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

CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION AND COMPLIANCE REPORTS

As of and for the Years Ended September 30, 2013 and 2012

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

TAMPA BAY PERFORMING ARTS CENTER, INC.
D/B/A DAVID A. STRAZ, JR. CENTER FOR THE PERFORMING ARTS
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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tampa Bay Performing Arts Center, Inc. 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, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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 audit 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 that 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, 2013 and 2012, 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 described in Note 2 to the consolidated financial statements, the 2012 consolidated financial statements have been restated to properly classify net realized/unrealized gains and losses. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules and Center Stand Alone statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, 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 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 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 27, 2014

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, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,995,581	$ 3,776,633
Receivables:		
Accounts receivable	112,858	157,667
Pledges receivable, net	1,935,682	1,473,455
Grants receivable	190,258	127,384
Interest receivable	6,762	19,524
	2,245,560	1,778,030
Inventory	93,821	106,929
Prepaid expenses	804,488	798,340
Total current assets	9,139,450	6,459,932
Noncurrent assets:		
Pledges receivable, net	12,920,644	14,662,357
Endowment investments	25,603,526	22,547,844
Other long-term investments	813,140	796,188
Beneficial interest in assets held by Community Foundation	839,874	766,551
Furniture, equipment, and leasehold improvements, net	10,574,487	10,471,370
Other assets	41,526	7,240
Total assets	$ 59,932,647	$ 55,711,482
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,495,331	$ 1,385,811
Deferred revenue – ticket sales	8,734,161	6,410,219
Deferred revenue – other	1,254,917	1,046,196
Line of credit	2,550,830	3,046,296
Current portion of other accrued expenses	199,080	245,109
Total current liabilities	14,234,319	12,133,631
Other accrued expenses	504,810	403,898
Total liabilities	14,739,129	12,537,529
Net assets:		
Unrestricted – operations	(3,771,506)	(3,170,982)
Unrestricted – furniture, equipment, and leasehold improvements	10,526,957	10,417,050
Unrestricted – board designated	802,041	166,649
Total unrestricted	7,557,492	7,412,717
Temporarily restricted	8,780,492	7,322,085
Permanently restricted	28,855,534	28,439,151
Total net assets	45,193,518	43,173,953
Total liabilities and net assets	$ 59,932,647	$ 55,711,482

See 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 ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue and other support:				
Ticket sales	$ 14,818,966	$ -	$ -	$ 14,818,966
Rent	418,413	-	-	418,413
Box office fees	3,152,737	-	-	3,152,737
Education program tuition, event sales and fees	2,188,401	-	-	2,188,401
Concessions	2,513,951	-	-	2,513,951
Investment return	74,499	2,805,728	-	2,880,227
Change in value of beneficial interest	-	-	73,323	73,323
Community support	4,684,367	23,711	431,873	5,139,951
Service fee and other income	1,343,413	-	-	1,343,413
Government funding and grants:				
Annual operating and program support	1,349,160	-	-	1,349,160
Capital and construction support	565,000	-	-	565,000
Net assets released from restrictions	1,459,845	(1,371,032)	(88,813)	-
Total revenue and other support	32,568,752	1,458,407	416,383	34,443,542
Expenses:				
Program and essential services:				
Production costs	15,501,103	-	-	15,501,103
Education	2,955,600	-	-	2,955,600
Operating costs	7,096,813	-	-	7,096,813
Marketing and public information	2,370,045	-	-	2,370,045
Total program and essential services	27,923,561	-	-	27,923,561
Support services:				
General and administrative	3,403,310	-	-	3,403,310
Fundraising	1,097,106	-	-	1,097,106
Total support services	4,500,416	-	-	4,500,416
Total expenses	32,423,977	-	-	32,423,977
Change in net assets	144,775	1,458,407	416,383	2,019,565
Net assets at beginning of year	7,412,717	7,322,085	28,439,151	43,173,953
Net assets at end of year	$ 7,557,492	$ 8,780,492	$ 28,855,534	$ 45,193,518

(continued)

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

YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue and other support:				
Ticket sales	$ 12,512,814	$ -	$ -	$ 12,512,814
Rent	501,497	-	-	501,497
Box office fees	2,205,198	-	-	2,205,198
Education program tuition, event sales and fees	1,669,235	-	-	1,669,235
Concessions	2,473,900	-	-	2,473,900
Investment return	154,950	3,209,832	-	3,364,782
Change in value of beneficial interest	-	-	78,000	78,000
Community support	4,961,716	65,905	258,565	5,286,186
Service fee and other income	1,103,123	-	-	1,103,123
Government funding and grants:				
Annual operating and program support	1,284,390	-	-	1,284,390
Capital and construction support	4,901	-	-	4,901
Net assets released from restrictions	1,545,057	(1,538,769)	(6,288)	-
Total revenue and other support	28,416,781	1,736,968	330,277	30,484,026
Expenses:				
Program and essential services:				
Production costs	12,623,625	-	-	12,623,625
Education	2,328,000	-	-	2,328,000
Operating costs	6,890,143	-	-	6,890,143
Marketing and public information	2,649,217	-	-	2,649,217
Total program and essential services	24,490,985	-	-	24,490,985
Support services:				
General and administrative	3,013,422	-	-	3,013,422
Fundraising	1,048,518	-	-	1,048,518
Total support services	4,061,940	-	-	4,061,940
Total expenses	28,552,925	-	-	28,552,925
Change in net assets	(136,144)	1,736,968	330,277	1,931,101
Net reclassification based on change in legislation	(3,522,812)	3,522,812	-	-
	(3,658,956)	5,259,780	330,277	1,931,101
Net assets at beginning of year	11,071,673	2,062,305	28,108,874	41,242,852
Net assets at end of year	$ 7,412,717	$ 7,322,085	$ 28,439,151	$ 43,173,953

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, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 2,019,565	$ 1,931,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	950,558	1,072,082
Provision for uncollectible pledges receivable	(242,703)	(215,813)
Realized and unrealized gains on investments	(2,110,136)	(2,646,253)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	44,809	(117,265)
(Increase) decrease in pledges receivable	1,522,189	1,700,280
(Increase) decrease in grants receivable	(62,874)	3,053
(Increase) decrease in interest receivable	12,762	9,103
(Increase) decrease in inventory	13,108	9,248
(Increase) decrease in prepaid expenses	(6,148)	38,626
(Increase) decrease in other assets	(34,286)	-
Increase (decrease) in accounts payable and accrued expenses	109,520	408,368
Increase (decrease) in deferred revenue – ticket sales	2,323,942	459,815
Increase (decrease) in deferred revenue – other	208,721	(74,528)
Increase (decrease) in other accrued expenses	54,883	20,422
Net cash provided by operating activities	4,803,910	2,598,239
Cash flows from investing activities:		
Additions to furniture, equipment, and leasehold improvements	(1,053,675)	(173,060)
Increase in beneficial interest in assets held by Community Foundation	(73,323)	(78,000)
Purchases of investments	(13,415,424)	(10,580,178)
Sales and maturities of investments	12,469,878	8,895,276
Purchases of other long-term investments	(49,452)	(195,000)
Surrender distribution of other long term investments	32,500	130,887
Net cash used in investing activities	(2,089,496)	(2,000,075)
Cash flows from financing activity:		
Payments on line of credit from investments	(245,466)	(266,704)
Payments on line of credit	(250,000)	-
Borrowing on line of credit	-	498,000
Net cash provided by (used in) financing activity	(495,466)	231,296
Increase in cash and cash equivalents	2,218,948	829,460
Cash and cash equivalents, beginning of year	3,776,633	2,947,173
Cash and cash equivalents, end of year	$ 5,995,581	$ 3,776,633

See 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 FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2013

	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	2013
Salaries	$ 379,836	$ 1,455,933	$ 2,279,660	$ 688,343	$ 4,803,772	$ 1,896,031	$ 623,464	$ 2,519,495	$ 7,323,267
Employee benefits	465,164	260,728	541,179	144,878	1,411,949	291,786	143,934	435,720	1,847,669
Artist and professional fees	12,192,101	743,726	51,918	2,620	12,990,365	7,433	130,342	137,775	13,128,140
Meetings, travel, and training	68,680	91,851	22,061	25,344	207,936	63,275	20,321	83,596	291,532
Advertising and promotion	1,953,745	266,440	47,578	1,449,655	3,717,418	171,798	933	172,731	3,890,149
Professional services	150,135	-	214	25,344	175,693	208,012	93,740	301,752	477,445
Supplies	22,055	17,785	258,920	12,668	311,428	26,918	8,088	35,006	346,434
Telephone	3,733	554	8,207	4,861	17,355	75,276	568	75,844	93,199
Postage and mailings	13,108	5,391	32,333	813	51,645	3,727	14,293	18,020	69,665
Utilities	-	-	777,290	-	777,290	-	-	-	777,290
Rent and lease	55,819	6,967	26,415	-	89,201	96,322	-	96,322	185,523
Maintenance and repairs	24,396	8,533	815,530	3,605	852,064	212,872	-	212,872	1,064,936
Insurance	82,760	16,576	-	-	99,336	219,066	-	219,066	318,402
Depreciation	-	-	950,558	-	950,558	-	-	-	950,558
Credit card commissions	-	26,895	504,904	-	531,799	-	26,868	26,868	558,667
Bad debt expense	-	524	-	-	524	3,650	-	3,650	4,174
Other	89,571	53,697	780,046	11,914	935,228	127,144	34,555	161,699	1,096,927
Total expenses	$ 15,501,103	$ 2,955,600	$ 7,096,813	$ 2,370,045	$27,923,561	$ 3,403,310	$ 1,097,106	$ 4,500,416	$ 32,423,977

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

YEAR ENDED SEPTEMBER 30, 2012

	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	2012
Salaries	$ 392,498	$ 1,346,818	$ 2,217,503	$ 605,099	$ 4,561,918	$ 1,585,180	$ 608,394	$ 2,193,574	$ 6,755,492
Employee benefits	397,175	232,837	512,204	132,527	1,274,743	266,458	127,476	393,934	1,668,677
Artist and professional fees	9,366,752	347,172	41,830	1,639	9,757,393	3,362	137,214	140,576	9,897,969
Meetings, travel, and training	74,386	89,900	15,298	15,478	195,062	56,723	21,469	78,192	273,254
Advertising and promotion	1,657,056	202,309	54,981	1,819,926	3,734,272	122,754	3,409	126,163	3,860,435
Professional services	170,376	-	-	43,296	213,672	184,833	53,916	238,749	452,421
Supplies	14,180	7,888	238,929	14,009	275,006	25,102	5,880	30,982	305,988
Telephone	5,381	655	8,650	1,731	16,417	68,885	600	69,485	85,902
Postage and mailings	14,400	5,037	27,871	568	47,876	4,117	13,716	17,833	65,709
Utilities	-	-	793,152	-	793,152	-	-	-	793,152
Rent and lease	88,891	395	16,432	-	105,718	90,708	-	90,708	196,426
Maintenance and repairs	21,611	4,840	796,705	-	823,156	203,781	-	203,781	1,026,937
Insurance	71,691	21,744	-	-	93,435	237,700	-	237,700	331,135
Depreciation	-	-	1,072,082	-	1,072,082	-	-	-	1,072,082
Credit card commissions	-	23,114	373,348	-	396,462	-	21,467	21,467	417,929
Bad debt expense	-	173	682	-	855	11,212	400	11,612	12,467
Other	349,228	45,118	720,476	14,944	1,129,766	152,607	54,577	207,184	1,336,950
Total expenses	$ 12,623,625	$ 2,328,000	$ 6,890,143	$ 2,649,217	$ 24,490,985	$ 3,013,422	$ 1,048,518	$ 4,061,940	$ 28,552,925

See notes to consolidated financial statements.

Note 1 – 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 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.

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.

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.

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

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 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. Wonderland LLC, has been deemed by management to be no longer needed and dissolved in the fiscal year ended September 30, 2013.

Basis of Accounting - The consolidated financial statements of the Straz Center 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 Straz Center and changes therein are classified and reported as follows:

- 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.

Note 1 – Summary of significant accounting policies (continued)

- 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.

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.

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

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.

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 ASC 820. Amortization of the discount is included in community support on the accompanying consolidated statements of activities. The discount rates applied range from 0.79% to 5.23% at September 30, 2013 and 2012.

Note 1 – Summary of significant accounting policies (continued)

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

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 Center also invests monies in other investments which trade in various commodity pools and are recorded at fair value (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 consists of 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 of the Straz Center.

The investments in theatrical show productions are recorded at cost, reduced by any investment returns, and amounted to $246,685 and $248,007 at September 30, 2013 and 2012, respectively. The cash surrender value of the life insurance policy amounted to $566,455 and $548,181 at September 30, 2013 and 2012, respectively, and is intended to finance the future obligation under a deferred compensation agreement.

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.

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.

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.

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, 2013 and 2012, advertising costs of $264,626 and $257,420, respectively, were included as a component of prepaid expenses in the consolidated statements of financial position.

Income Taxes – The Straz Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management believes that the Straz Center continues to satisfy the requirements of a tax-exempt organization as of September 30, 2013. Management believes that the unrelated business income generated by the Straz Center is not material to the consolidated financial statements. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined the Straz Center had no significant uncertain income tax positions as of September 30, 2013.

Note 1 – Summary of significant accounting policies (continued)

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.

Deferred revenue represents cash 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.

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, 2013 and 2012 were approximately $5,134,000 and $4,812,000, 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, 2013 of $101,332 and $284,861 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, 2012 were $94,113 and $268,302, respectively.

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 $1,255,000 for fiscal year 2013 and $1,586,000 for fiscal 2012. 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, 2013 and 2012 were as follows:

	2013	**2012**
Total volunteer hours	55,447	54,861

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.

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.

Note 2 – Investments

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

	2013		2012	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$ 1,257,817	$ 1,257,817	$ 906,460	$ 906,460
Government bonds	2,236,168	2,159,006	2,380,434	2,515,584
Corporate bonds	-	-	1,705,000	1,834,169
Mutual funds	1,936,756	1,989,353	1,957,579	2,076,692
Real estate investment trusts	-	-	641,822	725,775
Systematic Momentum FuturesAccess LLC	500,000	462,352	-	-
Common and preferred stocks	15,517,223	19,734,998	11,860,932	14,489,164
Total endowment investments	$ 21,447,964	$ 25,603,526	$ 19,452,227	$ 22,547,844

Investment return consisted of the following:

	2013	2012
Dividends and interest on long-term investments	$ 640,984	$ 550,791
Net unrealized gains	1,051,197	2,473,442
Net realized gains	1,360,002	605,777
	3,052,183	3,630,010
Less investment expense	(171,956)	(265,228)
Total investment return	$ 2,880,227	$ 3,364,782

A reclassification between net unrealized and realized gains or losses has been reflected to increase realized and decrease unrealized gains respectively by $1,827,136 for the comparative prior year period ending September 30, 2012. This is for consistent reporting with the current fiscal period ending September 30, 2013 in which management has reported gains or losses at the transactional level as incurred rather than on the aggregate investment portfolio as done in prior years.

Fair Value Measurements – The Straz Center records certain assets at fair value in accordance with the current accounting standards on *Fair Value Measurements*. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also established a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes 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

Note 2 – Investments (continued)

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

The tables below summarize the investments as of September 30, 2013 and 2012 based upon the fair value hierarchy:

		Fair value measurements at reporting date using		
	Total 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	$ 7,253,398	$ 5,968,549	$ 1,284,849	$ -
Government bonds	2,159,006	1,316,924	842,082	-
Common and preferred stocks	19,734,998	19,622,744	112,254	-
Mutual funds	1,989,353	1,989,353	-	-
Systematic Momentum FuturesAccess LLC	462,352	-	-	462,352
Cash surrender value of life insurance	566,455	-	566,455	-
Beneficial interest in assets held by Community Foundation	839,874	-	839,874	-
Total	$ 33,005,436	$ 28,897,570	$ 3,645,514	$ 462,352
	Total 2012			
Cash and cash equivalents	$ 4,683,093	$ 3,752,168	$ 930,925	$ -
Government bonds	2,515,584	1,159,635	1,355,949	-
Corporate bonds	1,834,169	1,834,169	-	-
Real estate investment trusts	725,775	725,775	-	-
Common and preferred stocks	14,489,164	14,489,164	-	-
Mutual funds	2,076,692	2,076,692	-	-
Cash surrender value of life insurance	548,181	-	548,181	-
Beneficial interest in assets held by Community Foundation	766,551	-	766,551	-
Total	$ 27,639,209	$ 24,037,603	$ 3,601,606	$ -

Note 2 – Investments (continued)

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.

The Straz Center'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, 2013.

A financial instruments level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Level 1 financial instruments are based on quoted prices in active markets. The following is a description of the valuation methodology 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.

Cash surrender value of life insurance – The cash surrender value of life insurance policies is valued at the calculated net asset value of the underlaying pooled assets. The policy has a 3-5 day distribution period upon notice of redemption.

Beneficial interest in assets held by Community Foundation – The investments held by the Community Foundation are pooled by the Community Foundation into a larger investment fund, wherein the Straz Center's investment is valued based on a calculated net asset value per share of the Foundation's total investment fund.

Level 3 investments funds - During the fiscal year ended September 30, 2013, certain endowment monies were invested in Systematic Momentum FuturesAccess LLC Class A (the "Fund"), a FuturesAccess Program fund under the direction of Merrill Lynch Alternative Investments LLC ("MLAI"), the sponsor of the Fund. The Fund is an alternative investment and operates as a "fund of funds" allocating and reallocating its capital among seven underlying FuturesAccess Funds.

FuturesAccess is a group of commodity pools sponsored by MLAI, each of which places substantially all of its assets in a managed futures or forward trading account managed by a single or multiple commodity trading advisors. The Fund trades mostly in equity indices, fixed income markets, currencies, and commodities.

Recurring fair value measurements of the Fund use significant unobservable inputs (Level 3 of the fair value hierarchy). Level 3 pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Consequently, unobservable inputs include inputs for which market data are not available and that are developed using the best information available about the assumptions market participants would use when pricing the asset or liability.

Note 2 – Investments (continued)

MLAI provides fair value estimates in its monthly Fund statements, utilizing the services of Interactive Data Pricing and Reference Data LLC ("Interactive Data"). Interactive Data provides fair value information services for international equity securities and indices, options, and futures, as well as valuations for complex structured products and OTC derivatives. Fair value for the Fund is determined using valuation methodologies that consider a range of factors, including but not limited to the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment.

The Fund offers a semi-monthly liquidation opportunity, with the effective liquidation dates occurring at the middle and end of each month. There are no other significant restrictions on the ability to sell the investment. There are no unfunded commitments.

Changes in Level 3 investments funds consist of the following at September 30, 2013 and 2012:

	2013	2012
Beginning balance	$ -	$ -
Purchases	500,000	-
Net unrealized losses	(37,648)	-
Ending balance	$ 462,352	$ -

Note 3 – Pledges receivable

Pledges receivable at September 30, 2013 and 2012 are as follows:

	2013	2012
Total unconditional promises to give	$ 18,916,278	$ 20,438,467
Less unamortized discount	(3,627,207)	(3,855,518)
Less allowance for doubtful pledges	(432,745)	(447,137)
Net unconditional promises to give	$ 14,856,326	$ 16,135,812

Gross pledges receivable expected to be collected after September 30, 2013 are as follows:

Year ending September 30:	
2014	$ 2,176,278
2015	40,000
2016	35,000
2017	525,000
2018	505,000
Thereafter	15,635,000
	$ 18,916,278

Note 4 – Conditional revocable gifts

The Straz Center 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 Straz Center has not recognized an asset or contribution revenue for these gifts. The estimated total intentions to give aggregate approximated $9,400,000 and $8,300,000 at September 20, 2013 and 2012, respectively.

Note 5 – Furniture, equipment, and leasehold improvements

Furniture, equipment, and leasehold improvements at September 30, 2013 and 2012 are as follows:

	2013	2012
Furniture and equipment	$ 11,147,143	$ 11,074,047
Leasehold improvements	11,534,334	11,534,334
Construction in progress	1,004,368	23,789
	23,685,845	22,632,170
Less accumulated depreciation	(13,111,358)	(12,160,800)
	$ 10,574,487	$ 10,471,370

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.

Note 6 – Debt

Line of Credit - The Foundation had a secured but uncommitted revolving line of credit (the "Line") 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 $4,544,564 committed amount available at September 30, 2013. The outstanding balance at September 20, 2013 is $2,550,830 and the interest rate was approximately 1.6%. Total interest expense incurred for the years ended September 30, 2013 and 2012 totaled $44,509 and $47,630, respectively. Any needs for future drawings on the line by the Center itself, will be done though an established loan agreement policy between the Center and Foundation.

Loan - The Center entered into a three year $2,000,000 collateralized loan arrangement during the fiscal year ending September 30, 2013. This loan is for funding business capital project's needs. The collateral on the loan is the pledges of respective gifts for the Center's capital fundraising initiative. The stated terms of the loan are: a) interest rate of 30 Day LIBOR plus 235 floating basis points (2.35%), with no floor and b) maturity date of August 15, 2016. There was no outstanding balance on the loan at September 30, 2013.

Note 7 – Restrictions and limitations on net assets

Temporarily restricted net assets consist of the following assets at September 30, 2013 and 2012:

	2013	2012
Timing - pledges receivable (net)	$ 1,493,316	$ 1,477,376
General endowment, education programming and scholarships - investments	7,239,646	5,790,389
Timing - asset donation	47,530	54,320
	$ 8,780,492	$ 7,322,085

All 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 at September 30, 2013 and 2012:

	2013	2012
General endowment	$ 15,035,220	$ 13,400,786
General endowment, and education programming in beneficial interests in assets held by Community Foundation	807,771	766,551
Timing - general endowment, education programming and scholarships	13,012,543	14,271,814
	$ 28,855,534	$ 28,439,151

Note 8 – Net assets released from restrictions

Net assets released from restrictions during the years ended September 30, 2013 and 2012 were as follows:

	2013	2012
Collection of pledges receivable and valuation change	$ 131,598	$ 124,621
Spending policy	929,425	769,997
Purpose restrictions met	398,822	650,439
Total net assets released from restrictions	$ 1,459,845	$ 1,545,057

Note 9 – 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 temporarily restricted net assets until appropriated.

The Straz Center follows all applicable Florida law with respect to donor-restricted endowment funds. The Straz Center complies with any donor-imposed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted permanent endowment funds. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Straz Center follows applicable law. The Straz Center interprets Florida law as requiring the Straz Center to maintain the historic dollar value of donor-restricted endowments as permanently restricted, absent explicit donor stipulations to the contrary. Therefore, 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) accumulations of the permanent 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 that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Straz Center 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 Straz Center 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 Straz Center
7. The investment policies of the Straz Center.

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.

Note 9 – Endowments (continued)

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.

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.

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 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, 2013, 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, 2013. 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.

Note 9 – Endowments (continued)

Changes in endowment funds consist of the following for the year ended September 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Total endowment funds at October 1, 2012	$ 2,326,500	$ 5,790,389	$ 14,139,168	$ 22,256,057
Investment return				
Investment income	57,329	401,865	-	459,194
Net appreciation (depreciation) (realized and unrealized)	15,510	2,402,996	-	2,418,506
Change in value of beneficial interests	-	-	73,323	73,323
Contributions	-	-	1,846,316	1,846,316
Approved spending	(1,195,902)	(1,666,274)	-	(2,862,176)
Total endowment funds at September 30, 2013	$ 1,203,437	$ 6,928,976	$ 16,058,807	$ 24,191,220

Changes in endowment funds consist of the following for the year ended September 30, 2012:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Total endowment funds at October 1, 2011	$ 5,979,073	$ -	$ 12,858,605	$ 18,837,678
Net reclassification based on change in law	(3,522,812)	3,522,812	-	-
Investment return				
Investment income	74,939	719,818	-	794,757
Net appreciation (depreciation) (realized and unrealized)	69,244	2,567,756	-	2,637,000
Change in value of beneficial interests	-	-	78,000	78,000
Contributions	-	-	1,202,563	1,202,563
Approved spending	(273,944)	(1,019,997)	-	(1,293,941)
Total endowments funds at September 30, 2012	$ 2,326,500	$ 5,790,389	$ 14,139,168	$ 22,256,057

Note 9 – Endowments (continued)

Endowment funds consist of the following as of September 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	$ -	$ 6,928,976	$ 16,058,807	$ 22,987,783
Board designated endowment funds	1,203,437	-	-	1,203,437
	$ 1,203,437	$ 6,928,976	$ 16,058,807	$ 24,191,220

Endowment funds consist of the following as of September 30, 2012:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	$ -	$ 5,790,389	$ 14,139,168	$ 19,929,557
Board designated endowment funds	2,326,500	-	-	2,326,500
	$ 2,326,500	$ 5,790,389	$ 14,139,168	$ 22,256,057

Note 10 – Government funding and grants

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

	2013	2012
City of Tampa	$ 546,750	$ 546,750
Hillsborough County:		
Tourist Development Council	520,000	450,000
Cultural Services to Support Educational Programs	221,758	221,758
State of Florida:		
Culture Builds Florida	40,652	18,382
Federal:		
National Endowment for the Arts	20,000	47,500
Center annual operating and program support	1,349,160	1,284,390
Hillsborough County Children's Board	-	4,901
City of Tampa Poe Garage Trust Fund	65,000	-
State of Florida Cultural Facilities Program	500,000	-
Capital and construction support	565,000	4,901
Total government funding and grant revenue	$ 1,914,160	$ 1,289,291

Note 10 – Government funding and grants (continued)

The Center receives city, county, state, and Federal grants for annual operations, program support, and capital projects. During 2013, 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's facility. During 2013, one grant from this fund was received and applied to the chillers replacement project. During 2013, two grants from Hillsborough County were received: (1) the Tourist Development Council grant, which was used to help promote the Center in the tourism markets; and (2) the Cultural Services to Support Educational Programs grant, funded by Seminole Gaming Pact revenue, which helped support the Center's educational programs. Similar grants were received the prior fiscal year, along with an additional grant from the Children's Board which helped fund an education-based capital initiative. During 2013, two grants from the State of Florida were received: (1) the Culture Builds Florida grant which was applied as general education and operating support (a similar grant was received the prior fiscal year); and (2) the Cultural Facilities Program grant which was applied to the chillers replacement capital project. During 2013, 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.

Note 11 – 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 $304,193 and $281,973 for the years ended September 30, 2013 and 2012, respectively.

Note 12 – 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.

Note 13 – Related-party transactions

Contributions for the years ended September 30, 2013 and 2012 include the following:

	2013	2012
Board of Directors and trustees	$ 671,861	$ 525,380

Additionally, at September 30, 2013 and 2012, the following gross pledges receivable were outstanding:

	2013	2012
Board of Directors and trustees	$ 18,568,117	$ 20,176,315

Note 14 – Concentrations of credit risk

The Straz Center 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. As of September 30, 2013 and 2012, the Straz Center had cash balances of approximately $5,700,000 and $3,500,000, respectively.

Note 15 – Operating Leases

The Center has entered into non-cancelable operating lease agreements for office equipment and building space which expire through 2018. The minimal annual rentals range from $100 to $45,900. Total rent expense for the years ended September 30, 2013 and 2012 was $125,078 and $119,491, respectively.

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

During the year ended September 30:		
2014	$	140,698
2015		107,083
2016		104,842
2017		24,883
2018		12,794
Thereafter		6,433
	$	396,733

Note 16 – Subsequent event

Management has evaluated subsequent events from the consolidated statement of financial position date through January 27, 2014, 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)

SEPTEMBER 30, 2013

ASSETS	Tampa Bay Performing Arts Center, Inc.	Foundation	Eliminations	Consolidated total
Current assets:				
Cash and cash equivalents	$ 5,993,071	$ 2,510	$ -	$ 5,995,581
Receivables:				
Accounts receivable	112,858	-	-	112,858
Pledges receivable, net	350,465	1,585,217	-	1,935,682
Due from Foundation	891,064	-	(891,064)	-
Grants receivable	190,258	-	-	190,258
Interest receivable	810	5,952	-	6,762
	1,545,455	1,591,169	(891,064)	2,245,560
Inventory	93,821	-	-	93,821
Prepaid expenses	804,488	-	-	804,488
Total current assets	8,436,835	1,593,679	(891,064)	9,139,450
Noncurrent assets:				
Pledges receivable, net	-	12,920,644	-	12,920,644
Endowment investments	2,255,191	23,348,335	-	25,603,526
Other long-term investments	813,140	-	-	813,140
Beneficial interest in assets held by Community Foundation	-	839,874	-	839,874
Furniture, equipment, and leasehold improvements, net	10,574,487	-	-	10,574,487
Other assets	41,526	-	-	41,526
Total assets	$ 22,121,179	$ 38,702,532	$ (891,064)	$ 59,932,647
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	$ 1,362,207	$ 133,124	$ -	$ 1,495,331
Due to Center	-	891,064	(891,064)	-
Deferred revenue:				
Ticket sales	8,734,161	-	-	8,734,161
Other	1,254,917	-	-	1,254,917
Line of credit	-	2,550,830	-	2,550,830
Current portion of other accrued expenses	199,080	-	-	199,080
Total current liabilities	11,550,365	3,575,018	(891,064)	14,234,319
Other accrued expenses	504,810	-	-	504,810
Total liabilities	12,055,175	3,575,018	(891,064)	14,739,129
Net assets:				
Unrestricted – operations	(3,165,524)	(605,982)	-	(3,771,506)
Unrestricted – furniture, equipment, and leasehold improvements	10,526,957	-	-	10,526,957
Unrestricted – board designated	802,041	-	-	802,041
Total unrestricted	8,163,474	(605,982)	-	7,557,492
Temporarily restricted	47,530	8,732,962	-	8,780,492
Permanently restricted	1,855,000	27,000,534	-	28,855,534
Total net assets	10,066,004	35,127,514	-	45,193,518
Total liabilities and net assets	$ 22,121,179	$ 38,702,532	$ (891,064)	$ 59,932,647

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, 2013

	Tampa Bay Performing Arts Center, Inc.	Foundation	Eliminations	Consolidated total
Revenue and other support:				
Ticket sales	$ 14,818,966	$ -	$ -	$ 14,818,966
Rent	418,413	-	-	418,413
Box office fees	3,152,737	-	-	3,152,737
Education program tuition, event sales and fees	2,188,401	-	-	2,188,401
Concessions	2,513,951	-	-	2,513,951
Investment return	75,364	2,804,863	-	2,880,227
Change in value of beneficial interests	-	73,323	-	73,323
Community support	4,454,506	685,445	-	5,139,951
Service fee and other income	1,631,181	-	(287,768)	1,343,413
Government funding and grants:				
Annual operating and program support	1,349,160	-	-	1,349,160
Capital and construction support	565,000	-	-	565,000
Total revenue and other support	31,167,679	3,563,631	(287,768)	34,443,542
Expenses:				
Program and essential services:				
Production costs	15,501,103	-	-	15,501,103
Education	2,955,600	-	-	2,955,600
Operating costs	7,096,813	-	-	7,096,813
Marketing and public information	2,370,045	-	-	2,370,045
Total program and essential services	27,923,561	-	-	27,923,561
Support services:				
General and administrative	3,359,920	331,158	(287,768)	3,403,310
Fundraising	880,776	216,330	-	1,097,106
Total support services	4,240,696	547,488	(287,768)	4,500,416
Total expenses	32,164,257	547,488	(287,768)	32,423,977
Foundation distributed endowment support for Center	1,214,286	(1,214,286)	-	-
Change in net assets	217,708	1,801,857	-	2,019,565
Net assets at beginning of year	9,848,296	33,325,657	-	43,173,953
Net assets at end of year	$ 10,066,004	$ 35,127,514	$ -	$ 45,193,518

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, 2013

	Tampa Bay Performing Arts Center, Inc.	Foundation	Consolidated total
Cash flows from operating activities:			
Change in net assets	$ 217,708	$ 1,801,857	$ 2,019,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	950,558	-	950,558
Provision for uncollectible pledges receivable	1,656	(244,359)	(242,703)
Realized and unrealized (gains) losses on investments	(89,997)	(2,020,139)	(2,110,136)
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	44,809	-	44,809
(Increase) decrease in pledges receivable	(82,538)	1,604,727	1,522,189
(Increase) decrease in grants receivable	(62,874)	-	(62,874)
(Increase) decrease in interest receivable	11,897	865	12,762
(Increase) decrease in due to/from Center	(432,421)	432,421	-
(Increase) decrease in due to/from Foundation	(803,512)	803,512	-
(Increase) decrease in inventory	13,108	-	13,108
(Increase) decrease in prepaid expenses	(6,148)	-	(6,148)
(Increase) decrease in other assets	(34,286)	-	(34,286)
Increase (decrease) in accounts payable and accrued expenses	996	108,524	109,520
Increase (decrease) in deferred revenue – ticket sales	2,323,942	-	2,323,942
Increase (decrease) in deferred revenue – other	208,721	-	208,721
Increase (decrease) in other accrued expenses	54,883	-	54,883
Net cash provided by operating activities	2,316,502	2,487,408	4,803,910
Cash flows from investing activities:			
Additions to furniture, equipment, and leasehold improvements	(1,053,675)	-	(1,053,675)
Increase in beneficial interest in assets held by Community Foundation	-	(73,323)	(73,323)
Purchases of investments	(3,157,590)	(10,257,834)	(13,415,424)
Sales and maturities of investments	4,295,693	8,174,185	12,469,878
Purchases of other long-term investments	(49,452)	-	(49,452)
Surrender distribution of other long term investments	32,500	-	32,500
Net cash used in investing activities	67,476	(2,156,972)	(2,089,496)
Cash flows from financing activity:			
Payments on line of credit from investments	-	(245,466)	(245,466)
Payments on line of credit	-	(250,000)	(250,000)
Net cash used in financing activity	-	(495,466)	(495,466)
Increase (decrease) in cash and cash equivalents	2,383,978	(165,030)	2,218,948
Cash and cash equivalents, beginning of year	3,609,093	167,540	3,776,633
Cash and cash equivalents, end of year	$ 5,993,071	$ 2,510	$ 5,995,581

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 (SCHEDULE 4)

SEPTEMBER 30, 2013 (WITH COMPARATIVE FINANCIAL INFORMATION FOR 2012)

ASSETS	**2013**	**2012**
Current assets:		
Cash and cash equivalents	$ 5,993,071	$ 3,609,093
Receivables:		
Accounts receivable	112,858	157,667
Pledges receivable, net	350,465	269,583
Due from Foundation	891,064	458,643
Grants receivable	190,258	127,384
Interest receivable	810	12,707
	1,545,455	1,025,984
Inventory	93,821	106,929
Prepaid expenses	804,488	798,340
Total current assets	8,436,835	5,540,346
Noncurrent assets:		
Endowment investments	2,255,191	3,303,297
Other long-term investments	813,140	796,188
Furniture, equipment, and leasehold improvements, net	10,574,487	10,471,370
Other assets	41,526	7,240
Total assets	$ 22,121,179	$ 20,118,441
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,362,207	$ 1,361,211
Due to Foundation	-	803,512
Deferred revenue:		
Ticket sales	8,734,161	6,410,219
Other	1,254,917	1,046,196
Current portion of other accrued expenses	199,080	245,109
Total current liabilities	11,550,365	9,866,247
Other accrued expenses	504,810	403,898
Total liabilities	12,055,175	10,270,145
Net assets:		
Unrestricted – operations	(3,165,524)	(2,589,723)
Unrestricted – furniture, equipment, and leasehold improvements	10,526,957	10,417,050
Unrestricted – board designated	802,041	166,649
Total unrestricted	8,163,474	7,993,976
Temporarily restricted	47,530	54,320
Permanently restricted	1,855,000	1,800,000
Total net assets	10,066,004	9,848,296
Total liabilities and net assets	$ 22,121,179	$ 20,118,441

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

YEAR ENDED SEPTEMBER 30, 2013 (WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals 2013	Totals 2012
Revenue and other support:					
Ticket sales	$ 14,818,966	$ -	$ -	$ 14,818,966	$ 12,512,814
Rent	418,413	-	-	418,413	501,497
Box office fees	3,152,737	-	-	3,152,737	2,205,198
Education program tuition, event sales and fees	2,188,401	-	-	2,188,401	1,669,235
Concessions	2,513,951	-	-	2,513,951	2,473,900
Investment return	75,364	-	-	75,364	404,017
Community support	4,399,506	-	55,000	4,454,506	4,693,415
Service fee income	1,631,181	-	-	1,631,181	1,136,203
Government funding and grants:					
Annual operating and program support	1,349,160	-	-	1,349,160	1,284,390
Capital and construction support	565,000	-	-	565,000	4,901
Net assets released from purpose restrictions	6,790	(6,790)	-	-	-
Total revenue and other support	31,119,469	(6,790)	55,000	31,167,679	26,885,570
Expenses:					
Program and essential services:					
Production costs	15,501,103	-	-	15,501,103	12,623,625
Education	2,955,600	-	-	2,955,600	2,328,000
Operating costs	7,096,813	-	-	7,096,813	6,890,143
Marketing and public information	2,370,045	-	-	2,370,045	2,649,217
Total program and essential services	27,923,561	-	-	27,923,561	24,490,985
Support services:					
General and administrative	3,359,920	-	-	3,359,920	2,967,602
Fundraising	880,776	-	-	880,776	812,181
Total support services	4,240,696	-	-	4,240,696	3,779,783
Total expenses	32,164,257	-	-	32,164,257	28,270,768
Foundation distributed endowment support for Center	1,214,286	-	-	1,214,286	1,038,298
Change in net assets	169,498	(6,790)	55,000	217,708	(346,900)
Net assets at beginning of year	7,993,976	54,320	1,800,000	9,848,296	10,195,196
Net assets at end of year	$ 8,163,474	$ 47,530	$ 1,855,000	$ 10,066,004	$ 9,848,296

GRANT COMPLIANCE

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

YEAR ENDED SEPTEMBER 30, 2013

Program Title	CSFA	Expenditures
STATE FINANCIAL ASSISTANCE		
State of Florida - Department of State and Secretary of State:		
Cultural Facilities Grant Program	45.014	$ 500,000
Total Expenditures of State Awards		$ 500,000

Note 1 – Basis of presentation

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of the Cultural Facilities Grant Program of the Straz Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and the requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida.

Note 2 – Contingencies

Expenditures incurred by the Straz Center are subject to audit and possible disallowance by state agencies. The Straz Center would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by the subrecipients if the subrecipients were not able to do so. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial in amount.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Tampa Bay Performing Arts Center, Inc.
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 the Tampa Bay Performing Arts Center, Inc. d/b/a David A. Straz, Jr. Center for the Performing Arts (the "Straz Center"), which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 27, 2014.

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) to determine 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 consolidated 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 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 determination of financial statement amounts. 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

The 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 Straz Center'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 Straz Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
January 27, 2014

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for the Major State Financial Assistance Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida

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

Report on Compliance for the Major State Financial Assistance Project

We have audited the Tampa Bay Performing Arts Center, Inc. d/b/a David A. Straz, Jr. Center for the Performing Arts (the "Straz Center") compliance with the types of compliance requirements described in the Executive Office of the Governor of Florida's State Projects Compliance Supplement that could have a direct and material effect on the Straz Center's major state financial assistance project for the year ended September 30, 2013. The Straz Center's major state financial assistance project is 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 the requirements of laws, regulations, contracts, and grants applicable to its state financial assistance project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Straz Center's major state financial assistance project 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 Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General of the State of Florida requires 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 state financial assistance project 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 that our audit provides a reasonable basis for our opinion on compliance for the major state financial assistance project. However, our audit does not provide a legal determination of the Straz Center's compliance.

Opinion on the Major State Financial Assistance Project

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 its major state financial assistance projects for the year ended September 30, 2013.

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 the major state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state financial assistance project and to test and report on internal control over compliance in accordance with Chapter 10.650, 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 state project 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 state project will not be prevented, or detected and 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 state project 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 Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
January 27, 2014

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified not considered to be material weakness(es)?		yes	x	none reported
Noncompliance material to financial statements noted		yes	x	no

State Projects Section

Internal control over major programs:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified not considered to be material weakness(es)?		yes	x	none reported
Type of auditors' report on compliance for major state projects:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650		yes	x	no

Part I - Summary of Auditor's Results (continued)

Identification of major state projects:

State Projects:

CSFA Number	Name of Project
45.014	Cultural Facilities Grant Program

Dollar threshold used to determine Type A programs: State programs	$ 150,000
Auditee qualified as low-risk auditee for state purposes?	____ yes __x__ no

Part II - Schedule of Consolidated 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 consolidated financial statement findings required to be reported in accordance with *Government Auditing Standards.*

Part III - State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of state financial assistance projects, as required to be reported by Chapter 10.650 of the Rules of the Auditor General.

There were no findings required to be reported by Chapter 10.650 of the Rules of the Auditor General.

Summary Schedule of Prior Audit Findings

A Summary Schedule of Prior Audit Findings is not necessary as this is the first year of the awarded state financial assistance project.