PERFORMING ARTS CENTER AUTHORITY
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

PERFORMING ARTS CENTER AUTHORITY

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SEPTEMBER 30, 2019

INDEPENDENT AUDITORS' REPORT

CABALLERO FIERMAN LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Performing Arts Center Authority
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Performing Arts Center Authority (the "Authority"), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Broward Performing Arts Foundation, Inc. a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Broward Performing Arts Foundation, Inc. a discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the 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 Authority'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 financial statements.

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

Opinions

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Performing Arts Center Authority and the Broward Performing Arts Foundation, Inc. discretely presented component unit, as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

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methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of a Matter

Tri-Party Grant Agreement

As per Article 6.4 of the Tri-Party Grant Agreement entered into by Broward County, the City of Fort Lauderdale, and the Authority, the agreement requires an opinion whether funds received by the Authority were expended in accordance with the original terms of the agreement. Note 17 includes required disclosures regarding funding received and amounts expended. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Miramar, Florida
January 29, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The audited financial statements for the Performing Arts Center Authority (the "Authority"), d/b/a Broward Center for the Performing Arts (the "Center"), for its fiscal year ended September 30, 2019 is presented in the format and content required by the Governmental Accounting Standards Board.

As in previous years, the Authority presents its financial statements and results for the fiscal year ending September 30, 2019 on a full accrual basis and as a single enterprise fund. The financial statements also includes it's discretely presented component unit. Furthermore, the "Statements of Net Position", the "Statements of Revenues, Expenses and Changes in Net Position", and the "Statements of Cash Flows" are described below and presented after this Management's Discussion and Analysis.

The statement of net position provides information on the assets available to the Authority, as of the end of the fiscal year, to support future operations of the Authority and the liabilities owed by the Authority that have to be reduced or paid off by the liquidity of current or future assets. This statement also identifies the accumulated position of unrestricted and restricted capital contributions and the impact of net operating results and non-operating transactions that have transpired since the inception of the Authority. The statement of revenues, expenses, and changes in net position display the results from the normal operations of the activities managed by the Authority and the fiscal year's impact on the net position in the Authority's statement of net position. The statement of cash flows contains the positive and negative changes in the Authority's cash balance resulting from all the financing and operational activities of the Authority during the current fiscal year. The combination of these three statements provides the reader with a comprehensive overview of the Authority's operational results for this fiscal year and of its capabilities to support the future operations and management of the Authority and its venues.

Current Year Highlights:

The Authority – having the most successful year of its 28-year history – presented over 970 performances and events during the year which were viewed by 700,000 attendees at the Center and its affiliated venues, Parker Playhouse, the Rose and Alfred Miniaci Performing Arts Center and the Aventura Arts and Culture Center, a 9% percent increase in attendance over the prior year. The Center's Broadway in Fort Lauderdale season of seven titles and 136 performances, including the wildly popular South Florida premiere of the breakout theatrical hit *Hamilton*, with 40 sold-out performances, generated more than 316,000 attendees, a 40% increase over the prior year's Broadway season. Audiences enjoyed many sold-out performances across genres from concerts to comedy and family fare. Sold-out titles in the Center's 2,658-seat Au-Rene Theater included performances such as *Bob Dylan*, *Gladys Knight*, *Paul Anka*, *Beres Hammond*, *Joe Bonamassa*, *Disney Dance Party*, and *Paw Patrol*, among others.

The Center's Rose Miniaci Arts Education Center continues to be the cornerstone for the Center's arts in education programs reaching more than 130,000 students of all ages each year – from the youngest participants in mommy and me classes, to the Student Enrichment in the Arts (SEAS) program with the Broward County Public School students, to adult acting and singing classes. The Authority's Summer Theater Camp – the ultimate performing arts camp experience – set another record during the year with 695 campers participating at three venues throughout the region.

The Center continues to be in the forefront of creating patron experiences that are as easy, rewarding, comfortable and satisfying as possible through its accessibility initiatives. The Center provides audio description, assisted listening devices, open captioning, sign language interpretation, braille/large print librettos, and wheelchairs at no cost to our patrons. Additionally, the Center continues its work relating to sensory-friendly performances, which create a performing arts experience in a comfortable, relaxed, judgment-free zone that is welcoming to all families with those who have developmental disabilities and sensory sensitivities. During the year sensory-friendly performances were offered for performances of *Pete the Cat*, *Madagascar*, *You're a Good Man Charlie Brown*, *Boston Pops Live Stream*, *The Nutcracker* and *Beauty and the Beast, Jr*.

The Center's 584-seat Amaturo Theater presented 326 performances with more than 114,000 attendees, including 64 performances by the Authority's arts partner, the Slow Burn Theatre Company, with the titles *Freaky Friday*, *Legally Blonde*, *Jekyll, Nine to Five* and *Priscilla Queen of the Desert*.

The historic 1,168-seat Parker Playhouse presented 115 performances and events with more than 85,000 attendees. Sold-out presentations at Parker Playhouse crossed all genres, and included *Chris Botti*, *Jeff Tweedy*, *Boney James*, *Boz Skaggs*, *Russian National Ballet*, *Randy Rainbow* and *A Drag Queen Christmas*. The Parker Playhouse temporarily closed in May 2019 to begin the first phase of Act II – Transforming the Parker Playhouse, a $30 million renovation and expansion.

The Authority's Partners in the Arts are an important part of the Authority's robust artistic offerings and include: 1) Broadway In Fort Lauderdale which brings Broadway to Broward with first-run Broadway productions, touring shows, the best of West End London; 2) Florida Grand Opera, one of the nation's elite opera companies since 1941, the Florida Grand Opera has long dazzled its audience with critically-acclaimed artists performing opera's finest repertory; 3) Gold Coast Jazz Society, in its 20th season, presents concerts featuring jazz, pop and big band artists in the Center's intimate Amaturo Theater; 4) Miami City Ballet, a world-caliber company with a unique South Florida ambiance is one of the most exciting ballet companies in the country; and 5) Symphony of the Americas, brings the best of classical music to the multicultural population of South Florida and presents a diverse orchestral repertoire at intimately scaled concerts with a wide range of international guest artists.

The Authority realized an operating surplus of $5,302,104 before depreciation of $3,905,617 and non-operating revenue (expense) of $5,275,947. There was an increase in non-operating revenue (expense) of $3,237,499. This increase was the result of higher capital contribution that the Authority received from the Broward Performing Arts Foundation, Inc. (the "Foundation") and the City of Fort Lauderdale to benefit the Authority's capital replacement and renewal plan for the Center and the Parker Playhouse. This resulted in the change in net position of $6,672,434 for the year.

The Authority continued to provide certain management services for the Broward Performing Arts Foundation, Inc. (the "Foundation"), a discretely presented component unit of the Authority. These services, which were implemented during fiscal year 2009, include the management of Foundation sponsored shows and events that are presented at the Authority's venues or venues managed by the Authority. The Authority's management of these performances/events includes, but is not limited to, booking and contracting with artists, acts, promoters and/or co-presenters on behalf of, and for the benefit of the Foundation. The Foundation pays the Authority certain fees and charges related to the performances/events. The Foundation is entitled to all gross proceeds generated from ticket sales from the performances/events, net of all costs for the performances/events.

Management's Discussion and Analysis continues on following page.

PERFORMING ARTS CENTER AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year ended September 30, 2019

Performing Arts Center Authority - Primary Government

Condensed Financial Information

Assets	2019	2018	$ Change	% Change
Current assets	$ 18,021,813	$ 13,557,153	$ 4,464,660	32.9%
Capital assets, net	66,279,260	65,820,973	458,287	0.7%
Other non-current assets	704,125	764,540	(60,415)	-7.9%
Total Assets	85,005,198	80,142,666	4,862,532	6.1%
Liabilities				
Current liabilities	10,710,686	11,008,327	(297,641)	-2.7%
Long-term liabilities	7,443,046	8,955,307	(1,512,261)	-16.9%
Total Liabilities	18,153,732	19,963,634	(1,809,902)	-9.1%
Net Position				
Net investment in capital assets	57,323,953	55,388,517	1,935,436	3.5%
Restricted for construction	1,580,308	1,011,519	568,789	56.2%
Unrestricted	7,947,205	3,778,996	4,168,209	110.3%
Total Net Position	$ 66,851,466	$ 60,179,032	$ 6,672,434	11.1%
Revenues				
Programming revenues	$ 10,144,840	$ 8,180,900	$ 1,963,940	24.0%
Services revenues	14,307,849	11,005,790	3,302,059	30.0%
Other revenues	3,566,610	3,161,663	404,947	12.8%
Governmental	1,428,128	1,359,672	68,456	5.0%
Contributions	3,260,080	2,856,127	403,953	14.1%
In-kind/donated services	1,161,057	1,035,000	126,057	12.2%
Total Revenues	33,868,564	27,599,152	6,269,412	22.7%
Operating Expenses				
Salaries & benefit expenses	11,374,423	10,202,860	1,171,563	11.5%
Programming expenses	4,513,246	4,148,343	364,903	8.8%
Food & beverage	2,896,193	2,488,498	407,695	16.4%
General & administrative	8,621,541	7,604,070	1,017,471	13.4%
In-kind/donated services	1,161,057	1,035,000	126,057	12.2%
Total Operating Expenses	28,566,460	25,478,771	3,087,689	12.1%
Operating Income before Depreciation and Non-Operating Revenues	5,302,104	2,120,381	3,181,723	150.1%
Depreciation Expense	3,905,617	3,902,200	3,417	0.1%
Operating Income/(Loss) before Non-Operating Revenues	1,396,487	(1,781,819)	3,178,306	178.4%
Capital contribution	5,690,169	2,523,949	3,166,220	125.4%
Non capitalizable project expenses	(189,221)	(30,859)	(158,362)	513.2%
Capital project interest expenses	(338,165)	(352,489)	14,324	-4.1%
Capital project interest income	11,116	5,274	5,842	110.8%
Other non-operating revenues (expenses)	102,048	(107,427)	209,475	-195.0%
Total Non-Operating Revenues	5,275,947	2,038,448	3,237,499	158.8%
Change in Net Position	6,672,434	256,629	6,415,805	2500.0%
Beginning Net Position	60,179,032	59,922,403	256,629	0.4%
Ending Net Position	$ 66,851,466	$ 60,179,032	$ 6,672,434	11.1%

Performing Arts Center Authority – Primary Government

Analysis of Financial Position and Operations:

Total assets were $85,005,198 in fiscal year 2019, an increase of $4,862,532 from $80,142,666 in fiscal year 2018. This reflects an increase of $4,464,660 in current assets, an increase of $458,287 in capital assets and a decrease of $60,415 in non-current assets. The increase in current assets is primarily a result of an increase in investments by $9,212,559, that is partially offset by a decrease in cash and cash equivalents by $6,247,425. These changes are due to funds transfer from cash and cash equivalents accounts into an interest earning Local Government Surplus Funds Trust Fund. Restricted cash and cash equivalents increased by $568,789. In addition, accounts receivables increased by $646,909, due from other governments increased by $373,230, prepaid assets and deposits decreased by $90,585 and inventory increased by $1,184. The increase in current assets is primarily driven by the financial performance from the sellout of 40 performances of the Center's Broadway in Fort Lauderdale title *Hamilton*. The increase in capital assets reflects capital acquisitions in fiscal year 2019 of $4,363,904, which were mainly for the Parker Playhouse renovation and are partially offset by a charge of $3,905,617 in depreciation expense. The decrease in non-current assets is due to depreciation of $60,415 in the parking garage.

Total liabilities in fiscal year 2019 were $18,153,732, a decrease of $1,809,902 from $19,963,634 in fiscal year 2018. This decrease is comprised by a decrease in current liabilities of $297,641 and a decrease in long-term liabilities of $1,512,261. The decrease in current liabilities reflects a decrease in due to promoters by $1,095,952 that is partially off-set by increases in accounts payable and accrued expenses, unearned revenue and short-term note payable by $145,727, $617,472 and $35,112 respectively. The decrease in long-term liabilities is due to re-classification of the short-term portion from the Construction Loan Series 2013A by $800,000 and from Series 2013B by $474,000, which will become due in fiscal year 2019. Long-term liabilities were also decreased by $238,261 due to re-classification to the short-term liability of the Honeywell Energy Performance Contract.

Total net position in fiscal year 2019 is $66,851,466, an increase of $6,672,434 from fiscal year 2018. The net investment in capital assets increased by $1,935,436 from fiscal year 2018. This increase is a result from an increase in capital assets by $4,363,904, a charge of depreciation expense of $3,905,617 and a decrease in Construction Loan Series 2013A and 2013B and the capital loan for the Honeywell Energy Performance Contract by $1,477,149. Net position restricted for construction is $1,580,308 and increased by $568,789 from fiscal year 2018. Unrestricted net position is $7,947,205 and increased by $4,168,209 from fiscal year 2018. The operating gain before depreciation is $5,302,104 in fiscal year 2019, an increase of $ 3,181,723 from fiscal year 2018. The operating gain before non-operating revenues (expenses) in fiscal year 2019 is $1,396,487, reflecting a positive change by $3,178,306 from an operating loss before non-operating revenues (expenses) of $1,781,819 in fiscal year 2018.

Analysis of the Authority's Operational Activities - General Assessment:

During fiscal year 2019 the Authority hosted 970 events, with an attendance of over 700,000 patrons. In addition to sponsoring its own series, the Authority's other events included performances by the Broadway Across America, Florida Grand Opera, Miami City Ballet, Symphony of the Americas, and other children's theater, dance, instrumental and dramatic groups. The Authority's own series consisted of 345 performances with more than 191,000 attendees. Over the past twenty-six years, 3.4 million Broward County school students have enjoyed free drama, dance, music, visual art and more, due to an innovative partnership between the Authority and the School Board of Broward County, Florida. One of the unique programs under the partnership, the Student Enrichment in Art & Science (SEAS) program, combines cultural exposure with a learning experience as students watch performances that relate to what they are learning in their classrooms. The SEAS program is nationally recognized as a collaborative program between the School Board and the Broward Center for the Performing Arts. During fiscal year 2019, over 160,000 students, teachers and parents participated in the Authority's educational programs. The Authority continued its theater management contracts with the City of Aventura and Nova Southeastern University which provided revenues of $550,738 and $125,000 respectively.

Analysis of the Authority's Operational Activities - Specific Assessments:

Programming Revenues:

Programming revenues in fiscal year 2019 are $10,144,840, an increase of $1,963,940 from fiscal year 2018. This increase is primarily due to the financial success of this seasons Authority's Broadway In Fort Lauderdale performances and *Hamilton* in particular. Show profits from Broadway in Fort Lauderdale performances increased by $1,060,425 from $655,016 in fiscal year 2018 to $1,715,441 in fiscal year 2019. House fees increased by $36,361, rental revenue and ticket surcharge revenue increased by $68,293 and 461,767 respectively. Stage labor reimbursements increased by $347,321 in fiscal year 2019. The increase in programming revenue is primarily due to the financial success of the Broadway in Fort Lauderdale 2019 season, that was topped by the blockbuster Broadway show *Hamilton* and included other very popular performances like *The King and I, Fiddler on the Roof, A Bronx Tale* and *Dear Evan Hansen,* which attracted more attendees than in the 2018 season. Broadway In Fort Lauderdale performances that generated the highest show profits in fiscal year 2019 were *Hamilton, The King and I* and *A Bronx Tale* with show profits of $847,483, $186,208 and $167,356 respectively.

Services Revenues:

Total services revenues in fiscal year 2019 are $14,307,849, which represents an increase by $3,302,059 from fiscal year 2018. This increase is comprised by increases in retail services by $1,128,198, ticketing services by $1,859,266 and parking services by $314,595. Increases in total retail services revenues of $6,323,391 in fiscal year 2019 are primarily due to increases in concessions revenue, restaurant revenue, Club Level/Intermezzo revenues and merchandise revenue by $726,832, $161,393, $164,435 and $67,760 respectively. Ticketing services revenues of $6,470,720 in fiscal year 2019 increased mainly because of increases in processing fees by $1,326,899, in credit card commissions by $266,492 and in box office fees by $124,283. Ticket services revenues increased due to higher ticket sales, primarily for Broadway in Fort Lauderdale performances. Parking services revenue of $1,513,739 in fiscal year 2019 increased mostly because of additional revenue generated by the parking garage.

Other Revenues:

Other revenues in fiscal year 2019 are $3,566,610, an increase of $404,947 from fiscal year 2018. This increase is mostly due to a refund of $161,991 from the City of Fort Lauderdale's special tax for the now defunct WAVE light rail system, an increase in sponsorship revenue by $123,295 from fiscal year 2018 and an increase in subscription membership revenue by $63,924. Revenues generated by the Rose Miniaci Education Center in fiscal year 2019 are $353,624 and increased by $98,572 from fiscal year 2018.

Governmental:

Governmental revenue in fiscal year 2019 is $1,428,128, which represents an increase of $68,456 from fiscal year 2018. The increase is primarily due to reimbursed utility and service fees for the Parker Playhouse operation by the City of Fort Lauderdale.

Contributions:

Contributions are $3,260,080 in fiscal year 2019 and increased by $403,953 from the previous year. This increase is the result of an increase in individual contributions from 2018.

Salaries and Benefit Expenses:

Salaries & benefit expenses of $11,374,423 in fiscal year 2019 increased by $1,171,563 from fiscal year 2018. This increase is primarily the result of annual merit increases, adjustments, bonuses and new positions including security. In addition, increases in volume generated by *Hamilton* resulted in increases of food & beverage, front of house salaries and benefits relating to event personnel.

Programming Expenses:

Programming expenses of $4,513,246 increased by $364,903 from fiscal year 2018. This is primarily due to the increase in stage labor salaries and wages in fiscal year 2019 by $381,867.

Food & Beverage Expenses:

Food & beverage expenses are $2,896,193 in fiscal year 2019, which represents an increase of $407,695 from fiscal year 2018. This increase is directly related to the increase in food and beverage volume over the prior year.

General & Administrative Expenses:

General & administrative expenses are $8,621,541 in fiscal year 2019 and have increased by $1,017,471 from fiscal year 2018. Contributing to this increase are increases in credit card fees and Ticketmaster fees by $224,508 and $283,908 respectively and are directly related to the sell-out ticket sales for *Hamilton* performances and overall increased ticket sales in the 2019 season and related ticketing services revenues. Also related to the increase in attendance and performances in the 2019 season are increases in custodial expenses and security expenses by $103,632 and $115,683 respectively. In addition, part of the $185,530 increase in tickets expense, $147,758 was for the purchase of *Hamilton* tickets that were re-sold at face-value.

Operating Income:
The operating income before non-operating revenues for fiscal year 2019 is $1,396,487, an improvement of $3,178,306 from an operating loss of $1,781,819 in fiscal year 2018. Included in the operating income in fiscal year 2019 is a charge to depreciation expense of $3,905,617 which increased by $3,417 from the prior year.

Non-Operating Revenue/Expenses:

Total non-operating revenue (net) in fiscal year 2019 was $5,275,947, an increase of $3,237,499 from fiscal year 2018. This increase is primarily due to an increase in capital contributions in the amount of $3,166,220 of which $3,105,893 represents an increase in the Parker Playhouse Encore capital campaign. In addition, non-capitalizable project expenses for the Parker Playhouse Encore capital campaign increased by $158,362 in fiscal year 2019. Interest income earned on funds invested in the Local Government Surplus Funds Trust Fund in fiscal year 2019 was $205,328, there was none in fiscal year 2018.

Management Discussion and Analysis continues on the following page

PERFORMING ARTS CENTER AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2019

Broward Performing Arts Foundation, Inc. - Component Unit
Condensed Financial Information

Component Unit

Assets	2019	2018	$ Change	% Change
Current assets	$ 24,181,113	$ 21,070,186	$ 3,110,927	14.8%
Non-current assets	6,315,063	4,191,929	2,123,134	50.6%
Total Assets	30,496,176	25,262,115	5,234,061	20.7%
Liabilities				
Current liabilities	10,436,519	7,765,165	2,671,354	34.4%
Long-term liabilities	5,556,070	3,602,979	1,953,091	54.2%
Total Liabilities	15,992,589	11,368,144	4,624,445	40.7%
Net Position				
Unrestricted	1,817,861	1,961,108	(143,247)	-7.3%
Restricted - nonexpendable	12,685,726	11,932,863	752,863	6.3%
Total Net Position	14,503,587	13,893,971	609,616	4.4%
Revenues				
Operating support and revenues	$ 14,579,168	$ 13,636,985	$ 942,183	6.9%
Total Operating Support and Revenues	14,579,168	13,636,985	942,183	6.9%
Expenses				
Operating expenses	14,326,312	13,702,591	623,721	4.6%
Total Operating Expenses	14,326,312	13,702,591	623,721	4.6%
Operating Income	252,856	(65,606)	318,462	-485.4%
Non-Operating Investment Income	356,760	813,817	(457,057)	56.2%
Change in Net Position	609,616	748,211	(138,595)	-18.5%
Beginning Net Position	13,893,971	13,145,760	748,211	5.7%
Ending Net Position	$ 14,503,587	$ 13,893,971	$ 609,616	4.4%

Broward Performing Arts Foundation, Inc. – Component Unit

COMPONENT UNIT-Financial Analysis

The Broward Performing Arts Foundation, Inc. (the "Foundation") was added as a discretely presented component unit for fiscal year 2009 as it met the requirements for reporting under Governmental Accounting Standards Board (GASB) pronouncements. The Foundation is a not-for-profit corporation organized under §501(c)(3) of the Internal Revenue Code of 1986, as amended, to receive and maintain funds for promoting, sponsoring, and developing the performing arts, including support of the Performing Arts Center Authority, or for other charitable, religious, scientific, or educational purposes. The Foundation follows the Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB recognition criteria and presentation features. Audited financial statements for the Foundation can be obtained by contacting the Foundation's administrative offices.

Analysis of Financial Position and Operations:

Analysis of the Component Unit's Financial Condition:

Total assets were $30,496,176 in fiscal year 2019, an increase of $5,234,061 from $25,262,115 in fiscal year 2018. This reflects an increase of $3,110,927 in current assets and an increase of $2,123,134 in non-current assets. The increase in current assets is primarily due to an increase in pledges receivables by $1,762,717. Cash and cash equivalents and restricted cash and cash equivalents increased by $120,616 and $1,272,434 respectively. The increase in non-current assets is due to an increase in pledges receivables from the Parker Playhouse Encore capital campaign.

Total liabilities in fiscal year 2019 were $15,992,589, an increase of $4,624,445 from $11,368,144 in fiscal year 2018. This increase is mainly due to Parker capital campaign agency payable to the Authority and an increase in Playhouse Encore pledge receivables during fiscal year 2019.

Total net position in fiscal year 2019 is $14,503,587, an increase of $609,616 from $13,893,971 in fiscal year 2018. This increase is the result of an increase in assets of $5,234,061 partially off-set by a decrease in liabilities of $4,624,445.

Analysis of Component Unit's Operational Activity – General Assessment:

During fiscal year 2019, the Foundation's activities focused primarily on its capital campaign for the renovation and expansion of Parker Playhouse, its annual fundraising campaigns including membership, sponsorship, grant and special event programs, and continuing its sponsorship of certain presentations/events that are managed by the Authority and presented at the Authority's venues or venues managed by the Authority (reference Page 2, Primary Government's Current Year's Highlights).

Analysis of Component Unit's Operational Activity – Specific Assessments:

Operating Support and Revenues:

Total operating support and revenues of $14,579,168 in fiscal year 2019 increased by $942,183 from $13,636,985 in fiscal year 2018. The increase is primarily due to an increase in contributions, dues and fees and contributed services and materials.

Operating Expenses:

Total operating expenses of $14,326,312 in fiscal year 2019 increased by $623,721 from $13,702,591 in fiscal year 2018. The increase is primarily due to an increase in other program services expenses.

COMPONENT UNIT-Financial Analysis

Analysis of Component Unit's Operational Activity – Specific Assessments (Continued)

Operating Surplus/Deficit after Investment Income:

Operating income of $252,856 in fiscal year 2019 increased by $318,462 from an operating loss of $65,606 in fiscal year 2018. The non-operating investment income is $356,760 in fiscal year 2019 and decreased by $457,057 from $813,817 in fiscal year 2018. As a result, the operating surplus after investment income is $609,616 in fiscal year 2019 and decreased by $138,595 from $748,211 in fiscal year 2018.

Capital Assets, Net:

Capital assets, net of accumulated depreciation, were $66,279,260 in fiscal year 2019, an increase of $458,287 from fiscal year 2018. The increase in capital assets reflects capital acquisitions in fiscal year 2019 of $4,363,904 that have been partially offset by a charge of $3,905,617 in depreciation expense. For additional information please see note 7 to the notes of the financial statements.

The Foundation has no Capital Assets.

Long-Term Liabilities:

Long-term liabilities for fiscal year 2019 are comprised of $4,100,000 from a Capital Improvement Revenue Note, Series 2013A that was secured in fiscal year 2013 from SunTrust Bank and $2,725,000 from a Capital Improvement Revenue Note, Series 2013B. The long-term liabilities of the Capital Improvement Revenue Note, Series 2013A and Series 2013 B were reduced by $800,000 and $465,000 respectively in fiscal year 2019. The Capital Improvement Revenue Note, Series 2013B was also secured from SunTrust Bank in fiscal year 2013. The balance of $618,046 is from the financing of the Honeywell Energy Performance Contract; a loan secured by the Authority in fiscal year 2008 also with SunTrust Bank. The construction loan was obtained to meet the financial obligations of Phases II and III of the Encore capital project. The Honeywell Energy Performance Contract long-term liabilities were reduced in fiscal year 2019 by $238,261. The project cost was $2,075,000 and is being financed over 15 years. For additional information please see note 10 to the notes of the financial statements.

The Foundation's Long-Term Liabilities of $5,556,070 is comprised of the agency payable due to the Authority as a result of the Encore! capital campaign.

Requests for Information:
The Authority's financial statements are designed to present users with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have questions about the report or need additional financial information, please contact the Finance Department, at 201 SW 5th Avenue, Ft. Lauderdale, FL 33312

The Foundation's financial statements are designed to present users with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability. If you have questions about the report or need additional financial information, please contact the Broward Performing Arts Foundation, Inc. at 201 SW 5th Avenue, Ft. Lauderdale, FL 33312.

BASIC FINANCIAL STATEMENTS

PERFORMING ARTS CENTER AUTHORITY
Statements of Net Position
September 30, 2019

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,395,756	$ 1,420,534
Investments	9,323,498	11,886,012
Receivables, net	1,840,895	-
Restricted receivables, net	-	286,890
Pledges receivables, net	-	3,354,524
Due from other governments	1,069,939	-
Prepaid assets and deposits	1,015,585	-
Inventories	95,832	-
Restricted cash and cash equivalents	1,280,308	7,233,153
Total Current Assets	18,021,813	24,181,113
Non-Current Assets:		
Capital assets, net of accumulated depreciation	66,279,260	-
Investment in parking garage, net	704,125	-
Pledges receivables, net	-	6,315,063
Total Non-Current Assets	66,983,385	6,315,063
Total Assets	$ 85,005,198	$ 30,496,176
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,385,145	$ 106,375
Unearned revenue	4,452,321	338,175
Due to promoters	2,360,959	-
Agency payable	-	9,991,969
Short-term note payable	1,512,261	-
Total Current Liabilities	10,710,686	10,436,519
Non-Current Liabilities:		
Long-term note payable	618,046	-
Agency payable	-	5,556,070
Note payable - capital loan	6,825,000	-
Total Non-Current Liabilities	7,443,046	5,556,070
Total Liabilities	18,153,732	15,992,589
NET POSITION		
Net investment in capital assets	57,323,953	-
Restricted for construction	1,580,308	-
Restricted - non-expendable	-	12,685,726
Unrestricted	7,947,205	1,817,861
Total Net Position	$ 66,851,466	$ 14,503,587

The accompanying notes are an integral part of the basic financial statements.

PERFORMING ARTS CENTER AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2019

	Primary Government	Component Unit
REVENUES		
Operating Revenues:		
Programming revenues	$ 10,144,840	$ 9,630,637
Services revenues	14,307,849	-
Other revenues	3,566,610	1,591,656
Governmental	1,428,128	-
Contributions	3,260,080	1,774,994
In-kind/donated services	1,161,057	1,581,881
Total Operating Revenues	33,868,564	14,579,168
EXPENSES		
Operating Expenses:		
Salaries & benefits expenses	11,374,423	-
Programming expenses	4,513,246	12,486,298
Food & beverage	2,896,193	-
General & administrative	8,621,541	258,133
In-kind/donated services	1,161,057	1,581,881
Total Operating Expenses	28,566,460	14,326,312
Operating Income before Depreciation and Non-Operating Revenues/(Expenses)	5,302,104	252,856
Depreciation Expense	3,905,617	-
Operating Income/(Loss) Before Non-Operating Revenues/(Expenses)	1,396,487	252,856
Non-Operating Revenues/(Expenses)		
Capital contribution	5,690,169	-
Non capitalizable project expenses	(189,221)	-
Capital project interest expenses	(338,165)	-
Capital project interest income	11,116	-
Investment income	205,328	356,760
Interest expense	(42,865)	-
Change in equity interest of investment in parking garage	(60,415)	-
Total Non-Operating Revenues/(Expenses)	5,275,947	356,760
CHANGE IN NET POSITION	6,672,434	609,616
Beginning Net Position	60,179,032	13,893,971
Ending Net Position	$ 66,851,466	$ 14,503,587

The accompanying notes are an integral part of the basic financial statements.

Performing Arts Center Authority

Statements of Cash Flows

For the Fiscal Year Ended September 30, 2019

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 25,196,685	$ 7,243,264
Cash received from parking garage	1,513,739	-
Cash received from governmental contributions	1,010,892	-
Cash received from community contributions	3,245,180	1,774,994
Cash payments to vendors for goods and services	(15,595,844)	(8,006,411)
Cash payments to employees for services	(11,332,039)	-
Net Cash Provided by Operating Activities	4,038,613	1,011,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contribution	5,690,169	-
Principal paid on capital debt	(1,477,149)	-
Interest paid	(42,865)	
Capital expenses	(4,880,174)	-
Net Cash (Used in) Capital and Related Financing Activities	(710,019)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,212,559)	24,443
Investment income	205,328	356,760
Net Cash (Used in) Investing Activities	(9,007,231)	381,203
Net Decrease in Cash and Cash Equivalents	(5,678,637)	1,393,050
Cash and Cash Equivalents, Beginning of Year	10,354,701	7,260,637
Cash and Cash Equivalents, End of Year	$ 4,676,064	$ 8,653,687
Reconciliation of Cash and Cash Equivalents		
Restricted cash and cash equivalents	1,280,308	7,233,153
Unrestricted cash and cash equivalents	3,395,746	1,420,534
Total Cash and Cash Equivalents	$ 4,676,054	$ 8,653,687
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income/(Loss)	$ 1,396,487	$ 252,856
Adjustments to reconcile operating income/(loss) to net cash provided by (used in) operating activities:		
Depreciation	3,905,617	-
Changes in assets and liabilities:		
Receivables, net	(1,020,138)	(3,865,454)
Inventories	(1,185)	-
Prepaids and deposits	90,584	-
Accounts payable and accrued liabilities	399,520	4,738,020
Due to promoters	(1,095,951)	-
Unearned revenue	363,679	(113,575)
Net Cash Provided by Operating Activities	$ 4,038,613	$ 1,011,847

The accompanying notes are an integral part of the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY

The Performing Arts Center Authority (the "Authority") is an independent special district governmental unit established in 1984 by a special act of the Florida Legislature (Chapter 84-396, as amended and codified in Chapter 2005-335) to promote, construct and operate facilities for holding cultural, tourism, or promotional events, civic, recreational, or similar events or activities. The Authority's board consists of thirteen members. The Board of County Commissioners of Broward County appoints five members, two members are appointed by the City Commission of Fort Lauderdale, the Board of Directors of the Downtown Development Authority of the City of Fort Lauderdale and the School Board of Broward County each appoint one member, and four members are appointed by the Broward Performing Arts Foundation. The Authority's activities are primarily conducted through the Broward Center for the Performing Arts.

The Broward Center for the Performing Arts (the "Center") is located in Fort Lauderdale on the New River, anchoring the west-end of the Fort Lauderdale Arts and Entertainment District. The Center, which opened in February 1991, includes a 2,658 seat main theater, a 584 seat small theater, 200 seat multi-purpose facility, a 200 seat banquet facility, an arts education center with a 150 seat theater and a 65 seat bistro. Because the Center is designed to host a diversity of entertainment and special events, the Center is an important cultural resource for the community.

Financial Reporting Entity

The financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements, which establish standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this Statement, the Authority is considered to be a primary government, since it is a special purpose government that has a separate governing body, is legally separate and is fiscally independent of other state or local governments. The Authority is financially accountable for a discretely presented component Unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority. Blended presented component Units, although legally separate, are, in substance, part of the Authority's operations. Each discretely presented component unit is reported in a separate column in the Authority's financial statements to emphasize that it is legally separate from the Authority. At September 30, 2019, the Authority had one discretely presented component unit.

The accompanying financial statements present the activities of the Authority (the primary government) and its discretely presented component unit, the Broward Performing Arts Foundation, Inc. (the "Foundation").

Discretely Presented Component Unit

The Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the Authority for support of Authority's programs as well as other charitable, religious, scientific, or educational purposes. Although the Authority does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can primarily be used by the Authority and for the benefit of the Authority. Also, five of the thirty-two members of the Foundation's Board of Directors are also members of the Authority's Board of Directors. Consequently, the Foundation is considered a component unit of the Authority and is discretely presented in the Authority's financial statements.

The Foundation follows the Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB recognition criteria and presentation features. Audited financial statements for the Foundation can be obtained by contacting the Foundation's administrative offices.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business- type activities significantly rely on fees and charges for support.

Funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are theater revenues, programming revenues, surcharge revenues, parking garage equity income, in-kind donations, catering revenues, other income, and various other governmental grants. Operating expenses include salaries and benefits, programming expenses, catering expenses, contractual services, depreciation, utilities and other general and administrative expenses. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Grants from other governments other than operating grants are recognized as restricted contributions when the terms and conditions under the grant agreement have been met by the Authority. Grants from other governments, which are designated for operating purposes, are recognized as revenue in the period in which they are earned.
Contributions from private donors are recognized as receivables and revenues when all eligibility requirements are met, including time restrictions, provided that the promise to give is verifiable and the resources are measurable and probable of collection. Endowments to be maintained in perpetuity have a permanent time restriction on the use of principal. Therefore, endowments are recognized as revenue when received.

Revenues from theater rentals and ticket surcharges are recognized when the performances occur. The revenue for cash received from self-presentation ticket sales and sponsorship income for future performances is included in unearned revenue until earned. Accordingly, expenses incurred for the succeeding fiscal period's shows are reported as prepaid until the performance occurs. Programming revenue does not include the related merchandise revenue, catering fees and parking revenue. Sponsorship income is included other revenue.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources, as they are needed.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded in the period incurred.

The financial statements of the Authority have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the Authority follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Authority also has the option of following subsequent FASB pronouncements subject to this same limitation. The Authority has elected not to follow subsequent FASB guidance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

I. Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Authority as well as its component unit are reported at fair value. The Authority's investment in the State Board of Administration Investment Pool is in the Local Government Surplus Funds Trust Fund Investment Pool ("Florida PRIME"). Florida PRIME is considered a SEC 2A-7-like fund, thus reported at its fair value of its position in the pool, which is the same as its value of the pool shares.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* the Authority investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

II. Receivables

All trade and governmental receivables are shown net of an allowance for uncollectible accounts. Uncollectible accounts receivable allowances are based on historical trends.

III. Inventory and prepaid items

Cost is determined using the specific identification method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

IV. Capital assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the fund financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (Continued)

IV. Capital assets (Continued)

Depreciable capital assets are depreciated on the straight-line method over their estimated useful lives as follows:

	Years
Furniture and Equipment	3 – 15
Building improvements	15
Buildings	40

Upon disposition of a depreciable asset, the related costs and accumulated depreciation are removed from the accounts and gains and losses on dispositions are reflected in operations.

V. Income Taxes

The Authority is a tax-exempt independent special district governmental unit.

The Foundation is a tax-exempt corporation under Section 501(c) (3) of the Internal Revenue Code and is only subject to taxation on unrelated business income. The Foundation had no unrelated business income, therefore, no provision for income taxes has been made in the accompanying financial statements. The Foundation has not incurred any interest or penalties on its income tax returns.

The Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-like-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations and cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2019.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2014.

The Foundation's policy is to classify income tax related interest and penalties in interest expense and other expenses respectively.

VI. Third Party Advanced Ticket Sales

Due to promoters represents the Authority's liability to promoters for their advance ticket sales for future performances.

VII. Unearned Revenue

Cash receipts and deposits, excluding advanced ticket sales, collected prior to the completion or recognition of a sale.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (Continued)

VIII. Net Position

Net position as of September 30, 2019, is classified into three components:

Net investment in capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

Restricted net position: This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.

Unrestricted net position: This category includes all of the remaining net position that do not meet the definition of the other two categories

IX. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

X. Budgets

Budgets are prepared on an annual basis for each program/activity and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

XI. Use of estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, the use and recoverability of inventory, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(2) DEPOSITS AND INVESTMENTS

(a) Deposits – Primary Government

At September 30, 2019, the carrying amount of the Authority's cash was $4,676,064 of which $3,395,756 was unrestricted operating cash, none of it interest bearing and $1,280,308 was restricted cash to be used for the Encore capital campaign debt service.

The Authority's exposure to credit risk is as follows:

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. The book value of the Authority's deposits on the balance sheet date was $4,676,064. The bank balance of the Authority's deposits as of September 30, 2019 was $4,763,792 which includes $96,083 of petty and operating cash. $1,285,638 of the bank balance was restricted for the Encore capital campaign.

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name. The full $4,676,064 reported in the statement of net position was collateralized by the financial institutions.

(b) Investments – Primary Government

The Authority adopted a written investment policy consistent with the requirements set forth in State Statute 218-415. Allowable investments include direct obligations of the U.S. Treasury, the Local Government Surplus Funds Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality ratings, Interest bearing time deposits or savings accounts in qualified public depositories

As of September 30, 2019, the Authority had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Weighted Average Life (Days)
Florida PRIME	$ 9,323,498	37	85
Portfolio weighted average maturity	$ 9,323,498		

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The LGIP is rated by Standard and Poors and has a rating at September 30, 2019 of AAAm.

Concentration of Credit Risk – There are no limits on the amount that may be invested in money market funds or with the SBA.

(2) DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment. The Authority's investments in money market funds and the State Board of Administration (SBA) Florida PRIME (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. Additionally, these investments are not entirely collateralized nor insured by the State of Florida.

The Authority does not participate in any securities lending transactions nor has it used, held or written derivative financial instruments.

(c) Investments – Component Unit

Fair Value Measurements - Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

Equity and Fixed Income Securities: Valued at the closing price reported on an active market which the individual securities are traded.

Mutual Funds: Valued at the net asset value of shares held by the Foundation at year end as reported on the active market on which the mutual funds are traded.

Pledges Receivable: Valued at the estimated present value of expected future cash inflows using a 5% discount rate.

(2) DEPOSITS AND INVESTMENTS (Continued)

Contribution Receivable from the Remainder Trust: Valued at the present value of the future cash flows based on the life expectancy table for a unitrust dual life remainder.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2019:

	Total	Level 1	Level 2	Level 3
Assets:				
Investments				
Equities Securities	$ 2,516,904	$ 2,516,904	$ -	$ -
Fixed Income Securities	2,326,596	2,326,596	-	-
Mutual Funds - Equities	5,752,656	5,752,656	-	-
Mutual Funds - Fixed Income	1,289,856	1,289,856	-	-
Total Investments	11,886,012	11,886,012	-	-
Pledges Receivables	9,669,587	-	-	9,669,587
Contribution Receivable from Remainder Trust	286,890			286,890
Total Assets at Fair Value	$ 21,842,489	$ 11,886,012	$ -	$ 9,956,477

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended September 30, 2019:

	Pledges Receivable	Contribution Receivable from Remainder Trust
Balance, beginning of year	$ 5,783,736	$ 268,614
New pledges	8,410,113	
Receipts	(4,166,663)	
Change in present value discount	(357,599)	18,276
Balance, end of year	$ 9,669,587	$ 286,890

Concentrations of Credit and Investment Risks - Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of consist principally of cash equivalents, investments, pledges receivable. At September 30, 2019, the Foundation had approximately $11,886,012 invested with a major financial institution acting as the investment manager. Mutual funds, equities, and fixed income securities comprised 99% of these investments with the remaining 1% invested in money market funds. Due to the diversity and composition of its investments, management feels it is not exposed to any significant credit risk on these accounts.

(3) DONOR-DESIGNATED ENDOWMENTS (UPMIFA STATE) - Component Unit

Accounting Standards Codification 958 ("ASC 958"), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida enacted the "Florida Uniform Prudent Management of Institutional Funds Act" ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of the Foundation's permanently restricted net assets meet the definition of endowment funds under FUPMIFA.

The Foundation's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Investment and Spending Policies: The Foundation has adopted investment and spending policies, approved by its Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return ideal objective is to exceed market performance as defined by a market index composed of the Standard & Poor's 500, Barclays Capital Aggregate Bond Index and Treasury Bills weighted by the portfolio asset-mix. The target objective is inflation as measured by the Consumer Price Index. Actual returns in any given year may vary from these amounts. To satisfy this long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on debt and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for programs and administration. The current spending policy allows for a distribution of 4% of the moving average market value of the endowment portfolio computed using the previous 12 quarters. Distributions cannot exceed the earnings of the endowment without 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.

Endowment net asset composition by type of fund as of September 30, 2019 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Endowment Assets
Board Designated Endowment Funds	$ 1,504,363	$ -	$ 1,504,363
Donor-Restricted Endowment Funds	-	10,381,549	10,381,549
Total Funds	$ 1,504,363	$ 10,381,549	$ 11,885,912

(4) RECEIVABLES

Receivables at year-end for the Authority, including the applicable allowance for uncollectible accounts, were as follows:

	Totals
Accounts – Foundation	$1,335,514
Accounts – Other	522,047
Other governments	1,069,939
Less: Allowance for Uncollectible	(16,666)
Net total receivables	$2,910,834

(5) PLEDGES RECEIVABLE- Component Unit

At September 30, 2019, pledges receivable consisted of:

Pledges	$ 11,032,266
Less: Allowance for Doubtful Accounts	(144,000)
Less: Discounts to Net Present Value	(1,218,679)
Total, Net of Discount	$ 9,669,587

Pledges receivable at September 30, 2019, were scheduled to be collected as follows:

Year Ending September 30:	
2020	$ 3,398,876
2021	2,772,440
2022	2,226,631
2023	1,080,986
2024	243,333
Thereafter	1,310,000
	$ 11,032,266

Multi-year pledges due after September 30, 2020 have been discounted to their net present value using a discount rate of 5%.

(6) INVESTMENT IN PARKING GARAGE

The Authority has an agreement with the City of Fort Lauderdale (the "City") and the Downtown Development Authority (the "DDA") for the operation of a 950-space parking garage adjacent to the Center in the Art and Science District of the City. The Authority contributed approximately 44% of the cost of constructing the parking garage and has recorded their equity interest in the garage using the equity method of accounting. The Authority's equity position is 43% or $704,125.

(6) INVESTMENT IN PARKING (Continued)

The Authority accounts for their investment in the parking garage as a joint venture. The City acts as an operating agent and has exclusive responsibility for operation and maintenance of the parking garage. The agreement calls for the City to accumulate revenues and expenses monthly and bill each participant its portion of expenses not offset by revenues. Accordingly, the City collects all revenues, pays all operating expenses associated with the garage, and determines the allocation of each to the participants on a monthly basis. Revenue collected and variable expenses incurred during daytime and weekday hours are allocated to the City and the DDA at the rates of 16% and 84%, respectively. Revenues collected and variable expenses incurred during all other hours of operation are allocated to the City and the Authority at the rates of 16% and 84%, respectively. The Authority’s share of the joint venture’s revenues net of expenses was $1,363,647 in fiscal year 2019.

In addition, as discussed in Note 17, the City entered into an inter-local agreement that provides cash contributions to the Authority of up to $300,000 of the City's share of net parking revenue. The Authority and the DDA are each responsible for 42% of fixed operating costs with the remaining 16% paid by the City. The Authority's equity interest in the joint venture was $704,125.

(7) CAPITAL ASSETS

Capital Assets as of September 30, 2019 consist of the following:

	Balance October 1, 2018	Additions	Retirements	Transfers	Balance September 30, 2019
Capital assets not being depreciated:					
Land	$ 9,605,671	$ -	$ -	$ -	$ 9,605,671
Construction in progress	555,323	4,363,904	-	(1,038,756)	3,880,471
Total capital assets not being depreciated	10,160,994	4,363,904	-	(1,038,756)	13,486,142
Capital assets being depreciated:					
Building and building improvements	93,032,846	-	-	537,686	93,570,532
Equipment	13,393,250	-	-	501,070	13,894,320
Total capital assets being depreciated	106,426,096	-	-	1,038,756	107,464,852
Less accumulated depreciation	(50,766,117)	(3,905,617)	-	-	(54,671,734)
Total capital assets being depreciated, net	55,659,979	(3,905,617)	-	1,038,756	52,793,118
Capital assets, net	$ 65,820,973	$ 458,287	$ -	$ -	$ 66,279,260

(8) RESTRICTED NET ASSETS (Expendable) – Component Unit

At September 30, 2019, restricted net assets were available for the following purposes:

Rumbaugh Gardens	$ 200,184
Leiser Room Renovations	41,270
Education Programs	1,951,007
Programming	252,718
Other	41,595
For Future Periods	998,455
Perpetual in Nature	9,200,497
	$ 12,685,726

(9) BEQUESTS- Component Unit

As of September 30, 2019, the Foundation had signed bequests with an estimated current value of $2,080,000 which are not considered support until such time as the donor's gift is declared valid by the probate court. The composition of bequests at September 30, 2019 was as follows:

Education	$ 100,000
Unrestricted	1,800,000
Permanently Restricted for Outreach and Children's Programs	180,000
	$ 2,080,000

(10) LONG-TERM DEBT

Line of Credit
The Authority issued a $2,500,000 Note purchased by a local bank on November 6, 2008. The purpose of the Note was to fund a Revolving Line of Credit for working capital and emergency needs. The repayment of the Note is open-ended with an initial interest rate of 7.22%. As of September 30, 2019, there is no balance outstanding on the line of credit.

Note Payable
On December 2008, the Authority executed a loan purchase agreement to finance the Honeywell Energy Performance Contract which replaced and upgraded key HVAC equipment and systems. The loan calls for monthly interest only payments of $11,473 at 4.41% starting on October 5, 2008. The interest only payments increase to $12,169 on October 5, 2009. Beginning March 5, 2010 through November 5, 2022 the loan calls for principal and interest payments ranging from $12,169 to $27,202. The Authority has pledged its operating revenues and fee based income as collateral. Payments toward principal for fiscal year 2019 were $212,149. Principal and interest payments to maturity for the fiscal year ending September 30 are summarized as follows:

	Principal	Interest	Total
2020	238,261	32,986	271,247
2021	266,608	21,910	288,518
2022	297,332	9,536	306,868
2023	54,106	298	54,404
Total	$ 856,307	$ 64,730	$ 921,037

(10) LONG-TERM DEBT (Continued)

Construction Loan
On February 28, 2014, the Authority executed a Capital Improvement Revenue Note, Series 2013A for a principal amount of $9,700,000 with STI Institutional & Government, Inc. for the Encore capital campaign. The Series 2013A Note has an interest rate of 3.99% and the maturity date is January 15, 2027. $800,000 was paid toward principal in fiscal year 2019. Future principal payments and interest to maturity are summarized below:

	Principal	Interest	Total
2020	800,000	131,000	931,000
2021	800,000	107,000	907,000
2022	1,300,000	77,000	1,377,000
2023	300,000	56,000	356,000
2024	300,000	47,000	347,000
2025-27	1,400,000	76,000	1,476,000
Total	$ 4,900,000	$ 494,000	$ 5,394,000

The Authority also executed on February 28, 2014 a Capital Improvement Revenue Note, Series 2013B for a maximum principal amount of $16,300,000 with STI Institutional & Government, Inc. The total principal amount of $9,060,412 has been drawn against this Series 2013B Note and is used for the Encore capital campaign. The Series 2013B Note has a maturity date of November 30, 2025 at a variable interest rate of 93.6% of the sum of (1-month LIBOR plus 2.16%). The rate as of September 30, 2019 was 3.94%. In fiscal year 2019 $465,000 was paid in principal. Future principal payments and interest to maturity are summarized below:

	Principal	Interest	Total
2020	474,000	137,000	611,000
2021	585,000	126,000	711,000
2022	510,000	107,000	617,000
2023	526,000	81,000	607,000
2024	546,000	52,000	598,000
2025-26	558,000	23,000	581,000
Total	$ 3,199,000	$ 526,000	$ 3,725,000

(10) LONG-TERM DEBT (Continued)

Construction Loan (Continued)

Long term debt activity for the fiscal year ended September 30, 2019 was as follows:

	Beginning	Additions	Reductions	Ending	Due within One Year
Note Payable	$ 1,068,456	$ -	$ 212,149	$ 856,307	$ 238,261
Construction Loan Series 2013A	5,700,000	-	800,000	4,900,000	800,000
Construction Loan Series 2013B	3,664,000	-	465,000	3,199,000	474,000
Total	$ 10,432,456	$ -	$ 1,477,149	$ 8,955,307	$ 1,512,261

(11) DEFINED CONTRIBUTION PENSION PLAN

The defined contribution plan was created by the Authority, effective October 1, 2001, to provide benefits in lieu of those provided by the Federal Social Security System ("Social Security"). This plan provides benefits to all full-time employees and certain part-time employees hired prior to February 1999. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions.

The ICMA Retirement Corporation manages the defined contribution plan. As established by the Authority, the Authority contributes six percent of full-time employees' gross earnings and each employee contributes six percent of earnings. All employees are immediately vested. In accordance with these requirements, the Authority contributed $510,734 in fiscal year 2019. During the current year employees contributed $510,734. As of September 30, 2019 the number of active Authority participants was 112.

(12) DEFERRED COMPENSATION PLANS

The Authority has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. This plan provides full-time employees the opportunity to defer a portion of their salary until future years.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency within the definition allowed by the applicable Internal Revenue Code.

The Authority's plan assets are held in a retirement trust for the exclusive benefit of employees and beneficiaries and invested by ICMA Retirement Corporation, a registered investment advisor, on behalf of the participants except for certain guaranteed investment contracts invested under a non-active deferred compensation plan.

(13) RELATED PARTY TRANSACTIONS

During fiscal year 2019 the Authority recognized $3,260,179 in support and contributions from the Foundation for support of the Authority’s programs and operations and $4,315,164 in support of capital projects.

(13) RELATED PARTY TRANSACTIONS (Continued)

In July of 2009 the Foundation assumed responsibility for sponsoring certain performances/events at the Authority's venues or venues managed by the Authority. In connection with this agreement, for fiscal year 2019 the Foundation ticketed show revenues of $9,630,637 and incurred show expenses of $9,506,769.

As of September 30, 2019, the Foundation reported non-expendable restricted net assets (endowments) of $12,685,726. The income earned on these endowments may be distributed to the Authority at the Foundation's discretion, in accordance with the Foundation's investment policy. The majority of the earnings from these funds are restricted for operational, educational and programming purposes.

During the year the Foundation's operating expenses including, but not limited to personnel, marketing, advertising, printing and supplies in the amount of $1,581,881 were provided by and paid for the Authority.

(14) COMMITMENTS & CONTINGENCIES

Grants
Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Litigation
Various suits and claims arising in the ordinary course of operations are pending against the Authority. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the Authority has sufficient insurance coverage to cover any claims and/or liabilities, which may arise from such action. The effect of such losses would not materially affect the financial position of the Authority or the results of its operations.

Construction Commitments
The Authority entered into an interior design and branding services agreement during fiscal year 2017 for the renovation of the Parker Playhouse. The total amount of the agreement is $232,000; as of September 30, 2019, $84,000 of the total agreement was earned. The Authority entered into a architectural and engineering agreement during the year for the renovation of the Parker Playhouse. The total amount of the agreement was $2,654,682; as of September 30, 2019, $1,696,059 of the total agreement was earned. During the year, the Authority entered into a managing general contractor agreement for the renovation of Parker Playhouse. The total amount of the agreement was $8,041,103; as of September 30, 2019, $827,501 of the total amount was earned. All unexpended commitments will be financed from operating funds and capital contributions.

Naming Agreement
The Authority entered into a twenty-year naming agreement with a corporation during FY 2011. The naming agreement provides the Authority $2,500,000 for marketing and publicity benefits to the corporation from the naming opportunity at the Center. The expansion and/or renovation of the Center are material conditions of the naming agreement, as such planned renovations and expansions directly impact the actual and anticipated marketing and publicity benefits to be received by the corporation. Although the contributions from the corporation to the Authority for the naming rights are due and payable to the Authority during the first five years of the twenty year agreement and are to be used for planned renovations and expansions, the agreement also includes a vesting schedule for the contributions from the corporation in the case of an early termination pursuant to the agreement prior to the completion of the term. The Authority considers the likelihood of an early termination to be negligible.

(15) RISK MANAGEMENT

The Authority maintains various commercial property, casualty and general liability insurance policies to cover its potential property claims and potential liability to employees, patrons and other third parties. No material third-party losses were incurred during the year.

Section 768.28 of the Florida Statutes limits the Authority's risk exposure for general liability. As of September 30, 2019 the deductible for commercial property coverage was $25,000. Effective January 14, 2020, the Authority renewed its commercial property insurance with a deductible of $25,000.

Windstorm coverage (wind/hail/flood), when available, is expensive and subject to low limits and high deductibles. Upon the cancellation of the Authority's windstorm coverage by its carrier subsequent to Hurricane Wilma, the Authority unsuccessfully pursued alternatives including quotes from secondary markets and participation in property/windstorm risk pools of state, county and local governments. Additionally, the Authority engaged a national risk management/insurance consultant to provide a risk-benefit analysis of the limited windstorm insurance options available to the Authority. Annually, the Authority continues to seek cost beneficial windstorm coverage options through its risk brokers and advisors. The Authority's Board of Directors made the decision to continue to not procure windstorm insurance effective with the commercial property policy renewal on January 14, 2020. The Authority continues to pursue cost-beneficial windstorm insurance.

(16) DONATED SERVICES

Donated services consist of the estimated value of contributed services. The amount of donated services includes support provided by Authority volunteers related to ushers during performances and other activities. Donated services also include in-kind support provided by Broward County's Board of Commissioners for legal assistance and in-kind support from the Fort Lauderdale City Commission for landscaping services. Management estimates that $1,161,057 of cumulative donated support was received during the fiscal year ended September 30, 2019.

During the fiscal year, the Authority provided operating support for the benefit of the Foundation. The contributed services and materials included, but were not limited to, personnel, marketing, advertising, printing and supplies, and were valued at $1,581,881.

(17) TRI-PARTY GRANT AGREEMENT

For 2019, Broward County, the City and the Authority entered into an inter-local agreement. Broward County agreed to contribute $18,937 for an annual audit and up to 500 hours of in-kind legal services. The County also provided the Authority with an operating grant of $950,000 in 2019. The City agreed to make cash contributions from the net amount of the Arts and Science Parking Garage revenues not to exceed $300,000; $18,937 for an annual audit; and $30,000 of in-kind services as its contribution towards landscape maintenance. Contributions under the Tri-Party Grant Agreement have been recorded as operating grant revenues since they are used to cover operating costs of the Authority.

18) CONCENTRATION

For the fiscal year ended September 30, 2019, 14% of all performances, 46% of all attendance and 39% of total operating revenues came from the PTG-FL/Broadway Across America contract. The financial contribution of this programming makes it possible to provide the needed support for local presenting organizations. These local groups are responsible for an additional 35% of all performances and 15% of all attendance and heavily rely on rent subsidies provided by the Authority.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT 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 of the
Performing Arts Center Authority
Fort Lauderdale, 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 financial statements of the business-type activities of the Performing Arts Center Authority (the "Authority") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 29, 2020. Our report includes a reference to other auditors who audited the financial statements of Broward Performing Arts Foundation, Inc. a discretely presented component unit, as described in our report on the Authority's financial statements. These financial statements of the discretely presented component unit were audited by other auditors and were not audited under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 Authority's 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*.

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

Caballero Fierman Llerena & Garcia, LLP

Miramar, Florida
January 29, 2020

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors of the
Performing Arts Center Authority
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of the Performing Arts Center Authority (the "Authority") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated January 29, 2020. We did not audit the financial statements of the Broward Performing Arts Foundation, Inc., a discretely presented component unit.

Auditors' Responsibility

We conducted our audit 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 10.550, Rules of the Florida Auditor General. The financial statements of the discretely presented component unit were audited by other auditors and were not audited under *Government Auditing Standards*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in the reports, which are dated January 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Performing Arts Center Authority is an independent special district governmental unit established in 1984 by a special act of the Florida Legislature (Chapter 84-396). The Authority reports one discretely presented component unit which is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Miramar, Florida
January 29, 2020

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CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants I advisors

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
PURSUANT TO SECTION 218.415 FLORIDA STATUTES

To the Board of Directors of the
Performing Arts Center Authority
Fort Lauderdale, Florida

We have examined the Performing Arts Center Authority's (the Authority) compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 through September 30, 2019. Management of the Authority is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements. In our opinion, the Authority complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 through September 30, 2019.

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Miramar, Florida
January 29, 2020

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