



**TAMPA BAY PERFORMING ARTS CENTER, INC.**  
d/b/a David A. Straz, Jr. Center for the Performing Arts

Consolidated Financial Statements

September 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

**TAMPA BAY PERFORMING ARTS CENTER, INC.**  
d/b/a David A. Straz, Jr. Center for the Performing Arts

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## Independent Auditors' Report

The Board of Trustees  
Tampa Bay Performing Arts Center, Inc.  
d/b/a David A Straz, Jr. Center for the Performing Arts:

We have audited the accompanying consolidated statements of financial position of the Tampa Bay Performing Arts Center, Inc. d/b/a David A. Straz, Jr. Center for the Performing Arts (the Straz Center) as of September 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Straz Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The 2008 summarized comparative information has been derived from the Straz Center's 2008 consolidated financial statements and, in our report dated January 12, 2009, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Straz Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in schedules 1, 2, and 3 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. The supplementary information included in schedules 4 and 5 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating and other supplementary information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

**KPMG LLP**

January 13, 2011  
Certified Public Accountants

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

## Consolidated Statements of Financial Position

September 30, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Current assets:		
Cash	\$ 5,458,181	7,899,932
Short-term investments	304,573	385,844
Cash and cash equivalents	<u>5,762,754</u>	<u>8,285,776</u>
Receivables:		
Accounts receivable, net	333,525	100,254
Pledges receivable, net	1,948,898	1,825,296
Grants receivable	193,955	395,279
Interest receivable	23,465	45,485
	<u>2,499,843</u>	<u>2,366,314</u>
Inventory	122,884	134,456
Prepaid expenses	1,387,770	837,918
Total current assets	<u>9,773,251</u>	<u>11,624,464</u>
Noncurrent assets:		
Pledges receivable, net	16,704,835	1,746,899
Endowment investments	16,985,622	15,066,990
Other long-term investments	3,406,961	1,391,497
Beneficial interest in assets held by Community Foundation	668,102	645,088
Furniture, equipment, and leasehold improvements, net	10,905,854	10,920,037
Other assets	10,241	7,000
Total assets	<u>\$ 58,454,866</u>	<u>41,401,975</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,116,864	1,248,361
Deferred revenue – ticket sales	7,241,742	6,261,697
Deferred revenue – other	1,218,256	1,076,361
Total current liabilities	<u>9,576,862</u>	<u>8,586,419</u>
Other accrued expenses	593,259	563,297
Total liabilities	<u>10,170,121</u>	<u>9,149,716</u>
Net assets:		
Unrestricted – operations	6,395,590	5,033,373
Unrestricted – furniture, equipment, and leasehold improvements	10,905,854	10,920,037
Unrestricted – board designated	512,174	1,325,196
Temporarily restricted	2,628,841	3,088,262
Permanently restricted	27,842,286	11,885,391
Total net assets	<u>48,284,745</u>	<u>32,252,259</u>
Total liabilities and net assets	<u>\$ 58,454,866</u>	<u>41,401,975</u>

See accompanying notes to consolidated financial statements.

**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, 2010

	<b>September 30, 2010</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
<b>Revenue and other support:</b>				
Ticket sales	\$ 17,687,393	—	—	17,687,393
Rent	404,739	—	—	404,739
Box office fees	2,577,270	—	—	2,577,270
Education program tuition and fees	1,311,331	—	—	1,311,331
Concessions	2,063,919	—	—	2,063,919
Investment return	1,044,282	41,295	—	1,085,577
Change in value of beneficial interest	—	—	23,014	23,014
Community support	3,756,466	831,145	16,083,219	20,670,830
Service fee income	1,082,701	—	—	1,082,701
<b>Government funding and grants:</b>				
Annual operating and program support	1,149,795	—	—	1,149,795
Capital and construction support	100,000	—	—	100,000
Net assets released from restrictions	1,481,199	(1,331,861)	(149,338)	—
Total revenue and other support	<u>32,659,095</u>	<u>(459,421)</u>	<u>15,956,895</u>	<u>48,156,569</u>
<b>Expenses:</b>				
<b>Program and essential services:</b>				
Production costs	16,500,505	—	—	16,500,505
Education	1,988,746	—	—	1,988,746
Operating costs	7,075,890	—	—	7,075,890
Marketing and public information	2,074,035	—	—	2,074,035
Total program and essential services	<u>27,639,176</u>	<u>—</u>	<u>—</u>	<u>27,639,176</u>
<b>Support services:</b>				
General and administrative	3,324,628	—	—	3,324,628
Fundraising	1,160,279	—	—	1,160,279
Total support services	<u>4,484,907</u>	<u>—</u>	<u>—</u>	<u>4,484,907</u>
Total expenses	<u>32,124,083</u>	<u>—</u>	<u>—</u>	<u>32,124,083</u>
Change in net assets	535,012	(459,421)	15,956,895	16,032,486
Net assets at beginning of year	<u>17,278,606</u>	<u>3,088,262</u>	<u>11,885,391</u>	<u>32,252,259</u>
Net assets at end of year	<u>\$ 17,813,618</u>	<u>2,628,841</u>	<u>27,842,286</u>	<u>48,284,745</u>

See accompanying notes to consolidated financial statements.

**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, 2009

	<b>September 30, 2009</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
<b>Revenue and other support:</b>				
Ticket sales	\$ 16,331,821	—	—	16,331,821
Rent	419,886	—	—	419,886
Box office fees	2,336,611	—	—	2,336,611
Education program tuition and fees	1,322,069	—	—	1,322,069
Concessions	2,641,513	—	—	2,641,513
Investment return	(83,923)	—	—	(83,923)
Community support	4,398,395	160,470	288,494	4,847,359
Service fee income	1,129,377	—	—	1,129,377
Government funding and grants:				
Annual operating and program support	1,217,352	—	—	1,217,352
Capital and construction support	163,385	—	—	163,385
Net assets released from restrictions	662,984	(950,523)	287,539	—
<b>Total revenue and other support</b>	<b>30,539,470</b>	<b>(790,053)</b>	<b>576,033</b>	<b>30,325,450</b>
<b>Expenses:</b>				
<b>Program and essential services:</b>				
Production costs	15,233,351	—	—	15,233,351
Education	2,132,835	—	—	2,132,835
Operating costs	7,426,901	—	—	7,426,901
Marketing and public information	2,663,649	—	—	2,663,649
<b>Total program and essential services</b>	<b>27,456,736</b>	<b>—</b>	<b>—</b>	<b>27,456,736</b>
<b>Support services:</b>				
General and administrative	3,713,934	—	—	3,713,934
Fundraising	1,122,780	—	—	1,122,780
<b>Total support services</b>	<b>4,836,714</b>	<b>—</b>	<b>—</b>	<b>4,836,714</b>
<b>Total expenses</b>	<b>32,293,450</b>	<b>—</b>	<b>—</b>	<b>32,293,450</b>
Change in net assets	(1,753,980)	(790,053)	576,033	(1,968,000)
Net assets at beginning of year	19,032,586	3,878,315	11,309,358	34,220,259
Net assets at end of year	\$ 17,278,606	3,088,262	11,885,391	32,252,259

See accompanying notes to consolidated financial statements.

**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, 2010  
(with comparative totals for 2009)

	Program and essential services				Total program and essential services	Support services		Total support services	Total expenses	
	Production costs	Education	Operating costs	Marketing and public information		General and administrative	Fundraising		2010	2009
Salaries	\$ 294,895	1,271,249	2,149,505	705,055	4,420,704	1,420,788	691,485	2,112,273	6,532,977	7,268,243
Employee benefits	517,373	192,325	479,077	169,644	1,358,419	257,752	147,918	405,670	1,764,089	1,949,537
Artist and professional fees	12,658,046	194,693	46,535	1,993	12,901,267	20,271	186,298	206,569	13,107,836	12,141,026
Meetings, travel, and training	73,883	21,866	21,209	19,519	136,477	66,194	27,225	93,419	229,896	243,797
Advertising and promotion	2,550,954	150,639	22,106	1,137,042	3,860,741	88,630	1,658	90,288	3,951,029	4,072,357
Professional services	—	9,696	75	19,500	29,271	226,450	16,862	243,312	272,583	327,092
Supplies	20,201	13,248	219,720	15,610	268,779	33,165	6,172	39,337	308,116	331,381
Telephone	5,026	623	8,542	2,497	16,688	69,792	831	70,623	87,311	73,849
Postage and mailings	8,185	7,663	38,353	1,292	55,493	5,587	16,555	22,142	77,635	81,501
Utilities	—	—	842,653	—	842,653	—	—	—	842,653	791,271
Rent and lease	170,231	134	7,275	—	177,640	92,463	—	92,463	270,103	137,629
Maintenance and repairs	21,114	4,517	808,899	—	834,530	271,317	—	271,317	1,105,847	1,044,837
Insurance	101,882	32,865	—	—	134,747	189,288	—	189,288	324,035	355,939
Depreciation	—	—	1,287,820	—	1,287,820	—	—	—	1,287,820	1,152,558
Credit card commissions	—	22,741	508,716	—	531,457	—	22,835	22,835	554,292	477,893
Bad debt expense	—	2,012	3,403	—	5,415	217,603	—	217,603	223,018	249,037
Other	78,715	64,475	632,002	1,883	777,075	365,328	42,440	407,768	1,184,843	1,595,503
Total expenses	\$ 16,500,505	1,988,746	7,075,890	2,074,035	27,639,176	3,324,628	1,160,279	4,484,907	32,124,083	32,293,450

See accompanying notes to consolidated financial statements.

**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, 2009  
(with comparative totals for 2008)

	Program and essential services				Total program and essential services	Support services		Total support services	Total expenses	
	Production costs	Education	Operating costs	Marketing and public information		General and administrative	Fundraising		2009	2008
	Salaries	\$ 566,243	1,198,261	2,415,311		784,742	4,964,557		1,602,186	701,500
Employee benefits	502,540	196,261	567,542	207,295	1,473,638	314,767	161,132	475,899	1,949,537	1,901,867
Artist and professional fees	11,693,035	268,107	32,948	4,059	11,998,149	17,410	125,467	142,877	12,141,026	21,645,819
Meetings, travel, and training	45,154	40,682	19,819	17,166	122,821	95,010	25,966	120,976	243,797	346,682
Advertising and promotion	2,119,702	197,039	28,357	1,612,116	3,957,214	107,644	7,499	115,143	4,072,357	5,622,613
Professional services	—	8,696	—	16,502	25,198	293,114	8,780	301,894	327,092	358,594
Supplies	22,894	7,413	242,179	14,907	287,393	38,046	5,942	43,988	331,381	397,431
Telephone	—	—	73,849	—	73,849	—	—	—	73,849	104,744
Postage and mailings	4,331	11,022	38,171	1,717	55,241	6,343	19,917	26,260	81,501	103,979
Utilities	—	—	791,271	—	791,271	—	—	—	791,271	900,711
Rent and lease	44,069	77	6,238	—	50,384	87,245	—	87,245	137,629	264,483
Maintenance and repairs	20,819	5,731	814,052	—	840,602	204,235	—	204,235	1,044,837	1,218,377
Insurance	110,431	32,516	—	—	142,947	212,992	—	212,992	355,939	399,386
Depreciation	—	—	1,152,558	—	1,152,558	—	—	—	1,152,558	875,293
Credit card commissions	—	18,689	435,960	—	454,649	—	23,244	23,244	477,893	787,259
Bad debt expense	—	11,469	4,419	—	15,888	233,149	—	233,149	249,037	300,804
Other	104,133	136,872	804,227	5,145	1,050,377	501,793	43,333	545,126	1,595,503	2,318,802
Total expenses	\$ <u>15,233,351</u>	<u>2,132,835</u>	<u>7,426,901</u>	<u>2,663,649</u>	<u>27,456,736</u>	<u>3,713,934</u>	<u>1,122,780</u>	<u>4,836,714</u>	<u>32,293,450</u>	<u>45,347,936</u>

See accompanying notes to consolidated financial statements.

**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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 16,032,486	(1,968,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,287,820	1,152,558
Provision for uncollectible pledges receivable	223,018	42,252
Funding for capital acquisitions	(100,000)	(163,385)
Realized and unrealized (gains) losses on investments	(676,120)	472,341
Loss on disposal of furniture, equipment, and leasehold improvements	7,318	—
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(233,271)	75,220
(Increase) decrease in pledges receivable	(15,304,556)	450,023
Decrease (increase) in grants receivable	201,324	(45,115)
Decrease in interest receivable	22,020	26,450
Decrease in inventory	11,572	29,433
(Increase) decrease in prepaid expenses	(549,852)	40,468
Increase in other assets	(3,241)	(2,000)
Decrease in accounts payable and accrued expenses	(131,497)	(915,319)
Increase (decrease) in deferred revenue – ticket sales	980,045	(963,948)
Increase in deferred revenue – other	141,895	380,737
Increase (decrease) in noncurrent other accrued expenses	29,962	(65,901)
Net cash provided by (used in) operating activities	<u>1,938,923</u>	<u>(1,454,186)</u>
Cash flows from investing activities:		
Additions to furniture, equipment, and leasehold improvements	(1,280,955)	(1,198,441)
(Increase) decrease in beneficial interest in assets held by Community Foundation	(23,014)	31,206
Purchases of investments	(17,558,627)	(6,285,676)
Sales and maturities of investments	16,393,188	5,744,329
Purchase of other long-term investments	(2,092,537)	(790,029)
Net cash used in investing activities	<u>(4,561,945)</u>	<u>(2,498,611)</u>
Cash flows from financing activity:		
Funding for capital acquisitions	100,000	163,385
Net cash provided by financing activity	<u>100,000</u>	<u>163,385</u>
Decrease in cash and cash equivalents	(2,523,022)	(3,789,412)
Cash and cash equivalents, beginning of year	<u>8,285,776</u>	<u>12,075,188</u>
Cash and cash equivalents, end of year	<u>\$ 5,762,754</u>	<u>8,285,776</u>

See accompanying notes to consolidated financial statements.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

The Tampa Bay Performing Arts Center, Inc. (the 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 Center's purpose is to enhance the quality of life in the Tampa Bay region by educating and developing their audiences through performing arts, with an emphasis on diversity and quality.

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

In November 2009, a substantial endowment gift was made to the Foundation. In special recognition of the donor's generosity, the organization renamed the Center for branding purposes and, accordingly, the 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 Center established two limited liability companies (LLC), Broadway Genesis LLC and Wonderland LLC, in support of its mission and long-term strategic initiative of creating and producing major theatrical productions for national and international touring purposes. These entities are considered single member LLCs and are disregarded for tax purpose. Broadway Genesis LLC serves 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. Wonderland LLC, is the first specific production LLC whose purpose is to support and help manage the organization's investment in the commercial Broadway production "Wonderland" through a non related commercial company, Rabbit Hole Productions LLC, for which the Company has a general partnership investment recorded in Other long-term investments as described further in note 1(h).

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

Collectively, the organizations are hereafter referred to as the Straz Center.

**(b) Basis of Accounting**

The consolidated financial statements of the Straz Center have been prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

All financial transactions have been recorded and reported as unrestricted, temporarily restricted, or permanently restricted net assets.

- Unrestricted net assets consist of unrestricted amounts that are available for use in carrying out the operations of the Straz Center. These include those expendable resources, which have been designated for special use by the board of trustees for capital expenditures and business continuity purposes.
- Temporarily restricted net assets represent those amounts that are not available until future periods and/or are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted gifts that are received and expended in the same fiscal year are classified as unrestricted revenue. Additionally, for temporarily restricted net assets that are solely time restricted, the Straz Center's policy is not to expend such net assets until they have been collected and thus released from restriction. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Straz Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
- Permanently restricted net assets result from gifts from donors who place restrictions on the use of the funds, which mandate that the original principal be invested in perpetuity. Generally, gains and related investment income on these gifts are available for unrestricted purposes, unless the donor designates restrictions on the use of earnings for a specific purpose, in which case the earnings are then considered temporarily restricted.

(c) ***Fair Value Measurements***

The Straz Center applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 (Topic 820), *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities that are recognized at fair value in the financial statements on a recurring basis. Topic 820 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

**(d) Liquidity**

Assets are presented in the accompanying consolidated financial statements according to their nearness to cash and liabilities according to their nearness of their maturity and resulting use of cash.

**(e) Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the Straz Center 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.

**(f) Inventory**

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

**(g) 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. 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.

**(h) Other Long-Term Investments**

Other long-term investments include investments in theatrical show productions, investments in other theatrical production type companies, and the cash surrender value of a life insurance policy on the President.

The investments in theatrical show productions are recorded at cost, reduced by any investment returns, and amounted to \$2,936,328 and \$1,009,015 at September 30, 2010 and 2009, respectively. The investments in theatrical show productions recorded at September 30, 2010 includes a \$2,700,000 investment as a general partner in a nonrelated Broadway production LLC, Rabbit Hole Productions LLC. Please refer to the related disclosure in note 1(a) – “Organization.”

The cash surrender value of the life insurance policy amounted to \$470,633 and \$382,482 at September 30, 2010 and 2009, respectively, and is intended to finance the future obligation under a deferred compensation agreement as discussed in note 1(k).

**(i) Beneficial Interest in Assets Held by Community Foundation**

The Foundation has established an endowment at the Community Foundation of Tampa Bay, Inc. and has identified itself as the beneficiary. The value of the Foundation’s endowment is reflected in the accompanying consolidated financial statements as beneficial interest in assets held by Community Foundation.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

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**(j) Furniture, Equipment, and Leasehold Improvements**

Furniture, equipment, and leasehold improvements are stated at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is recognized over the estimated useful lives of the assets of 3 – 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.

**(k) Other Accrued Expenses**

Other accrued expenses include the Center's obligation under a deferred compensation agreement with the President which is payable upon her reaching an agreed-upon retirement age.

**(l) Advertising Costs**

Advertising costs related to specific events and classes are deferred and amortized in the period of the event or class, which are reported under program and essential services expenses in the consolidated statement of activities. At September 30, 2010 and 2009, advertising costs of \$452,624 and \$235,086, respectively, were included as a component of prepaid expenses in the consolidated statements of financial position.

**(m) Income Taxes**

The Center and Foundation are not-for-profit organizations described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code, and are also exempt from state income taxes. Management believes that the unrelated business income generated by the Straz Center is not material to the financial statements.

ASC Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management asserts that no such uncertain tax positions exist for the Straz Center at September 30, 2010 or 2009.

**(n) 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 unrestricted revenue as funds have been reimbursed for expenditures made for specific needs of the Center.

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Deferred revenue represents cash or pledges received from advance ticket sales, concession, education class tuition, subscriber memberships, and event sponsorships. Ticket sales, concessions, education class tuition, and sponsorship revenue is recorded after related performances, classes, and events are completed and the associated cost settlements are calculated. Rent income is recorded as earned.

**(o) Other Gifts**

The Straz Center 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, 2010 and 2009 were approximately \$4,830,000 and \$4,633,000, 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, 2010 of \$75,049 and \$195,540 are available for distribution to the Center and Foundation, respectively. Accordingly, the amounts are recognized as income in the period earned. Net distributions allocated to the Center and Foundation for the year ended September 30, 2009 were \$67,226 and \$354,804, respectively.

**(p) 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, and amounted to approximately \$847,000 for fiscal year 2010 and \$1,331,000 for fiscal 2009. Contributed services 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, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Total volunteer hours	<u>57,010</u>	<u>61,940</u>

**(q) Use of Estimates**

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management of the Straz Center to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure 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.

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(r) **Functional Allocation of Expenses**

Expenses are allocated between program and essential services, general and administrative, and fundraising. These expenses are based on management's estimate of the benefit derived by each activity. Salaries and benefits exclude related costs for stagehands, which are included in artist and professional fees expenses. Such expenses are directly associated with the production of events.

(s) **Reclassifications**

Certain reclassifications have been made to the 2009 financial statements to conform with 2010 presentation.

(2) **Investments**

Investments must meet risk criteria established by the board of trustees. At September 30, endowment investments are classified as follows:

	2010		2009	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 905,202	905,202	578,586	578,586
Government bonds	2,921,319	2,947,216	3,154,222	3,265,073
Corporate bonds	1,603,000	1,712,899	1,841,288	1,941,405
Mutual funds	1,748,448	1,835,659	—	—
Real estate investment trusts	—	—	169,011	190,650
Common stocks	8,199,394	9,584,646	9,076,983	9,091,276
Total endowment investments	\$ 15,377,363	16,985,622	14,820,090	15,066,990

Investment return consisted of the following:

	2010	2009
Interest on cash equivalents and short-term investments	\$ 1,281	28,560
Dividends and interest on long-term investments	487,524	451,756
Net unrealized gains	2,548,951	1,122,417
Net realized losses	(1,817,061)	(1,625,400)
	1,220,695	(22,667)
Less investment expense	(135,118)	(61,256)
Total investment return	\$ 1,085,577	(83,923)

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***Fair Value Measurements***

The Straz Center follows the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, the authoritative guidance for fair value measurements of investments that are recognized at fair value in the financial statements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The three levels of fair value hierarchy are as follows:

*Level 1:* Fair value is determined by using quoted prices for identical assets in active markets.

*Level 2:* Fair value is determined by using other than quoted prices that are observable for the asset (e.g., quoted prices for identical assets in inactive markets, quoted prices for similar assets in active markets, observable inputs other than quoted prices, and inputs derived principally from or corroborated by observable market data by correlation or other means).

*Level 3:* Fair value is determined by using inputs based on management assumptions that are not directly observable.

The table below summarizes the fair values of financial assets as of September 30, 2010:

	<b>Total</b>	<b>Fair value measurements at reporting date using</b>		
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Cash and cash equivalents	\$ 6,681,674	6,644,760	36,914	—
Government bonds	3,161,130	2,947,216	213,914	—
Corporate bonds	1,951,561	1,712,899	238,662	—
Real estate investment trusts	538	—	538	—
Common stocks	9,588,448	9,584,646	3,802	—
Mutual funds	1,835,658	1,835,658	—	—
Beneficial interest in assets held by Community Foundation	668,102	—	668,102	—
<b>Total</b>	<b>\$ 23,887,111</b>	<b>22,725,179</b>	<b>1,161,932</b>	<b>—</b>

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The table below summarizes the fair values of financial assets as of September 30, 2009:

	<b>Total 2009</b>	<b>Fair value measurements at reporting date using</b>		
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Cash and cash equivalents	\$ 8,877,715	8,842,791	34,924	—
Government bonds	3,326,544	3,265,073	61,471	—
Corporate bonds	1,963,053	1,941,405	21,648	—
Real estate investment trusts	216,091	190,650	25,441	—
Common stocks	9,351,845	9,091,277	260,568	—
Beneficial interest in assets held by Community Foundation	645,088	—	645,088	—
<b>Total</b>	<b>\$ 24,380,336</b>	<b>23,331,196</b>	<b>1,049,140</b>	<b>—</b>

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

**(3) Pledges Receivable**

Pledges receivable at September 30, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
Total unconditional promises to give	\$ 23,305,199	4,941,436
Less unamortized discount	(4,271,133)	(377,291)
Less allowance for doubtful pledges	(380,333)	(991,950)
<b>Net unconditional promises to give</b>	<b>\$ 18,653,733</b>	<b>3,572,195</b>

Amounts due in more than one year are recorded at the present value of the estimated future cash flows, discounted at risk free rates applicable to the year in which the promises were received. The discount rates applied range from 0.98% to 5.08% at September 30, 2010 and 2009.

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Gross pledges receivable expected to be collected after September 30, 2010 are as follows:

Year ending September 30:		
2011	\$	2,275,608
2012		1,247,091
2013		1,000,000
2014		987,500
2015		645,000
Beyond 2015		<u>17,150,000</u>
	\$	<u><u>23,305,199</u></u>

**(4) Furniture, Equipment, and Leasehold Improvements**

Furniture, equipment, and leasehold improvements at September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 8,909,391	8,526,806
Leasehold improvements	11,503,701	10,392,755
Construction in progress	<u>344,137</u>	<u>576,479</u>
	20,757,229	19,496,040
Less accumulated depreciation	<u>(9,851,375)</u>	<u>(8,576,003)</u>
	<u><u>\$ 10,905,854</u></u>	<u><u>10,920,037</u></u>

As per the respective lease agreement, the Center 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 any party gives the other party 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.

**(5) Line of Credit**

The Center had an unsecured \$2,000,000 revolving line of credit available to meet working capital and capital expenditure business continuity contingencies during the fiscal year 2009 and through May 2010, at which time the line of credit was terminated. There were no borrowings against this line of credit during the years ended September 30, 2010 and 2009.

The Foundation put a secured but uncommitted revolving line of credit in place in May 2010 to meet working capital and capital expenditure business continuity contingencies. The line is payable upon demand. Unrestricted endowment investments are being used as the secured assets. The loan value is committed at 80% of the Foundation's respective fixed income investment account held with Merrill Lynch, resulting in a \$2,787,123 committed amount available at September 30, 2010. There were no

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borrowings against the line of credit during the year ended September 30, 2010 and thus no outstanding balance at September 30, 2010. Management believes all restrictive covenants were complied with at September 30, 2010. Any needs for future drawings on the line by the Center itself will be done through an established loan agreement policy between the Center and Foundation.

**(6) Restrictions and Limitations on Net Assets**

Temporarily restricted net assets consist of the following assets at September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Pledges receivable (net)	\$ 2,587,546	3,088,262
Donor restricted earnings for specific purposes	41,295	—
	<u>\$ 2,628,841</u>	<u>3,088,262</u>

At September 30, 2010, pledges receivable of \$240,500 remained uncollected for the construction and maintenance of the education facility completed in 2004. All other pledge receivables, and government grants receivable including those with time restrictions only, are otherwise unrestricted as to their use.

Permanently restricted net assets are composed of the following donor categories:

	<u>2010</u>	<u>2009</u>
General endowment	\$ 9,651,511	8,905,283
Florida fine arts endowment	1,800,000	1,800,000
Beneficial interest in assets held by Community Foundation	668,102	645,088
Pledges receivable (net)	15,671,076	483,933
Charitable gift annuity	51,597	51,087
	<u>\$ 27,842,286</u>	<u>11,885,391</u>

**(7) Net Assets Released from Restrictions**

Net assets released from restrictions during the years ended September 30, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Collection of pledges receivable and valuation change	\$ 1,481,199	662,984
Change in donor classification	—	287,539
	<u>\$ 1,481,199</u>	<u>950,523</u>

**(8) Endowments**

FASB ASC Topic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, requires that a not-for-profit organization, whether or not it is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), shall disclose information to enable users of financial

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statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds (both donor restricted and board designated). As the State of Florida has not enacted UPMIFA, the Straz Center is only subject to the enhanced disclosure requirements of ASC Topic 958-205.

**(a) Interpretation of Relevant Law**

The Straz Center follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. The Straz Center management, in working with the Foundation's Board of Directors, has determined that the majority of the Straz Center's collected permanently restricted net assets meet the definition of endowment funds under UMIFA.

The Straz Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) although not applicable for the year ended September 30, 2010, any future accumulations to the permanent endowment that are made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UMIFA, the Straz Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Straz Center and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Straz Center.
- The investment policies of the Straz Center.

**(b) Fund Deficiencies**

UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA and is considered available for unrestricted use. Certain Straz Center donors have placed purpose restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds. If the fair value of assets associated with individual donor-restricted endowment funds falls below the level that UMIFA requires the Straz Center to retain as permanently restricted, these deficiencies are reported in unrestricted net assets. These deficiencies can result from unfavorable market conditions and fluctuations. There were no such deficiencies at September 30, 2010 or 2009.

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**(c) *Return Objective and Risk Parameters***

The investment objectives for the Straz Center are stated below in order of importance:

- a. Growth of Capital – Emphasis on long-term growth of the investment assets of the Foundation and Center. 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 Board of Directors recognizes 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. 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.

**(d) *Strategies Employed for Achieving Objectives***

To meet the needs of the Straz Center, the Straz Center'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.

**(e) *Spending Policy and How the Investment Objective Relates to Spending Policy***

The Foundation's Board of Directors, 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 Center. This policy authorizes the Foundation to distribute from its pooled endowment funds a specified percentage, to be determined by the Board of Directors (Board) from time to time, of the current 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 as it chooses to do so. For the fiscal year ended September 30, 2010, the Foundation's Board of Trustees authorized the distribution and expenditure of five percent (5%) of the current market value of the endowment as of September 30, 2010. 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 without the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

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Changes in endowment funds consist of the following for the year ended September 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Total endowment funds at October 1, 2009	\$ 4,270,160	—	11,447,718	15,717,878
Investment return	1,084,604	41,295	—	1,125,899
Change in value of beneficial interests	—	—	23,014	23,014
Contributions	—	—	746,229	746,229
Approved spending	—	—	(6,710)	(6,710)
Total endowment funds at September 30, 2010	<u>\$ 5,354,764</u>	<u>41,295</u>	<u>12,210,251</u>	<u>17,606,310</u>

Changes in endowment funds consist of the following for the year ended September 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Total endowment funds at October 1, 2008	\$ 4,969,743	—	10,780,895	15,750,638
Investment return	(142,958)	—	—	(142,958)
Change in value of beneficial interests	—	—	(38,963)	(38,963)
Adjustments to net assets	(556,625)	—	705,786	149,161
Total endowment funds at September 30, 2009	<u>\$ 4,270,160</u>	<u>—</u>	<u>11,447,718</u>	<u>15,717,878</u>

Endowment funds consist of the following as of September 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	41,295	12,210,251	12,251,546
Board designated endowment funds	5,354,764	—	—	5,354,764
	<u>\$ 5,354,764</u>	<u>41,295</u>	<u>12,210,251</u>	<u>17,606,310</u>

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Endowment funds consist of the following as of September 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	—	11,447,718	11,447,718
Board designated endowment funds	4,270,160	—	—	4,270,160
	<u>\$ 4,270,160</u>	<u>—</u>	<u>11,447,718</u>	<u>15,717,878</u>

**(9) Government Funding and Grants**

Government funding and grant revenue for the years ended September 30 is as follows:

	<u>2010</u>	<u>2009</u>
City of Tampa	\$ 607,500	675,000
Hillsborough County:		
Tourist Development Council	466,373	408,089
Arts Council	20,922	39,573
State of Florida:		
Cultural Institutions Program	—	54,975
Culture Builds Florida	25,000	—
Arts in Education	—	8,715
Challenge Program	—	6,000
Federal:		
National Endowment for the Arts	30,000	25,000
Center annual operating and program support	<u>1,149,795</u>	<u>1,217,352</u>
City of Tampa – Poe Garage Trust Fund	100,000	144,385
State of Florida – Challenge Program (capital component)	—	19,000
Capital and construction support	<u>100,000</u>	<u>163,385</u>
Total government funding and grant revenue	<u>\$ 1,249,795</u>	<u>1,380,737</u>

The Center receives city, county, state, and Federal grants for annual operations, program support, and capital projects. During 2010, a grant from the City of Tampa was received for general operating support, and a similar grant was received the prior fiscal year. Additionally, the City of Tampa maintains the Poe Garage Trust Fund, which is funded by a specified portion of Poe Garage parking receipts, to be used for major capital repairs and reconstruction projects for the Center facility. Accordingly, during 2010, funds expected to be received from the Poe Garage Trust Fund the following fiscal year were accrued as reimbursement for capital expenditures incurred relating to the fire alarm system replacement project. During the prior fiscal year, funds were received from the Poe Garage Trust Fund as reimbursement for

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capital expenditures incurred relating to the Box Office expansion project. During 2010, two grants from Hillsborough County were received: (1) the Tourist Development Council Grant, which is used to help promote the Center in the tourism markets; and (2) the Arts Council of Hillsborough County Grant, which helps cover the cost of artistic fees and salaries for educational performing arts programs and activities. During 2010, one grant from the State of Florida was received: a Culture Builds Florida grant which was applied to the Center's Broadway Genesis program and its first initiative, the Wonderland show. During the prior fiscal year, three grants from the State of Florida were received: (1) a Cultural Institutions Program Grant, which is applied to annual activities and performances that demonstrate sustained commitment to cultural excellence; (2) an Arts in Education Grant, which is applied to artist residencies and arts education partnerships; and (3) a Challenge Program Grant, which is applied to launching new initiatives and helped fund an open captioning and audio describing project. During 2010, one grant from the Federal Government's National Endowment for the Arts was received to help promote culturally diverse programming, and a similar grant was received the prior fiscal year.

**(10) 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 Internal Revenue Code. The monies are invested and administered by an independent agent. Retirement contribution expenses were \$241,817 and \$271,697 for the years ended September 30, 2010 and 2009, respectively.

During the fiscal year ended September 30, 2010, management identified an exposure in regards to the Internal Revenue Service (IRS) 401(a)(17) compliance requirement related to its 403(b) plan. The Center overpaid approximately \$37,000 in employer contributions for the calendar years 2004-2009. The Center has filed a Voluntary Compliance Program (VCP) application with the IRS, as advised by legal counsel, seeking IRS approval of the Center's correction of this operational failure, to limit the compensation taken into account when calculating employer matching and nonelective contributions to the Plan. The VCP application was filed in March 2010 subsequent to the respective 2009 Plan Year and as of the date of issuance of this report is pending acceptance by the IRS. Management anticipates that the application for VCP will be approved by the IRS and that this compliance issue should have no impact on the tax status of the related Plan or the Center.

**(11) Commitments and Contingencies**

***Grant Funding***

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

***Litigation***

The Center is involved as defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of the Center and legal counsel, the range of potential liabilities will not materially affect the financial position of the Center.

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**(12) Related-Party Transactions**

Contributions for the years ended September 30, 2010 and 2009 include the following:

	<u>2010</u>	<u>2009</u>
Board of Directors and trustees	\$ 20,557,747	464,735

Additionally, at September 30, 2010 and 2009, the following gross pledges receivable were outstanding:

	<u>2010</u>	<u>2009</u>
Board of Directors and trustees	\$ 22,314,496	3,791,621

**(13) Concentrations of Credit Risk**

The Straz Center maintains its cash and cash equivalents with large institutions. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Straz Center has cash deposits which exceed the federally insured deposited amount. Management does not anticipate nonperformance by these financial institutions.

**(14) Subsequent Event**

Subsequent to the September 30, 2010 fiscal year end, the Straz Center's board of trustees approved a promissory loan note (Note) to Rabbit Hole Productions LLC in an amount up to \$1,350,000. The Note has a stated 6 month term with payment in full due by April 30, 2011. In addition, there is a built in option to convert the Note to a further equity investment that will be assigned to Wonderland LLC and transferred to Rabbit Hole Productions LLC if the board determines to do so no later than April 17, 2011. This option would be in addition to the original investment credit made by the Straz Center in Rabbit Hole Productions LLC of \$2.7 million through Wonderland LLC. The purpose of the loan evidenced by the Note is to provide advance capitalization costs for use in producing the respective musical stage play while investment capitalization is obtained by Rabbit Hole Productions LLC. As of date of report issuance (January 13, 2011), the outstanding loan balance is \$900,000.

The Straz Center has evaluated subsequent events from the consolidated statement of financial position date through January 13, 2011, the date the consolidated financial statements were available to be issued.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

## Consolidating Schedule – Statement of Financial Position Information

September 30, 2010

<b>Assets</b>	<b>Tampa Bay Performing Arts Center, Inc.</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Consolidated total</b>
Current assets:				
Cash	\$ 4,599,581	858,600	—	5,458,181
Short-term investments	304,573	—	—	304,573
Cash and cash equivalents	4,904,154	858,600	—	5,762,754
Receivables:				
Accounts receivable, net	333,525	—	—	333,525
Pledges receivable, net	396,062	1,552,836	—	1,948,898
Due from Foundation	813,329	—	(813,329)	—
Grants receivable	193,955	—	—	193,955
Interest receivable	23,465	—	—	23,465
	1,760,336	1,552,836	(813,329)	2,499,843
Inventory	122,884	—	—	122,884
Prepaid expenses	1,387,770	—	—	1,387,770
Total current assets	8,175,144	2,411,436	(813,329)	9,773,251
Noncurrent assets:				
Pledges receivable, net	246,799	16,458,036	—	16,704,835
Endowment investments	3,123,772	13,861,850	—	16,985,622
Other long-term investments	3,406,961	—	—	3,406,961
Beneficial interest in assets held by Community Foundation	—	668,102	—	668,102
Furniture, equipment, and leasehold improvements, net	10,905,854	—	—	10,905,854
Other assets	10,241	—	—	10,241
Total assets	\$ 25,868,771	33,399,424	(813,329)	58,454,866
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,077,824	39,040	—	1,116,864
Due to Center	—	813,329	(813,329)	—
Deferred revenue:				
Ticket sales	7,241,742	—	—	7,241,742
Other	1,218,256	—	—	1,218,256
Total current liabilities	9,537,822	852,369	(813,329)	9,576,862
Other accrued expenses	593,224	35	—	593,259
Total liabilities	10,131,046	852,404	(813,329)	10,170,121
Net assets:				
Unrestricted – operations	2,271,948	4,123,642	—	6,395,590
Unrestricted – furniture, equipment, and leasehold improvements	10,905,854	—	—	10,905,854
Unrestricted – board designated	512,174	—	—	512,174
Temporarily restricted	247,749	2,381,092	—	2,628,841
Permanently restricted	1,800,000	26,042,286	—	27,842,286
Total net assets	15,737,725	32,547,020	—	48,284,745
Total liabilities and net assets	\$ 25,868,771	33,399,424	(813,329)	58,454,866

See accompanying independent auditors' report.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**  
d/b/a David A. Straz, Jr. Center for the Performing Arts  
Consolidating Schedule – Statement of Activities Information  
Year ended September 30, 2010

	<b>Tampa Bay Performing Arts Center, Inc.</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Consolidated total</b>
Revenue and other support:				
Ticket sales	\$ 17,687,393	—	—	17,687,393
Rent	404,739	—	—	404,739
Box office fees	2,577,270	—	—	2,577,270
Education program tuition and fees	1,311,331	—	—	1,311,331
Concessions	2,063,919	—	—	2,063,919
Investment return	170,822	914,755	—	1,085,577
Change in value of beneficial interests	—	23,014	—	23,014
Community support	3,560,926	17,109,904	—	20,670,830
Service fee income	1,082,701	—	—	1,082,701
Government funding and grants:				
Annual operating and program support	1,149,795	—	—	1,149,795
Capital and construction support	100,000	—	—	100,000
Total revenue and other support	<u>30,108,896</u>	<u>18,047,673</u>	<u>—</u>	<u>48,156,569</u>
Expenses:				
Program and essential services:				
Production costs	16,500,505	—	—	16,500,505
Education	1,988,746	—	—	1,988,746
Operating costs	7,075,890	—	—	7,075,890
Marketing and public information	2,074,035	—	—	2,074,035
Total program and essential services	<u>27,639,176</u>	<u>—</u>	<u>—</u>	<u>27,639,176</u>
Support services:				
General and administrative	2,837,473	487,155	—	3,324,628
Fundraising	904,154	256,125	—	1,160,279
Total support services	<u>3,741,627</u>	<u>743,280</u>	<u>—</u>	<u>4,484,907</u>
Total expenses	<u>31,380,803</u>	<u>743,280</u>	<u>—</u>	<u>32,124,083</u>
Foundation distributed endowment support for Center	857,214	(857,214)	—	—
Change in net assets	(414,693)	16,447,179	—	16,032,486
Net assets at beginning of year	<u>16,152,418</u>	<u>16,099,841</u>	<u>—</u>	<u>32,252,259</u>
Net assets at end of year	<u>\$ 15,737,725</u>	<u>32,547,020</u>	<u>—</u>	<u>48,284,745</u>

See accompanying independent auditors' report.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

## Consolidating Schedule – Statement of Cash Flows Information

Year ended September 30, 2010

	<b>Tampa Bay Performing Arts Center, Inc.</b>	<b>Foundation</b>	<b>Consolidated total</b>
Cash flows from operating activities:			
Change in net assets	\$ (414,693)	16,447,179	16,032,486
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	1,287,820	—	1,287,820
Provision for uncollectible pledges receivable	(13,822)	236,840	223,018
Funding for capital acquisitions	(100,000)	—	(100,000)
Realized and unrealized (gains) losses on investments	26,230	(702,350)	(676,120)
Loss on disposal of furniture, equipment, and leasehold improvements	7,318	—	7,318
Changes in operating assets and liabilities:			
Increase in accounts receivable	(233,271)	—	(233,271)
Decrease (increase) in pledges receivable	52,727	(15,357,283)	(15,304,556)
Decrease in grants receivable	201,324	—	201,324
(Increase) decrease in interest receivable	(1,508)	23,528	22,020
Decrease (increase) in due to Foundation and due from Center	756,671	(756,671)	—
Decrease in inventory	11,572	—	11,572
Increase in prepaid expenses	(549,852)	—	(549,852)
Increase in other assets	(3,241)	—	(3,241)
Decrease in accounts payable and accrued expenses	(124,243)	(7,254)	(131,497)
Increase in deferred revenue – ticket sales	980,045	—	980,045
Increase in deferred revenue – other	141,895	—	141,895
Increase in noncurrent other accrued expenses	29,927	35	29,962
Net cash provided by (used in) operating activities	<u>2,054,899</u>	<u>(115,976)</u>	<u>1,938,923</u>
Cash flows from investing activities:			
Additions to furniture, equipment, and leasehold improvements	(1,280,955)	—	(1,280,955)
Decrease in beneficial interest in assets held by Community Foundation	—	(23,014)	(23,014)
Purchases of investments	(1,543,142)	(16,015,485)	(17,558,627)
Sales and maturities of investments	1,378,398	15,014,790	16,393,188
Purchase of other long-term investments	(2,092,537)	—	(2,092,537)
Net cash (used in) provided by investing activities	<u>(3,538,236)</u>	<u>(1,023,709)</u>	<u>(4,561,945)</u>
Cash flows from financing activity:			
Funding for capital acquisitions	100,000	—	100,000
Net cash provided by financing activity	<u>100,000</u>	<u>—</u>	<u>100,000</u>
Decrease in cash and cash equivalents	(1,383,337)	(1,139,685)	(2,523,022)
Cash and cash equivalents, beginning of year	<u>6,287,491</u>	<u>1,998,285</u>	<u>8,285,776</u>
Cash and cash equivalents, end of year	<u>\$ 4,904,154</u>	<u>858,600</u>	<u>5,762,754</u>

See accompanying independent auditors' report.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

## Center Stand Alone – Statement of Financial Position Information

September 30, 2010

(with comparative financial information for September 30, 2009)

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Current assets:		
Cash	\$ 4,599,581	5,983,563
Short-term investments	304,573	303,928
Cash and cash equivalents	<u>4,904,154</u>	<u>6,287,491</u>
Receivables:		
Accounts receivable, net	333,525	100,254
Pledges receivable, net	396,062	681,766
Due from Foundation	813,329	1,570,000
Grants receivable	193,955	395,279
Interest receivable	23,465	21,957
	<u>1,760,336</u>	<u>2,769,256</u>
Inventory	122,884	134,456
Prepaid expenses	1,387,770	837,918
Total current assets	<u>8,175,144</u>	<u>10,029,121</u>
Noncurrent assets:		
Pledges receivable, net	246,799	—
Endowment investments	3,123,772	2,908,185
Other long-term investments	3,406,961	1,391,497
Furniture, equipment, and leasehold improvements, net	10,905,854	10,920,037
Other assets	10,241	7,000
Total assets	<u>\$ 25,868,771</u>	<u>25,255,840</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,077,824	1,202,067
Deferred revenue:		
Ticket sales	7,241,742	6,261,697
Other	1,218,256	1,076,361
Total current liabilities	<u>9,537,822</u>	<u>8,540,125</u>
Other accrued expenses	593,224	563,297
Total liabilities	<u>10,131,046</u>	<u>9,103,422</u>
Net assets:		
Unrestricted – operations	2,271,948	1,425,419
Unrestricted – furniture, equipment, and leasehold improvements	10,905,854	10,920,037
Unrestricted – board designated	512,174	1,325,196
Temporarily restricted	247,749	681,766
Permanently restricted	1,800,000	1,800,000
Total net assets	<u>15,737,725</u>	<u>16,152,418</u>
Total liabilities and net assets	<u>\$ 25,868,771</u>	<u>25,255,840</u>

See accompanying independent auditors' report.

**TAMPA BAY PERFORMING ARTS CENTER, INC.**

d/b/a David A. Straz, Jr. Center for the Performing Arts

## Center Stand Alone – Statement of Activities Information

Year ended September 30, 2010

(with summarized financial information for the year ended September 30, 2009)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2010	2009
Revenue and other support:					
Ticket sales	\$ 17,687,393	—	—	17,687,393	16,331,821
Rent	404,739	—	—	404,739	419,886
Box office fees	2,577,270	—	—	2,577,270	2,336,611
Education program tuition and fees	1,311,331	—	—	1,311,331	1,322,069
Concessions	2,063,919	—	—	2,063,919	2,641,513
Investment return	170,822	—	—	170,822	284,773
Community support	3,560,926	—	—	3,560,926	4,038,493
Service fee income	1,082,701	—	—	1,082,701	1,129,377
Government funding and grants:					
Annual operating and program support	1,149,795	—	—	1,149,795	1,217,352
Capital and construction support	100,000	—	—	100,000	163,385
Net assets released from purpose restrictions	434,017	(434,017)	—	—	—
Total revenue and other support	<u>30,542,913</u>	<u>(434,017)</u>	<u>—</u>	<u>30,108,896</u>	<u>29,885,280</u>
Expenses:					
Program and essential services:					
Production costs	16,500,505	—	—	16,500,505	15,233,351
Education	1,988,746	—	—	1,988,746	2,132,835
Operating costs	7,075,890	—	—	7,075,890	7,426,901
Marketing and public information	2,074,035	—	—	2,074,035	2,663,649
Total program and essential services	<u>27,639,176</u>	<u>—</u>	<u>—</u>	<u>27,639,176</u>	<u>27,456,736</u>
Support services:					
General and administrative	2,837,473	—	—	2,837,473	3,278,038
Fundraising	904,154	—	—	904,154	897,497
Total support services	<u>3,741,627</u>	<u>—</u>	<u>—</u>	<u>3,741,627</u>	<u>4,175,535</u>
Total expenses	<u>31,380,803</u>	<u>—</u>	<u>—</u>	<u>31,380,803</u>	<u>31,632,271</u>
Foundation distributed endowment support for Center	857,214	—	—	857,214	1,492,129
Change in net assets	19,324	(434,017)	—	(414,693)	(254,862)
Net assets at beginning of year	<u>13,670,652</u>	<u>681,766</u>	<u>1,800,000</u>	<u>16,152,418</u>	<u>16,407,280</u>
Net assets at end of year	<u>\$ 13,689,976</u>	<u>247,749</u>	<u>1,800,000</u>	<u>15,737,725</u>	<u>16,152,418</u>

See accompanying independent auditors' report.