

**PERFORMING ARTS CENTER AUTHORITY
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

PERFORMING ARTS CENTER AUTHORITY

TABLE OF CONTENTS

SEPTEMBER 30, 2025

| | |
|---|-------|
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis (unaudited) | 3-11 |
| Basic Financial Statements: | |
| Statements of Net Position | 12 |
| Statements of Revenues, Expenses and Changes in Net Position | 13 |
| Statements of Cash Flows | 14 |
| Notes to Basic Financial Statements | 15-28 |
| Compliance Section: | |
| Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 29 |
| Management Letter In Accordance with the Rules of the Auditor General of the State of Florida | 30-32 |
| Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes | 33 |
| Independent Accountants' Report on Compliance Pursuant to the Tri-Party Grant Agreement | 34 |

INDEPENDENT AUDITORS' REPORT



Accountants
Advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Authority, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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 in 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
January 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2025

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, 2025 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 ended September 30, 2025 on a full accrual basis and as a single enterprise fund. The financial statements also include its 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:

For fiscal year 2025, the live entertainment industry remained strong overall, even as early signs of softer consumer spending and continued pressure on ticket pricing began to emerge. Within this environment, the Performing Arts Center Authority concluded FY2025 with a \$2.1 million surplus, exceeding budget by \$1.6 million, and delivered record operating revenue of \$67.1 million driven by higher ticket prices, a strong Broadway season, sustained demand for education programs, and exceptional fundraising results generating \$6.5 million in critical support for education programming, and operations. Operating expenses elevated across labor, facilities, production, and support services, and FY2025 also marked increased capital investment aimed at strengthening infrastructure and enhancing the guest experience. Although certain service and ancillary revenue categories, including garage revenue, fell below expectations, overall financial performance remained stable, supported by strong revenue growth, disciplined cost management, and continued investment in long-term operational capacity.

The Authority, in its 34th year of operations, hosted or presented 997 performances and events which were attended by more than 647,000 attendees at the Broward Center for the Performing Arts (Center) and its affiliated venues, the Parker Playhouse (The Parker), the Rose and Alfred Miniaci Performing Arts Center, and the Aventura Arts and Culture Center. The Center's Broadway series returned with a season of seven titles and 110 performances, including *Cher*, *Grinch*, *A Beautiful Noise*, *Lion King*, *MJ*, *Peter Pan* and *Shucked*. Audiences enjoyed many sold-out performances across diverse genres from concerts to comedy and family fare. Popular titles in the Center's 2,658-seat Au-Rene Theater included performances such as Bobby Weir, Nikki Glasser, Bonnie Raitt, Beres Hammond, Leanne Morgan, Paul Anka, Tony Hinchliffe, Tito Nieves, Blippi, and Ninja Kidz Live among others.

The Broward Center's education programs have engaged more than 100,000 students of all ages through a variety of classes, workshops and performances. Our students ranged 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 – continued to sell to capacity, with rave reviews from parents and students.

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-inclusive 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 15 sensory-inclusive performances were offered for performances of *Mary Poppins Jr*, *Brazilian Voices*, *Flat Stanley*, *The Magic of Kevin Spencer*, *Ugly Duckling*, *Pete the Cat*, *Anastasia*, *The Nutcracker* and *The Tales of Custard the Dragon*.

The Center's 584-seat Amature Theater presented 352 performances with more than 113,000 attendees, including 68 performances by the Authority's arts partner, the Slow Burn Theatre Company, with the titles *The Witches of Eastwick*, *Anastasia*, *Parade*, *Something Rotten* and *The Bodyguard*.

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

The historic 1,147-seat Parker Playhouse, re-branded *The Parker*, presented 193 performances and close to 144,000 attendees. The Parker's sold-out titles included *Bobby Weir*, *Alan Parsons Project*, *Modi*, *Yohay Sponder*, *Chris Botti*, *Steve Hackett*, *Chris Isaak*, *Jeremy Jordan*, *Leonid & Friends*, *Herb Albert & Loni Hall*, *Joe Gato* and more.

The Authority realized operating income of \$2,072,213 before depreciation of \$5,370,616 and before non-operating revenue (expense) of \$4,601,031, which is an increase of \$240,997 over the prior year. This increase was largely the result of greater Broadway performances in the current year versus the prior year. There was a decrease in non-operating revenue (net of non-operating expense) of \$275,238. This decrease was the result of a decrease in capital contributions and a decrease in Interest revenue. The operating gain and non-operating revenue resulted in the positive change in net position of \$1,302,628 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, included fundraising and development services staffed through the Authority's development department, finance and accounting services, human resource services, general legal services, technology services, marketing services, and public relations services.

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, 2025

Performing Arts Center Authority - Primary Government Condensed Financial Information

| <u>Assets</u> | 2025 | 2024 | \$ Change | % Change |
|---|---------------|---------------|--------------|----------|
| Current assets | \$ 32,741,809 | \$ 30,241,702 | \$ 2,500,107 | 8.3% |
| Capital assets, net | 67,209,930 | 70,551,686 | (3,341,756) | -4.7% |
| Other non-current assets | 356,058 | 403,459 | (47,401) | -11.7% |
| Total Assets | 100,307,797 | 101,196,847 | (889,050) | -0.9% |
| | | | | |
| <u>Liabilities</u> | | | | |
| Current liabilities | 10,483,524 | 10,885,201 | (401,677) | -3.7% |
| Long-term liabilities | 3,417,449 | 5,207,449 | (1,790,000) | -34.4% |
| Total Liabilities | 13,900,973 | 16,092,650 | (2,191,677) | -13.6% |
| | | | | |
| <u>Net Position</u> | | | | |
| Net investment in capital assets | 62,002,481 | 63,512,237 | (1,509,756) | -2.4% |
| Restricted for construction | 1,230,295 | 1,234,849 | (4,554) | -0.4% |
| Unrestricted | 23,174,049 | 20,357,111 | 2,816,938 | 13.8% |
| Total Net Position | \$ 86,406,825 | \$ 85,104,197 | \$ 1,302,628 | 1.5% |
| | | | | |
| <u>Revenues</u> | | | | |
| Programming revenues | \$ 39,266,604 | \$ 35,856,255 | \$ 3,410,349 | 9.5% |
| Services revenues | 14,046,206 | 14,254,421 | (208,215) | -1.5% |
| Other revenues | 4,423,223 | 4,047,268 | 375,955 | 9.3% |
| Governmental | 1,401,198 | 1,550,814 | (149,616) | -9.6% |
| Contributions | 6,513,833 | 6,110,422 | 403,411 | 6.6% |
| In-kind/donated services | 1,477,117 | 1,333,306 | 143,811 | 10.8% |
| Total Revenues | 67,128,181 | 63,152,486 | 3,975,695 | 6.3% |
| | | | | |
| <u>Operating Expenses</u> | | | | |
| Salaries & benefit expenses | 15,613,446 | 15,494,964 | 118,482 | 0.8% |
| Programming expenses | 32,974,057 | 29,926,371 | 3,047,686 | 10.2% |
| Food & beverage | 3,352,080 | 3,263,430 | 88,650 | 2.7% |
| General & administrative | 11,609,268 | 11,303,198 | 306,070 | 2.7% |
| In-kind/donated services | 1,507,117 | 1,333,306 | 173,811 | 13.0% |
| Total Operating Expenses | 65,055,968 | 61,321,269 | 3,734,699 | 6.1% |
| | | | | |
| Operating Income/(Loss) before Depreciation and Non-Operating Revenues | 2,072,213 | 1,831,217 | 240,996 | 13.2% |
| | | | | |
| Depreciation Expense | 5,370,616 | 5,125,734 | 244,882 | 4.8% |
| | | | | |
| Operating Income/(Loss) before Non-Operating Revenues | (3,298,403) | (3,294,517) | (3,886) | -0.1% |
| | | | | |
| Capital contribution | 3,592,910 | 3,835,004 | (242,094) | -6.3% |
| Non capitalizable project expenses | (274) | (2,433) | 2,159 | -88.7% |
| Capital project interest expenses | (175,111) | (234,457) | 59,346 | -25.3% |
| Capital project interest income | 200 | 113 | 87 | 76.5% |
| Other non-operating revenues | 1,183,306 | 1,278,042 | (94,736) | -7.4% |
| Total Non-Operating Revenues/(Expenses) | 4,601,031 | 4,876,269 | (275,238) | -5.6% |
| | | | | |
| Change in Net Position | 1,302,628 | 1,581,752 | (279,124) | -17.6% |
| | | | | |
| Beginning Net Position | 85,104,197 | 83,522,445 | 1,581,752 | 1.9% |
| Ending Net Position | \$ 86,406,825 | \$ 85,104,197 | \$ 1,302,628 | 1.5% |

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2025

Analysis of Financial Position and Operations:

Total assets were \$100,307,797 in fiscal year 2025, a decrease of \$889,050 from \$101,196,847 in fiscal year 2024. This reflects an increase of \$2,500,107 in current assets, a decrease of \$3,341,756 in capital assets and a decrease of \$47,401 in non-current assets. The increase in current assets is primarily a result of an increase in investments of \$3,533,306, an increase in accounts receivable of \$532,745, and an increase in prepaid assets of \$179,215 offset by a decrease in due from other governments of \$1,175,973 and a decrease in cash and cash equivalents of \$599,165. In addition, inventory increased by \$34,533 and restricted collateral accounts decreased by \$4,554. The decrease of \$3,341,756 in capital assets is primarily related to the depreciation of the Parker Playhouse renovations and other capital projects. The decrease in non-current assets is due to depreciation of \$47,401 in the parking garage.

Total liabilities in fiscal year 2025 were \$13,900,972, a decrease of \$2,191,678 from \$16,092,650 in fiscal year 2024. This decrease is comprised of a decrease in current liabilities of \$401,678 and a decrease in long-term liabilities of \$1,790,000. The decrease in current liabilities reflects a decrease in accounts payable and accrued expenses of \$470,818, an increase in deferred revenue of \$581,613, a decrease in due to promoters of \$470,473 and a decrease in short-term note payable of \$42,000. The decrease in long-term liabilities is primarily due to a re-classification of the short-term portion from the Construction Loan Series 2013A by \$300,000, and the Capital Improvement Revenue Note, Series 2019 by \$1,490,000, which will become due in fiscal year 2026.

Total net position in fiscal year 2025 is \$86,406,825, an increase of \$1,302,628 from fiscal year 2024. The net investment in capital assets is \$62,002,481 in fiscal year 2025 and decreased by \$1,509,756 from \$63,512,237 in fiscal year 2024. Net position restricted for construction is \$1,230,295 and decreased by \$4,554 from fiscal year 2024. Unrestricted net position is \$23,174,049 and increased by \$2,816,937 from fiscal year 2024. The operating income before depreciation is \$2,072,213 in fiscal year 2025, an increase of \$240,997 from fiscal year 2024. The operating loss before non-operating revenues (expenses) in fiscal year 2025 is \$3,298,403, reflecting a negative change by \$3,886 from an operating loss before non-operating revenues (expenses) of \$3,294,517 in fiscal year 2024.

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

During fiscal year 2025 the Authority hosted or presented 997 performances and events which were attended by more than 647,000 patrons at the Center and its affiliated venues, Parker Playhouse, the Rose and Alfred Miniaci Performing Arts Center and the Aventura Arts and Culture Center. The Authority's own series consisted of 290 performances with more than 210,000 attendees. Over the past thirty years, 3.9 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 2025, over 100,000 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 \$839,748 and \$509,884 respectively.

PERFORMING ARTS CENTER AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

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

Programming Revenues:

Programming revenues for fiscal year 2025 are \$39,266,604, an increase of \$3,410,349 compared to fiscal year 2024. This increase is primarily due to greater number of Broadway performances in fiscal year 2025. This is made up mainly of an increase in ticket sales by \$2,997,121, an increase in facility fees by \$206,747 and an increase in theater rent by \$157,274. In addition, equipment rental increased by \$27,912, production services increased by \$4,958, co-pro fees increased by \$28,587, and stage labor fees decreased by \$12,251.

Services Revenues:

Total services revenues in fiscal year 2025 are \$14,046,206, which represents a decrease of \$208,215 from fiscal year 2024. This variance is comprised of decreases in retail services by \$197,664, decreases in parking services by \$307,190 and increases in ticketing services by \$296,639. Total retail services revenues are \$7,106,248 in fiscal year 2025 and the decrease is primarily due to decreases in concessions revenue and Bistro restaurant by \$209,399 and \$99,087 respectively. Catering Services increased by \$87,748. Ticketing services revenues are \$5,449,838 in fiscal year 2025 and increased from fiscal year 2024 mainly due to increases in processing fees by \$311,673, from higher ticket sales. Commissions and incentives decreased by \$8,671, and box office fees decreased by \$5,933. Parking services revenue of \$1,490,120 in fiscal year 2025 decreased from \$1,797,310 in fiscal year 2024.

Other Revenues:

Other revenues in fiscal year 2025 are \$4,423,223, an increase of \$375,955 from fiscal year 2024. This increase is mostly due to an increase in contracted venue management fees by \$158,727, and an increase in revenues generated by the Rose Miniaci Education Center by \$236,369. In addition, insurance recovery increased by \$12,762, sponsorship revenue decreased by \$23,656 and Broadway affinity membership decreased by \$8,348.

Governmental:

Governmental revenue in fiscal year 2025 is \$1,401,198, which reflects a decrease of \$149,616 from \$1,550,814 in fiscal year 2024. The decrease is primarily due State of Florida Cultural Grant that was not given in FY2025.

Contributions:

Contributions are \$6,513,833 in fiscal year 2025 and increased by \$403,411 from the previous year. This increase is the result of an increase in memberships and pledges from 2024.

Salaries and Benefit Expenses:

Salaries & benefit expenses of \$15,613,446 in fiscal year 2025 increased by \$118,482 from fiscal year 2024. This includes the following departments: marketing and programming increased by \$112,295, ticketing services by \$37,455, facilities and security by \$25,136, concessions and retail services by \$48,343, production by \$99,587, education by \$23,841 and front of house by \$25,195. This was offset by a decrease in administration by \$253,370.

Programming Expenses:

Programming expenses totaled \$32,974,057, an increase of \$3,047,686 from fiscal year 2024. This increase is primarily due to greater number of Broadway performances in fiscal year 2025 compared to prior year. Artist and event fees increased by \$2,059,323, marketing-related show expenses increased by \$604,444 and stage labor salaries and wages increased by \$383,918.

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

Food & Beverage Expenses:

Food & beverage expenses are \$3,352,080 in fiscal year 2025, which represents an increase of \$88,650 from fiscal year 2024. This increase is directly related to an increase in food and beverage pricing over the prior year, as well as additional patrons.

General & Administrative Expenses:

General & administrative expenses are \$11,609,268 in fiscal year 2025 and have increased by \$306,070 from fiscal year 2024. This is primarily due to an increase in security expenses by \$332,000 and insurance expenses by \$123,408. In addition, ticketing and credit card fees increased by \$71,821, education increased by \$49,189 and technology costs increased by \$44,861. This is offset by a decrease in fundraising of \$237,993 and a decrease in facilities of \$97,449.

Operating Income:

The operating loss before non-operating revenues for fiscal year 2025 is \$3,298,403, an increase in loss of \$3,886 from an operating loss of \$3,294,517 in fiscal year 2024. Included in the operating loss in fiscal year 2025 is a charge to depreciation expense of \$5,370,616.

Non-Operating Revenue/Expenses:

Total non-operating revenue (net) in fiscal year 2025 was \$4,601,031, a decrease of \$275,240 from fiscal year 2024. Total capital contributions in fiscal year 2025 are \$3,592,910 of which \$1,659,218 are for the Parker Playhouse Encore capital campaign, this reflects a \$300,782 decrease from fiscal year 2024. Capital contributions for the Encore capital campaign was \$1,933,692 in fiscal year 2025, reflecting an increase of \$58,692 from FY 2024. Capital project interest expense is \$175,111 in fiscal year 2025 and decreased by \$59,346 from fiscal year 2024. Income earned on funds invested in the Local Government Surplus Funds Trust Fund decreased in fiscal year 2025 by \$94,736 from fiscal year 2024.

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, 2025

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

Component Unit

| <u>Assets</u> | 2025 | 2024 | \$ Change | % Change |
|---|----------------------|----------------------|---------------------|-----------------|
| Current assets | \$ 25,891,938 | \$ 22,847,520 | \$ 3,044,418 | 13.3% |
| Non-current assets | 6,198,168 | 7,629,783 | (1,431,615) | -18.8% |
| Total Assets | 32,090,106 | 30,477,303 | 1,612,803 | 5.3% |
| | | | | |
| <u>Liabilities</u> | | | | |
| Current liabilities | 2,022,530 | 1,544,298 | 478,232 | 31.0% |
| Long-term liabilities | 1,726,891 | 2,747,696 | (1,020,805) | -37.2% |
| Total Liabilities | 3,749,421 | 4,291,994 | (542,573) | -12.6% |
| | | | | |
| <u>Net Position</u> | | | | |
| Unrestricted | 5,302,275 | 4,445,612 | 856,663 | 19.3% |
| Restricted - nonexpendable | 23,038,410 | 21,739,697 | 1,298,713 | 6.0% |
| Total Net Position | 28,340,685 | 26,185,309 | 2,155,376 | 8.2% |
| | | | | |
| <u>Revenues</u> | | | | |
| Operating support and revenues | \$ 9,430,480 | \$ 11,466,806 | \$ (2,036,326) | -17.8% |
| Total Operating Support and Revenues | 9,430,480 | 11,466,806 | (2,036,326) | -17.8% |
| | | | | |
| <u>Expenses</u> | | | | |
| Operating expenses | 8,889,637 | 8,384,566 | 505,071 | 6.0% |
| Total Operating Expenses | 8,889,637 | 8,384,566 | 505,071 | 6.0% |
| | | | | |
| Operating Income/(Loss) | 540,843 | 3,082,240 | (2,541,397) | -82.5% |
| | | | | |
| Non-Operating Investment Income/ (Loss) | 1,614,533 | 3,458,189 | (1,843,656) | 53.3% |
| | | | | |
| Change in Net Position | 2,155,376 | 6,540,429 | (4,385,053) | -67.0% |
| | | | | |
| Beginning Net Position | 26,185,309 | 19,644,880 | 6,540,429 | 33.3% |
| Ending Net Position | \$ 28,340,685 | \$ 26,185,309 | \$ 2,155,376 | 8.2% |

Broward Performing Arts Foundation, Inc. – Component Unit

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2025

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 \$32,090,106 in fiscal year 2025, an increase of \$1,612,803 from \$30,477,303 in fiscal year 2024. This reflects an increase of \$3,044,418 in current assets and a decrease of \$1,431,615 in non-current assets. The increase in current assets is primarily due to an increase in investments by \$1,307,328, an increase in cash and cash equivalents by \$971,261, a decrease in other receivables by \$53,300 and a decrease in restricted cash and cash equivalents of \$54,102. In addition, restricted receivables increased by \$2,326 and pledges receivables increased by \$870,905. The decrease in non-current assets is due to the decrease in pledges receivables from the Parker Playhouse Encore capital campaign.

Total liabilities in fiscal year 2025 were \$3,749,421, a decrease of \$542,573 from \$4,291,994 in fiscal year 2024. This decrease is mainly due to Parker capital campaign agency payable to the Authority during fiscal year 2025.

Total net position in fiscal year 2025 is \$28,340,685, an increase of \$2,155,376 from \$26,185,309 in fiscal year 2024. This increase is the result of a increase in assets of \$1,612,803 and a decrease in liabilities of \$542,573.

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

The Foundation continues 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 3, 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 \$9,430,480 in fiscal year 2025 decreased by \$2,036,326 from \$11,466,806 in fiscal year 2024. The decrease is primarily due to the decreases in contributions and in-kind/donated services of \$2,042,520, and \$193,123, respectively.

Operating Expenses:

Total operating expenses of \$8,889,637 in fiscal year 2025 increased by \$505,071 from \$8,384,566 in fiscal year 2024. This increase is primarily due to an increase in show programming expenses by \$659,315, an increase in General & administrative expenses by \$38,879 and a decrease in-kind/donated services expenses by \$193,123.

PERFORMING ARTS CENTER AUTHORITY

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

COMPONENT UNIT-Financial Analysis

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

Operating Surplus/Deficit after Investment Income:

The operating income before non-operating investment income of \$540,843 in fiscal year 2025 represents a negative change of \$2,541,397 from an operating income of \$3,082,240 in fiscal year 2024. The non-operating investment income is \$1,614,533 in fiscal year 2025 representing a change of \$1,843,656, from an investment gain of \$3,458,189 in fiscal year 2024. As a result, the operating surplus after investment income is \$2,155,376 in fiscal year 2025, decreased by \$4,385,053 from an operating surplus of \$6,540,429 in fiscal year 2024.

Capital Assets, Net:

Capital assets, net of accumulated depreciation, were \$67,209,930 in fiscal year 2025, a decrease of \$3,341,756 from fiscal year 2024. The decrease in capital assets is related to the full year depreciation of the Parker Playhouse expansion and renovations from the prior year. 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 2025 are comprised of \$800,000 from a Capital Improvement Revenue Note, Series 2013A that was secured in fiscal year 2013 from SunTrust Bank, and \$4,407,449 from a Capital Improvement Revenue Note, Series 2019 that was secured in fiscal year 2020. The long-term liabilities of the Capital Improvement Revenue Note, Series 2013A and the Capital Improvement Revenue Note, Series 2019 were reduced by \$300,000 and \$1,532,000 respectively in fiscal year 2025. For additional information please see note 10 to the notes of the financial statements.

The Foundation's Long-Term Liabilities of \$1,785,713 is comprised of the agency payable due to the Authority as a result of the Encore! And Parker capital campaigns.

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, 2025

| | <u>Primary Government</u> | <u>Component Unit</u> |
|---|---------------------------|-----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 953,662 | \$ 3,389,016 |
| Investments | 26,436,601 | 18,779,708 |
| Receivables, net | 1,760,699 | - |
| Pledges receivables, net | - | 3,289,348 |
| Due from other governments | 1,106,714 | - |
| Prepaid assets and deposits | 1,094,887 | - |
| Inventories | 158,951 | - |
| Restricted cash and cash equivalents | 1,230,295 | 58,823 |
| Restricted receivables, net | - | 375,043 |
| Total Current Assets | <u>32,741,809</u> | <u>25,891,938</u> |
| Non-Current Assets: | | |
| Capital assets, net of accumulated depreciation | 67,209,930 | - |
| Investment in parking garage, net | 356,058 | - |
| Pledges receivables, net | - | 6,198,168 |
| Total Non-Current Assets | <u>67,565,988</u> | <u>6,198,168</u> |
| Total Assets | <u>\$ 100,307,797</u> | <u>\$ 32,090,106</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,555,087 | \$ 347,951 |
| Unearned revenue | 5,796,633 | 754,924 |
| Due to promoters | 1,341,803 | - |
| Agency payable | - | 919,655 |
| Short-term note payable | 1,790,000 | - |
| Total Current Liabilities | <u>10,483,523</u> | <u>2,022,530</u> |
| Non-Current Liabilities: | | |
| Agency payable | - | 1,726,891 |
| Note payable - capital loan | 3,417,449 | - |
| Total Non-Current Liabilities | <u>3,417,449</u> | <u>1,726,891</u> |
| Total Liabilities | <u>13,900,972</u> | <u>3,749,421</u> |
| NET POSITION | | |
| Net investment in capital assets | 62,002,481 | - |
| Restricted for construction | 1,230,295 | - |
| Restricted - expendable | - | - |
| Unrestricted | 23,174,049 | 5,302,275 |
| Total Net Position | <u>\$ 86,406,825</u> | <u>\$ 28,340,685</u> |

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, 2025

| | <u>Primary Government</u> | <u>Component Unit</u> |
|--|---------------------------|-----------------------|
| REVENUES | | |
| Operating Revenues: | | |
| Programming revenues | \$ 39,266,604 | \$ - |
| Services revenues | 14,046,206 | - |
| Other revenues | 4,423,223 | 2,307,178 |
| Governmental | 1,401,198 | - |
| Contributions | 6,513,833 | 4,681,741 |
| In-kind/donated services | 1,477,117 | 2,441,561 |
| Total Operating Revenues | <u>67,128,181</u> | <u>9,430,480</u> |
| EXPENSES | | |
| Operating Expenses: | | |
| Salaries & benefits expenses | 15,613,446 | - |
| Programming expenses | 32,974,057 | 6,133,887 |
| Food & beverage | 3,352,080 | - |
| General & administrative | 11,609,268 | 314,189 |
| In-kind/donated services | 1,507,117 | 2,441,561 |
| Total Operating Expenses | <u>65,055,968</u> | <u>8,889,637</u> |
| Operating Income/(Loss) before Depreciation and Non-Operating Revenues/(Expenses) | <u>2,072,213</u> | <u>540,843</u> |
| Depreciation Expense | <u>5,370,616</u> | <u>-</u> |
| Operating Income/(Loss) Before Non-Operating Revenues/(Expenses) | <u>(3,298,403)</u> | <u>540,843</u> |
| Non-Operating Revenues/(Expenses) | | |
| Capital contribution | 3,592,910 | - |
| Non capitalizable project expenses | (274) | - |
| Capital project interest expenses | (175,111) | - |
| Capital project interest income | 200 | - |
| Investment gain | 1,183,306 | 1,614,533 |
| Total Non-Operating Revenues/(Expenses) | <u>4,601,031</u> | <u>1,614,533</u> |
| CHANGE IN NET POSITION | 1,302,628 | 2,155,376 |
| Beginning Net Position | <u>85,104,197</u> | <u>26,185,309</u> |
| Ending Net Position | <u>\$ 86,406,825</u> | <u>\$ 28,340,685</u> |

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, 2025

| | <u>Primary Government</u> | <u>Component Unit</u> |
|--|---------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 55,828,678 | \$ 3,014,550 |
| Cash received from parking garage | 1,490,120 | - |
| Cash received from governmental contributions | 2,547,171 | - |
| Cash received from community contributions | 6,513,833 | 4,681,741 |
| Cash payments to vendors for goods and services | (48,854,041) | - |
| Cash payments to employees for services | (15,383,744) | (7,086,337) |
| Net Cash Provided by (Used in) Operating Activities | <u>2,142,017</u> | <u>609,954</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital contribution | 3,592,910 | - |
| Principal paid on capital debt | (1,832,000) | - |
| Interest paid | (175,239) | - |
| Capital expenses | (1,981,407) | - |
| Net Cash Provided by (used in) Capital and Related Financing Activities | <u>(395,736)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of investments | (3,533,306) | (1,307,328) |
| Investment income | 1,183,306 | 1,614,533 |
| Net Cash Provided by (used in) Investing Activities | <u>(2,350,000)</u> | <u>307,205</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (603,719) | 917,159 |
| Cash and Cash Equivalents, Beginning of Year | <u>2,787,676</u> | <u>2,530,680</u> |
| Cash and Cash Equivalents, End of Year | <u>2,183,957</u> | <u>3,447,839</u> |
| Reconciliation of Cash and Cash Equivalents | | |
| Restricted cash and cash equivalents | 1,230,295 | 58,823 |
| Unrestricted cash and cash equivalents | 953,662 | 3,389,016 |
| Total Cash and Cash Equivalents | <u>\$ 2,183,957</u> | <u>\$ 3,447,839</u> |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used in) Operating Activities: | | |
| Operating Income/(Loss) | <u>\$ (3,298,403)</u> | <u>\$ 540,843</u> |
| Adjustments to reconcile operating income/(loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 5,370,616 | - |
| Changes in assets and liabilities: | | |
| Receivables, net | 643,228 | 611,684 |
| Inventories | (34,532) | - |
| Prepays and deposits | (179,215) | - |
| Accounts payable and accrued liabilities | (470,818) | (9,705) |
| Due to promoters | (470,472) | (628,556) |
| Unearned revenue | 581,613 | 95,688 |
| Net Cash (Used in) Operating Activities | <u>\$ 2,142,017</u> | <u>\$ 609,954</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(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. The Broward Center also manages The Parker, an historic 1,147 seat venue in downtown Fort Lauderdale, the Rose & Alfred Miniaci Performing Arts Center on the main campus of Nova Southeastern University, and the Aventura Arts & Cultural Center in Miami-Dade County,

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, 2025, 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 activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities significantly rely on fees and charges for support.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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 in 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.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, 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, 2025, 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.

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

| | <u>Years</u> |
|-------------------------|--------------|
| Furniture and Equipment | 3-15 |
| Building improvements | 15-20 |
| 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.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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-likely-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, 2025.

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 2019.

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.

VIII. Net Position

Net position as of September 30, 2025, 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.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2025, the carrying amount of the Authority's cash was \$2,183,957 of which \$953,662 was unrestricted operating cash, none of it interest bearing and \$1,230,295 was restricted cash to be used for the Encore capital campaign debt service and for the Parker Playhouse 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 \$2,183,957. The bank balance of the Authority's deposits as of September 30, 2025 was \$2,687,657 which includes \$42,277 of petty and operating cash. \$1,230,295 of the bank balance was restricted for the Encore capital campaign and the Parker Playhouse 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 \$2,183,957 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, 2025, the Authority had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> | <u>Weighted Average Life (Days)</u> |
|-------------------------------------|----------------------|---|---|
| Florida PRIME | \$ 26,436,601 | 47 | 73 |
| Portfolio weighted average maturity | <u>\$ 26,436,601</u> | | |

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(2) DEPOSITS AND INVESTMENTS (Continued)

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, 2025 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.

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 – The Accounting Standards establish a framework for measuring fair value and provide 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.

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.

PERFORMING ARTS CENTER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(2) DEPOSITS AND INVESTMENTS (Continued)

Agency Payable: Valued at the estimated present value of expected cash outflows using a 5% discount rate.

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, 2025:

| | Total | Level 1 | Level 2 | Level 3 |
|------------------------------|---------------|---------------|---------|--------------|
| Assets: | | | | |
| Investments | | | | |
| Equities Securities | \$ 4,777,940 | \$ 4,777,940 | \$ - | \$ - |
| Fixed Income Securities | 4,855,040 | 4,855,040 | - | - |
| Mutual Funds – Equities | 8,319,608 | 8,319,608 | - | - |
| Mutual Funds - Fixed Income | 827,120 | 827,120 | - | - |
| Total Investments | 18,779,708 | 18,779,708 | - | - |
| Pledges Receivables | 9,487,516 | - | - | 9,487,516 |
| Contribution Receivable from | | | | |
| Remainder Trust | 375,043 | - | - | 375,043 |
| Total Assets at Fair Value | \$ 28,642,267 | \$ 18,779,708 | \$ - | \$ 9,862,559 |

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, 2025:

| | Pledges Receivable | Contribution Receivable from Remainder Trust |
|----------------------------------|--------------------|--|
| Balance, beginning of year | \$ 10,048,226 | \$ 372,717 |
| New pledges | 2,359,150 | - |
| Receipts | (3,327,034) | - |
| Write-offs | - | - |
| Change in present value discount | 407,174 | 2,326 |
| Balance, end of year | \$ 9,487,516 | \$ 375,043 |

Concentrations of Credit and Investment Risks - Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash equivalents, investments, pledges receivable. At September 30, 2025, the Foundation had \$18,779,708 invested with a major financial institution acting as the investment manager. Mutual funds, equities, and fixed income securities comprised 96% of these investments with the remaining 4% invested in money market funds. Due to the level of risk associated with certain investments, it is probable that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(3) ENDOWMENT - Component Unit

The Foundation's endowment consists of several endowment funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds without donor restriction represent the Board-designated endowment.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted by purpose of time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment policies.

Funds with Deficiencies

From time to time the fair value of assets associated with the individual donor restricted endowment funds may fall below level that the donor under UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Directors. There were no funds with deficiencies at September 30, 2025 and 2024.

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.

PERFORMING ARTS CENTER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(3) ENDOWMENT - Component Unit (Continued)

Endowment net asset composition by type of fund as of September 30, 2025 is as follows:

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total Net Endowment Assets |
|-------------------------------------|---|--|----------------------------------|
| Board Designated Endowment Funds | \$ 4,474,518 | \$ - | \$ 4,474,518 |
| Donor-Restricted Endowment Funds | - | 13,741,010 | 13,741,010 |
| Total Funds | \$ 4,474,518 | \$ 13,741,010 | \$ 18,215,528 |

(4) RECEIVABLES

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

| | <u>Totals</u> |
|-----------------------------------|--------------------|
| Accounts – Foundation | \$ 354,308 |
| Accounts – Other | 1,409,986 |
| Other governments | 1,106,714 |
| Less: Allowance for Uncollectible | <u>(3,595)</u> |
| Net total receivables | <u>\$2,867,413</u> |

(5) PLEDGES RECEIVABLE- Component Unit

At September 30, 2025, pledges receivable consisted of:

| | |
|---------------------------------------|---------------------|
| Pledges | \$ 11,041,100 |
| Less: Allowance for Doubtful Accounts | (147,000) |
| Less: Discounts to Net Present Value | <u>(1,406,584)</u> |
| Total, Net of Discount | <u>\$ 9,487,516</u> |

Pledges receivable at September 30, 2025, were scheduled to be collected as follows:

Year Ending September 30:

| | |
|------------|----------------------|
| 2026 | \$ 3,333,733 |
| 2027 | 3,044,750 |
| 2028 | 2,103,450 |
| 2029 | 745,400 |
| 2030 | 237,100 |
| Thereafter | <u>1,576,667</u> |
| | <u>\$ 11,041,100</u> |

Multi-year pledges due after September 30, 2026 have been discounted to their net present value using a discount rate of 5%.

PERFORMING ARTS CENTER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(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 42% or \$356,054.

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 \$1,374,725 in fiscal year 2025.

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 \$356,054.

(7) CAPITAL ASSETS

Capital Assets as of September 30, 2025 consist of the following:

| | <u>Balance</u> <u>October 1,</u> <u>2024</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u> | <u>Other (Reclasses)</u> | <u>Balance</u> <u>September 30,</u> <u>2025</u> |
|---|--|-----------------------|--------------------|--------------------|--------------------------|---|
| Capital assets not being depreciated: | | | | | | |
| Land | \$ 9,666,971 | \$ - | \$ - | \$ - | \$ - | \$ 9,666,971 |
| Construction in progress | <u>1,491,903</u> | <u>2,004,410</u> | <u>-</u> | <u>(2,144,366)</u> | <u>24,450</u> | <u>1,376,397</u> |
| Total capital assets not being depreciated | <u>11,158,874</u> | <u>2,004,410</u> | <u>-</u> | <u>(2,144,366)</u> | <u>24,450</u> | <u>11,043,368</u> |
| Capital assets being depreciated: | | | | | | |
| Building and building improvements | 118,943,604 | - | - | 1,404,633 | - | 120,348,237 |
| Equipment | <u>17,757,242</u> | <u>-</u> | <u>(222,594)</u> | <u>739,733</u> | <u>-</u> | <u>18,274,381</u> |
| Total capital assets being depreciated | <u>136,700,846</u> | <u>-</u> | <u>(222,594)</u> | <u>2,144,366</u> | <u>-</u> | <u>138,622,618</u> |
| Less accumulated depreciation | <u>(77,308,034)</u> | <u>(5,370,616)</u> | <u>222,594</u> | <u>-</u> | <u>-</u> | <u>(82,456,056)</u> |
| Total capital assets being depreciated, net | <u>59,392,812</u> | <u>(5,370,616)</u> | <u>-</u> | <u>2,144,366</u> | <u>-</u> | <u>56,166,562</u> |
| Capital assets, net | <u>\$ 70,551,686</u> | <u>\$ (3,366,206)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,450</u> | <u>\$ 67,209,930</u> |

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

At September 30, 2025, restricted net assets were available for the following purposes:

| | |
|-------------------------|----------------------|
| Rumbaugh Gardens | \$ 285,678 |
| Leiser Room Renovations | 41,270 |
| Education Programs | 2,002,165 |
| Programming | 1,104,948 |
| Other | 80,942 |
| For Future Periods | 8,387,212 |
| Held in Perpetuity | 11,136,195 |
| | <u>\$ 23,038,410</u> |

(9) BEQUESTS- Component Unit

As of September 30, 2025, the Foundation had signed bequests with an estimated current value of \$2,030,000 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, 2025 was as follows:

| | |
|---|---------------------|
| Education | \$ 100,000 |
| Unrestricted | 1,750,000 |
| Permanently Restricted for Outreach and Children's Programs | 180,000 |
| | <u>\$ 2,030,000</u> |

(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, 2025, there was no balance outstanding on the line of credit. The Note was subsequently renewed and amended on December 3, 2020 in a reduced amount of \$1,500,000 with an interest rate of SOFR (Secured Overnight Financing Rate) + 1.90%. At no time shall the interest rate be less than 2.65% or greater than 24.00%.

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 3.59% and the maturity date is January 15, 2027. \$300,000 was paid toward principal in fiscal year 2025. Future principal payments and interest to maturity are summarized below:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------|-------------------|------------------|-------------------|
| 2026 | 300,000 | 22,000 | 322,000 |
| 2027 | 500,000 | 5,000 | 505,000 |
| Total | <u>\$ 800,000</u> | <u>\$ 27,000</u> | <u>\$ 827,000</u> |

Capital Improvement Loan

On December 19, 2019, the Authority executed a Capital Improvement Revenue Note, Series 2019 for a maximum principal amount of \$13,000,000 with STI Institutional & Government, Inc. for the Parker Playhouse Renovations and Improvements. The Series 2019 Note has an interest rate of 2.84% and the maturity date is December 19, 2029. In fiscal year 2025, \$1,532,000 was paid in principal.

PERFORMING ARTS CENTER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(10) LONG-TERM DEBT (Continued)

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------|---------------------|-------------------|---------------------|
| 2026 | 1,490,000 | 105,678 | 1,595,678 |
| 2027 | 1,489,000 | 62,463 | 1,551,463 |
| 2028 | 1,428,449 | 30,473 | 1,458,922 |
| 2029 | - | 2,417 | 2,417 |
| Total | <u>\$ 4,407,449</u> | <u>\$ 201,031</u> | <u>\$ 4,608,480</u> |

Long term debt activity for the fiscal year ended September 30, 2025 was as follows:

| | <u>Beginning</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> | <u>Due within One Year</u> |
|--------------------------------------|---------------------|------------------|---------------------|---------------------|--------------------------------|
| Construction Loan Series 2013A | \$ 1,100,000 | \$ - | \$ 300,000 | \$ 800,000 | \$ 300,000 |
| Capital Improvement Loan Series 2019 | 5,939,449 | - | 1,532,000 | 4,407,449 | 1,490,000 |
| Total | <u>\$ 7,039,449</u> | <u>\$ -</u> | <u>\$ 1,832,000</u> | <u>\$ 5,207,449</u> | <u>\$ 1,790,000</u> |

(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.

Mission Square Retirement 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 \$695,899 in fiscal year 2025. During the current year, employees contributed \$695,899. As of September 30, 2025, the number of active employee plan participants was 106.

(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 Mission Square Retirement, a registered investment advisor, on behalf of the participants except for certain guaranteed investment contracts invested under a non-active deferred compensation plan.

PERFORMING ARTS CENTER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) RELATED PARTY TRANSACTIONS

During fiscal year 2025 the Authority recognized \$6,513,833 in support and contributions from the Foundation for support of the Authority's programs and operations, and \$925,000 in support of capital projects.

During the year the Foundation's operating expenses including, but not limited to personnel, marketing, advertising, printing and supplies in the amount of \$2,441,561 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. 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. Note, on 3/11/25, we received the grant closeout for SVOG SBAHQ21SV001775 confirming that our final Financial Report (Standard Form, SF-425) has been approved, and the closeout requirements for our Shuttered Venue Operators Grant (SVOG) award is now complete.

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.

Naming Agreement

The Authority entered into a twenty-year naming agreement with a corporation during fiscal year 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 of the Broward Center, 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, 2025 the deductible for commercial property coverage was \$25,000. Effective January 14, 2025, 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 in 2005, 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, 2025. The Authority continues to pursue cost-beneficial windstorm insurance.

PERFORMING ARTS CENTER AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(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 Fort Lauderdale City Commission for landscaping services. Management estimates that \$1,477,117 of cumulative donated support was received during the fiscal year ended September 30, 2025.

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 \$2,441,561

(17) TRI-PARTY GRANT AGREEMENT

For fiscal year 2025, Broward County, the City and the Authority entered into an inter-local agreement. Broward County agreed to contribute \$19,608 for an annual audit. The County also provided the Authority with an operating grant of \$950,000 in 2025. The City agreed to make cash contributions from the net amount of the Arts and Science Parking Garage revenues not to exceed \$300,000; \$19,608 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) TRI-PARTY CAPITAL AGREEMENT

Starting in fiscal year 2024 and ending in fiscal year 2028, an annual amount, of up to \$1 million, is programmed for capital improvements at the Broward Center for the Performing Arts for an expected term of up to five years. The County will match up to \$500,000 annually on a dollar-for-dollar basis for PACA contributions. The County would also match up to \$500,000 annually on a two-to-one basis for City of Fort Lauderdale contributions.

(19) CONCENTRATION

For the fiscal year ended September 30, 2025, 11% of all performances, 31% of all attendance and 33% 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 operating costs and support to local presenting organizations.

COMPLIANCE SECTION



Accountants
Advisors

**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, 2025, 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 30, 2026. 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*.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
January 30, 2026



Accountants
Advisors

**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, 2025, and have issued our report thereon dated January 30, 2026. 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*; Independent Accountants' 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; and Independent Accountants' Report on Compliance Pursuant to the Tri-Party Grant Agreement. Disclosures in the reports, which are dated January 30, 2026, 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 financial audit report. There were no findings or recommendations made in the preceding 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.

Financial Condition and Management (Continued)

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.

Special District Component Units

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority reported:

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year was 257.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year was 87.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$12,807,130.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$6,227,940.
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was none.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as presented in Appendix A following this report.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
January 30, 2026

PERFORMING ARTS CENTER AUTHORITY
Appendix A
Budget Variance Report
For the Fiscal Year Ended September 30, 2025

| | Enterprise Fund | | | |
|--|--------------------|--------------------|-------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenue | | | | |
| Other Local Grants | 1,426,758 | 1,426,758 | 1,401,198 | (25,560) |
| Other Cultural/Recreational Charges | 54,702,585 | 54,702,585 | 55,167,150 | 464,565 |
| Interest | 900,000 | 900,000 | 1,183,306 | 283,306 |
| Rents and Royalties | 2,440,407 | 2,440,407 | 2,568,883 | 128,476 |
| Contributions/Donations from Private Sources | 6,862,354 | 6,862,354 | 7,990,950 | 1,128,596 |
| Capital Contribution - Other Public Sources | 875,004 | 875,004 | 1,933,692 | 1,058,688 |
| Capital Contribution - Private | 1,595,963 | 1,595,963 | 1,659,218 | 63,255 |
| Gain from Asset Disposal | - | - | 200 | 200 |
| Total Revenues | 68,803,071 | 68,803,071 | 71,904,597 | 3,101,526 |
| Expenses | | | | |
| Financial and Administrative | 16,253,221 | 16,253,221 | 15,613,446 | (639,775) |
| Cultural Services | 53,794,745 | 53,794,745 | 54,813,138 | 1,018,393 |
| Proprietary Non-Operating Interest Expense | 197,560 | 197,560 | 175,385 | (22,175) |
| Total Expenses | 70,245,526 | 70,245,526 | 70,601,969 | 356,443 |
| Change in Net Position | (1,442,455) | (1,442,455) | 1,302,628 | 2,745,083 |



Accountants
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, 2024 through September 30, 2025. 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.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2024 through September 30, 2025.

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

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
January 30, 2026



Accountants
Advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT
TO THE TRI-PARTY GRANT AGREEMENT**

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 the Tri-Party Grant Agreement as it relates to compliance with the funds received from Broward County during the period of October 1, 2024 through September 30, 2025. 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.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the funds received by the Authority from Broward County have been expended in accordance with the terms of the Tri-Party Grant Agreement during the period of October 1, 2024 through September 30, 2025 in all material respects.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
January 30, 2026