TAMPA BAY PERFORMING ARTS CENTER, INC. AND AFFILIATE D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended September 30, 2021 and 2020

And Reports of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

TAMPA BAY PERFORMING ARTS CENTER, INC. AND AFFILIATE
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Tampa Bay Performing Arts Center, Inc. and affiliate
d/b/a David A. Straz, Jr. Center for the Performing Arts
Tampa, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Tampa Bay Performing Arts Center, Inc. and affiliate, d/b/a David A. Straz, Jr. Center for the Performing Arts (the "Straz Center") (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, cash flows, and functional expenses, 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.

Auditor's 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 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 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 entity'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 entity'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Straz Center as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the consolidated financial statements, in March 2020, the World Health Organization declared COVID-19 a global pandemic. Given the uncertainty of the situation and the duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Straz Center's basic consolidated financial statements. The consolidating schedules and Straz Center stand-alone statements, on pages 27 to 31, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022 on our consideration of the Straz Center's internal control 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Straz Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Straz Center's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tampa, Florida
January 12, 2022

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,840,451	$ 12,892,244
Receivables:		
Accounts receivable	818,121	306,350
Pledges receivable, net	622,218	9,519,510
Grants receivable	1,052,907	982,067
Total Receivables	2,493,246	10,807,927
Inventory	96,671	137,400
Other current assets	543,180	421,469
Total Current Assets	13,973,548	24,259,040
Noncurrent Assets:		
Pledges receivable, net	3,727,081	3,214,389
Endowment investments	34,588,074	24,498,458
Investments	31,950,872	16,304,466
Other long-term investments	1,123,115	976,709
Beneficial interest in assets held by Community Foundation	988,240	823,535
Furniture, equipment, and leasehold improvements, net	17,174,031	16,592,056
Fine art collection	207,990	207,990
Other long-term assets	52,273	51,651
Total Assets	$ 103,785,224	$ 86,928,294
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,539,640	$ 3,562,373
Contract liabilities – ticket sales	9,666,941	6,124,173
Contract liabilities – other	1,610,130	1,410,878
Debt	298,860	404,123
Noncurrent Liabilities:		
Debt	1,569,015	2,424,736
Total Liabilities	15,684,586	13,926,283
Net Assets:		
Without Donor Restrictions:		
Operations	27,440,852	15,640,989
Furniture, equipment, and leasehold improvements	17,174,031	16,592,056
Board designated	1,336,171	287,288
	45,951,054	32,520,333
With Donor Restrictions	42,149,584	40,481,678
Total Net Assets	88,100,638	73,002,011
Total Liabilities and Net Assets	$ 103,785,224	$ 86,928,294

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Ticket sales	$ 434,307	$ -	$ 434,307
Rent	214,130	-	214,130
Box office fees	806,925	-	806,925
Education program tuition, event sales, and fees	1,610,152	-	1,610,152
Concessions	623,825	-	623,825
Investment return, net	1,517,740	5,853,956	7,371,696
Change in value of beneficial interest	161,707	-	161,707
Community support	3,629,439	1,574,750	5,204,189
Service fee and other income	180,509	-	180,509
Government Funding and Grants:			
Annual operating and program support	9,084,404	-	9,084,404
Capital and construction support	1,278,267	-	1,278,267
Gain on Paycheck Protection Program loan forgiveness	2,828,859	-	2,828,859
Net Assets Released from Restrictions:			
Collection of pledges receivable and valuation change	4,999,346	(4,999,346)	-
Spending policy	761,454	(761,454)	-
Total Revenue and Other Support	28,131,064	1,667,906	29,798,970
Expenses:			
Program and Essential Services:			
Production costs	1,576,810	-	1,576,810
Education	2,231,348	-	2,231,348
Operating costs	6,198,572	-	6,198,572
Marketing and public information	2,010,082	-	2,010,082
Total Program and Essential Services	12,016,812	-	12,016,812
Support Services:			
General and administrative	1,645,388	-	1,645,388
Fundraising	1,038,143	-	1,038,143
Total Support Services	2,683,531	-	2,683,531
Total Expenses	14,700,343	-	14,700,343
Change in net assets	13,430,721	1,667,906	15,098,627
Net assets, beginning of year	32,520,333	40,481,678	73,002,011
Net assets, end of year	$ 45,951,054	$ 42,149,584	$ 88,100,638

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Ticket sales	$ 9,440,068	$ -	$ 9,440,068
Rent	274,337	-	274,337
Box office fees	1,518,491	-	1,518,491
Education program tuition, event sales, and fees	1,745,120	-	1,745,120
Concessions	2,281,583	-	2,281,583
Investment return, net	794,783	2,477,719	3,272,502
Change in value of beneficial interest	(7,727)	-	(7,727)
Community support	5,115,349	6,804,289	11,919,638
Service fee and other income	1,129,207	-	1,129,207
Government Funding and Grants:			
Annual operating and program support	1,138,931	-	1,138,931
Capital and construction support	735,094	-	735,094
Settlement claim income	8,461,515	-	8,461,515
Net Assets Released from Restrictions:			
Collection of pledges receivable and valuation change	1,007,383	(1,007,383)	-
Spending policy	1,520,008	(1,520,008)	-
Appropriated earnings from endowment	623,024	(623,024)	-
Total Revenue and Other Support	35,777,166	6,131,593	41,908,759
Expenses:			
Program and Essential Services:			
Production costs	10,012,257	-	10,012,257
Education	2,672,720	-	2,672,720
Operating costs	9,126,042	-	9,126,042
Marketing and public information	2,520,584	-	2,520,584
Total Program and Essential Services	24,331,603	-	24,331,603
Support Services:			
General and administrative	3,779,959	-	3,779,959
Fundraising	1,333,953	-	1,333,953
Total Support Services	5,113,912	-	5,113,912
Total Expenses	29,445,515	-	29,445,515
Change in net assets	6,331,651	6,131,593	12,463,244
Net assets, beginning of year	26,188,682	34,350,085	60,538,767
Net assets, end of year	$ 32,520,333	$ 40,481,678	$ 73,002,011

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 15,098,627	$ 12,463,244
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Noncash gift of stock	(81,244)	(905,778)
Bad debt	7,040	8,105
Depreciation	1,619,577	1,562,967
Change in beneficial interest in assets held by Community Foundation	(164,705)	7,727
Recovery of uncollectible pledges receivable	(83,202)	(1,791,510)
Unrealized gains on investments	(3,197,501)	(250,771)
Gain recognized on forgiven Paycheck Protection Program loan	(2,828,859)	-
Change in operating assets and liabilities:		
Accounts receivable	(518,811)	235,609
Pledges receivable	8,467,802	(2,344,097)
Grants receivable	(70,840)	(505,083)
Inventory	40,729	(33,744)
Other current assets	(121,711)	720,831
Other long-term assets	(622)	(6,782)
Accounts payable and accrued expenses	(1,022,733)	990,191
Contract liabilities – ticket sales	3,542,768	(2,505,503)
Contract liabilities – other	199,252	(840,431)
Net cash flows from operating activities	20,885,567	6,804,975
Cash flows from investing activities:		
Additions to furniture, equipment, and leasehold improvements	(2,201,552)	(1,587,798)
Purchases of investments	(36,603,308)	(26,765,933)
Sales and maturities of investments	14,008,688	26,797,764
Purchases of other long-term investments	(9,063)	(118,559)
Net cash flows from investing activities	(24,805,235)	(1,674,526)
Cash flows from financing activities:		
Payments on line of credit from investments	-	(225,412)
Proceeds from line of credit borrowings	-	21,194
Proceeds from debt	1,867,875	2,828,859
Net cash flows from financing activities	1,867,875	2,624,641
Change in cash and cash equivalents	(2,051,793)	7,755,090
Cash and cash equivalents, beginning of year	12,892,244	5,137,154
Cash and cash equivalents, end of year	$ 10,840,451	$ 12,892,244
Cash paid for interest	$ -	$ 1,293

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Program and Essential Services					Support Services			Total Expenses
	Production Costs	Education	Operating Costs	Marketing and Public Information	Total Program and Essential Services	General and Administrative	Fundraising	Total Support Services	2021
Salaries	$ 442,568	$ 1,153,926	$ 2,082,019	$ 960,025	$ 4,638,538	$ 2,340,084	$ 736,374	$ 3,076,458	$ 7,714,996
Payroll taxes	58,305	85,508	158,098	70,622	372,533	283,557	53,326	336,883	709,416
Employee benefits	137,288	164,591	301,336	156,522	759,737	250,634	101,087	351,721	1,111,458
Employee benefits retention credit	-	-	-	-	-	(2,647,814)	-	(2,647,814)	(2,647,814)
Artist and professional fees	643,223	643,380	20,790	-	1,307,393	2,337	45,088	47,425	1,354,818
Meetings, travel, and training	3,667	11,292	9,005	9,682	33,646	31,244	4,869	36,113	69,759
Advertising and promotion	143,067	61,478	49,715	759,480	1,013,740	102,843	-	102,843	1,116,583
Professional services	-	3,207	4,445	12,000	19,652	330,744	42,000	372,744	392,396
Supplies	12,371	5,071	247,730	2,161	267,333	7,524	2,600	10,124	277,457
Telephone	3,311	4,800	7,200	3,840	19,151	112,416	1,440	113,856	133,007
Postage and mailings	686	277	2,282	167	3,412	2,629	8,706	11,335	14,747
Utilities	-	-	533,213	-	533,213	-	-	-	533,213
Rent and lease	84,599	23,008	8,472	-	116,079	103,963	-	103,963	220,042
Maintenance and repairs	17,897	15,735	718,604	5,941	758,177	420,460	8,550	429,010	1,187,187
Insurance	5,538	1,545	-	-	7,083	197,130	-	197,130	204,213
Depreciation	-	-	1,619,577	-	1,619,577	-	-	-	1,619,577
Credit card commissions	-	35,254	180,383	-	215,637	-	17,085	17,085	232,722
Bad debt expense	-	1,252	-	-	1,252	5,788	-	5,788	7,040
Employee recruiting and relations	4,979	3,229	7,515	762	16,485	37,696	532	38,228	54,713
Food and beverages operations	-	922	219,463	-	220,385	-	-	-	220,385
Other	19,311	16,873	28,725	28,880	93,789	64,153	16,486	80,639	174,428
Total Expenses	$ 1,576,810	$ 2,231,348	$ 6,198,572	$ 2,010,082	$ 12,016,812	$ 1,645,388	$ 1,038,143	$ 2,683,531	$ 14,700,343

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Program and Essential Services					Support Services			Total Expenses
	Production Costs	Education	Operating Costs	Marketing and Public Information	Total Program and Essential Services	General and Administrative	Fundraising	Total Support Services	2020
Salaries	$ 517,660	$ 1,562,511	$ 3,501,128	$ 1,180,424	$ 6,761,723	$ 2,109,334	$ 899,716	$ 3,009,050	$ 9,770,773
Payroll taxes	127,337	124,380	507,790	95,523	855,030	120,053	69,703	189,756	1,044,786
Employee benefits	283,921	217,412	425,135	183,539	1,110,007	242,301	123,389	365,690	1,475,697
Artist and professional fees	7,372,926	470,993	73,415	7,855	7,925,189	1,167	121,981	123,148	8,048,337
Meetings, travel, and training	24,307	53,757	23,248	24,742	126,054	35,086	17,565	52,651	178,705
Advertising and promotion	1,472,455	117,847	42,731	974,052	2,607,085	188,813	250	189,063	2,796,148
Professional services	-	238	136,968	35	137,241	93,702	33,146	126,848	264,089
Supplies	9,561	7,873	222,224	6,348	246,006	14,847	4,492	19,339	265,345
Telephone	4,109	6,770	10,309	4,170	25,358	131,821	1,800	133,621	158,979
Postage and mailings	1,952	643	16,130	627	19,352	8,665	9,590	18,255	37,607
Utilities	-	-	562,109	-	562,109	-	-	-	562,109
Rent and lease	88,672	5,819	100,336	-	194,827	3,000	-	3,000	197,827
Maintenance and repairs	5,074	22,118	667,769	6,413	701,374	430,823	4,530	435,353	1,136,727
Insurance	52,107	7,161	-	-	59,268	315,048	-	315,048	374,316
Depreciation	-	-	1,562,967	-	1,562,967	-	-	-	1,562,967
Credit card commissions	-	29,769	345,551	-	375,320	-	38,924	38,924	414,244
Bad debt expense	-	-	8,105	-	8,105	-	-	-	8,105
Employee recruiting and relations	4,723	16,986	39,256	3,527	64,492	11,601	1,683	13,284	77,776
Food and beverages operations	-	276	817,288	-	817,564	4,566	-	4,566	822,130
Other	47,453	28,167	63,583	33,329	172,532	69,132	7,184	76,316	248,848
Total Expenses	$ 10,012,257	$ 2,672,720	$ 9,126,042	$ 2,520,584	$ 24,331,603	$ 3,779,959	$ 1,333,953	$ 5,113,912	$ 29,445,515

Note 1—Nature of organization and summary of significant accounting policies

Organization – The Tampa Bay Performing Arts Center, Inc. (the "Straz Center") was incorporated on September 15, 1980 to manage and operate the performing arts facility pursuant to the lease with the City of Tampa. The Straz Center's purpose is to enhance the quality of life in the Tampa Bay region by educating and developing its audiences through performing arts, with an emphasis on diversity and quality.

The Straz Center established the Tampa Bay Performing Arts Center Foundation, Inc. (the "Foundation") on April 28, 1997 to perform the fundraising efforts for the support of the Straz Center. The activities of the Foundation began in October 1999.

As two-thirds (the majority) of the Foundation's Board of Directors (the "Board") is required to be comprised of Straz Center Board Trustees and the assets of the Foundation revert to the Straz Center in the event the Foundation is dissolved, the financial activities of the Straz Center and the Foundation have been consolidated. All significant intercompany balances and transactions have been eliminated in consolidation.

In November 2009, a substantial endowment gift was made to the Foundation. In special recognition of the donor's generosity, the Straz Center was renamed for branding purposes and, accordingly, the Straz Center began doing business as the David A. Straz, Jr. Center for the Performing Arts (Straz Center) effective November 11, 2009.

In its fiscal year ended September 30, 2010, the Straz Center established a limited liability company ("LLC"), Broadway Genesis LLC, in support of its mission and long-term strategic initiative of creating and producing major theatrical productions for national and international touring purposes. This entity is considered a single-member LLC and is disregarded for tax purposes. Broadway Genesis LLC continues to serve as the management company intended to own and potentially license the respective rights acquired for respective theatrical productions and manage and govern the corporate oversight of the specific production LLCs.

Collectively, the three entities are referred to as the "Organization".

Presentation – The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Board. These net assets may be used at the discretion of the Board's management and the Board. The Board has chosen to provide further classification information about net assets without donor restrictions on the consolidated financial position. The sub classifications are as follows:
>
> > *Operations* – Represents the cumulative net assets without donor restrictions excluding those set aside by the Board or related to furniture, equipment, and leasehold improvements.
> >
> > *Furniture, Equipment, and Leasehold Improvements* – Represent cumulative net assets without donor restrictions related to the Organization's furniture, equipment, and leasehold improvements.
> >
> > *Board Designated* – Represents resources set aside by the Board to be used for specific activities within guidelines established by the Board. These include expendable resources of approximately $1,336,000 and $287,000 as of September 30, 2021 and 2020, respectively, which have been designated for capital expenditures by the Straz Center's Board of Trustees.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Board or by the passage of time. For net assets with donor restrictions that are solely time restricted, the Organization's policy is not to expend such net assets until they have been collected and thus released from restrictions. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally gains and related investment income on these gifts are available for operations without donor restrictions, unless the donor designates restrictions on the use of earnings for a specific purpose, in which case the earnings are then considered with donor restrictions.

New Accounting Pronouncement – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively, "Accounting Standards Codification ("ASC 606"). ASU 2020-05 was issued on June 2020, which deferred the effective date of adoption of ASU 2014-09 (Topic 606) until annual reporting periods beginning after December 15, 2019. The Organization adopted the provisions of ASC 606 as of October 1, 2020, using the modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of October 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption. Certain categories of revenue are not encompassed within the scope of ASC 606 including rental income, investment income, beneficial interest income, community support, government funding and grants, and gain on Paycheck Protection Program loan forgiveness.

Revenue Recognition – See Note 2.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, the Organization considers all highly-liquid debt instruments with original maturities of three months or less to be cash equivalents, including those classified as short-term investments.

Pledges Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on pledges receivable made before September 30, 2008 are computed using a risk-free rate applicable to the year in which the promise was received. The discounts on pledges receivable made after October 1, 2008 are computed using a rate commensurate with the risk of the pledges receivable in accordance with U.S. GAAP. Amortization of the discount is included in community support in the accompanying consolidated statements of activities. The discount rates applied ranged from 0.79% to 5.23% and 1.16% to 5.23% for the years ended September 30, 2021 and 2020, respectively.

Inventory – Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Fair Value of Financial Instruments – The Organization records certain assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance.

Investments and Endowment Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. The Organization also invests monies in other investments, which trade in various commodity pools and are recorded at fair value or measured at net asset value ("NAV") as a practical expedient (see Note 2). Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

Other Long-Term Investments – Other long-term investments primarily consist of investments in theatrical show productions, investments in other theatrical production type companies, and the cash surrender value of a life insurance policy for which the Organization is the beneficiary.

The investments in theatrical show productions are recorded at cost, reduced by any investment returns, and amounted to approximately $307,000 and $344,000 at September 30, 2021 and 2020, respectively. The cash surrender value of the life insurance policy amounted to approximately $816,000 and $633,000 at September 30, 2021 and 2020, respectively, and is intended to be held for investment.

Beneficial Interest in Assets Held by Community Foundation – The Organization has established an endowment at the Community Foundation of Tampa Bay, Inc. (the "Community Foundation"), and has identified itself as the beneficiary. The value of the Organization's endowment is reflected in the accompanying consolidated financial statements as beneficial interest in assets held by Community Foundation.

Furniture, Equipment, and Leasehold Improvements – Furniture, equipment, and leasehold improvements are stated at cost if purchased or at estimated fair value at the date of receipt if acquired by gift. Depreciation is recognized over the estimated useful lives of the assets of 3 to 25 years using the straight-line method. An exception is given to leasehold improvements associated with the facility, which is leased from the City of Tampa, and are depreciated over a useful life of 30 years. Maintenance, repairs, and minor renewals are expensed as incurred.

Fine Art Collection –The Organization capitalizes its collections. Additions are capitalized at cost if purchased and at estimated fair value at date of contribution if received by donation. Gains and losses on disposals of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. There were no donated fine art assets received during the years ended September 30, 2021 and 2020.

Other Accrued Expenses – Other accrued expenses include the Organization's obligation under a deferred compensation agreement with the Executive of the Organization which was a) earned based on two specific vesting periods and b) payable through a series of payments upon an agreed retirement age being reached.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Self-Insured Claims Liability – The Organization is primarily self-insured, up to certain limits, for employee unemployment insurance claims. The Organization records claims paid as expenses when incurred and accrues a liability and associated expense for an estimate of the remaining portion of claims reported but not paid, and claims incurred but not reported, based on accepted actuarial methods. The self-insured claims accrual was approximately $202,000 and $239,000 as of September 30, 2021 and 2020, respectively, included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position. The self-insured claims liability represents a significant estimate established by management. The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated by management. The amount ultimately paid may differ from this estimate.

Advertising Costs – Advertising costs related to specific events and classes are capitalized and amortized in the period of the event or class, which are reported under program, general and administrative, fundraising, and essential services expenses in the consolidated statements of activities. At September 30, 2021 and 2020, advertising costs of approximately $250,000 and $74,000, respectively, were included as a component of other current assets in the consolidated statements of financial position.

Income Taxes – The Straz Center and the Foundation are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Management believes the Straz Center and the Foundation continue to satisfy the requirements of a tax-exempt organization as of September 30, 2021. Management believes the unrelated business income generated by the Straz Center is not material to the consolidated financial statements.

Other Gifts – The Organization is a beneficiary of several funds held and controlled by the Community Foundation. The total fair value of these funds held at the Community Foundation as of September 30, 2021 and 2020 were approximately $5,473,000 and $4,749,000, respectively. These funds are not included in the accompanying consolidated financial statements.

The annual net distributions allocated by the Community Foundation during the year ended September 30, 2021 of approximately $166,000 and $118,000 are available for distribution to the Foundation and Straz Center, respectively. The annual net distributions allocated by the Community Foundation during the year ended September 30, 2020 of approximately $168,000 and $112,000 are available for distribution to the Foundation and Straz Center, respectively. Accordingly, the amounts are recognized as income in the period earned.

Contributed Services – Contributed services are recognized as in-kind revenue at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills, which would need to be purchased if they were not donated. Contributed services amounted to approximately $321,000 and $291,000 for the years ended September 30, 2021 and 2020, respectively, and are included as a component of community support on the consolidated statements of activities.

Community members volunteer as ushers, house managers, tour guides, administrative assistants, and advisors. The 100% volunteer usher program is unique in the industry. A dollar valuation of their effort is not reflected in the consolidated financial statements; however, volunteer hours for the years ended September 30, 2021 and 2020 totaled 15,202 and 40,327, respectively.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Functional Allocation of Expenses – Expenses are allocated between program and essential services, general and administrative, and fundraising with the exception of depreciation and food and beverage operations which is only included in program and essential services operating costs. The remaining expenses are allocated on management's estimated time and effort incurred with the exception of occupancy costs (utilities and rent and lease) which is allocated based on square footage utilized for certain functions. Employee benefits retention credit of $2,647,814 represents IRS Employee Retention Tax Credits (ERCs) for payroll tax liabilities and cash payment incentives for retention of employees for the year ended September 30,2021. These credits were established through the "COVID-19" Cares Act/American Recovery for respective one-time credits due to the COVID-19 pandemic.

Use of Estimates – The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing coronavirus pandemic and the COVID-19 control responses.

Note 2—Revenue recognition

Revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods or services.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying statement of financial position totaled approximately $11,277,000 and $7,535,000 as of September 30, 2021 and 2020, respectively, and primarily represents cash received from advance ticket sales, box office fees, concession, education class tuition, subscriber memberships, and event sponsorships, which are recognized after related performances, classes, and events are completed and the associated cost settlements are calculated.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of revenue from ticket sales, box office fees, education program tuition, event sales and fees, and concessions. The contract performance obligations for ticket sales, box office fees, event sales and fees, and concessions is generally satisfied at the time these services are provided to the customer. The contract performance obligation for tuition is performed over the class term.

Revenue Recognition – In the absence of donor restrictions, contributions are considered to be available for unrestricted use and related income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

Government funding and grants are recorded as revenue without donor restrictions as funds have been reimbursed for expenditures made for specific needs of the Organization. Uncollected amounts as of the fiscal year-end are recorded as grants receivable on the consolidated statements of financial position.

Practical Expedients and Exemptions – The Organization has elected to treat similar contracts as a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Note 3—Investments

Investments must meet risk criteria established by the Board of Trustees. At September 30, 2021 and 2020, investments and endowment investments are classified as follows:

	2021		2020	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash and cash equivalents	$ 4,219,269	$ 4,219,269	$ 1,236,093	$ 1,236,093
Government bonds	5,226,696	5,468,866	2,775,738	3,327,383
Corporate bonds	3,575,601	3,699,173	2,918,180	3,140,655
Mutual funds	18,015,180	19,064,865	12,619,802	12,330,263
Common and preferred stocks	26,602,654	32,686,773	16,822,681	20,768,530
Alternative Investments	1,400,000	1,400,000	-	-
Total cost and fair value	$ 59,039,400	$ 66,538,946	$ 36,372,494	$ 40,802,924

Investment return consisted of the following for the years ended September 30:

	2021	2020
Dividends and interest on investments	$ 978,219	$ 1,007,836
Net unrealized gains	3,060,158	358,713
Net realized gains, net of investment expense	3,355,693	1,906,819
Net traded investment returns	7,394,070	3,273,368
Interest on short-term cash investments	92	3,840
Other production returns	(22,466)	(4,706)
Total investment returns	$ 7,371,696	$ 3,272,502

The three levels of inputs that may be used to measure fair value:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Note 3—Investments (continued)

The tables below summarize the cash, cash equivalents, and traded investments as of September 30, 2021 and 2020 based upon the fair value hierarchy:

	Fair Value Measurements at Reporting Date Using			
September 30, 2021	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Cash and cash equivalents	$ 10,889,742	$ 4,169,978	$ -	$ 15,059,720
Government bonds	4,613,264	855,602	-	5,468,866
Corporate bonds	-	3,699,173	-	3,699,173
Common and preferred stocks	32,686,773	-	-	32,686,773
Mutual funds	19,064,865	-	-	19,064,865
Fine art collection	-	-	207,990	207,990
Alternative Investments	-	-	1,400,000	1,400,000
Total assets in fair value hierarchy	$ 67,254,644	$ 8,724,753	$ 1,607,990	77,587,387
Cash surrender value of life insurance measured at NAV				816,112
Beneficial interest in assets held by Community Foundation measured by NAV				988,240
				$ 79,391,739

	Fair Value Measurements at Reporting Date Using			
September 30, 2020	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Cash and cash equivalents	$ 12,895,159	$ 1,233,178	$ -	$ 14,128,337
Government bonds	2,397,871	929,512	-	3,327,383
Corporate bonds	-	3,140,655	-	3,140,655
Common and preferred stocks	20,768,530	-	-	20,768,530
Mutual funds	12,330,263	-	-	12,330,263
Fine art collection	-	-	207,990	207,990
Total assets in fair value hierarchy	$ 48,391,823	$ 5,303,345	$ 207,990	53,903,158
Cash surrender value of life insurance measured at NAV				633,407
Beneficial interest in assets held by Community Foundation measured by NAV				823,535
				$ 55,360,100

Note 3—Investments (continued)

Changes in Level 3 assets consist of the following at September 30, 2021:

	Alternative Investments	Fine Art Collection
Beginning balance, October 1, 2020	$ -	$ 207,990
Purchase of alternative investments	1,400,000	-
Ending balance, September 30, 2021	$ 1,400,000	$ 207,990

The carrying amounts shown in the preceding tables are included in the consolidated statements of financial position under the captions cash and cash equivalents, investments, endowment investments, other long-term investments, and beneficial interest in assets held by Community Foundation.

The Organization's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the year ended September 30, 2021.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement and does not necessarily correspond to management's perceived risk of that investment. Level 1 financial instruments are based on quoted prices in active markets. The following are descriptions of the valuation methodologies used for Level 2 financial instruments:

Cash Equivalents – Money market accounts are valued and calculated using the amortized cost of the securities held in the fund.

Government Bonds – When U.S. treasury securities are no longer traded in active markets they are valued using the income approach and present value techniques. U.S. bonds that are not listed are valued using broker quotes for identical securities in an inactive market or quotes for similarly-rated securities in active markets.

Corporate Bonds – Consists of corporate bonds structured as a commingled fund. The fair value has been estimated using NAV per share of the fund at year-end based on the current market value of each investment and reinvested investment income.

The following are descriptions of the valuation methodologies used for Level 3 financial instruments:

Alternative Investments – Alternative investments consist of marketable alternatives (hedge funds, including absolute return and long/short equity strategies). Alternative investments include ownership interests in a wide variety of vehicles including partnerships and corporations that may be domiciled in the United States or offshore. The underlying investments may be leveraged to enhance the total investment return and may include financial assets such as marketable securities, nonmarketable securities, derivatives, and other synthetic and structured instruments as well as tangible and intangible assets. Generally, these alternative investments do not have a ready market and ownership interests in these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risk generally associated with equities and fixed-income instruments, with additional risks to leverage and the lack of a ready market for acquisition or disposition of ownership interests. The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by the Organization.

Note 3—Investments (continued)

Fine Art Collection – The Organization determines the fair value at date of contribution which is valued by third party appraisers.

The following are descriptions of investments measured at NAV as a practical expedient:

Cash Surrender Value of Life Insurance – The cash surrender value of life insurance policies is valued based on the calculated NAV of the underlying pooled assets. The policy has a three- to five-day distribution period upon notice of redemption.

Beneficial Interest in Assets Held by the Community Foundation – The investments held by the Community Foundation are pooled by the Community Foundation into a larger investment fund, wherein the Organization's investment is valued based on a calculated NAV per share of the Community Foundation's total investment fund.

Note 4—Pledges receivable

Pledges receivable at September 30 are as follows:

	2021	2020
Total gross pledges receivable	$ 4,671,120	$ 13,138,922
Less unamortized discount	(274,499)	(272,392)
Less allowance for doubtful pledges	(47,322)	(132,631)
Net pledges receivable	$ 4,349,299	$ 12,733,899

Gross pledges receivable expected to be collected after September 30, 2021 are as follows:

Years Ending September 30,	
2022	$ 629,120
2023	598,000
2024	598,000
2025	448,000
2026	268,000
Thereafter	2,130,000
	$ 4,671,120

Note 5—Conditional revocable gifts

The Organization has received indications of gifts in the form of bequests, wills, and life insurance policies which are revocable during the donors' lifetime. Due to the uncertain nature of these intentions, the Organization has not recognized an asset or contribution revenue for these gifts. The estimated total intentions to give aggregate approximated $12,761,000 and $12,811,000 for the years ended September 30, 2021 and 2020, respectively.

Note 6—Furniture, equipment, and leasehold improvements

Furniture, equipment, and leasehold improvements at September 30 are as follows:

	2021	2020
Furniture and equipment	$ 26,605,148	$ 24,412,554
Leasehold improvements	11,605,951	11,605,951
Construction in progress	1,225,198	1,216,240
	39,436,297	37,234,745
Less accumulated depreciation	(22,262,266)	(20,642,689)
	$ 17,174,031	$ 16,592,056

Depreciation expense for the years ended September 30, 2021 and 2020 was approximately $1,620,000 and $1,563,000, respectively.

The Organization is leasing its operating facility from the City of Tampa for $100 per year for a period of 99 years unless sooner terminated, and provides further that the lease shall automatically be renewed for successive 10-year terms unless either party gives 180-days' notice of termination of the lease agreement prior to the expiration of any term. According to information provided by the City of Tampa, the estimated insured value of the operating and education facility (excluding contents) is approximately $150,000,000.

Note 7—Debt

Line of Credit – The Foundation obtained a secured but uncommitted revolving line of credit (the "Line") in May 2010 to meet working capital and capital expenditure business continuity contingencies. The Line is payable upon demand. Investments without donor restrictions are being used as the secured assets. The loan value is committed at 80% of certain Foundation investment accounts held with Merrill Lynch, resulting in approximately $6,356,000 and $6,334,000 committed amount available at September 30, 2021 and 2020, respectively. There was no balance outstanding as of September 30, 2021 or 2020. The interest rate was approximately 1.38% for both years ended September 30, 2021 and 2020.

The Straz Center obtained a secured but uncommitted revolving line of credit (the "LOC") in February 2017 to meet working capital and capital expenditure business continuity contingencies. The LOC is payable upon demand. Unrestricted investments are being used as the secured assets. The loan value is committed at 80% of certain Straz Center investment accounts held at Merrill Lynch, resulting in approximately $7,185,000 and $4,016,000 committed amount available at September 30, 2021 and 2020, respectively. There was no balance outstanding as of September 30, 2021 or 2020.

Note 7—Debt (continued)

Paycheck Protection Program Loans

The Straz Center received two Paycheck Protection Program ("PPP") loans issued by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as follows:

- A first PPP loan totaling approximately $2,829,000 issued in April 2020. This loan was fully forgiven by the SBA in July 2021 based on the Straz Center qualifying and meeting the issued guidelines of the program which allow for the loan proceeds to be forgiven if certain requirements are met. Upon receipt of this loan forgiveness, the Straz Center has recognized as gain on forgiveness of PPP loan in the consolidating statement of activities as of September 30, 2021.

- A second PPP loan totaling approximately $1,868,000 issued in March 2021.This note bears interest at 1% per annum, matures in March 2026, and requires aggregate monthly interest and principal payments beginning January 2022 and through maturity. The currently issued guidelines of the program allow for the loan proceeds to be forgiven if certain requirements are met. If the Straz Center is unable to or does not follow those guidelines, the Straz Center would be required to repay a portion of or the entire balance of the loan proceeds in full. PPP loans are considered debt and will accrue interest. The Straz Center will recognize as debt extinguishment upon receipt of notification of forgiveness.

Future maturities of the PPP loan as of September 30, 2021 are as follows:

Years Ending September 30,	
2022	$ 298,860
2023	448,290
2024	448,290
2025	448,290
2026	224,145
	$ 1,867,875

Interest expense incurred on these debt instruments for the years ended September 30, 2021 and 2020 totaled approximately $-0- and $1,300, respectively. No interest was capitalized during the years ended September 30, 2021 or 2020.

Note 8—Restrictions and limitations on net assets

Net assets with donor restrictions consists of endowment earnings with donor restrictions for opera, education, scholarships, general programming, and capital programs. Net assets with donor restrictions totaling approximately $42,150,000 and $40,482,000 as of September 30, 2021 and 2020, respectively, consist of endowments which contain perpetual restrictions whereby the donor has stipulated the funds be maintained in perpetuity.

Note 9—Liquidity and availability of financial assets

The Organization monitors its liquidity so that it is able to cover operating expenses and other obligations as they come due. Management is projecting a minimum budget of approximately $49,039,000 in operating expenses to be paid within 12 months of the consolidated statement of financial position date. Budgeted operating expenses represents business essential expenditures based on projected staffing levels, current and projected cost trends, and prior year actual and anticipated future expenditures as applicable. The Organization strives to maintain cash on hand of $1,000,000 to meet normal operating expenses. The cash reserve amount may be higher or lower depending on actual expenses incurred throughout the year.

The Organization has a policy to structure its financial assets to be available as its general and capital expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization may invest cash in excess of daily requirements in various short-term investments. As more fully described in Note 6, the Organization also has lines of credit available to draw upon in the event of a liquidity need.

The Organization additionally relies on public support (community support, government funding, and grants) and revenues from operations including ticket sales, rent, box office fees, education programming, concessions, and service fee and other income to pay expenditures. Such revenues totaled approximately $11,305,000 during the years ended September 30, 2021, which is unusual low for the Organization given the impact of the COVID-19 pandemic.

The Straz Center's financial assets available to meet cash needs for general expenditures within one year as of September 30, 2021 consist of the following:

Financial assets as of year-end:	
Cash and cash equivalents	$ 10,840,451
Accounts receivable	818,121
Current portion of pledges receivable, net	622,218
Grants receivable	1,052,907
Investments and endowment investments	66,538,946
Beneficial interest in assets held by Community Foundation	988,240
Life insurance policies	816,112
	81,676,995
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(42,149,584)
Investments held in annuity trust	(816,112)
Foundation investments without donor restrictions, not transferred to the Straz Center	(20,319,387)
	(63,285,083)
Board designations:	
Capital expenditures	(1,336,171)
Current portion of debt	(298,860)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,756,881

Note 10—Endowments

In July 2012, Florida passed a version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA removes the historic dollar value measurement of endowments established by the Uniform Management of Institutional Funds Act. Accounting Standards require organizations functioning under an enacted version of UPMIFA to recognize endowment earnings as net assets with donor restrictions until appropriated.

The Organization follows all applicable Florida law with respect to donor-restricted endowment funds. The Organization complies with any donor-imposed restrictions on the use of the investment income or net appreciation resulting from the endowment funds with donor restrictions. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Organization follows applicable law. The Organization interprets Florida law as requiring the Organization to maintain the historic dollar value of donor-restricted endowments as with donor restrictions, absent explicit donor stipulations to the contrary. Therefore, the Straz Center classifies as net assets with donor restrictions: a) the original value of gifts donated to the endowment, b) the original value of subsequent gifts to the endowment, and c) accumulations of the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are made to the fund. The remaining portion of the donor-restricted endowment fund is also classified as with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Florida law. In accordance with Florida law, the Straz Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or the applicable state law requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of September 30, 2021 or 2020.

Return Objective and Risk Parameters – The investment objectives for the Organization are stated below in order of importance:

a. *Growth of Capital* – Emphasis on long-term growth of the investment assets of the Organization. The returns should meet or exceed appropriate benchmark indices while incurring less risk than such benchmarks/indices.
b. *Preservation of Purchasing Power After Spending* – Asset growth that exceeds spending plus inflation over a three-year period.
c. The investment goal of the equity portfolio is that the annual return will match and/or exceed appropriate performance benchmark(s) by investment style to the asset managers selected.

The Foundation's Investment Committee and the Board recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation and U.S. dollar depreciation) are present to some degree in all types of investment vehicles.

Note 10—Endowments (continued)

While high levels of risk are to be avoided, as evidenced by high volatility and low quality rated securities, the assumption of risk is warranted and encouraged in order to allow the asset manager the opportunity to achieve satisfactory long-term results consistent with the goals, objectives, and character of the Foundation. All assets selected for the portfolio must have a readily ascertainable market value and must be readily marketable.

Strategies Employed for Achieving Objectives – To meet the needs of the Foundation, the Foundation's investment strategy emphasizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) by following the strategies outlined above.

Spending Policy and How the Investment Objective Relates to Spending Policy – The Foundation's Board, on the recommendation of the Investment Committee, has adopted a spending policy that governs the annual distributions from the pooled endowment funds that may be expended for current operations of the Straz Center. This policy authorizes the Foundation to distribute from its pooled endowment funds a specified percentage, to be determined by the Board from time to time, of the market at budget time or fiscal year-end of those pooled endowment funds. The policy also allows the Board to base the distribution formula on the average market value over a period of several years if it chooses to do so. For the fiscal year ended September 30, 2021, the Foundation's Board of Trustees authorized the distribution and expenditure of 5% of the current market value of the endowment as of September 30, 2021. Distributions cannot exceed the accumulated unspent earnings of the endowment without the Foundation's Board approval. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Changes in endowment funds consist of the following for the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Total endowment funds, October 1, 2020	$ -	$ 24,498,458	$ 24,498,458
Investment return:			
Investment income	-	659,721	659,721
Net appreciation (realized and unrealized)	-	5,093,986	5,093,986
New contributions	-	78,310	78,310
Pledges collected and invested	-	9,002,000	9,002,000
Approved spending	-	(4,744,401)	(4,744,401)
Total endowment funds, September 30, 2021	$ -	$ 34,588,074	$ 34,588,074

Note 10—Endowments (continued)

Changes in endowment funds consist of the following for the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Total endowment funds, October 1, 2019	$ -	$ 24,662,594	$ 24,662,594
Investment return:			
Investment income	-	967,878	967,878
Net appreciation (realized and unrealized)	-	1,463,632	1,463,632
New contributions	-	63,115	63,115
Pledges collected and invested	-	5,600	5,600
Approved spending	-	(2,664,361)	(2,664,361)
Total endowment funds, September 30, 2020	$ -	$ 24,498,458	$ 24,498,458

Endowment funds consists of the following as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted, endowment funds	$ -	$ 34,588,074	$ 34,588,074
	$ -	$ 34,588,074	$ 34,588,074

Endowment funds consists of the following as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted, endowment funds	$ -	$ 24,498,458	$ 24,498,458
	$ -	$ 24,498,458	$ 24,498,458

Note 11—Government funding and grant revenue

The Straz Center receives city, county, state, and federal grants for annual operations, program support, and capital projects. Government funding and grant revenue for the years ended September 30 is as follows:

	2021	2020
City of Tampa	$ 492,075	$ 492,075
Hillsborough County:		
Tourist Development Council	94,788	291,607
Children's Board of Hillsborough County	5,124	-
Cultural Services to Support Educational Programs	221,758	221,758
CARES Act COVID-19 Mitigation grant	39,376	-
State of Florida:		
General Program Support (formerly Cultural and Museum Grants)	79,159	83,491
Federal:		
National Endowment for the Arts	20,000	50,000
Shuttered Venue Operators Grant (SVOG) - SBA	8,132,124	-
Annual operating and program support	9,084,404	1,138,931
City of Tampa:		
Capital Improvements Budget	-	50,000
Community Redevelopment Agency COVID-19 Mitigation grant	677,737	-
Hillsborough County:		
Capital Improvements Budget	-	325,000
CARES Act COVID-19 Mitigation grant	460,624	-
State of Florida Cultural Facilities Program	139,906	360,094
Capital and construction support	1,278,267	735,094
Total government funding and grant revenue	$ 10,362,671	$ 1,874,025

Note 12—Retirement plan

The Straz Center has a defined contribution retirement plan for full-time employees. The Straz Center contributes up to 8% of eligible gross salaries and employees are fully vested upon meeting eligibility requirements. Additionally, employees may voluntarily elect to contribute up to the maximum as allowed under Section 403(b) of the IRC. The monies are invested and administered by an independent agent. Retirement contribution expenses were approximately $459,000 and $478,000 for the years ended September 30, 2021 and 2020, respectively.

Note 13—Contingencies and uncertainties/COVID-19 pandemic

Grant Funding – The Straz Center is subject to audit examination by funding sources to determine compliance with grant conditions. In the event expenditures would be disallowed, repayment could be required. Management believes the Straz Center is materially in compliance with the terms of its grant agreements.

Sabbatical Leave – During the year ended September 30, 2016, the Straz Center entered into Addendum D to the employment agreement with the Executive the term of the original employment agreement, effective October 1, 2008 to September 30, 2021. No other significant changes were made as a result of this addendum. The Straz Center recorded approximately $126,000 and $122,000 for the sabbatical leave accrual, included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position, for the years ended September 30, 2021 and 2020, respectively.

Deepwater Horizon Oil Spill – During 2010, the Deepwater Horizon Oil Spill in the Gulf of Mexico greatly impacted the Organization's operations and revenues were negatively impacted. As a result, the Organization filed a claim for business economic loss (the "Claim") with the Deepwater Horizon Court Supervised Settlement Program. In July 2020, the Organization received a settlement of approximately $10,607,000, net of attorneys' fees of approximately $680,000 and other consulting fees of approximately $1,465,000. As of September 30, 2020, the Organization owed fees to a consulting firm who assisted with the Claim. The amount was under dispute as of September 30, 2020; however, an agreement was reached during the year ended September 30, 2021 and the Organization paid approximately $1,465,000 as settlement.

COVID-19 Pandemic – On January 30, 2020, the World Health Organization declared the coronavirus COVID-19 outbreak a Public Health Emergency of International Concern and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business/operations and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

Note 14—Related party transactions

Related party contributions for the years ended September 30 include the following:

	2021	2020
Board of Directors and Trustees	$ 731,954	$ 937,728

The following related party gross pledges receivable were outstanding at September 30:

	2021	2020
Board of Directors and Trustees	$ 3,505,250	$ 11,623,625

Note 15—Concentrations of credit risk

The Organization maintains its cash and cash equivalents with large financial institutions in the United States. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. The Straz Center from time to time may have amounts of deposits in excess of the insured limits. Management does not anticipate nonperformance by these financial institutions. The Straz Center and the Foundation had aggregate bank statement balances of approximately $9,352,000 and $866,000, respectively, which exceeded these insured amounts at September 30, 2021 and $3,144,000 and $9,303,000, respectively, which exceeded these insured amounts at September 30, 2020.

Note 16—Operating leases

The Straz Center has entered into noncancelable operating lease agreements for office equipment and building space which expire through 2083. Total rent expense related to leases for the years ended September 30, 2021 and 2020 was approximately $208,000 and $173,000, respectively.

The total annual minimum future lease commitments for current contract agreements are due as follows:

Years Ending September 30,	
2022	$ 200,834
2023	201,411
2024	219,933
2025	76,468
2026	12,274
Thereafter	9,198
	$ 720,118

Note 17—Subsequent events

Management has evaluated subsequent events from the consolidated statements of financial position date through January 12, 2022, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION (SCHEDULE 1)

YEAR ENDED SEPTEMBER 30, 2021

	Tampa Bay Performing Arts Center, Inc.	Foundation	Eliminations	Consolidated Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 9,724,086	$ 1,116,365	$ -	$ 10,840,451
Receivables:				
Accounts receivable	818,121	-	-	818,121
Pledges receivable, net	59,898	562,320	-	622,218
Due from Foundation	1,205,454	-	(1,205,454)	-
Grants receivable	1,052,907	-	-	1,052,907
Total Receivables	3,136,380	562,320	(1,205,454)	2,493,246
Inventory	96,671	-	-	96,671
Other current assets	535,680	7,500	-	543,180
Total Current Assets	13,492,817	1,686,185	(1,205,454)	13,973,548
Noncurrent Assets:				
Pledges receivable, net	-	3,727,081	-	3,727,081
Endowment investments	2,577,403	32,010,671	-	34,588,074
Investments	11,650,670	20,300,202	-	31,950,872
Other long-term investments	1,103,930	19,185	-	1,123,115
Beneficial interest in assets held by Community Foundation	38,114	950,126	-	988,240
Furniture, equipment, and leasehold improvements, net	17,174,031	-	-	17,174,031
Fine art collection	207,990	-	-	207,990
Other long-term assets	52,273	-	-	52,273
Total Assets	$ 46,297,228	$ 58,693,450	$ (1,205,454)	$ 103,785,224
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 2,513,798	$ 25,842	$ -	$ 2,539,640
Due to Straz Center	-	1,205,454	(1,205,454)	-
Contract liabilities – ticket sales	9,666,941	-	-	9,666,941
Contract liabilities – other	1,610,130	-	-	1,610,130
Debt	298,860	-	-	298,860
Noncurrent Liabilities:				
Debt	1,569,015	-	-	1,569,015
Total Liabilities	15,658,744	1,231,296	(1,205,454)	15,684,586
Net Assets:				
Without Donor Restrictions:				
Operations	8,384,530	19,056,322	-	27,440,852
Furniture, equipment, and leasehold improvements	17,174,031	-	-	17,174,031
Board designated	1,336,171	-	-	1,336,171
	26,894,732	19,056,322	-	45,951,054
With Donor Restrictions	3,743,752	38,405,832	-	42,149,584
Total Net Assets	30,638,484	57,462,154	-	88,100,638
Total Liabilities and Net Assets	$ 46,297,228	$ 58,693,450	$ (1,205,454)	$ 103,785,224

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES (SCHEDULE 2)

YEAR ENDED SEPTEMBER 30, 2021

	Tampa Bay Performing Arts Center, Inc.	Foundation	Eliminations	Consolidated Total
Revenue and Other Support:				
Ticket sales	$ 434,307	$ -	$ -	$ 434,307
Rent	214,130	-	-	214,130
Box office fees	806,925	-	-	806,925
Education program tuition, event sales, and fees	1,610,152	-	-	1,610,152
Concessions	623,825	-	-	623,825
Investment return, net	1,426,771	5,944,925	-	7,371,696
Change in value of beneficial interest	6,321	155,386	-	161,707
Community support	3,650,917	1,553,272	-	5,204,189
Service fee and other income	554,535	2,186	(376,212)	180,509
Government Funding and Grants:				
Annual operating and program support	9,084,404	-	-	9,084,404
Capital and construction support	1,278,267	-	-	1,278,267
Gain on Paycheck Protection Program loan forgiveness	2,828,859	-	-	2,828,859
Total Revenue and Other Support	22,519,413	7,655,769	(376,212)	29,798,970
Expenses:				
Program and Essential Services:				
Production costs	1,576,810	-	-	1,576,810
Education	2,231,348	-	-	2,231,348
Operating costs	6,198,572	-	-	6,198,572
Marketing and public information	2,010,082	-	-	2,010,082
Total Program and Essential Services	12,016,812	-	-	12,016,812
Support Services:				
General and administrative	1,588,036	433,564	(376,212)	1,645,388
Fundraising	861,266	176,877	-	1,038,143
Total Support Services	2,449,302	610,441	(376,212)	2,683,531
Total Expenses	14,466,114	610,441	(376,212)	14,700,343
Foundation distributed endowment support for Straz Center	2,434,097	(2,434,097)	-	-
Change in net assets	10,487,396	4,611,231	-	15,098,627
Net assets, beginning of year	20,151,088	52,850,923	-	73,002,011
Net assets, end of year	$ 30,638,484	$ 57,462,154	$ -	$ 88,100,638

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
CONSOLIDATING SCHEDULE – STATEMENT OF CASH FLOWS (SCHEDULE 3)

YEAR ENDED SEPTEMBER 30, 2021

	Tampa Bay Performing Arts Center, Inc.	Foundation	Consolidated Total
Cash flows from operating activities:			
Change in net assets	$ 10,487,396	$ 4,611,231	$ 15,098,627
Adjustments to reconcile change in net assets to net cash from operating activities:			
Noncash gift of stock	(81,244)	-	(81,244)
Bad debt	7,040	-	7,040
Depreciation	1,619,577	-	1,619,577
Change in beneficial interest in assets held by Community Foundation	(9,320)	(155,385)	(164,705)
Provision for uncollectible pledges receivable	(1,262)	(81,940)	(83,202)
Unrealized gains on investments	(27,585)	(3,169,916)	(3,197,501)
Gain recognized on forgiven Paycheck Protection Program loan	(2,828,859)	-	(2,828,859)
Change in operating assets and liabilities:			
Accounts receivable	(518,811)	-	(518,811)
Pledges receivable	63,052	8,404,750	8,467,802
Grants receivable	(70,840)	-	(70,840)
Due to/from the Center	(1,230,675)	1,230,675	-
Inventory	40,729	-	40,729
Other current assets	(114,211)	(7,500)	(121,711)
Other long-term assets	(622)	-	(622)
Accounts payable and accrued expenses	455,238	(1,477,971)	(1,022,733)
Contract liabilities – ticket sales	3,542,768	-	3,542,768
Contract liabilities – other	199,252	-	199,252
Net cash from operating activities	11,531,623	9,353,944	20,885,567
Cash flows from investing activities:			
Additions to furniture, equipment, and leasehold improvements	(2,201,552)	-	(2,201,552)
Purchases of investments	(9,462,111)	(27,141,197)	(36,603,308)
Sales and maturities of investments	4,656,324	9,352,364	14,008,688
Purchases of other long-term investments	(9,063)	-	(9,063)
Net cash from investing activities	(7,016,402)	(17,788,833)	(24,805,235)
Cash flows from financing activities:			
Proceeds from debt	1,867,875	-	1,867,875
Net cash from financing activities	1,867,875	-	1,867,875
Change in cash and cash equivalents	6,383,096	(8,434,889)	(2,051,793)
Cash and cash equivalents, beginning of year	3,340,990	9,551,254	12,892,244
Cash and cash equivalents, end of year	$ 9,724,086	$ 1,116,365	$ 10,840,451
Cash paid for interest	$ -	$ -	$ -

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
STRAZ CENTER STAND ALONE – STATEMENT OF FINANCIAL POSITION (SCHEDULE 4)

SEPTEMBER 30, 2021 (WITH COMPARATIVE FINANCIAL INFORMATION FOR 2020)

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 9,724,086	$ 3,340,990
Receivables:		
Accounts receivable	818,121	306,350
Pledges receivable, net	59,898	121,688
Due from Foundation	1,205,454	24,779
Grants receivable	1,052,907	982,067
Total Receivables	3,136,380	1,434,884
Inventory	96,671	137,400
Other current assets	535,680	421,469
Total Current Assets	13,492,817	5,334,743
Noncurrent Assets:		
Endowment investments	2,577,403	2,760,000
Investments	11,650,670	6,689,866
Other long-term investments	1,103,930	958,458
Beneficial interest in assets held by Community Foundation	38,114	28,794
Furniture, equipment, and leasehold improvements, net	17,174,031	16,592,056
Fine art collection	207,990	207,990
Other long-term assets	52,273	51,651
Total Assets	$ 46,297,228	$ 32,623,558
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,513,798	$ 2,058,560
Due to Foundation	-	50,000
Contract liabilities – ticket sales	9,666,941	6,124,173
Contract liabilities – other	1,610,130	1,410,878
Debt	298,860	404,123
Noncurrent Liabilities:		
Debt	1,569,015	2,424,736
Total Liabilities	15,658,744	12,472,470
Net Assets:		
Without Donor Restrictions:		
Operations	8,384,530	(373,233)
Furniture, equipment, and leasehold improvements	17,174,031	16,592,056
Board designated	1,336,171	287,288
	26,894,732	16,506,111
With Donor Restrictions	3,743,752	3,644,977
Total Net Assets	30,638,484	20,151,088
Total Liabilities and Net Assets	$ 46,297,228	$ 32,623,558

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
STRAZ CENTER STAND ALONE – STATEMENT OF ACTIVITIES (SCHEDULE 5)

YEAR ENDED SEPTEMBER 30, 2021 (WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

	2021			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2020**
Revenue and Other Support:				
Ticket sales	$ 434,307	$ -	$ 434,307	$ 9,440,068
Rent	214,130	-	214,130	274,337
Box office fees	806,925	-	806,925	1,518,491
Education program tuition, event sales, and fees	1,610,152	-	1,610,152	1,745,120
Concessions	623,825	-	623,825	2,281,583
Investment return	1,339,746	87,025	1,426,771	840,288
Change in beneficial interest	6,321	-	6,321	(12)
Community support	3,467,667	183,250	3,650,917	5,580,527
Service fee income	554,535	-	554,535	1,881,546
Government Funding and Grants:				
Annual operating and program support	9,084,404	-	9,084,404	1,138,931
Capital and construction support	1,278,267	-	1,278,267	735,094
Gain on Paycheck Protection Program loan forgiveness	2,828,859	-	2,828,859	-
Net assets released from purpose restrictions	171,500	(171,500)	-	-
Total Revenue and Other Support	22,420,638	98,775	22,519,413	25,435,973
Expenses:				
Program and Essential Services:				
Production costs	1,576,810	-	1,576,810	10,012,257
Education	2,231,348	-	2,231,348	2,672,720
Operating costs	6,198,572	-	6,198,572	9,126,042
Marketing and public information	2,010,082	-	2,010,082	2,520,584
Total Program and Essential Services	12,016,812	-	12,016,812	24,331,603
Support Services:				
General and administrative	1,588,036	-	1,588,036	4,108,033
Fundraising	861,266	-	861,266	1,164,038
Total Support Services	2,449,302	-	2,449,302	5,272,071
Total Expenses	14,466,114	-	14,466,114	29,603,674
Foundation distributed endowment support for the Straz Center	2,434,097	-	2,434,097	3,095,769
Change in net assets	10,388,621	98,775	10,487,396	(1,071,932)
Net asset, beginning of year	16,506,111	3,644,977	20,151,088	21,223,020
Net assets, end of year	$ 26,894,732	$ 3,743,752	$ 30,638,484	$ 20,151,088

COMPLIANCE REPORTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Tampa Bay Performing Arts Center, Inc. and affiliate
d/b/a David A. Straz, Jr. Center for the Performing Arts
Tampa, Florida

We have audited, in accordance with the 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, the consolidated financial statements of Tampa Bay Performing Arts Center, Inc. and affiliate, d/b/a David A. Straz, Jr. Center for the Performing Arts (the "Straz Center") (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 12, 2022. Our report includes an emphasis of matter paragraph relating to the COVID-19 pandemic. Our opinion is not modified with respect to that matter.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Straz Center's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Straz Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Straz Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Straz Center's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
January 12, 2022

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Tampa Bay Performing Arts Center, Inc. and affiliate
d/b/a David A. Straz, Jr. Center for the Performing Arts
Tampa, Florida

Report on Compliance for each Major Federal Program

We have audited Tampa Bay Performing Arts Center, Inc. and affiliate, d/b/a David A. Straz, Jr. Center for the Performing Arts (the "Straz Center's") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Straz Center's major federal programs for the year ended September 30, 2021. The Straz Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Straz Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Straz Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Straz Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Straz Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the Straz Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Straz Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Straz Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected or corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
January 12, 2022

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Grantor Agency/ Program	Assistance Listing No.	Contract Number	Expenditures
U.S. Small Business Administration			
Shuttered Venue Operations Grant Program	59.075	2020-SBAHQ21SV005036	$ 4,732,337
Shuttered Venue Operations Grant Program	59.075	2021-SBAHQ21SV005036	3,399,787
U.S. Department of Treasury			
Passed through the Hillsborough Board of County Commissioners:			
CARES Act COVID-19 Mitigation Grant	21.019	None	500,000
National Endowment for the Humanities			
Promotion of the Arts Grants to Organizations and Individuals	45.024	1861938-54-20	20,000
Total Federal Financial Assistance			$ 8,652,124

Note 1—Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes all federal grant activity of the Tampa Bay Performing Arts Center, Inc d/b/a David A. Straz, Jr Center for Performing Arts (the "Straz Center").

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S*. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements.

Note 2—Summary of significant accounting policies

Expenditures reported on the accompanying Schedule are reported on the accrual basis of accounting as defined in Note 1 of the Straz Centers basic consolidated financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited for reimbursement.

Note 3—Indirect cost rate

The Straz Center did not utilize indirect cost rates for reimbursement of grant expenditures for the fiscal year ended September 30, 2021.

Note 4—Subrecipients

There were no awards passed through to subrecipients the fiscal year ended September 30, 2021.

Note 5—Contingencies

Expenditures incurred by the Straz Center are subject to audit and possible disallowance by federal grantor agencies. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.

Section I–Summary of Audit Results

Financial Statement Section:

Type of auditor's report issued on whether consolidated financial statements were prepared in accordance with U.S. GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiency(ies) identified?	___ Yes	X No
Noncompliance material to consolidated financial statements noted	___ Yes	X No

Federal Awards:

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiency(ies) identified?	___ Yes	X No
Type of auditor's report on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	X No

Identification of Major Programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
59.075	Shuttered Venue Operations Grant Program

Dollar threshold used to distinguish between Type A and Type B	$750,000

Section II–Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Section III–Findings and Questioned Costs for Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with 2 CFR 200.516(a).

Section IV—Summary of Prior Audit Findings

A schedule of prior year audit findings is not necessary since there were no prior year audit findings.