North Carolina Performing Arts Center at Charlotte Foundation
(DBA Blumenthal Performing Arts)

Financial Statements

Years Ended August 31, 2022 and 2021

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FORVIS

Independent Auditor's Report

Board of Directors of
North Carolina Performing Arts Center at Charlotte Foundation
Charlotte, NC

Opinion

We have audited the financial statements of the North Carolina Performing Arts Center at Charlotte Foundation (dba "Blumenthal Performing Arts") (the "BPA"), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BPA as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of BPA, 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 opinion.

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 BPA's ability to continue as a going concern within one year after the date that these financial statements are available to be issued or within one year after the date that these financial statements are issued.

Auditor's 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 auditor's report that includes our opinion. 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 GAAS 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 GAAS 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 BPA'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 BPA'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of BPA'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 BPA'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 BPA's internal control over financial reporting and compliance.

FORVIS, LLP

Greenville, SC
December 5, 2022

North Carolina Performing Arts Center at Charlotte Foundation
Statements of Financial Position
August 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 12,800,833**	$ 28,015,136
Receivables:		
Pledges receivable, net	**378,547**	51,352
Operations accounts receivable, net	**3,681,481**	1,385,944
Prepaid and other current assets	**2,166,158**	1,916,685
Short-term investments	**6,040,381**	5,039,014
Total current assets	**25,067,400**	36,408,131
Non-current assets:		
Pledges receivable - long term, net	**-**	252,000
Investments in performances	**1,313,796**	908,565
Nonqualified deferred compensation plan assets	**997,997**	976,976
Property and equipment, net	**2,202,187**	2,091,115
Present value of future lease contributions	**4,171,463**	4,380,940
Beneficial interest in assets held in trust	**24,383,036**	28,386,156
Total non-current assets	**33,068,479**	36,995,752
Total assets	**$ 58,135,879**	$ 73,403,883

	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable	**$ 821,144**	$ 826,937
Accrued expenses	**1,828,601**	2,354,723
Deferred revenue	**15,755,054**	23,729,284
Deferred contribution revenue	**-**	2,370,722
PPP loans	**-**	1,723,525
Total current liabilities	**18,404,799**	31,005,191
Nonqualified deferred compensation liability	**997,997**	976,976
Total liabilities	**19,402,796**	31,982,167
Net assets:		
Without donor restrictions	**23,348,823**	23,182,690
With donor restrictions	**15,384,260**	18,239,026
Total net assets	**38,733,083**	41,421,716
Total liabilities and net assets	**$ 58,135,879**	$ 73,403,883

North Carolina Performing Arts Center at Charlotte Foundation
Statements of Activities
Years ended August 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Operating activities		
Operating revenues and other support		
Theater event collections	**$ 45,531,109**	$ 17,441,238
Contributions and grant revenues	**1,853,082**	1,818,720
SVOG revenue	**2,370,722**	5,905,753
Building maintenance support	**227,026**	914,526
Present value adjustments of future lease contributions	**1,637,773**	1,638,161
Return on investments available for operations	**15,147**	1,305
Change in beneficial interest of assets held in trust, net	**(1,994,727)**	2,517,079
Other revenues	**464,950**	17,563
PPP loan forgiveness	**1,723,525**	1,723,525
Net assets released from restriction	**1,387,282**	1,266,896
Total revenues and other support without donor restrictions	**53,215,889**	33,244,766
Operating expenses		
Program expenses:		
Events	**37,127,941**	14,653,042
Operations	**12,031,403**	8,254,636
Donated rental expense	**1,847,250**	1,847,250
Total program expenses	**51,006,594**	24,754,928
Development	**556,539**	347,185
Management and general	**1,486,623**	909,543
Total operating expenses	**53,049,756**	26,011,656
Change in net assets without donor restrictions	**166,133**	7,233,110
Changes in net assets with donor restrictions		
Contributions	**478,245**	548,740
Change in beneficial interest of assets held in trust, net	**(1,945,729)**	2,273,670
Net assets released from restriction	**(1,387,282)**	(1,266,896)
Change in net assets with donor restrictions	**(2,854,766)**	1,555,514
Change in net assets	**(2,688,633)**	8,788,624
Net assets, beginning of year	**41,421,716**	32,633,092
Net assets, end of year	**$ 38,733,083**	$ 41,421,716

North Carolina Performing Arts Center at Charlotte Foundation
Statements of Cash Flows
Years ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (2,688,633)**	$ 8,788,624
Adjustments to reconcile change in net assets to net cash flows provided by (used by) operating activities:		
Depreciation	**605,645**	666,608
Realized and unrealized (gains) / loss	**(1,367)**	11,751
Net change in beneficial interest in assets held in trust	**3,940,457**	(4,671,476)
Change in present value of future lease contributions	**209,477**	(67,772)
Change in allowance for doubtful accounts	**4,416**	1,225
Loss on sale of property and equipment	**-**	5,621
PPP loan forgiveness	**(1,723,525)**	(1,723,525)
Change in operating assets and liabilities:		
Pledges receivable	**(75,110)**	824,799
Operations accounts receivable	**(2,300,038)**	1,757,692
Prepaid and other current assets	**(249,473)**	(805,150)
Accounts payable	**(5,793)**	646,270
Accrued expenses	**(526,122)**	1,248,794
Deferred revenues	**(7,974,230)**	12,757,688
Deferred contribution revenue	**(2,370,722)**	2,370,722
Net cash provided (used) by operating activities	**(13,155,018)**	21,811,871
Cash flows from investing activities:		
Purchase of short-term investments, net of sales of short-term investments	**(937,337)**	(59,637)
Advances for future performances, net of royalties received	**(405,231)**	74,345
Net change in nonqualified deferred compensation plan assets	**(21,021)**	(203,254)
Net change in nonqualified deferred compensation plan liability	**21,021**	203,254
Purchases of property and equipment	**(716,717)**	(281,809)
Net cash used by investing activities	**(2,059,285)**	(267,101)
Cash flow from financing activities:		
Proceeds from PPP loans	**-**	1,723,525
Net cash provided by financing activities	**-**	1,723,525
Net increase (decrease) in cash and cash equivalents	**(15,214,303)**	23,268,295
Cash and cash equivalents, beginning of year	**28,015,136**	4,746,841
Cash and cash equivalents, end of year	**$ 12,800,833**	$ 28,015,136

See accompanying notes.

Notes to Financial Statements

1. Summary Of Significant Accounting Policies

North Carolina Performing Arts Center at Charlotte Foundation, a nonprofit organization incorporated on May 8, 1987, operates as Blumenthal Performing Arts ("BPA") to present the best in the performing arts, and in partnership with others, share and employ the arts as a major catalyst to strengthen education, build community cohesiveness, and advance economic growth. BPA also manages the operation of three performance spaces located in the Blumenthal Performing Arts Center (the "Center"): the 2,097-seat Belk Theater, the 444-seat Booth Playhouse, and the Stage Door Theater which seats 170. BPA also manages the 1,193-seat Knight Theater and the Spirit Square Center for Arts and Education ("Spirit Square"), a community center focusing on arts education (Spirit Square closed in September 2021 for renovations and is expected to reopen upon completion of the project), and community theater, which includes the 730-seat McGlohon Theater and the Duke Energy Theater which seats 182. BPA presents national touring Broadway productions and a wide range of special attractions. Additionally, BPA's Education Institute and its Community Programs Division develop innovative partnerships with schools and community organizations to bring the performing arts to life for people throughout the region. BPA is home to thirteen resident arts organizations including Charlotte Symphony, Opera Carolina, Charlotte Ballet, Jazz Arts Initiative, Community School of the Arts, BNS Productions, Carolina Voices, Starving Artist Productions, Three Bone Theatre, Caroline Calouche & Co., Studio 345, Tosco Music Party and Elevation Church. The Center and the Knight Theaters are owned by the City of Charlotte, North Carolina (the "City") and Spirit Square Center is owned by Mecklenburg County, North Carolina (the "County") (see Note 9).

Basis of Presentation

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

> Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. BPA recognizes as without donor restricted revenue any donor-restricted contributions whose restrictions are met in the same reporting period as received.
>
> Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events that are specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained perpetuity. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

BPA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents unless held by investment managers as part of the investment portfolio. BPA places its cash on deposit with one financial institution which is insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, the balance may exceed the federally insured limits.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts of approximately $8,000 and $13,000 at August 31, 2022 and 2021, respectively. BPA provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is BPA's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Short Term Investments

Investments are valued at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in the fair value of securities are reflected in return on investments in the accompanying Statement of Activities. See Note 4 for discussion of fair value measurements.

Investments in Performances

BPA is a limited partner in several limited liability partnerships that invest in theatrical stage productions. BPA's ownership percentage in each limited liability partnership is less than 5%. The investment in these limited liability partnerships is accounted for using the cost method, and income recognized is limited to distributions received from the partnerships in excess of BPA's original investment. Annually, management reviews the investments and determines, at that time, if a portion of the investment is considered impaired and writes it down to the net realizable value.

Property and Equipment

All acquisitions of property and equipment in excess of $25,000 and all expenditures for repairs, maintenance, renewals, and betterments in excess of $25,000 that materially prolong the useful lives of assets are capitalized. Property and equipment is stated at cost when purchased, and at estimated market value when donated. BPA records depreciation of its property and equipment using the straight-line method over the estimated useful life of the asset. The estimated useful lives of BPA's assets are twenty years for the organ façade and building improvements and three to ten years for all other assets.

Beneficial Interest of Assets Held in Trust

BPA recognizes contribution revenue from assets donated to a recipient organization for the sole benefit of BPA and its mission.

Donated Services

BPA records the value of donated services and equipment in its financial statements if a basis is available to measure the value of such services and equipment. Donated services are generally recognized if such services enhance nonfinancial assets and require a specialized skill. The amounts are included in contributions and grant revenues on the accompanying Statement of Activities.

BPA generally pays for services requiring specific expertise. Community members volunteer as ushers, tour guides, administrative assistants, and advisors. A dollar valuation of their efforts is not reflected in the financial statements, however, the estimated volunteer hours for the years ended August 31, 2022 and 2021 were 48,021 and 8,722, respectively.

Revenue Recognition

Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. BPA's customer contracts generally require BPA to present theater performances and provide space for performance venue rentals.

BPA has the following main sources of revenue:

Theater event collections
BPA provides various performances throughout the year for the public and also manages the operation of several performance venues which are available to be rented for events. The majority of BPA's revenues from contracts with customers are generated from theater admissions, ticket handling fees, concession revenues, and venue rentals which are considered to be single performance obligations. Revenues for performance obligations satisfied at a point in time are recognized when the services are provided, which is generally when the related theater performances are presented, or event has been held. Ticket handling fees are recognized at time of ticket sale. Tickets for theater performances are generally made available for purchase at the time the theater performance is advertised and are refundable.

Payments received for advance ticket sales and venue rental deposits are reported as a liability until the theater performance is presented or event has been held. The aggregate amount of BPA's contract performance obligation includes advance ticket sales and venue rental deposits which are reported as deferred revenue on the statements of financial position. The liability for advance ticket sales and venue rental deposits totaled approximately $15,800,000 and $23,700,000 at August 31, 2022 and 2021, respectively. Because the performance obligation for advance ticket sales and venue rental deposits relate to contracts with a duration of less than one year, BPA has elected to apply the ASU practical expedients to not restate completed contracts that begin and end in the same reporting period, not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at the end of the reporting period, and not capitalize the incremental cost of obtaining contracts. The performance obligation for advance ticket sales will generally be completed in the following fiscal year when the theater performance is presented and the performance obligation for venue rental deposits will generally be completed in the following fiscal year when the event is presented.

Contributions and grant revenues
BPA receives contributions from donors throughout the year which includes gifts from individuals as well as corporate donors. As noted previously, contributions, including unconditional promises to give, are recognized when cash, securities or other assets are received while the conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In the absence of donor restrictions, contributions are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received. Government funding and grants are recorded as unrestricted revenue funds and are reimbursements for expenditures made by BPA.

Sponsorship revenue is recognized in the fiscal year specified in the sponsorship contract.

Pledges Receivable

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the resulting discount is taken into income as a contribution in subsequent years.

Advertising Costs

Advertising costs related to specific events are deferred and amortized in the period of the event. BPA charges advertising costs to events as incurred on the accompanying Statements of Activities. Advertising expense for the years ended August 31, 2022 and 2021 was approximately $3,797,000 and $1,845,000, respectively.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis in Note 3. Certain costs have been allocated, based on estimates by management, among program services, management and general, and fundraising.

Tax Status

In the United States Treasury Department determination letter dated October 15, 1992, BPA was determined to be tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there are no income taxes provided for in the accompanying financial statements. For the years ended August 31, 2022 and 2021, BPA accrued $22,500 in estimated federal and state taxes for Unrelated Business Income.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which requires that operating leases be recorded on the statement of financial position as assets and liabilities. This new standard creates a distinction in classification criteria between finance leases and operating leases, which is similar to the classification criteria used to distinguish between capital assets and operating leases under current U.S. GAAP. However, for leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2021, and early adoption is permitted. BPA is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements.

Subsequent Events

BPA evaluated the effect subsequent events would have on the financial statements through December 5, 2022, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable represent all outstanding unconditional promises to give commitments for contributions to BPA. Pledges are recorded as a receivable at the time a written pledge is received.

Pledges receivable are as follows:

	2022	2021
Receivable in less than one year	**$ 386,001**	$ 58,721
Receivable in two to five years	**-**	252,000
	386,001	310,721
Less: allowance for doubtful pledges	**(7,454)**	(7,369)
Total pledges receivable, net	**$ 378,547**	$ 303,352

3. Analysis of Expense by Functional and Natural Categories

Expenses by natural classification for the year ended August 31, 2022, are as follows:

	Program service expenses	Management and general expenses	Fundraising expenses	Total
Production costs	$ 29,544,134	$ -	$ -	$ 29,544,134
Advertising and promotion	3,673,711	-	123,312	3,797,023
Box office	2,062,892	-	-	2,062,892
Concessions and parking	1,626,877	-	-	1,626,877
Salaries and wages	5,396,028	378,307	208,139	5,982,474
Benefits	1,289,062	58,264	29,338	1,376,664
Contract services	881,671	378	650	882,699
Office expenses	959,156	62,251	14,244	1,035,651
Donated rental expense	1,847,250	-	-	1,847,250
Utilities	569,013	-	-	569,013
Insurance	299,403	-	-	299,403
Equipment/building repairs	628,870	-	-	628,870
Travel	411,607	64,279	52,535	528,421
Production investment losses	-	197,535	-	197,535
Scholarships and grants	72,492	-	-	72,492
Miscellaneous	1,138,783	725,609	128,321	1,992,713
Depreciation expense	605,645	-	-	605,645
	$ 51,006,594	$ 1,486,623	$ 556,539	$ 53,049,756

Expenses by natural classification for the year ended August 31, 2021, are as follows:

	Program service expenses	Management and general expenses	Fundraising expenses	Total
Production costs	$ 8,226,693	$ -	$ -	$ 8,226,693
Advertising and promotion	1,844,785	-	25	1,844,810
Box office	1,711,538	-	-	1,711,538
Concessions and parking	1,871,114	-	-	1,871,114
Salaries and wages	4,025,221	384,208	255,745	4,665,174
Benefits	991,786	54,026	43,517	1,089,329
Contract services	1,369,599	6,345	-	1,375,944
Office expenses	700,136	27,954	11,518	739,608
Donated rental expense	1,847,250	-	-	1,847,250
Utilities	487,773	-	-	487,773
Insurance	141,159	-	-	141,159
Equipment/building repairs	303,994	-	-	303,994
Travel	200,935	1,898	583	203,416
Production investment losses	-	312,842	-	312,842
Scholarships and grants	76,441	-	-	76,441
Miscellaneous	289,896	122,270	35,797	447,963
Depreciation expense	666,608	-	-	666,608
	$ 24,754,928	$ 909,543	$ 347,185	$ 26,011,656

4. Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Observable inputs such as quoted prices in active markets.

- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable. Money market funds are valued using $1 for the unit value using the market approach. Fixed income securities are valued on the basis of valuations provided by pricing services, which determines valuations using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders.

- Level 3: Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach which generally consists of net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The BPA's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Following is a description of the valuation methodologies used for the underlying assets measured at fair value. There have been no changes in the methodologies used at August 31, 2022 and 2021.

The following tables set forth by level, within the fair value hierarchy, BPA investments at fair value as of August 31, 2022 and 2021:

	August 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Short-term investments:				
Money market fund	**$ -**	**$ 6,010,716**	**$ -**	**$ 6,010,716**
Fixed income	**-**	**29,665**	**-**	**29,665**
Deferred compensation assets	**-**	**997,997**	**-**	**997,997**
Total short-term investments	**$ -**	**$ 7,038,378**	**$ -**	**$ 7,038,378**
Beneficial interest in assets held in trust	**$ -**	**$ -**	**$ 24,383,036**	**$ 24,383,036**

	August 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Short-term investments:				
Money market fund	$ -	$ 5,008,214	$ -	$ 5,008,214
Fixed income	-	30,800	-	30,800
Deferred compensation assets	-	976,976	-	976,976
Total short-term investments	$ -	$ 6,015,990	$ -	$ 6,015,990
Beneficial interest in assets held in trust	$ -	$ -	$ 28,386,156	$ 28,386,156

The investment portion of the beneficial interest in assets held in trust are considered by BPA to be Level 3 assets because they represent interests held in pooled investment funds, which include private investment funds. As discussed in Notes 5 and 6, the Foundation for the Carolinas ("FFTC") manages the administration of these investments. See Note 7 for a reconciliation of beginning and ending balances for beneficial interest in assets held in trust (Level 3) for the years ended August 31, 2022 and 2021.

5. Short-Term Investments and Endowment Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the Statements of Activities. The endowment investments are invested at the FFTC which qualify as beneficial interest in assets held in trust (Note 6).

BPA's endowment investments of $14,746,444 and $17,203,385 are held by the Greater Charlotte Cultural Trust (the "Trust") as of August 31, 2022 and 2021, respectively. The Trust, which is a supporting foundation of the FFTC, is a separate legal entity with its own board of directors which oversees endowment administration, evaluates planned giving opportunities, and makes investment decisions. FFTC, a nonprofit organization that serves donors, communities, and a broad range of charitable purposes in North and South Carolina, provides investment and administrative services for the Trust. The Trust invests in a variety of investments, which are subject to fluctuations in market values and expose the Trust to a certain degree of interest and credit risk.

The Trust has investments with fund managers who invest in private investment funds as part of the Trust's asset allocation. The investment in the private investment funds is an alternative investment strategy with the purpose of increasing the diversity of the Trust's holdings and is consistent with the Trust's overall investment objectives. The private investment funds are not traded on an exchange, and accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities. The private investment funds may invest in other private investment funds, equity or debt securities, which may or may not have readily available fair values, and foreign exchange or commodity forward contracts. Management of the Trust relies on various factors to estimate the fair value of these investments and believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used are subject to change in the near term, and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the financial statements.

The investment return on endowments investments was $2,394,277 and $2,936,675 for the years ended August 31, 2022 and 2021, respectively.

6. Beneficial Interest In The Campaign For Cultural Facilities

BPA has a beneficial interest in assets held in trust by the Trust. In 2004, the Trust completed the Cultural Organizations Endowment Agreement related to the Campaign for Cultural Facilities. The agreement outlines the approximately $82.3 million campaign to fund facility endowments to support the operation of new or remodeled facilities as well as other endowment and capital needs in the cultural community. BPA is party to this agreement and is budgeted to be allocated $8 million because the campaign reached its fundraising goal. In accordance with the agreement, the funds will be used to create an endowment, with the earnings to be distributed annually to fund operating costs of the facilities.

Although BPA has no control over the calculation of the annual spendable portion of these funds as of August 31, 2022, BPA is a named beneficiary of a portion of these funds. Accordingly, a beneficial interest has been included in the BPA's assets totaling $9,636,592 and $11,182,771 as of August 31, 2022 and 2021, respectively, representing BPA's interest in funds raised to date. Following the substantial collection of the contributions and pledges from the campaign and a twenty-four month holding period, the fund will become a quasi-endowment. The Trust expects this to occur during 2023.

7. Endowment Funds

BPA's endowment consists of nine individual funds established for a variety of purposes that are invested at the Trust as of August 31, 2022 and 2021, respectively (see Note 6). The endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. GAAP also provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of Uniform Prudent Management Institutional Fund Act ("UPMIFA").

Endowment net asset composition by type of fund for the investment portion of the endowment as of August 31, 2022 and 2021 is listed below:

	Without Donor Restrictions	With Donor Restrictions	Total
2022:			
Endowment funds	**$ 14,634,625**	**$ 9,748,411**	**$ 24,383,036**
2021:			
Endowment funds	$ 16,081,049	$ 12,305,107	$ 28,386,156

The Board of Directors of BPA has interpreted UPMIFA as requiring, absent explicit donor stipulations to the contrary, that the following amounts included in the endowment be classified as donor restricted: (a) the original value of gifts donated to the permanent endowment and (b) 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.

In accordance with UPMIFA, BPA considered the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

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

The FFTC administers the endowed funds of the Trust. The Board of Directors of the Trust and ultimately BPA have adopted investment and spending policies for endowment assets that attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Trust 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). Accordingly, the Trust has adopted the following investment allocation guidelines:

Equities – large cap	17% - 26%
Equities – small cap	6% - 11%
Equities – emerging market	5% - 8%
Equities – international	10% - 25%
Bonds	10% - 60%
Alternative investments	5% - 15%

The Trust establishes its spendable income policy to balance near-term spending requirements against the long-term preservation goals for the funds. Each year the Trust approves a spendable income rate to be applied to the average daily balance of the funds over the previous three calendar years. In compliance with North Carolina law and leveraging the financial expertise of its Board of Directors, the Trust considers current and forecasted economic and market conditions to determine the annual spendable income rate. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate in excess of planned payouts. The spendable income rate was 4.50% for the years ending August 31, 2022 and 2021.

Changes in the investment portion of the endowment net assets for the years ended August 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 1, 2021	**$ 16,081,049**	**$ 12,305,107**	**$ 28,386,156**
Net investment return (gains/losses)	**(1,994,727)**	**(1,929,933)**	**(3,924,660)**
Contributions	**-**	**4,829**	**4,829**
Transfers out	**-**	**114,322**	**114,322**
Withdrawals	**-**	**(67,492)**	**(67,492)**
Released from donor restriction	**548,303**	**(548,303)**	**-**
Change in Greater Charlotte Cultural Trust	**-**	**(130,119)**	**(130,119)**
Endowment net assets, August 31, 2022	**$ 14,634,625**	**$ 9,748,411**	**$ 24,383,036**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 1, 2020	$ 13,090,668	$ 10,564,375	$ 23,655,043
Net investment return (gains/losses)	2,517,085	2,268,821	4,785,906
Contributions	-	12,705	12,705
Transfers out	-	170,994	170,994
Withdrawals	-	(72,346)	(72,346)
Released from donor restriction	473,296	(473,296)	-
Change in Greater Charlotte Cultural Trust	-	(166,146)	(166,146)
Endowment net assets, August 31, 2021	$ 16,081,049	$ 12,305,107	$ 28,386,156

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount recorded by BPA as donor restricted net assets (corpus). At August 31, 2022 and 2021, the fair value of each individual fund exceeded corpus.

8. Property And Equipment

At August 31, 2022 and 2021, property and equipment consisted of the following:

	2022	2021
Leasehold improvements	**$ 5,260,338**	$ 4,528,531
Computer equipment	**3,095,890**	3,095,890
Building equipment	**3,452,021**	3,360,587
Organ façade	**182,601**	182,601
Furniture and office equipment	**1,139,885**	1,139,885
Construction in process	**133,144**	239,667
Total property and equipment	**13,263,879**	12,547,161
Less: accumulated depreciation	**(11,061,692)**	(10,456,046)
Net property and equipment	**$ 2,202,187**	$ 2,091,115

BPA leases its facilities from the City and the County. See Note 9.

9. Facilities Leases

BPA has an agreement with Bank of America, N.A. to lease office space in one of its buildings. BPA leases this space for $10 per year. The initial term of the lease expired on March 31, 2021 and was automatically renewed for one five-year term, on the same terms as provided in the lease agreement. During the year ended June 30, 2010, BPA entered into agreements with the City to lease and operate the Center and Knight Theater. BPA also has an agreement with the County to lease and operate Spirit Square. BPA leases each facility for $1 per year. The agreement to lease the Center expired on October 2, 2019 at which time it converted to a month to month agreement. The agreement to lease the Knight Theater expires on June 30, 2039, and the agreement to lease Spirit Square expired on June 30, 2007 at which time it converted to a month to month agreement.

In accordance with GAAP, BPA records the fair market value of the leases each year. In addition, BPA records the present value of the future leasehold benefits of the City leases for the remaining life of the current lease obligations. The present value of these benefits has been computed using discount rates of 3.2%, 3.5% and 4.3% for the Performing Arts Center, Bank of America, and Knight Theater, respectively. BPA recorded the fair value of the leases of $1,847,250 as donated rental expense and a corresponding release from restricted net assets, net of amortization of the discount, in the accompanying Statements of Activities for the year ended August 31, 2022 and 2021.

10. Deferred Revenues and Prepaid Event Expenses

BPA recognizes revenues and expenses related to an event at the time of the performance. At August 31, 2022 and 2021, the Center had received approximately $15,800,000 and $23,700,000, respectively, in advance ticket sales which has been deferred to the succeeding fiscal year. Related box office receivables were approximately $3,300,000 and $1,000,000 for the year ended August 31, 2022 and 2021, respectively. Related prepaid event expenses were approximately $1,081,000 and $1,425,000 for the year ended August 31, 2022 and 2021, respectively.

11. CARES Act / SVOG Program and PPP Loans

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security ("CARES") Act provides for the establishment of the Paycheck Protection Program ("PPP"), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

During the year ended August 31, 2020, BPA received a first draw of PPP loan totaling $1,723,525 ("1st PPP Loan") and elected to account for the funds received in accordance with ASC Topic 470, *Debt*. As of August 31, 2021, BPA spent all of the funds received under the 1st PPP Loan for qualifying purposes, prepared a forgiveness calculation and submitted an application for forgiveness to its lender. During this same period, BPA received notification from the lender and Small Business Administration ("SBA") that the loan had had been forgiven and BPA had been relieved of its obligation for the liability. As a result, BPA recognized the outstanding principal together with the accrued interest of the 1st PPP Loan as a separate line item on the accompanying Statement of Activities.

During the year ended August 31, 2021, BPA received a second draw of PPP loan totaling $1,723,525 ("2nd PPP Loan") and elected to account for the funds received in accordance with ASC Topic 470, *Debt*. In order to be forgiven, funds from these loans may only be used to satisfy payroll costs, costs used to continue health care benefits, mortgage payments, rent, utilities, and interest on certain other debt obligations. During the year ended August 31, 2022, BPA received notification from the lender and Small Business Administration ("SBA") that the loan had had been forgiven and BPA had been relieved of its obligation for the liability. As a result, BPA recognized the outstanding principal together with the accrued interest of the 2nd PPP Loan as a separate line item on the accompanying Statement of Activities.

During 2021, BPA received $8,276,475 from the Shuttered Venue Operators Grant ("SVOG") program. This program was established in Section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) signed into law on December 27, 2020. Section 324 of the Economic Aid Act was amended by Section 5005 of the American Rescue Plan Act signed into law on March 11, 2021. Funds received from this grant are used for expenses such as payments to independent contractors, payroll, utilities, advertising, other ordinary and necessary business expenses, and capital expenditures. For the years ended August 31, 2022 and 2021, $2,370,722 and $5,905,753 was recorded on the accompanying Statement of Activities, respectively.

12. Employee Benefit Plans

BPA sponsors a 403(b) defined contribution pension plan for full-time employees with a minimum of one year of service who are not covered by a collective bargaining agreement. BPA contributes 2% of each participant's compensation to the plan, and matches up to 3% of a participant's compensation. For the years ended August 31, 2022 and 2021, BPA's contribution to the plan was approximately $210,000 and $215,000, respectively.

BPA provides separate supplemental employee retirement plans for its president and former president. The former president is covered under an annuity contract which, beginning in fiscal 1998, was partially funded by investing in a trust which BPA is the owner of the trust assets. The current president is covered under a defined contribution plan. BPA recorded no expenses related to the plans for the years ended August 31, 2022 and 2021. The trust assets are recorded as an asset in BPA's financial statements and the corresponding liability has also been recorded.

13. Restrictions and Limitations on Net Asset Balances

BPA's net assets with donor restrictions were released as follows for the years ended August 31, 2022 and 2021:

	2022	2021
Donated rental expense, net of amortization of discount	**$ 209,477**	$ 209,089
Donor designated gifts released	**629,502**	584,511
Campaign for Cultural Facilities donations released from restriction	**548,303**	473,296
Total net assets released from donor restrictions	**$ 1,387,282**	$ 1,266,896

BPA's net assets with donor restrictions are for the following purposes:

	2022	2021
Gross value of leaseholds with City, County and Bank of America, N.A.	**$ 4,380,940**	$ 4,590,029
Less: net rental expense recognized to date	**(209,477)**	(209,089)
Present value of leaseholds with City and County	**4,171,463**	4,380,940
Booth Playhouse endowment	**422,441**	485,261
Performing arts scholarship fund	**614,587**	774,436
Other restricted donor contributions	**1,464,386**	1,552,979
Beneficial interest in The Campaign for Cultural Facilities	**7,281,408**	9,375,891
Education institute endowment	**1,000,673**	1,167,695
Other scholarship funds	**429,302**	501,824
Total net assets with donor restrictions	**$ 15,384,260**	$ 18,239,026

14. Concentrations

During the years ended August 31, 2022 and 2021, BPA had sales from presentation that comprised of 26% and 15%, respectively, of total sales.

Some of BPA's employees (representing approximately 21% and 6% of payroll expense for the years ended August 31, 2022 and 2021, respectively) are members of the International Alliance of Theatrical Stage Employees Local #322. BPA's contract with the union expires June 30, 2023. BPA's other employees are not represented by a union.

15. Availability and Liquidity

The following represents BPA's financial assets at August 31:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	**$ 12,800,833**	$ 28,015,136
Operations accounts receivable	**3,681,481**	1,385,944
Short-term investments	**6,040,381**	5,039,014
Financial assets available to meet general expenditures over the next twelve months	**$ 22,522,695**	$ 34,440,094

Compliance Section

FORVIS

Independent Auditor's 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*

Board of Directors
North Carolina Performing Arts Center at Charlotte Foundation
Charlotte, NC

We have audited, 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, the financial statements of North Carolina Performing Arts Center at Charlotte Foundation (dba "Blumenthal Performing Arts") (the "BPA"), which comprise the BPA's statement of financial position as of August 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BPA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the BPAs internal control.

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

Our consideration of 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 BPA'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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Greenville, SC
December 5, 2022

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Independent Auditor's Report on Compliance for a Federal Program and Report on Internal Control Over Compliance

Board of Directors
North Carolina Performing Arts Center at Charlotte Foundation
Charlotte, NC

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North Carolina Performing Arts Center at Charlotte Foundation's (dba "Blumenthal Performing Arts") (the "BPA") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on BPA's major federal program for the year ended August 31, 2022. BPA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BPA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of BPA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of BPA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to BPA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BPA's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BPA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 BPA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of BPA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BPA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

FORVIS, LLP

Greenville, SC
December 5, 2022

North Carolina Performing Arts Center at Charlotte Foundation
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2022

Grantor / Program Title	Assistance Listing Number	Grant Number	Expenditures
Small Business Administration:			
COVID-19 Shuttered Venue Operators Grant Program	59.075	SBAHQ21SV002430.2	$ 2,050,337

See accompanying notes.

Notes to the Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activities of North Carolina Performing Arts Center at Charlotte Foundation (dba Blumenthal Performing Arts) (“BPA”) under programs of the federal government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (“CFR”), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of BPA, it is not intended to and does not present the financial position, activities, or cash flows of BPA.

Expenditures reported in the Schedule are reported on the accrual basis of accounting under accounting principles, generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. BPA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Grant Contingencies

BPA’s federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect its continued participation in specific programs. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time. However, BPA expects such amounts, if any, to be immaterial.

3. Categorization of Expenditures

The categorization of expenditures by program included in the Schedule is based upon the grant documents. Changes in the categorization of expenditures occur based upon revisions to the Assistance Listing Number, which is issued in June and December of each year. The Schedule the year ended August 31, 2022 reflects CFDA changes issued through April 2022.

Schedule of Findings and Questioned Costs

Section I: Summary of Auditors' Results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
Any material weaknesses identified?	____ Yes __X__ No
Any significant deficiencies identified?	____ Yes __X__ None reported
Any noncompliance material to the financial statements noted?	____ Yes __X__ No

Federal awards

Internal control over major federal programs:	
Any material weaknesses identified?	____ Yes __X__ No
Any significant deficiencies identified?	____ Yes __X__ None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes __X__ No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
59.075	COVID-19 Shuttered Venue Operators Program

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as a low-risk auditee?	____ Yes __X__ No