MINNESOTA SPORTS FACILITIES AUTHORITY

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2013

FISCAL YEAR ENDED DECEMBER 31, 2013

— A COMPONENT UNIT OF THE STATE OF MINNESOTA —

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

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FISCAL YEAR ENDED DECEMBER 31, 2013

— A COMPONENT UNIT OF THE STATE OF MINNESOTA —

FINANCE DEPARTMENT
511 ELEVENTH AVENUE SOUTH, SUITE 401
MINNEAPOLIS, MINNESOTA 55415

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

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— A COMPONENT UNIT OF THE STATE OF MINNESOTA —

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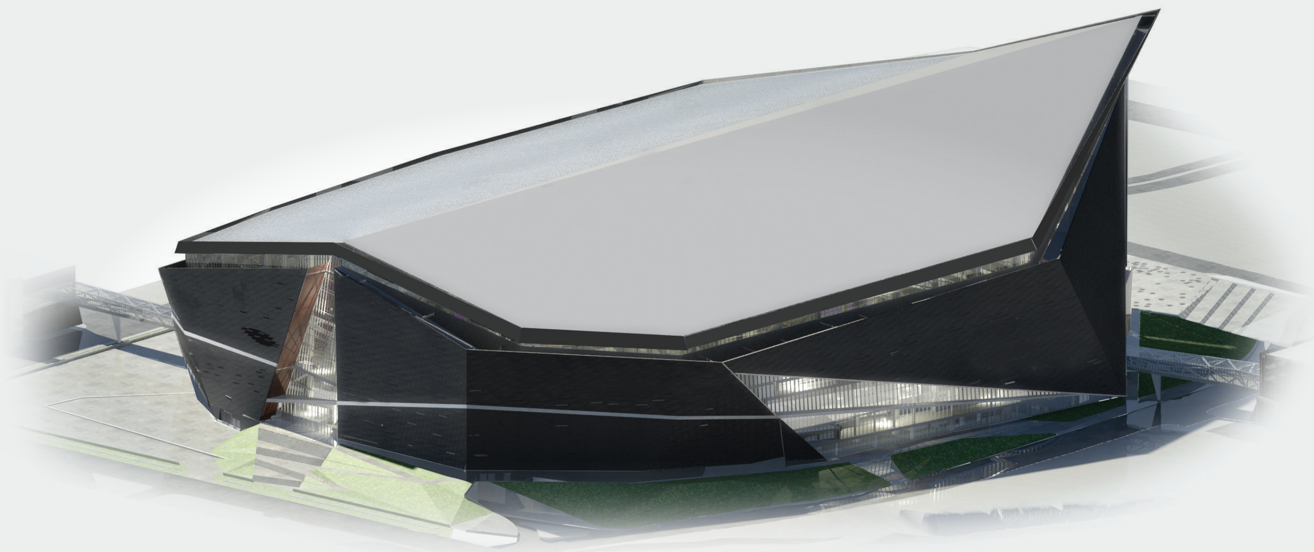
INTRODUCTORY SECTION

The Introductory Section contains the letter of transmittal, which provides an overview of the Minnesota Sports Facilities Authority's finances, economic prospects and achievements. Also included in this section is the list of commissioners and administrative officials, the organization chart and Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.



NEW STADIUM
— North East Perspective —

Minnesota Sports Facilities Authority
511 Eleventh Avenue South, Suite 401
Minneapolis, MN 55415

June 6, 2014

Chair Michele Kelm-Helgen
And Commissioners of the Minnesota Sports Facilities Authority
511 Eleventh Avenue South, Suite 401
Minneapolis, Minnesota 55415

Dear Chair Kelm-Helgen and Commissioners:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Minnesota Sports Facilities Authority (Authority) for the fiscal year ended December 31, 2013. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Authority. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial affairs.

The report is divided into three sections:

- **INTRODUCTORY SECTION** – includes this letter of transmittal, the Authority's organization chart, a list of Commissioners and administrative officials, and the Certificate of Achievement issued by the Government Finance Officers Association for the five-month fiscal period ended December 31, 2012.

- **FINANCIAL SECTION** – includes the auditor's opinion, management's discussion and analysis, and the basic financial statements including the notes to the financial statements (notes) which are necessary for an understanding of the information included in the statements. The notes include a summary of significant accounting policies and other necessary disclosure of matters relating to the financial position of the Authority.

- **STATISTICAL SECTION** – includes mainly trend data and nonfinancial information useful in assessing the Authority's financial condition.

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met and that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management. As management we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

Minnesota State Statutes, Chapter 473J.07, Subd.7, require the Minnesota Office of the Legislative Auditor perform an annual audit of the financial statements of the Authority. The independent auditor's report is presented as the first component of the financial section of this report. The goal of the audit is to provide reasonable assurance that the financial statements of the Authority, for the year ended December 31, 2013, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Minnesota Office of the Legislative Auditor has issued an unqualified ("clean") opinion on the Authority's financial statements for the year ended December 31, 2013. A separate Report on Internal Control over Financial Reporting and Compliance and Other Matters will be issued at a later date.

The reader is referred to Management's Discussion and Analysis (MD&A) section for additional information regarding the activities and financial position of the Authority. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

In May 2012 the Minnesota Legislature established the Authority as a public body and a political subdivision of the state. Per the legislation the Authority's membership has five members who were appointed within 30 days of enactment of the statutes. The statutes required the governor of the state of Minnesota appoint the chair and two additional members, and it required the mayor of the city of Minneapolis appoint two members. The members serve four year terms. Governor Mark Dayton appointed Michele Kelm-Helgen as the chair and he appointed two additional members: Duane Benson and John Griffith. City of Minneapolis Mayor R.T. Rybak appointed Barbara Butts Williams and Bill McCarthy to the Authority. The Authority appointed Ted Mondale as its CEO/Executive Director. The governing body sets policy for the administration of the Authority and the CEO/Executive Director directs the Authority's operations and carries out the policies established by it.

On August 1, 2012 the Authority assumed all of the assets, liabilities, and obligations of the Metropolitan Sports Facilities Commission (Commission) and on that date the Commission was abolished. The initial financial reporting period for the Authority was the five-month fiscal period beginning on August 1, 2012 and ending on December 31, 2012. Thereafter the reporting period will be a calendar year.

The Authority's mission is to provide for the construction, financing, and long-term use of a new multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. Planning for construction of the new $975 million multi-purpose stadium and stadium related infrastructure began in 2012. The Authority was also responsible for the operation and maintenance of the Hubert H. Humphrey Metrodome (Metrodome) until the start of its demolition. The new stadium will be located in Minneapolis on the current site of the Metrodome. In February 2014 additional parcels of land and buildings were acquired for the development of stadium related parking facilities.

An annual budget is adopted on a basis consistent with generally accepted accounting principles. Discussion and preparation of the fiscal year 2014 annual operating budget and capital budget began in November 2013 and then in December 2013 the Authority approved and adopted the 2014 budgets. This budget process will be followed for adoption of the 2015 budget. Per Minnesota Statutes section 3.8842 the Legislative Commission on Minnesota Sports Facilities (Legislative Commission) is required to oversee the Authority's operating and capital budgets. The Authority submitted its 2014 operating and capital budgets to the Legislative Commission on January 15, 2014. Quarterly budget to actual comparisons are presented to the Authority.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

Minnesota has a strong and diversified economy that is rooted in a tradition of business innovation, workforce development and corporate community involvement. It also has a vibrant international community and a broad range of cultural institutions. Minnesota is home to 19 Fortune 500 public companies and seven of Forbes' largest private firms.

Minnesota's diverse economy includes agriculture, food processing, computing, printing and publishing, large and small scale manufacturing, health care, arts and entertainment, medical instruments, education and finance, and sports. Minnesota's economy continues to make solid gains. Real Gross Domestic Product rose 3.5% in 2012 ranking Minnesota among the six fastest growing state economies in the country during that year. Most labor market indicators suggest that the trend continued in 2013. Minnesota's unemployment rate ended the year at 4.6%. Leading indicators, such as temporary help employment, average hours worked, job vacancies, and the number of unemployed remain strong. Economists at Minnesota Management and Budget believe that Minnesota's labor market continues to improve and that better economic fundamentals are setting the stage for stronger and broader growth over the next several years. Minnesota employment grew 1.7% in 2013 and is forecast to maintain a similar pace of 1.6% in 2014 and accelerating to 2.2 % growth in 2015.

In the first quarter of 2014 several companies announced plans for 31 expansion projects that will create nearly 1,800 jobs in Minnesota according to the latest business expansion report from the Minnesota Department of Employment and Economic Development. Manufacturing accounts for 15 of the 31 projects and several of the projects were for new headquarters. Thirteen of the projects were outside the metropolitan area. Minnesota gained 41,934 jobs in the past year, which is up 1.5% from one year ago. Annual jobs growth occurred in the following sectors: education and health services, manufacturing, construction, trade, transportation and utilities and professional and business services. Financial activities is the only industry that job growth declined. Minnesota's economy is on track to grow by more than 3% for the third year in a row based on the state's current path. Non-farm employment payrolls increased by an average of 3,800 jobs each month in 2013, up from an average of 3,500 in 2012, and gains are occurring across every major industry, except for manufacturing and federal employment.

Minnesota's housing market continued to show widespread improvement in 2013. Inventories are at or near record lows which along with a drop in distressed sales, is fueling more competition among buyers. Rising home values and low inventories are a reason for growth in the number of building permits. In Minnesota the number of authorized permits increased from 15,000 in 2012 to 16,800 in 2013. Permits are expected to continue growing in 2014 and 2015. Strong growth in construction starts is expected for 2014 and 2015.

Inflation continues to be of little concern. According to the US Census Bureau Minnesota's population is 5,420,380 people and the state's median household income for the past year is $58,906. Consumer purchases and household finances are important economic indicators for the sports and entertainment industry as they influence event attendance, ticket pricing, and concession food and beverage pricing.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Minnesota Vikings

The Authority's use agreement with the Minnesota Vikings (Team) expired at the end of the 2011 football season. In 2012 the Authority and Team signed a separate agreement that required the Team to play the 2012 and 2013 football seasons at the Metrodome and it required the same terms as the previous agreement. Additional information on the use agreement may be found in the notes to the financial statements, see Note III.D.2.

Minnesota's New Multi-Purpose Stadium

In 2012 the Authority and the Team entered into a predevelopment agreement and then in 2013 the Authority and Minnesota Vikings Football Stadium LLC (Stadco) entered into a development agreement for construction and financing of the new $975 million stadium, Minnesota's New Multi-Purpose Stadium. The stadium and stadium infrastructure project has a budget of $975 million which will be funded by contributions of $498 million from the state of Minnesota and contributions of $477 million from Stadco and private contributions. Additional information on the development agreement can be found in the notes to the financial statements, see Note III. D. 1.

Stadium design work started in 2012 and continued in 2013 and then in May 2013 the iconic and bold schematic design of the stadium was unveiled. Included in the design are the following program elements: a fixed roof with the largest span of transparent ETFE (ethylene tetrafluoroethylene) in the country, five large glass pivoting doors on the west side of the building that will open onto the plaza, and a surface area of 1.75 million square feet. Interior features include six club lounges, up to 116 private suites, 8,000 club seats including field-level suites, 65,400 seats in total, a retail store, one restaurant, and approximately 460 concession points of sale. Seven levels within the stadium will be connected by stairs, a ramp, 34 escalators and 11 elevators. Concourse width will range from 32 to 50 feet and two concourses will have 360-degree circulation and various views into the stadium bowl. High quality high definition video boards will be located in both east and west end zones, and there will be over 800 high definition flat screen televisions throughout the stadium.

Preconstruction work began in earnest in July 2013, temporary retaining walls were installed, and a utility line was relocated. A ground breaking ceremony for the stadium was held on December 3, 2013, and immediately following this ceremony excavation of the site began on the east side of the Metrodome parking lot. Then on December 30, 2013 demolition of the Metrodome began. Demolition continued into the first quarter of 2014 and at the same time various construction tasks were started including mass excavation of the site, installation of permanent retaining walls, piers and caissons were drilled, concrete foundation walls and columns were poured, and two tower cranes were erected on the site. Opening of the stadium is planned for August 2016.

Future Events

A commitment was made by Governor Mark Dayton to the state of Minnesota that a stadium facility would be built that would host a variety of large scale visible events. Bringing Super Bowl 2018 and NCAA Final Four to Minnesota is an integral part of that commitment. The Authority is working with its strategic partners to develop plans for Super Bowl 2018 and present a bid for the NCAA Final Four that will showcase all that Minnesota has to offer. These events bring a multitude of opportunities for fans and visitors to be involved in the festivities and it can have a large economic impact on the community and the stadium.

Minnesota Super Bowl 2018

On May 20, 2014 the National Football League (NFL) announced that Minnesota was selected to host Super Bowl LII in 2018. Minnesota Super Bowl Bid Committee delivered the successful presentation to all 32 NFL owners in a presentation in Atlanta. The bid committee includes three corporate leaders as co-chairs, and several representatives from the Authority, Meet Minneapolis, Minnesota Vikings and the state of Minnesota.

The Authority is working with the bid committee to develop a Minnesota Super Bowl theme with many innovative ideas for a new kind of event that will deliver action and excitement both inside the stadium and at other locations. Approximately 100,000 people will come to the Minneapolis/Saint Paul metropolitan area to experience this special event and the various other outdoor activities such as Nicollet Mall's Super Bowl Boulevard and an ice palace at the Saint Paul Winter Carnival. The February 2018 championship game will be held in the new stadium and its seating capacity will be expanded from 65,400 seats to 72,000 seats. A unique feature that this stadium has to offer is the allure of stadium seats and suites among the closest to the action in the NFL and at the same time it will offer a view of the sky.

A marquee event such as the Super Bowl will provide many opportunities for related events to be held at the stadium. It is estimated that a Super Bowl event may contribute in excess of $300 million to the local economy.

NCAA Final Four

Minneapolis was named a finalist in January 2014 for host location awards for the 2017-2020 National Collegiate Athletic Association (NCAA) Final Four men's basketball tournament. Minneapolis will compete with seven other cities to host this premier event. A bid committee was officially announced on May 3, 2014 to pursue Minnesota as the host location award for the tournament. Two corporate business leaders will co-chair a committee that includes honorary co-chairs from Minnesota's sports world and representatives from the Authority, Meet Minneapolis, and the University of Minnesota. The committee's goal is to be awarded the 2019 or 2020 Men's Final Four games. If awarded the Final Four games, a regional championship game will be held in the preceding year at the awarded location. Various event opportunities are being planned to create an urban experience with a week of celebratory events for the fans. A site visit from the NCAA selection committee will occur in August 2014 and a final decision by the NCAA will be made in November 2014.

It is estimated that the Final Four may bring an economic benefit of $70 to $300 million to the host community. Multiple events associated with the tournament would be held throughout Minneapolis. If Minnesota is selected as host, it will be the third time it has hosted a Final Four. Previous events in 1992 and 2001 were held at the Metrodome.

FINANCIAL INFORMATION

Reserve Policy

In 2012 the Authority implemented a liquidity/reserves policy to ensure that adequate liquidity is maintained to meet operational expense requirements and avoid the use of short-term debt to fund cash flow requirements. Prudent financial management necessitates the maintenance of adequate financial cash balances. The Authority is required to maintain a cash position in its operating fund to meet six months of operational expenses. The minimum liquidity/reserve requirement is $6 million.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the five-month period ended December 31, 2012 This was the first year that the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate. The Certificate of Achievement is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government financial reports.

This CAFR reflects our commitment to the Authority and all interested readers of this report to provide information in conformance with the highest standards of financial reporting. Preparation of this CAFR was made possible by the dedicated service of Sue Arcand and Carol Olson. They have our sincere appreciation for the contributions they made in the preparation of this report. Appreciation is also expressed to the Commissioners for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the Authority.

Respectfully submitted,

Ted Mondale   Mary Fox-Stroman

TED MONDALE	MARY C. FOX-STROMAN, CPA
CEO/Executive Director	*Director of Finance*

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minnesota Sports Facilities Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

LIST OF COMMISSIONERS & ADMINISTRATIVE OFFICIALS

— DECEMBER 31, 2013 —

COMMISSIONERS (left to right):

BILL McCARTHY • MICHELE KELM-HELGEN • DUANE BENSON
BARBARA BUTTS WILLIAMS • JOHN GRIFFITH

COMMISSIONERS:	TERM OF OFFICE: Appointed	End of Term
MICHELE KELM-HELGEN, *Chair*	June 2012	January 2015
BILL McCARTHY, *Vice Chair*	June 2012	December 2016
DUANE BENSON, *Secretary & Treasurer*	June 2012	December 2015
BARBARA BUTTS WILLIAMS	June 2012	December 2015
JOHN GRIFFITH	June 2012	December 2016

CEO/Executive Director
TED MONDALE

Director of Facilities/Engineering
STEVE MAKI, P.E.

Director of Finance
MARY C. FOX-STROMAN, CPA

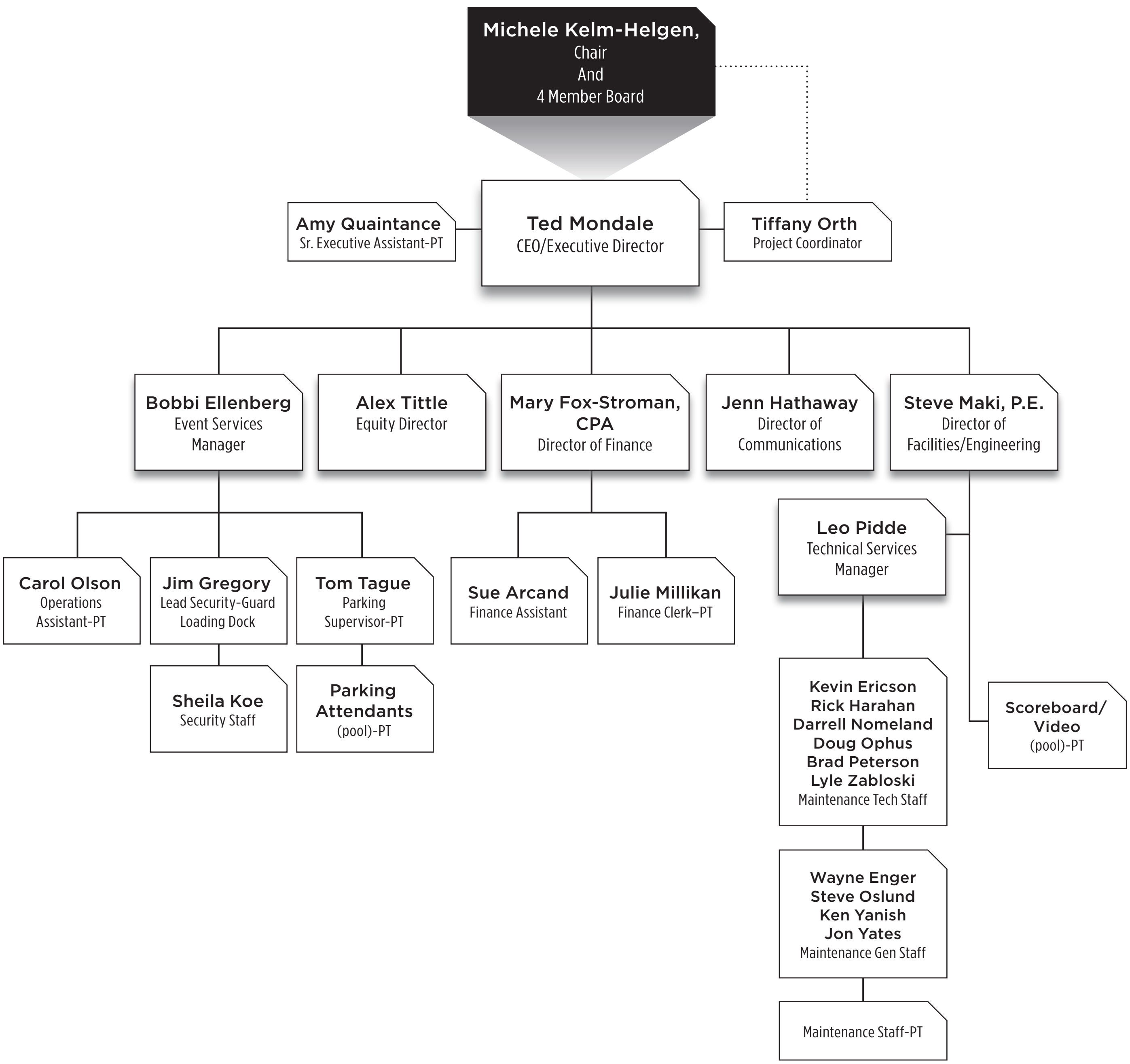
Equity Director
ALEX TITTLE

Director of Communications
JENN HATHAWAY

MINNESOTA SPORTS FACILITIES AUTHORITY

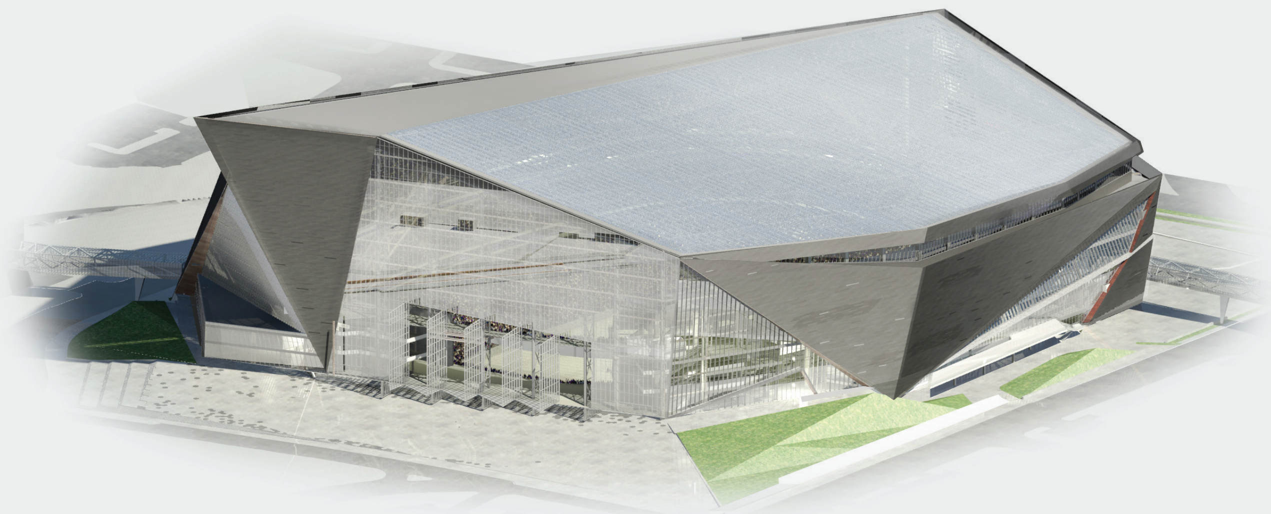
ORGANIZATION CHART

— DECEMBER 31, 2013 —



FINANCIAL SECTION

The Financial Section includes the independent auditor's report, management's discussion and analysis, and the basic financial statements including the accompanying notes.



NEW STADIUM

— South West Perspective —

OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

Independent Auditor's Report

Senator Roger J. Reinert, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Ms. Michele Kelm-Helgen, Chair
Minnesota Sports Facilities Authority

Members of the Minnesota Sports Facilities Authority

Mr. Ted Mondale, CEO/Executive Director
Minnesota Sports Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Minnesota Sports Facilities Authority, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Minnesota Sports Facilities Authority's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. 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 financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Room 140 Centennial Building, 658 Cedar Street, St. Paul, Minnesota 55155-1603 • Phone: 651-296-4708 • Fax: 651-296-4712
E-mail: legislative.auditor@state.mn.us • Web Site: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 7-1-1

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Sports Facilities Authority as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included With the Financial Statements

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Minnesota Sports Facilities Authority's basic financial statements. The Introductory Section and Statistical Section, as listed in the Table of Contents, are presented for the purposes of additional analysis and are not a required part of the Minnesota Sports Facilities Authority's basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the Minnesota Sports Facilities Authority's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

James R. Nobles

James R. Nobles
Legislative Auditor

Cecile M. Ferkul

Cecile M. Ferkul, CPA
Deputy Legislative Auditor

Saint Paul, Minnesota
June 6, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Minnesota Sports Facilities Authority (Authority) Comprehensive Annual Financial Report presents a narrative overview and analysis of the Authority's financial performance for its fiscal year ended December 31, 2013. The Authority's first fiscal period began on August 1, 2012 and ended on December 31, 2012. Since 2012 was the Authority's first fiscal period of operations, prior year comparative information only contains five months of operations. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this report, and the basic financial statements including the notes to the financial statements, which can be found on pages 10—24, as this will enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

The basic financial statements report information about the Authority using the economic resources measurement focus and accrual basis of accounting. Key financial highlights for the fiscal year ended December 31, 2013 are as follows:

- Construction in progress equaled $43,556,276. This is an increase of $41,009,338 from the balance at December 31, 2012.
- The Authority's total net position (assets less liabilities) was $76,400,621 at December 31, 2013. Of this amount, $24,144,345 represents unrestricted net position which may be used to meet the Authority's ongoing obligations, and $52,256,276 represents its investment in capital assets.
- The Authority's net position increased by $48,822,554 primarily because of capital contributions for the stadium construction project.
- At December 31, 2013 there was a net operating loss of $4,684,863 due to operating expenses of $25,228,819 exceeded operating revenues of $20,543,956. This deficit is due to depreciation expense of $4,250,905 which was accelerated by the asset impairment in 2012 and the start of demolition of the stadium in 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial section of this comprehensive annual report consists of:

(1) Independent Auditor's Report

(2) Management's Discussion and Analysis (presented here)

(3) Basic (Enterprise fund) Financial Statements:

a. Statement of net position

b. Statement of revenues, expenses, and changes in net position

c. Statement of cash flows

(4) Notes to the Financial Statements

The Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority maintains one proprietary fund, an enterprise fund. The enterprise fund financial statements report information about the Authority using accounting methods similar to those used by private-sector businesses in which costs are recovered primarily through user charges. Enterprise fund financial statements provide both short-term and long-term financial information about the Authority's overall financial status. The statements present information on the Authority's assets, liabilities, and net position, and show how net position has changed during the year.

Statement of Net Position

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating. Additionally, nonfinancial factors, such as the marketing strategy and timeline for booking future events, construction timeline and date of substantial completion of the stadium construction project should be considered to assess the overall health of the Authority. The statement of net position can be found on page 10 of this report.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the fiscal year ended December 31, 2013. All of the current fiscal year's revenues and expenses are accounted for in this statement, regardless of when cash is received or paid. The statement of revenues, expenses and changes in net position can be found on page 11 of this report.

Statement of Cash Flows

The statement of cash flows reports cash and cash equivalent activities for the fiscal year ended December 31, 2013 as a result of operating, noncapital financing, capital and investing activities. The statement of cash flows can be found on page 12 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 14 - 24 of this report.

Financial Analysis

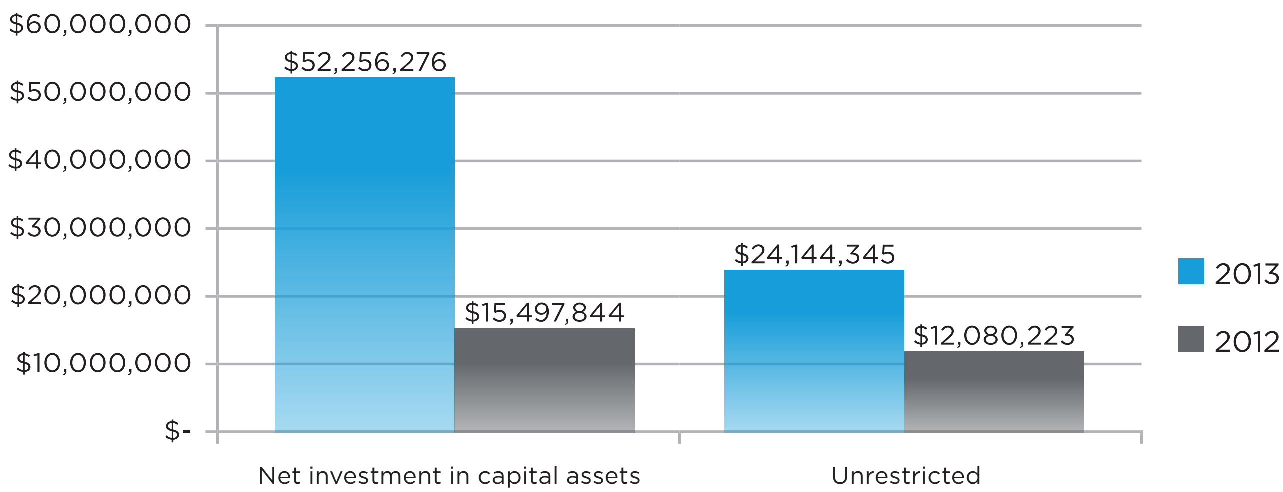
Following is a table that presents the Authority's Statement of Net Position as of December 31, 2013 and 2012:

STATEMENT OF NET POSITION AT DECEMBER 31, 2013 AND 2012

ASSETS:	**2013**	**2012**
Current and other assets	$34,677,430	$17,286,094
Capital assets	52,256,276	15,497,844
Noncurrent assets	10,649,497	156,500
Total Assets	**97,583,203**	**32,940,438**
LIABILITIES:		
Current liabilities	21,076,437	5,274,308
Noncurrent liabilities	106,145	88,063
Total Liabilities	**21,182,582**	**5,362,371**
NET POSITION:		
Net investment in capital assets	52,256,276	15,497,844
Unrestricted	24,144,345	12,080,223
Total Net Position	**$76,400,621**	**$27,578,067**

Current assets increased by $17,391,336 when compared to the prior year due to an increase in accounts receivable and construction contributions receivable. Capital assets increased when compared to the prior year by $36,758,432 due to current period construction activity. The largest portion of the Authority's net position (68.4%) reflects its net investment in capital assets of $52,256,276. These assets are comprised of land and construction in progress for the new stadium. Accordingly, these assets are not available for future spending. The unrestricted net position of $24,144,345 (31.6%) is available for future use to meet the Authority's ongoing and future obligations. As of December 31, the Authority is able to report positive balances in both categories of net position.

Authority Net Position at December 31, 2013 and 2012



The following table presents the changes in net position at December 31, 2013 and 2012.

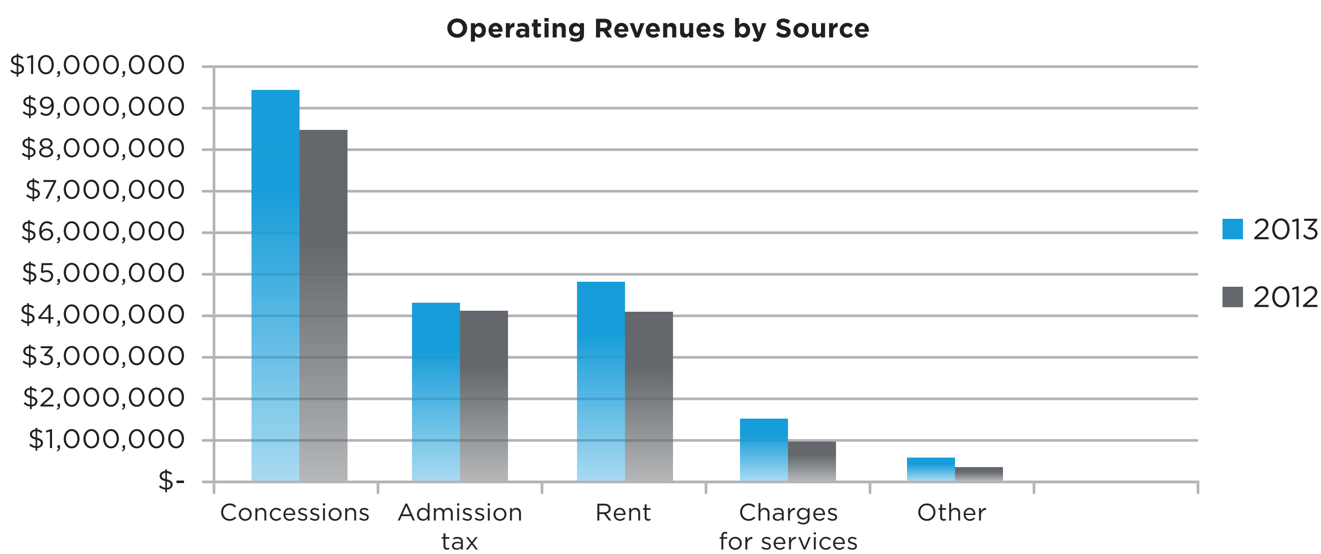
CHANGES IN NET POSITION

	2013	**2012**
Operating revenues	$20,543,956	$17,891,861
Operating expenses	25,228,819	17,124,797
Total operating income or (loss)	**(4,684,863)**	**767,064**
Nonoperating revenues (expenses)	993,582	70,645
Income (loss) before capital contributions	**(3,691,281)**	**837,709**
Capital contributions	52,513,835	2,546,938
Changes in net position	**48,822,554**	**3,384,647**
Total net position – January 1	27,578,067	24,193,420
Total net position – December 31	**$76,400,621**	**$27,578,067**

AUTHORITY'S ACTIVITIES

Operating revenues:

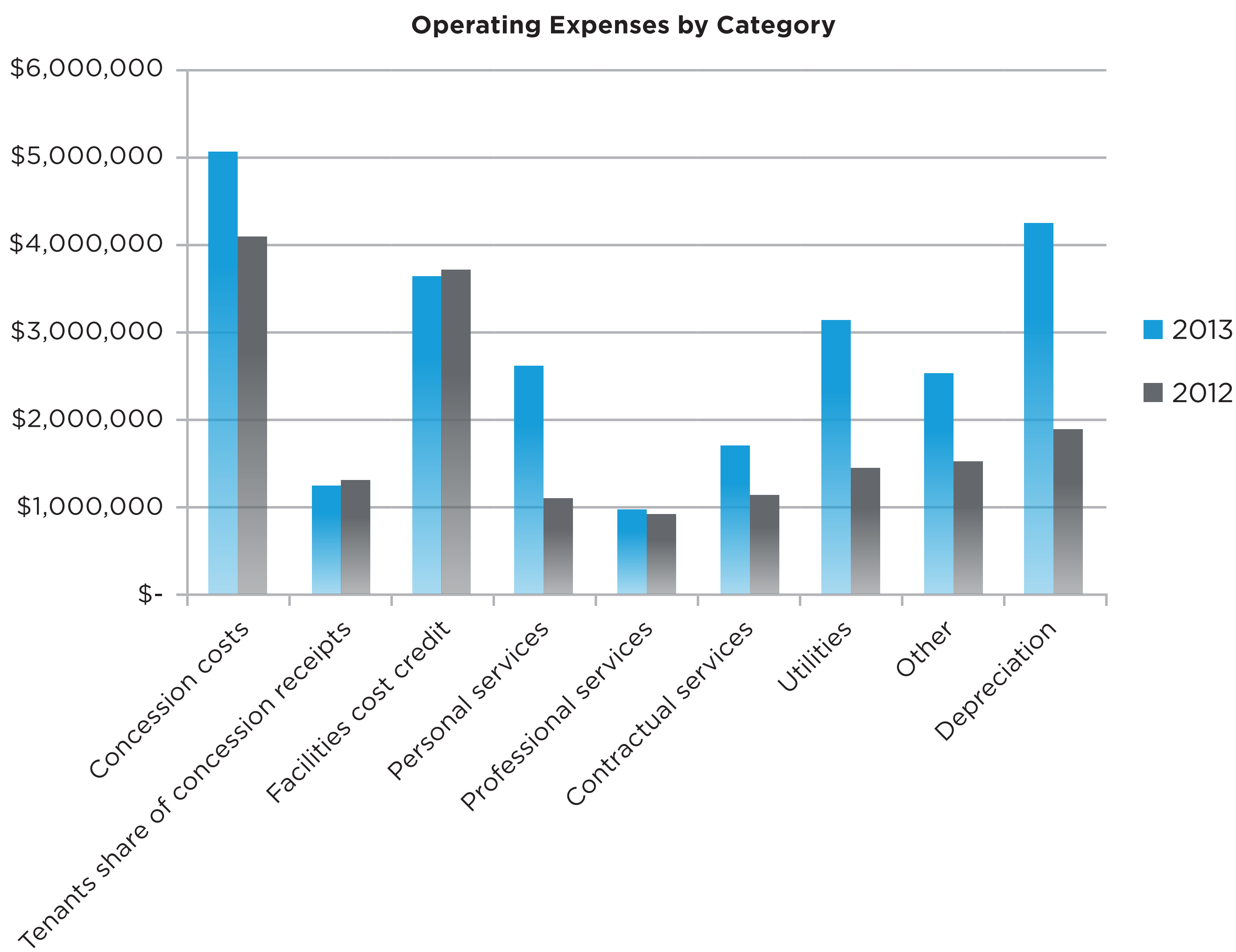
A variety of events were hosted in the Hubert H. Humphrey Metrodome (Metrodome) in 2013 including nine Minnesota Vikings 2013 football season home games, several Minnesota State High School League soccer and football tournaments, three motorsports events, several collegiate baseball and amateur football games, and many other cultural and athletic events. Operating revenues were $20,543,956 for the fiscal year ended December 31, 2013 which is an increase of $2,652,095 from the prior year. This increase is due to additional events were held in the Metrodome in 2013 which resulted in increased concession sales, admission taxes, and rent. Below is a comparison chart showing operating revenues by source for fiscal years ended December 31, 2013 and 2012:



Sources of operating revenue were comprised of concessions, admission tax, rent, charges for services, advertising, and other revenues. Food and beverage concessions constituted the largest source of revenues and represented 45.9 % of total operating revenues. Concession revenues increased $959,302, 11.3%, over the prior period's amount.

Per Minnesota statutes a ten percent admission tax was charged on all Metrodome admission tickets. This tax was designed as a user fee to help defray stadium operating expenses. Admission tax increased $177,764, a 4.3% increase, due to increased attendance at 2013 Metrodome events. Rent was based on the terms of the use agreements with the Minnesota Vikings and various other users. Rent also includes the private suites rent from the Minnesota Vikings. Rent revenues increased $742,030, 18.2%, over the prior period's amount due to additional events were hosted in the Metrodome in 2013. Charges for services include payments from the users and others for event related expenses such as audio expense, scoreboard operator expense, cleaning supplies and services, first aid, and field lights.

Operating Expenses:
The Authority's operating expenses include concessions costs, tenants share of concession receipts, facilities cost credit, personal services, professional services, contractual services, utilities, supplies, repairs and maintenance, insurance, event costs, depreciation, and miscellaneous expenses. Below is a comparison chart showing operating expenses by category for fiscal years ended December 31, 2013 and 2012:



Operating expenses for the fiscal year ended December 31, 2013 were $25,228,819 which is an increase of $8,104,022, 47.3%, over the prior year. The largest increases were: personal services increased 141.7%, depreciation increased 123.9%, and utilities increased 119%. The increases are primarily due to the fiscal year ended December 31, 2013 included 12 months of operations whereas the prior fiscal period included only five months of operations. Tenants share of concession receipts and facilities cost credit decreased by 5% and 1.4% respectively due to the Minnesota Vikings hosted nine home football games in the Metrodome in fiscal year 2013. The tenth game was an international game and it was played in London, England.

Other:
The master project budget for the Minnesota Multi-Purpose stadium and stadium infrastructure project is $975 million. Funding for this project consists of contributions of $498 million from the state of Minnesota and $477 million from the Minnesota Vikings Football Stadium LLC (StadCo) and/or private contributions. During the fiscal year ended December 31, 2013 nonoperating other contribution revenues totaled $588,346. These contributions were used to fund nonoperating stadium project expenses of $594,639.

CAPITAL ASSETS
The Authority's investment in capital assets as of December 31, 2013 was $52,256,276 (net of accumulated depreciation) and consists of land and construction in progress. The site for the stadium construction project is the existing site of the Metrodome. Preconstruction, installation of temporary retaining walls, and utility relocation work began on the north end of the Metrodome parking lot in July 2013, a ground breaking ceremony was held on December 3, 2013, and mass excavation of the site began in mid-December 2013. The last event hosted in the Metrodome was the Minnesota Vikings football game which was played on December 30, 2013 and immediately following that event the demolition contractor began to demolish the Metrodome. As of December 31, 2013, the Metrodome building and equipment were fully depreciated.

The following compares the Authority's capital assets as of December 31, 2013 and 2012.

CAPITAL ASSETS

	2013	2012	Increase/(Decrease)
CAPITAL ASSETS:			
Non-Depreciable			
Land	$8,700,000	$8,700,000	—
Construction in progress	43,556,276	2,546,938	$41,009,338
Depreciable			
Building	111,207,306	111,207,306	—
Equipment	12,618,564	12,626,397	(7,833)
Total capital assets	176,082,146	135,080,641	41,001,505
Less: accumulated depreciation	(123,825,870)	(119,582,797)	4,243,073
Total Capital Assets, Net	**$52,256,276**	**$15,497,844**	**$36,758,432**

Additional information on the Authority's capital assets can be found in the notes to the financial statements, see Note I.C.3 and Note II.C.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to the closure of the Metrodome and cessation of events at the end of fiscal year 2013, the Authority's mission changed from building owner/operator to stadium developer. For the next thirty-one months the Authority will be managing and overseeing the stadium construction project, timeline, and budget. The Authority plans to open the new stadium in August 2016.

In February 2014 the Authority purchased an existing parking facility known as the Downtown East Ramp, a parcel of property known as Block 1 in downtown Minneapolis, and it entered into development and construction agreements for development of a new parking facility and skyways. The new parking facility and skyways are scheduled for a substantial completion date of December 31, 2015.

The Authority's 2014 budget, for the fiscal year from January 1, 2014 through December 31, 2014, includes operating revenues of $4,500,000 and operating expenses of $4,387,005. The source for the operating revenues is the stadium project budget which allocated $4,500,000 to the Authority. Planned net nonoperating income is budgeted to be $200,000 which is the estimated investment earnings for 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its financial position and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Minnesota Sports Facilities Authority, 511 South Eleventh Street, Suite 401, Minneapolis, Minnesota 55415. This report may also be found on the Authority's web site at www.msfa.com.

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit A**
STATEMENT OF NET POSITION
December 31, 2013

ASSETS		
Current assets:		
Cash and cash equivalents	$	7,425,056
Receivables:		
Accounts and other receivables		5,072,380
Construction contributions receivable		20,905,125
Earnest deposit		855,000
Prepaid items		419,869
Total current assets		34,677,430
Noncurrent assets:		
Capital assets:		
Non-depreciable:		
Land		8,700,000
Construction in progress		43,556,276
Depreciable:		
Building		111,207,306
Equipment		12,618,564
Accumulated depreciation		(123,825,870)
Total capital assets (net of accumulated depreciation)		52,256,276
Prepaid project insurance		10,649,497
Total noncurrent assets		62,905,773
Total assets		97,583,203
LIABILITIES		
Current liabilities:		
Salaries and benefits payable		69,724
Accounts payable and other accrued liabilities		2,859,050
Construction accounts and retainages payable		17,913,456
Unearned revenue		34,309
Compensated absences		199,898
Total current liabilities		21,076,437
Noncurrent liabilities:		
Compensated absences		106,145
Total liabilities		21,182,582
NET POSITION		
Net investment in capital assets		52,256,276
Unrestricted		24,144,345
Total net position	$	76,400,621

The notes to the financial statements are an integral part of this statement.

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit B**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended December 31, 2013

Operating revenues:		
Concessions	$	9,438,927
Admission tax		4,276,114
Rent		4,810,944
Charges for services		1,501,944
Other		516,027
Total operating revenues		20,543,956
Operating expenses:		
Concession costs		5,072,396
Tenants share of concession receipts		1,244,224
Facilities cost credit		3,653,703
Personal services		2,623,548
Professional services		981,614
Contractual services		1,711,276
Supplies, repairs and maintenance		685,645
Utilities		3,148,122
Insurance		856,543
Event costs		673,132
Miscellaneous		327,711
Depreciation		4,250,905
Total operating expenses		25,228,819
Total operating income (loss)		(4,684,863)
Nonoperating revenues (expenses):		
Investment earnings		87,145
Other contributions for stadium project		588,346
Stadium builders licenses revenues		3,426,786
Sales taxes		813,080
Gain on disposal of capital assets		99,650
Stadium project expenses		(594,639)
Stadium builders licenses expenses		(3,426,786)
Total nonoperating revenues (expenses)		993,582
Income (loss) before capital contributions		(3,691,281)
Capital contributions		52,513,835
Change in net position		48,822,554
Total net position, January 1, 2013		27,578,067
Total net position, December 31, 2013	$	76,400,621

The notes to the financial statements are an integral part of this statement.

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit C**
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from concessionaire	$	3,896,276
Receipts from tenants		5,307,298
Receipts from others		713,829
Payments to concessionaire, vendors and others		(7,746,503)
Payments to tenants		(1,150,026)
Payments to employees for services		(2,532,716)
Net cash provided (used) by operating activities		(1,511,842)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other contributions received for stadium project		1,370,117
Stadium builders licenses revenues received		3,214,934
Payments for stadium project		(1,365,073)
Payments for stadium builders licenses expenses		(3,426,786)
Net cash provided (used) by noncapital financing activities		(206,808)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Capital contributions received		33,945,107
Construction of stadium		(25,093,157)
Payments for insurance program		(10,763,572)
Earnest deposit for property acquisition		(855,000)
Gain on disposal of capital assets		99,650
Net cash provided (used) by capital activities		(2,666,972)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		12,179,105
Purchase of investments		(3,803,723)
Interest on investments		460,715
Net cash provided (used) by investing activities		8,836,097
Net increase (decrease) in cash and cash equivalents		4,450,475
Cash and cash equivalents, January 1		2,974,581
Cash and cash equivalents, December 31	$	7,425,056
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(4,684,863)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		4,250,905
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(1,861,804)
(Increase) decrease in prepaid items		19,912
Increase (decrease) in salaries and benefits payable		21,465
Increase (decrease) in accounts payable and other accrued liabilities		817,274
Increase (decrease) in unearned revenue		(141,821)
Increase (decrease) in compensated absences		67,090
Total adjustments		3,173,021
Net cash provided (used) by operating activities	$	(1,511,842)

(continued)

Noncash investing, capital and financing activities:		
Accrued other contributions	$	1,041,127
Accrued capital contributions	$	20,677,079
Accrued construction in progress costs	$	17,910,456
Prepaid project insurance costs amortized to construction in progress	$	489,076

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

A. Organization and Reporting Entity

1. Organization

In May 2012, the state of Minnesota enacted 2012 Minnesota Laws, Chapter 299 to establish the Minnesota Sports Facilities Authority (Authority). The Authority is comprised of five board members: the chair, appointed by the governor of the state of Minnesota, two members appointed by the governor and two members appointed by the mayor of the city of Minneapolis. One member appointed by the governor and one member appointed by the mayor serve until December 31, 2015 and one member appointed by the governor and one member appointed by the mayor serve until December 31, 2016. Thereafter members appointed by the governor and the mayor serve a four year term beginning January 1. The chair serves at the pleasure of the governor. The board makes policies for the administration of the Authority and it appoints a CEO/Executive Director to act as the administrative head of the Authority. The CEO/Executive Director serves at the pleasure of the board, carries out the policies established by the board, directs business and administrative procedures, and recommends personnel to be appointed by the board.

The Authority was created to provide for the construction, financing, and long term use of a new stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural and commercial activities. Operation and maintenance of the Hubert H. Humphrey Metrodome (Metrodome) stadium was assumed by the Authority upon transfer of operations from the Metropolitan Sports Facilities Commission to the Authority on August 1, 2012.

2. Financial reporting entity

As defined by U.S. generally accepted accounting principles (GAAP), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as:

a. Appointment of a voting majority of the component unit's board and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
b. Fiscal dependency on the primary government.

Based upon the application of these criteria, the Authority has no component units. However, the Authority is a component unit of the state of Minnesota because the governor appointed three of the five board members and the state of Minnesota is responsible for the debt being incurred for the Authority's share of the cost of the construction of the stadium and stadium infrastructure.

I. Summary of Significant Accounting Policies (continued)

B. Basis of presentation and measurement focus

1. Basis of presentation

The financial statements of the Authority have been prepared in conformity with GAAP as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Authority are described below.

The Authority reports its activities as a business-type activity. The operations of the Authority are accounted for in an enterprise fund which is a set of self-balancing accounts comprised of assets, liabilities, net position, revenues, and expenses. The fund is used to account for the operation of the Metrodome and the financing and construction of the new stadium and stadium infrastructure. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. All assets and liabilities (whether current or noncurrent) are included on the statement of net position. Reported net position is segregated into two categories: net investment in capital assets and unrestricted. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

2. Measurement focus and basis of accounting

The Authority's enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

C. Assets, liabilities, and net position

1. Cash, cash equivalents and investments

The Authority has defined cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include money market funds that are used essentially as demand deposit accounts. Authority deposits are backed by a combination of Federal Deposit Insurance Corporation (FDIC) and a letter of credit from Federal Home Loan Bank for the account of U.S. Bank National Association, Cincinnati, Ohio for an amount of $10 million. The letter of credit is irrevocable, unconditional, and nontransferable.

The Authority may invest funds as authorized by Minnesota Statutes, Chapter 118A, and the Authority's internal investment policy. Investments are reported at fair value and are based on quoted market prices.

I. Summary of Significant Accounting Policies (continued)

2. Prepaid items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

3. Capital assets
Capital assets include land, building, equipment, and construction in progress. Capital assets are defined by the Authority as assets with an initial, individual cost of $5,000 or more and an estimated useful life greater than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over their estimated useful lives using the straight-line method. Land and construction in progress are not depreciated. As a result of the demolition of the Metrodome which began on December 30, 2013, the Authority's depreciable capital assets had no remaining useful lives.

4. Compensated absences
The Authority accrues vacation and sick leave when earned. All full-time non-bargaining agreement employees earn annual vacation leave based on years of service and are allowed to accumulate up to a maximum of 400 hours as of the end of each year. Full-time bargaining agreement employees earn annual vacation leave based on years of service and are allowed to accumulate up to a maximum of 280 hours as of the end of each year. Regularly scheduled part-time non-bargaining agreement employees also earn annual vacation leave and are allowed to accumulate up to a maximum of 200 hours as of the end of each year. Certain employees qualify for a sick leave severance benefit paid at termination. The pay rate in effect at the end of the year and the employer's share of social security contributions are used to calculate compensated absences accruals at December 31.

5. Net position
The Authority's net position is comprised of two categories: net investment in capital assets and unrestricted net position. Net investment in capital assets is the amount of net position representing capital assets net of accumulated depreciation. Unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets. At December 31, 2013 the Authority had only two categories of net position, net investment in capital assets and unrestricted.

I. Summary of Significant Accounting Policies (continued)

6. Revenues and expenses

a. Operating and nonoperating revenues and expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are: concession revenues, admission taxes, rent and charges for services. Operating expenses include concession costs, tenants' share of concession receipts, facilities cost credit, personal services, professional services, contractual services, supplies, repairs, and maintenance, utilities, insurance, event related expenses and depreciation on capital assets. All revenues and expenses not meeting this definition and construction related activities are reported as nonoperating revenues and expenses.

b. Other contributions for stadium project

Amounts reported as other contributions for stadium project include 1) contributions from the Minnesota Vikings Football Stadium LLC (StadCo) for its share of funding of the stadium construction costs and 2) contributions from the state of Minnesota for its share of funding of the stadium construction expenses. These contributions are reported as nonoperating revenues. See Note III.D.1 for a discussion of the Minnesota Vikings and the state of Minnesota's construction funding requirements.

c. Stadium builders licenses revenues

During the year ended December 31, 2013, the Authority entered into a Purchase and Sale Agreement with Minnesota Stadium Funding Trust whereby the Authority agreed to sell its interest in stadium builders licenses (SBL) tranches of SBL revenues to Minnesota Stadium Funding Trust pursuant to SBL contracts. SBLs entitle the holder to buy season tickets to certain Minnesota Vikings games and other events held at the new stadium and for a certain seat in the stadium. The Authority has recognized a receivable and revenue in accordance with Government Accounting Standards Board Statement No., 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues," as the transaction qualifies as a sale of future revenues. Revenue will be recognized as proceeds are received for the purpose of funding stadium construction costs and for costs associated with the sales of the stadium builders licenses. The total SBL tranches to be sold based on the SBL program as stated in the agreement is estimated to be $125 million. Approximately $100 million will be used for private contributions to fund the stadium construction project and $25 million will be used for sales and interest costs. These revenues are reported as nonoperating revenues.

I. Summary of Significant Accounting Policies (continued)

d. Sales tax revenues

In accordance with Minnesota statutes, 16A.726(b) and 297A.994, Subd.4.(5)(i) and (ii), a portion of the city of Minneapolis sales tax collections, beginning in calendar year 2013 are for the benefit of the Authority. Amounts are recognized as revenue by the Authority in the year the sales taxes are imposed on the underlying exchange transaction by the city of Minneapolis. The state of Minnesota withholds a portion of the Minneapolis sales tax disbursement to the city and issues the payment to the Authority. These revenues are reported as nonoperating revenues.

e. Facilities cost credit expense

The Authority waived the 2013 required rent payment from the Minnesota Vikings in order to reduce the Minnesota Vikings' costs. The waived rent is in lieu of payment of the facilities cost credit to the Minnesota Vikings. The 2013 facilities cost credit for the Minnesota Vikings was $3,653,703.

II. Detailed Notes

A. Cash deposits with financial institutions

Minnesota Statutes, Chapter 118A, require that all Authority deposits in excess of available federal deposit insurance be protected by a corporate surety bond or collateral security. An irrevocable standby letter of credit issued by a Federal Home Loan Bank is an allowable form of collateral. The statute further requires the total amount of collateral computed at its fair market value shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, except for irrevocable standby letters of credit, then the amount of collateral shall be at least equal to the amount on deposit at the close of the financial institution's banking day. At December 31, 2013, the carrying amount of the Authority's combined bank accounts was $1,422,971. Bank balances were $1,488,144 of which $250,000 was covered by federal depository insurance and the remaining $1,238,144 was collateralized by an irrevocable standby letter of credit issued by Federal Home Loan Bank of Cincinnati. The differences between carrying value and bank balance generally result from checks outstanding and deposits in transit at December 31, 2013.

B. Cash equivalent investments

The Authority's investment policy addresses certain risks to which it is currently exposed as follows:

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment instruments purchased by the Authority must comply with Minnesota Statutes, Chapter 118A, and its investment policy which is more restrictive than state law. The Authority's investment policy limits investments to the following: money

II. Detailed Notes (continued)

market funds, savings/demand deposits, bankers acceptances, commercial paper, U.S. Treasury Obligations, U.S. Agency Securities Government Sponsored Enterprises (GSE), Municipal Securities, Repurchase Agreements, and Guaranteed Investment Contracts. The ratings on all the agencies that the Authority can invest in are the highest available. It is the Authority's policy not to invest in inverse floaters, range notes, interest only strips derived from a pool of mortgages, and any security that could result in a zero interest accrual if held to maturity.

Custodial *credit risk.* The custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, then the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Authority was not exposed to interest rate risk at December 31, 2013 and it had no foreign currency exposure. Following is a summary of the fair values of cash and cash equivalent investments at December 31, 2013:

Security Type	Credit Risk	Custodial Credit Risk	Par	Fair Value	% of Total Portfolio
Money market funds	(a)	(b)	$7,285,890	$7,285,890	98%
Cash	n.a.	(b)	138,716	138,716	2%
Petty cash	n.a.	Authority held	450	450	0%
Total cash and investments			$7,425,056	$7,425,056	100.0%

(a) $6,002,085, invested in Aaa money market fund and $1,283,805 invested in U.S. Bank money market account.
(b) Individual bank balances less than or equal to $250,000 are FDIC insured. Individual balances greater than $250,000 are collateralized by the Authority holding a letter of credit from the Federal Home Loan Bank of Cincinnati for $10 million.

C. Capital assets

Capital asset activity for the fiscal year ended December 31, 2013 was as follows:

	Balance January 1	Increases	Decreases	Balance December 31
Capital assets, not being depreciated:				
Land	$ 8,700,000	$ -	$ -	$ 8,700,000
Construction in progress	2,546,938	41,009,338	-	43,556,276
Total capital assets, not being depreciated	11,246,938	41,009,338	-	52,256,276
Capital assets, being depreciated:				
Buildings	111,207,306	-	-	111,207,306
Equipment	12,626,397	-	(7,833)	12,618,564
Total capital assets, being depreciated	123,833,703	-	(7,833)	123,825,870
Less: accumulated depreciation for:				
Buildings	(107,452,536)	(3,754,770)	-	(111,207,306)
Equipment	(12,130,261)	(496,136)	7,833	(12,618,564)
Total accumulated depreciation	(119,582,797)	(4,250,906)	7,833	(123,825,870)
Total capital assets, being depreciated, net	4,250,906	(4,250,906)	-	-
Total capital assets, net	$ 15,497,844	$ 36,758,432	-	$ 52,256,276

II. Detailed Notes (continued)

D. Changes in long-term liabilities
Long-term compensated absences activity for the fiscal year ended December 31, 2013, was:

Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
$238,954	$184,214	$117,125	$306,043	$199,898

III. Other Information

A. Retirement plans
Authority employees are covered by one of two Minnesota State Retirement System (MSRS) retirement plans.

State Employees Plan (SEP) Description
The MSRS-SEP is a cost-sharing multiple employer defined benefit public employee retirement plan. All full-time and certain part-time employees of the Authority are covered by this plan. The plan is administered by MSRS. MSRS provides retirement benefits, disability benefits to members, and benefits to survivors upon the death of eligible members. Minnesota Statutes, Chapter 352, establishes MSRS and the plan benefit provisions.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Minnesota State Retirement System, 60 Empire Drive, Suite 300, Saint Paul, Minnesota 55103-3000 or by calling (651) 296-2761.

Funding Policy
Minnesota Statutes, Chapter 352, sets the rate for employee and employer contributions. Contributions are made to the fund by the employees and the employer, based on a percentage of gross salary/wage. The total required contribution rate was 10%, and the employee and the employer each contributed 5%.

Members are eligible to apply for the balance in their account after termination of public service. There is no minimum employment requirement to qualify for this lump-sum payment.

Employer contributions to MSRS-SEP, which equaled the required contribution for the five month period ended December 31, 2012 and for fiscal year 2013 were:

Year	Contributions
2012	$26,481
2013	$76,370

III. Other Information (continued)

Unclassified Employees Plan (UEP) Description

The MSRS-UEP is a multiple employer defined contribution public employee retirement plan. The chair of the Authority and the CEO/Executive Director are covered by this plan. The plan is authorized by Minnesota Statutes, Chapter 352D, and is considered a money purchase plan, i.e., participants vest only to the extent of the value of their accounts (contributions plus earnings less administrative expenses). Retirement and disability benefits are available to some members through conversion, at the member's option, to the MSRS-SEP provided certain service requirements are met.

Funding Policy

Minnesota Statutes, Chapter 352D, sets the rate for employee and employer contributions and may be amended by the state of Minnesota. Contributions are made to the fund by the employee and the employer, based on a percentage of gross salary/wage. The total required contribution rate was 11%, the employee has a required contribution rate of 5% and the employer has a required contribution rate of 6%.

Employer contributions to MSRS-UEP which equaled the required contribution for the five month fiscal period ended December 31, 2012 and fiscal year 2013 were:

Year	Contributions
2012	$6,113
2013	$15,732

B. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; work related injuries; and natural disasters. The Authority purchased insurance policies for the following exposures with the deductible or the amount of risk retention indicated in parenthesis: all-risk property insurance ($25,000 to $500,000 deductible dependent upon type of loss, the roof deductible is $500,000), boiler and machinery ($50,000 deductible), property terrorism ($1 million deductible), roof deductible buy-back ($25,000 retention), general liability (no deductible), umbrella liability ($10,000 retention), automobile insurance ($500 collision deductible/$250 comprehensive deductible), crime insurance ($5,000 deductible), workers compensation (no deductible), and public officials and employee liability insurance ($10,000 retention).

The Authority entered into an agreement with an insurance broker to provide insurance brokerage services to insure the design and construction of the new stadium and stadium infrastructure. The Authority implemented an Owner Controlled Insurance Program (OCIP) for liability only coverage for construction of the stadium. Additional construction related coverage was acquired including contractors' pollution liability, pollution legal liability, owners' protective professional indemnity, and

III. Other Information (continued)

builders risk. Policy premiums are recorded as prepaid expenses and amortized to construction in progress over the terms of the policies.

In 2013 there were no significant reductions in insurance coverage from the prior year. Within the past two fiscal years, settled claims have not exceeded commercial coverage.

C. Operating leases

The Authority leases office space, a storage facility for operational purposes, and real estate for erection of an outdoor marquee. The office space lease period began on August 1, 2012 and continued on a month-to-month basis, and lease expenses were $6,000 in 2013. This lease terminated on December 31, 2013. The storage facility is used to store the plywood which covered the stadium's artificial playing surface during certain events. This lease period began on August 1, 2012 and continued on an annual basis, and lease expenses were $24,000 in 2013. This lease terminated on December 31, 2013. The real estate lease began on August 1, 2012 and terminates on August 31, 2014. This lease does not require any payment.

D. Stadium development

1. Development agreement

During fiscal year 2013, the Authority and the Minnesota Vikings Football, LLC (the Team) entered into a development agreement to provide for the planning, design, development and construction of the stadium and stadium infrastructure which included a master project budget of $975 million. The agreement identifies the architect and the construction manager retained for the stadium project and it identifies the Authority as the stadium developer. Various program elements, design standards, design documents, construction matters, site acquisition, and financing requirements of the stadium project were specified in the agreement. As the stadium developer the Authority has oversight responsibility for the construction manager and is responsible for project accounting and reporting, value engineering, legal administration, and the project budget. In connection with certain financing arrangements anticipated for the stadium and stadium infrastructure the Team assigned this agreement to Minnesota Vikings Football Stadium, LLC (StadCo). The sources of funding for the construction project are: the state of Minnesota will contribute $498 million and StadCo and private contributions will contribute $477 million. This agreement will terminate on the date of substantial completion of the stadium which is the date that the stadium is ready for opening to the general public.

2. Use agreement and football playing agreement

Also, during fiscal year 2013 the Authority and the Team entered into a long-term use agreement that grants the Team the right to use the stadium. The initial term of the agreement will be from date of substantial completion of the stadium to the 30th NFL football season played by the Team in the stadium. As payment for its occupancy and use of the stadium, the Team is obligated to pay a use fee as defined in the agreement. This agreement also requires the Authority to have sole responsibility for the operation, direction, maintenance, supervision,

III. Other Information (continued)

and management of the stadium and stadium infrastructure. The agreement was assigned to StadCo.

In addition to the use agreement the Authority and the Team entered into a long-term agreement, football playing agreement, concerning the use of the stadium whereby the Team agreed to play home games during the NFL season at the stadium. This agreement terminates in conjunction with the termination of the use agreement.

3. General fund appropriation bond proceeds grant agreement-construction grant
In fiscal year 2013 the Authority and Minnesota Management and Budget (MMB) entered into a grant agreement for MMB to pay $498 million to the Authority for expenses related to the acquisition, construction, improving and equipping of the stadium and stadium infrastructure. Draw requisitions are required for all payments for the project. This agreement terminates on the last date of the useful life of the property.

4. Purchase agreement for Downtown East parking garage
On November 12, 2013 the Authority entered into a purchase agreement with Minneapolis Ventures, LLC to settle a lawsuit and purchase a parcel of property adjacent to the stadium site known as Downtown East parking garage for $17,100,000. This agreement required that $855,000 earnest money be held pursuant to an escrow agreement. The earnest money was deposited with the escrow agent on November 22, 2013. Then on February 20, 2014 the Authority closed on the purchase of the Downtown East parking garage and property and paid the balance due of $16,556,159.

F. Subsequent events
In January 2014 the Authority communicated its plan of involuntary termination to certain full-time and part-time employees. On February 3, 2014 twelve full-time employees and four part-time employees were laid off and received a severance payment.

On February 10, 2014 the Authority entered into an agreement to purchase directly from the Star Tribune a parcel of property near the stadium site in Minneapolis known as Block 1 for $7,688,984. The Authority also entered into a development agreement with Ryan Companies and the city of Minneapolis whereby Ryan Companies will design and construct a parking ramp and skyways. The parking ramp will be built on Block 1 at a cost of $41,253,484. The Authority also entered into a grant agreement with the city of Minneapolis whereby the city of Minneapolis granted funds of $32,632,392 to the Authority for the parking ramp construction project. This agreement also requires Ryan Companies to construct various skyways that will connect with the stadium. The Authority agreed to fund $6,456,286 for the Ryan skyways and $3,964,314 for the stadium skyway that connects directly to the stadium. The Authority's share of the financing of the parking ramp and skyways projects is included in the stadium construction project budget of $975 million.

III. Other Information (continued)

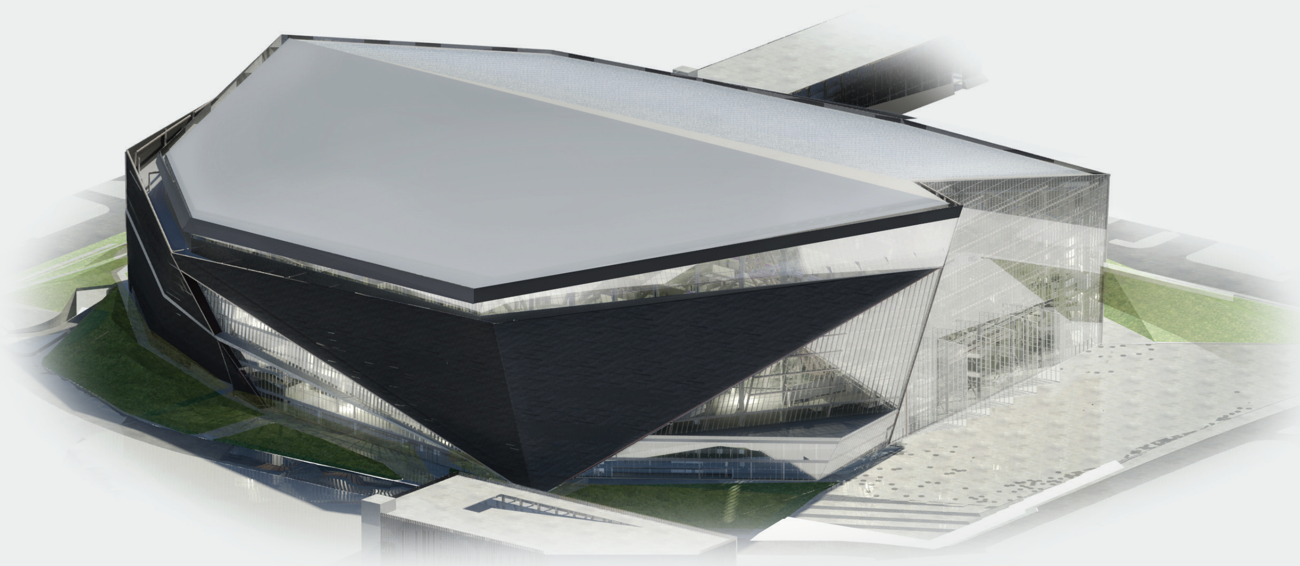
G. Construction commitments

Construction on the stadium project began in 2013. The Authority has the following construction commitments with contractors at December 31, 2013:

	Spent-to-date	Remaining Commitment
Architectural and engineering services	$ 19,951,643	$ 15,206,037
Construction management services	$15,902,234	$747,359,972
Owners representative services	$ 2,328,330	$ 8,483,710

STATISTICAL SECTION

The Statistical Section provides financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, including the accompanying notes.



NEW STADIUM

— North West Perspective —

LIST OF STATISTICAL TABLES

1.0 FINANCIAL TRENDS

This information is intended to assist users in understanding and assessing how the Authority's financial position has changed over time. There are two tables presented in this section.

2.0 REVENUE CAPACITY

This information is intended to assist users in understanding and assessing the factors affecting the Authority's ability to generate its own-source revenues. Only one table is presented in this section.

3.0 DEMOGRAPHIC AND ECONOMIC INFORMATION

This information is intended to assist users in understanding the socioeconomic environment within which the Authority operates and to provide information that facilitates comparisons of financial statement information over time. There are two tables presented in this section.

4.0 OPERATING INFORMATION

This information is intended to provide contextual information about the Authority's operations and resources to assist readers in using financial statement information to understand and assess the Authority's economic condition. There are three tables presented in this section.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 1.1**
Net Position by Component
Fiscal Year 2013 and Five-Month Fiscal Period 2012

	2013	2012*
Net investment in capital assets	$ 52,256,276	$ 15,497,844
Unrestricted	24,144,345	12,080,223
Total net position	$ 76,400,621	$ 27,578,067

* The Authority began operations on August 1, 2012 and net position for 2012 is reported as of December 31, 2012, for the five-month period then ended.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 1.2**
Changes in Net Position
Fiscal Year 2013 and Five-Month Fiscal Period 2012

	2013	2012*
Operating revenues:		
Concessions	$ 9,438,927	$ 8,479,625
Admission tax	4,276,114	4,098,350
Rent	4,810,944	4,068,914
Charges for services	1,501,944	908,813
Other	516,027	336,159
Total operating revenues	20,543,956	17,891,861
Operating expenses:		
Concession costs	5,072,396	4,101,323
Tenants share of concession receipts	1,244,224	1,309,240
Facilities cost credit	3,653,703	3,704,030
Personal services	2,623,548	1,085,418
Professional services	981,614	922,956
Contractual services	1,711,276	1,137,579
Supplies, repairs and maintenance	685,645	470,478
Utilities	3,148,122	1,436,919
Insurance	856,543	367,127
Event costs	673,132	388,508
Miscellaneous	327,711	303,098
Depreciation	4,250,905	1,898,121
Total operating expenses	25,228,819	17,124,797
Total operating income (loss)	(4,684,863)	767,064
Nonoperating revenues (expenses)	993,582	70,645
Income (loss) before capital contributions	(3,691,281)	837,709
Capital contributions	52,513,835	2,546,938
Change in net position	$ 48,822,554	$ 3,384,647

* The Authority began operations on August 1, 2012 and net position for 2012 is reported as of December 31, 2012, for the five-month period then ended.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 2.1**
User Fee Revenues by Source
Fiscal Year 2013 and Five-Month Fiscal Period 2012

Fiscal Period	Concessions (1)	Admission Tax (2)	Rent (3)	Charges for Services	Other
2013	$9,438,927	$4,276,114	$4,810,944	$1,501,944	$516,027
2012*	$8,479,625	$4,098,350	$4,068,914	$ 908,813	$336,159

* The Authority began operations on August 1, 2012 and user fee revenues by source for 2012 are reported as of December 31, 2012, for the five-month period then ended.

1) Various prices are charged for food and beverage concessions.
2) A 10% admission tax is assessed on all ticket sales for Metrodome events.
3) A 9.5% rental fee is assessed on Minnesota Vikings ticket sales and a $500 hourly rental fee is charged for nonmajor Metrodome users.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 3.1**
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Population (1,3)	Personal Income (In Millions) (1,3)	Per Capita Income (1,3)	Unemployment Rate (2)
	Minneapolis-St. Paul Metropolitan Statistical Area			
2013	3,422,264	172,004	50,260	4.8%
2012	3,422,264	172,004	50,260	5.5%
2011	2,873,444	161,468	48,657	6.4%
2010	2,849,567	152,789	46,498	7.2%
2009	2,881,812	149,795	45,262	7.9%
2008	2,870,250	154,421	48,207	5.1%
2007	2,849,003	149,496	46,752	4.3%
2006	2,821,779	140,158	44,295	3.8%
2005	2,810,179	132,708	42,377	3.8%
2004	2,771,030	127,365	40,915	4.5%

Unaudited

Sources:

1) Metropolitan Council Comprehensive Annual Financial Report -internally updated information based on the U.S. Commerce Department and Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area.
2) Metropolitan Council Comprehensive Annual Financial Report - State of Minnesota, Department of Employment and Economic Development (seven county area).
3) 2013 data not available at time of report.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 3.2**
Principal Employers in Minnesota
Current Year and Nine Years Ago

	Number of Minnesota Only Employees in thousands (except percentage)					
	2013			2004*		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Minnesota	55	1	3.10%	56	1	3.25%
Mayo Clinic	41	2	2.31%	25	5	1.45%
Target Corporation	31	3	1.75%	32	3	1.86%
United States Federal Gov't	31	4	1.75%	35	2	2.03%
Allina Health System	25	5	1.41%	22	6	1.28%
University of Minnesota	25	6	1.41%	31	4	1.80%
Fairview Health Services	22	7	1.24%	18	8	1.05%
HealthPartners Inc.	21	8	1.18%	-	-	-
Wal-Mart Stores Inc.	21	9	1.18%	-	-	-
Wells Fargo Minnesota	20	10	1.13%	15	10	0.87%
Northwest Airlines Corp	-	-	-	18	9	1.05%
3M Co.	-	-	-	19	7	1.10%
Total	292		16.46%	271		15.74%

Unaudited

Source: Metropolitan Council Comprehensive Annual Financial Report-Minneapolis/St. Paul Business Journal Book of Lists, December 27, 2013 and City Business-The Business Journal Book of Lists 2001-02.
Note: Available list covers employment for entire State of Minnesota.
* 2001 list was used due to unavailability of 2004 list.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 4.1**
Full-Time Employees by Department
Fiscal Year 2013 and Five-Month Fiscal Period 2012

Fiscal Year	Administrative	Building Maintenance	Security	Total
2013	8	11	2	21
2012*	7	11	2	20

* The Authority began operations on August 1, 2012 and full-time employees by department for 2012 are reported as of December 31, 2012.

Unaudited

Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 4.2**
Stadium Event Attendance
Fiscal Year 2013 and Five-Month Fiscal Period 2012

Fiscal Year*	Metrodome Attendance
2013	752,896
2012*	750,111

* The Authority began operations on August 1, 2012 and stadium attendance for 2012 is reported as of December 31, 2012, for the five-month period then ended.

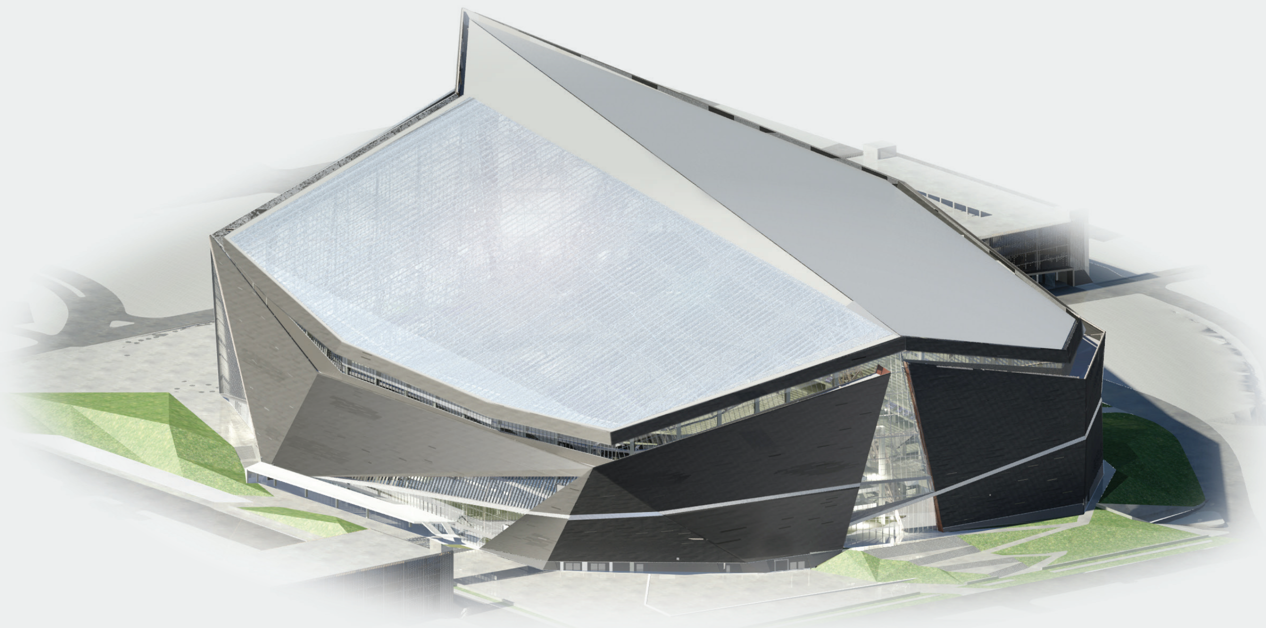
Unaudited

Source: Authority Finance department

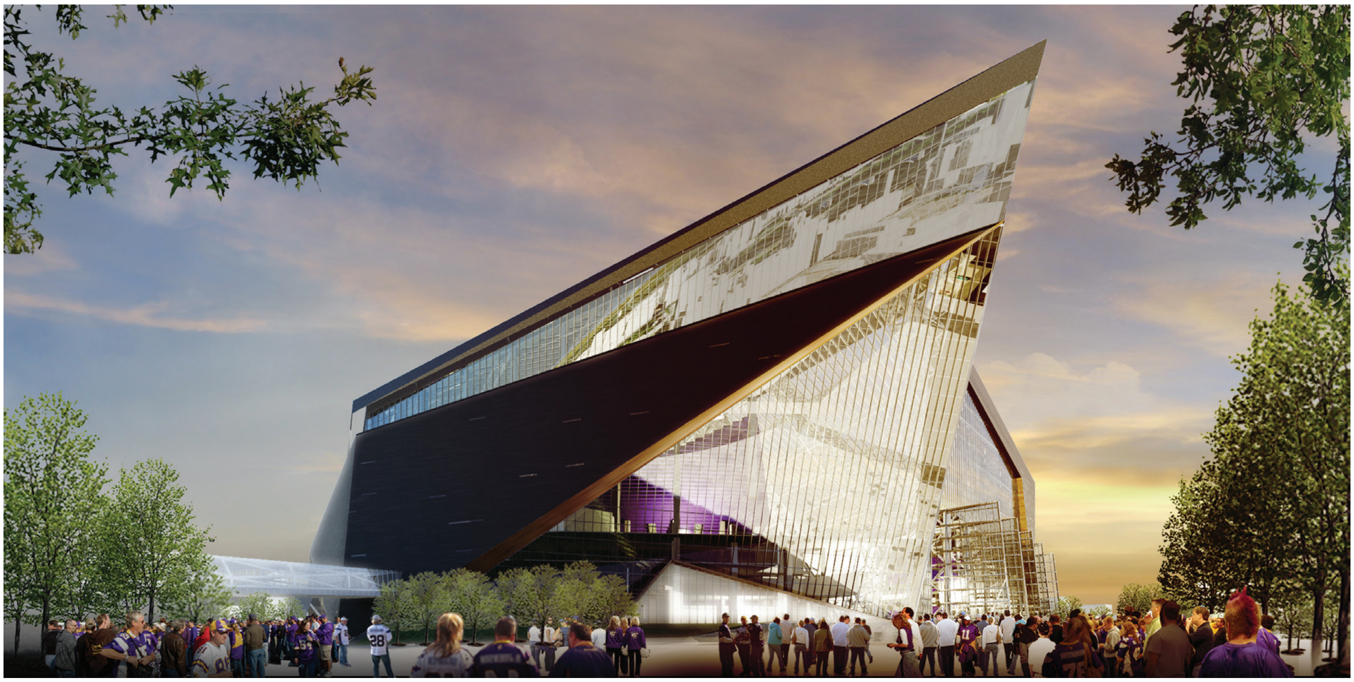
Full-Time Employees by Department
December 31, 2013

Number of primary users	1
Number of employees	
Full-time	21
Seating capacity	64,100
Number of private suites	100
Site size (acres)	21
Number of concession stands	
Upper level	17
Lower level	14
Plaza	1
Restrooms	32
Concourse width	
Upper level and lower level	20 feet
Playing field in relation to street level	47 feet below
Playing surface	Artificial turf
Playing field size	141,515 sq. feet
Roof	
Type	Fixed-supported by air
Surface	Teflon-coated fiberglass roof
Height above playing field	195 feet
Total dome area	415,000 sq. feet (9.5 acres)

Unaudited
Source: Authority Finance department



NEW STADIUM
— South East Perspective —



MINNESOTA SPORTS FACILITIES AUTHORITY

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