenses | | | | |
| Program services | | | | |
| Meetings, conventions and groups | 6,985,762 | - | - | 6,985,762 |
| Registration staffing | 123,595 | - | - | 123,595 |
| Marketing - sports and entertainment | - | 740,675 | - | 740,675 |
| Atlantic City Sports Commission | 740,675 | - | (740,675) | - |
| Total program services | 7,850,032 | 740,675 | (740,675) | 7,850,032 |
| Supporting services | | | | |
| Management and general | 510,518 | 9,142 | (9,142) | 510,518 |
| Total expenses | 8,360,550 | 749,817 | (749,817) | 8,360,550 |
| Change in unrestricted net assets | - | - | - | - |
| Net assets, beginning of year | 405,000 | - | - | 405,000 |
| Net assets, end of year | \$ 405,000 | \$ - | \$ - | \$ 405,000 |

See Independent Auditors' Report.