
***THE TAMPA MUSEUM OF ART, INC.
AND AFFILIATES***

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



CLEARWATER, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Tampa Museum of Art, Inc. and Affiliates
Tampa, Florida

We have audited the accompanying consolidated financial statements of The Tampa Museum of Art, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, and its consolidated functional expenses for the year ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Clearwater, Florida
April 11, 2016

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 655,045	\$ 374,469
Cash and cash equivalents capital campaign, restricted	-	20,861
Cash and cash equivalents endowment, restricted	361,310	735,379
Investments	4,020,667	3,262,409
Investments endowment, restricted	1,068,892	1,187,106
Pledges receivable-capital campaign, net	68,804	304,519
Pledges receivable-endowment, net	17,045	19,545
Grants and other receivables	206,831	146,406
Museum store inventory	51,359	47,417
Prepaid expenses and other assets	56,744	327,016
Property and equipment, net	1,776,171	1,956,058
Intangible assets, net	282,784	292,974
Collections (NOTE L)	-	-
Noncurrent note receivable USB FLA Investment Fund	4,816,912	4,816,912
Unamortized leasehold interest	21,978,443	22,500,704
	<hr/>	<hr/>
Total Assets	\$ 35,361,007	\$ 35,991,775
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 112,622	\$ 100,100
Accrued expenses	64,806	90,888
Deferred revenue	214,592	148,668
Note payable A - USBCDE-Sub-CDE 89, LLC	4,816,912	4,816,912
Note payable B - USBCDE-Sub-CDE 89, LLC	1,081,656	1,081,656
Capital lease obligation	2,087,916	2,174,016
	<hr/>	<hr/>
Total liabilities	8,378,504	8,412,240
Net Assets		
Unrestricted net assets:		
Board designated	744,247	744,247
Unrestricted	12,833,784	12,914,662
Temporarily restricted net assets	11,986,998	12,503,152
Permanently restricted net assets	1,417,474	1,417,474
	<hr/>	<hr/>
Total net assets	26,982,503	27,579,535
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Total Liabilities and Net Assets	\$ 35,361,007	\$ 35,991,775
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See accompanying notes to consolidated financial statements

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
Public Support and Revenue					
Public Support:					
Individual	\$ 953,775	\$ 10,000	\$ -	\$ 963,775	\$ 1,332,595
Corporate	161,319	-	-	161,319	236,696
Foundations and grants	328,450	-	-	328,450	728,046
Government grants	831,703	-	-	831,703	821,578
Operations and rentals	542,771	-	-	542,771	542,706
Special events, net of direct costs of \$519,480	528,431	-	-	528,431	509,334
Museum store sales	134,361	-	-	134,361	117,432
Other income	19,000	-	-	19,000	-
Revenue:					
Building rentals and beverage sales	183,022	-	-	183,022	227,984
NMTC revenue	58,766	-	-	58,766	22,200
Investment income, net	54,420	-	-	54,420	86,780
Realized gain on investments	35,502	-	-	35,502	292,737
Unrealized gain (loss) on investments	(276,566)	-	-	(276,566)	(142,829)
In-kind land lease	60,000	-	-	60,000	60,000
Net assets released from restriction	526,154	(526,154)	-	-	-
Total public support and revenue	4,141,108	(516,154)	-	3,624,954	4,835,259
Expenses					
Marketing and fund-raising	519,929	-	-	519,929	408,906
General and administrative	960,741	-	-	960,741	935,944
Program services					
Exhibitions	1,395,895	-	-	1,395,895	1,726,053
Education	511,150	-	-	511,150	478,460
Curatorial	834,271	-	-	834,271	815,163
Total program services	<u>2,741,316</u>	<u>-</u>	<u>-</u>	<u>2,741,316</u>	<u>3,019,676</u>
Total expenses	4,221,986	-	-	4,221,986	4,364,526
Change in Net Assets	(80,878)	(516,154)	-	(597,032)	470,733
Net Assets at Beginning of Year	13,658,909	12,503,152	1,417,474	27,579,535	27,108,802
Net Assets at End of Year	<u>\$ 13,578,031</u>	<u>\$ 11,986,998</u>	<u>\$ 1,417,474</u>	<u>\$ 26,982,503</u>	<u>\$ 27,579,535</u>

See accompanying notes to consolidated financial statements

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Public Support:				
Individual	\$ 1,332,595	\$ -	\$ -	\$ 1,332,595
Corporate	236,696	-	-	236,696
Foundations and grants	728,046	-	-	728,046
Government grants	821,578	-	-	821,578
Operations and rentals	542,706	-	-	542,706
Special events, net of direct costs of \$282,199	509,334	-	-	509,334
Museum store sales	117,432	-	-	117,432
Revenue				
Building rentals and beverage sales	227,984	-	-	227,984
NMTC revenue	22,200	-	-	22,200
Investment income, net	86,780	-	-	86,780
Realized gain on investments	292,737	-	-	292,737
Unrealized gain (loss) on investments	(142,829)	-	-	(142,829)
In-kind land lease	60,000	-	-	60,000
Net assets released from restriction	471,483	(471,483)	-	-
Total public support and revenue	5,306,742	(471,483)	-	4,835,259
Expenses				
Marketing and fund-raising	408,906	-	-	408,906
General and administrative	935,944	-	-	935,944
Program services				
Exhibitions	1,726,053	-	-	1,726,053
Education	478,460	-	-	478,460
Curatorial	815,163	-	-	815,163
Total program services	3,019,676	-	-	3,019,676
Total program and supporting services	4,364,526	-	-	4,364,526
Change in Net Assets	942,216	(471,483)	-	470,733
Net Assets at Beginning of Period	12,716,693	12,974,635	1,417,474	27,108,802
Net Assets at End of Period	\$ 13,658,909	\$ 12,503,152	\$ 1,417,474	\$ 27,579,535

See accompanying notes to consolidated financial statements

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (597,032)	\$ 470,733
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	522,260	522,259
Amortization related to New Market Tax Credit (NMTC)	10,190	6,242
Depreciation	201,113	268,978
Net realized gain on investments	(35,502)	(292,737)
Net unrealized loss on investments	276,566	142,829
(Increase) decrease in operating assets:		
Grants and other receivables	(60,425)	(84,662)
Pledges receivable	238,216	191,347
Museum store inventory	(3,942)	2,742
Prepaid expenses and other assets	270,272	(14,608)
Increase (decrease) in liabilities:		
Accounts payable	12,522	29,819
Accrued expenses	(26,082)	20,471
Deferred revenue	65,924	(367,859)
Net cash provided by operating activities	874,080	895,554
Cash Flows from Investing Activities		
Proceeds from sale of investments	959,412	3,630,974
Purchases of investments	(1,840,520)	(4,084,691)
Cash paid for property and equipment	(21,226)	(24,020)
Net cash used in investing activities	(902,334)	(477,737)
Cash Flows from Financing Activities		
Proceeds from notes payable (NMTC)	-	5,898,568
Intangible assets (NMTC)	-	(299,216)
Noncurrent notes receivable (NMTC)	-	(4,816,912)
Payments on borrowings	(86,100)	(770,111)
Net cash (used in) provided by financing activities	(86,100)	12,329
(Decrease) increase in Cash and Cash Equivalents	(114,354)	430,146
Cash and Cash Equivalents at Beginning of Period (including restricted cash of \$756,240 at December 31, 2014)	1,130,709	700,563
Cash and Cash Equivalents at End of Period (including restricted cash of \$361,310 at December 31, 2015)	\$ 1,016,355	\$ 1,130,709
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 116,666	\$ 107,296

See accompanying notes to consolidated financial statements

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>Exhibitions</u>	<u>Education</u>	<u>Curatorial</u>	<u>Total</u>	<u>Marketing & Fund Raising</u>	<u>General & Administrative</u>	<u>Total Expenses</u>	
				<u>Program Expenses</u>			<u>2015</u>	<u>2014</u>
Salaries and related expenses	\$ 64,073	\$ 94,481	\$ 295,025	\$ 453,579	\$ 222,832	\$ 363,766	\$ 1,040,177	\$ 906,947
Amortization	140,212	140,212	140,212	420,636	-	111,814	532,450	528,501
Rental fee	385,000	-	-	385,000	-	72,636	457,636	221,063
Utilities	82,986	18,442	82,986	184,414	-	49,021	233,435	239,283
Security	77,229	77,228	77,229	231,686	-	-	231,686	233,687
Insurance	117,272	2,332	26,747	146,351	14,906	63,545	224,802	163,086
Shipping	207,347	-	104	207,451	144	7,180	214,775	361,755
Depreciation	85,029	24,899	85,029	194,957	-	6,156	201,113	268,978
Miscellaneous	-	2,887	4,237	7,124	38,141	136,096	181,361	169,116
Contractual services	7,752	11,753	7,752	27,257	134,443	6,182	167,882	138,634
Repairs and maintenance	36,524	36,526	36,524	109,574	-	29,128	138,702	130,475
Supplies	21,852	70,154	11,551	103,557	192	30,077	133,826	135,938
Interest	46,926	10,429	46,926	104,281	-	12,386	116,667	107,295
Cost of sales - Museum Store	73,662	-	-	73,662	-	-	73,662	76,810
Advertising/promotion	1,260	-	380	1,640	49,363	9,280	60,283	72,349
Land lease rent	15,800	15,800	15,800	47,400	-	12,600	60,000	60,000
Special events	-	-	-	-	46,785	-	46,785	48,873
Professional fees	-	-	-	-	-	28,660	28,660	27,410
Printing and printed material	15,681	331	-	16,012	6,323	-	22,335	197,484
Cost of building rentals	2,533	2,533	2,533	7,599	-	2,019	9,618	20,722
Miscellaneous - Museum Store	8,039	-	-	8,039	-	-	8,039	3,353
Board expense	-	-	-	-	-	7,637	7,637	10,955
PEO fees	-	-	-	-	-	7,419	7,419	7,314
Dues and subscriptions	-	414	170	584	2,108	2,980	5,672	5,947
Training	-	1,829	-	1,829	3,306	-	5,135	2,775
Exhibit expenses	5,025	-	-	5,025	-	-	5,025	179,025
Travel	772	-	1,066	1,838	1,386	1,659	4,883	25,253
Exhibit materials	921	-	-	921	-	-	921	98
Teacher events	-	900	-	900	-	-	900	200
Bad debts	-	-	-	-	-	500	500	-
Purchases	-	-	-	-	-	-	-	21,200
	<u>\$ 1,395,895</u>	<u>\$ 511,150</u>	<u>\$ 834,271</u>	<u>\$ 2,741,316</u>	<u>\$ 519,929</u>	<u>\$ 960,741</u>	<u>\$ 4,221,986</u>	<u>\$ 4,364,526</u>

See accompanying notes to consolidated financial statements

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE A - NATURE OF ORGANIZATION

The Tampa Museum of Art, Inc. (the Museum), is a not-for-profit corporation incorporated in the State of Florida. The Museum was organized to promote and disseminate knowledge and appreciation of the fine arts through exhibitions, collections, educational programs, and art outreach events. In accomplishing its mission, it operates a fine arts museum located in downtown Tampa, Florida.

On April 7, 1998, the Tampa Museum of Art Foundation, Inc. (the Foundation) was created for the purposes of raising, receiving, and maintaining funds exclusively for the benefit of The Tampa Museum of Art, Inc.

The Tampa Museum of Art Operations and Special Events, Inc. (TMAOS) was formed on April 25, 2014 to accept the funds from a New Market Tax Credit (NMTC) on May 15, 2014 (see *NOTE W*). The financial activities of the Museum, the Foundation, and TMAOS have been consolidated in these financial statements (collectively, the Organization).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of Consolidation**

The consolidated financial statements include the accounts of the Museum, the Foundation, and TMAOS. All material intercompany accounts have been eliminated.

2. **Basis of Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP):

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.
- Temporarily Restricted Net Assets - Resources accumulated through donations or grants for specific operating or capital purpose. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.
- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. **Use of Estimates**

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include useful lives on related assets, allocation of expenses by function, the discount rate for the present value of the pledges receivable, the allowance for uncollectable pledges, and fair value measurement of investments.

4. **Fair Value Measurement**

The consolidated financial statements are prepared in accordance with an accounting standard, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the consolidated financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

5. **Cash and Cash Equivalents**

The Organization classifies all highly liquid, short-term investments with a maturity of three months or less as cash equivalents. Restricted cash represents cash equivalents and money market funds held in investment accounts that are limited in use to capital campaign and endowment purposes.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ending December 31, 2015 and 2014, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the consolidated statements of activity as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

7. **Pledges Receivable**

Pledges receivable are for restricted purposes including the capital campaign for the museum building, for education purposes, and for a museum endowment. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises. Management monitors the collection status of its receivable balance on an ongoing basis. The allowance is based on prior years' experience and management's analysis of specific promises made.

8. **Museum Store Inventory**

Inventory consists of merchandise held for sale by the Museum store and is stated at the lower of cost (first-in, first-out method) or market.

9. **Property and Equipment**

Property and equipment expenditures in excess of \$500 are recorded at cost when purchased or, if donated, at estimated fair value. Improvements and betterments that materially prolong the useful lives of assets are capitalized. Donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Routine repairs and maintenance are expensed as incurred. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the assets ranging from 5 - 15 years.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. **Impairment of Long-Lived Assets**

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

11. **Intangible Assets**

Closing costs related to the NMTC transaction are being amortized on a straight-line basis over the term of the transaction.

12. **Contributions and Grants**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restricted. Donor-restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Federal, state and local government and other grants are recognized as support when performance occurs pursuant to the contract agreement.

13. **Membership Revenues**

The Organization collects general membership dues whereby the term of the membership is for twelve months, and members receive benefits proportionate to their dues. Revenues are recognized in full when payment for the membership is received.

14. **Future Exhibits**

Sponsorship and underwriting revenues received for exhibits are recorded as temporarily restricted revenues at the earlier of the receipt of a pledge or the collection of the revenue. The temporary restriction is considered to have been satisfied at the time the exhibit opens.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. **Future Exhibits - Continued**

Expenses relating to future exhibits are recorded as deposits and/or deferred costs until such time as the exhibit opens, then the costs are recorded as exhibit expenses. Subsequent to opening of the exhibit, related expenses are recorded as incurred.

Ticket sales and underwriting revenues collected at the consolidated statements of financial position date but relating to fund-raising events scheduled to take place in a subsequent year are presented as deferred revenue.

15. **Donated Items**

Donated materials are recorded as support at their fair value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the years ended December 31, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the consolidated financial statements has been recorded as unrestricted support. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services under US GAAP.

The City of Tampa provides the Museum space. Contributed rent is recognized as in-kind contribution revenue and rent expense.

16. **Collections**

The art collections, which were acquired through purchases and contributions since the Organization's inception, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors.

Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

17. **Advertising**

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2015 and 2014 were approximately \$60,000 and \$72,000, respectively.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. **Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activity and statement of functional expenses based on management's estimate of the time and expense for each of the functions. Expenses that can be identified with a specific program or support service are allocated directly by program activity and supporting services benefitted. Effective December 31, 2011, all other costs are allocated based upon square footage of the museum building.

The operating expenses of the Organization are allocated to three different functional categories based on management's estimate of the time and expense spent for each of the functions. These functions are defined as follow:

Program expenses - the costs associated with the Organization's efforts to achieve the stated mission and goals.

General and administrative - the costs of operating the Organization's offices, including gathering, processing, and maintaining financial information.

Marketing and fundraising - the costs associated with soliciting contributions or holding special events for the benefit of the Organization.

19. **Income Tax Status**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

20. **Uncertain Tax Positions**

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

21. **Comparative Financial Information**

The accompanying consolidated financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Certain reclassifications have been made to the 2014 consolidated financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE C - INVESTMENTS

Investments are carried at fair value (see *NOTE D*) and consist of the following at December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common and preferred stock	\$3,528,131	\$3,621,415	\$3,110,911	\$3,450,777
Corporate fixed income funds	297,892	300,068	274,685	277,459
Government treasury securities	536,721	538,656	486,389	489,640
Mutual funds	<u>660,428</u>	<u>629,420</u>	<u>229,736</u>	<u>231,639</u>
	<u>\$5,023,172</u>	<u>\$5,089,559</u>	<u>\$4,101,721</u>	<u>\$4,449,515</u>

The components of investment income are summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 104,167	\$ 128,314
Investment fees	(49,747)	(41,534)
Net realized gains on investments	35,502	292,737
Net unrealized losses on investments	<u>(276,566)</u>	<u>(142,829)</u>
	<u>\$ (186,644)</u>	<u>\$ 236,688</u>

Investments consist of marketable securities, which management have classified as available for sale, and are carried at fair market value with net unrealized gains and losses reported in the consolidated statements of activity. Realized gains and losses on marketable securities are recognized upon sale using the specific identification method.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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NOTE D - FAIR VALUE MEASUREMENT

The Organization's assets and liabilities are reported at fair value in the accompanying consolidated statements of financial position.

Following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodology used at December 31, 2015.

Common/Preferred Stock: Comprised of common and preferred stock valued at the closing price reported in the active market in which the individual securities are traded.

Government Treasury Securities: Valued at the closing quoted price reported in the active market using market pricing and other observable inputs for similar securities obtained from industry standard data providers.

Corporate Fixed Income Funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end based on quoted prices of the various funds in active markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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 TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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DECEMBER 31, 2015 AND 2014

NOTE D - FAIR VALUE MEASUREMENT - CONTINUED

Fair value of assets measured on a recurring basis at December 31, 2015 is as follows:

<u>Description:</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<i>Quoted Prices</i>			<i>Total Fair Value</i>
	<i>In Active Markets for Identical Assets</i>	<i>Significant Other Observable Inputs</i>	<i>Significant Other Unobservable Inputs</i>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common/preferred stock	\$ 3,621,415	\$ -	\$ -	
Corporate fixed income funds	300,068	-	-	300,068
Government treasury securities	-	538,656	-	538,656
Mutual funds	<u>629,420</u>	<u>-</u>	<u>-</u>	<u>629,420</u>
Total assets at fair value	<u>\$ 4,550,903</u>	<u>\$ 538,656</u>	<u>\$ -</u>	<u>\$ 5,089,559</u>

Fair value of assets measured on a recurring basis at December 31, 2014 is as follows:

<u>Description:</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<i>Quoted Prices</i>			<i>Total Fair Value</i>
	<i>In Active Markets for Identical Assets</i>	<i>Significant Other Observable Inputs</i>	<i>Significant Other Unobservable Inputs</i>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common/preferred stock	\$ 3,450,777	\$ -	\$ -	
Corporate fixed income funds	277,459	-	-	277,459
Government treasury securities	-	489,640	-	489,640
Mutual funds	<u>231,639</u>	<u>-</u>	<u>-</u>	<u>231,639</u>
Total assets at fair value	<u>\$ 3,959,875</u>	<u>\$ 489,640</u>	<u>\$ -</u>	<u>\$ 4,449,515</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE E - ENDOWMENT FUND

The Organization's endowment consists of individual funds established for a variety of purposes. The endowment is comprised of donor-restricted endowment funds. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization 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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization 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 the Organization
- (7) The investment policies of the Organization

For the years ended December 31, 2015 and 2014, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE E - ENDOWMENT FUND - CONTINUED

Summary of Endowment Assets:

Endowment assets as of December 31 are invested as follows:

	<u>2015</u>	<u>2014</u>
Investments	\$ 2,161,721	\$2,161,721

Summary of Endowment Assets December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment	\$ 744,247	\$ -	\$ -	\$ 744,247
Donor-restricted endowment	<u>-</u>	<u>-</u>	<u>1,417,474</u>	<u>1,417,474</u>
	<u>\$ 744,247</u>	<u>\$ -</u>	<u>\$ 1,417,474</u>	<u>\$2,161,721</u>

Summary of Endowment Assets December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment	\$ 744,247	\$ -	\$ -	\$ 744,247
Donor-restricted endowment	<u>-</u>	<u>-</u>	<u>1,417,474</u>	<u>1,417,474</u>
	<u>\$ 744,247</u>	<u>\$ -</u>	<u>\$ 1,417,474</u>	<u>\$2,161,721</u>

Changes in endowment net assets as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 744,247	\$ -	\$ 1,417,474	\$2,161,721
Interest and dividends	50,125	-	-	50,125
Net investment depreciation	-	-	-	-
Released restriction	<u>(50,125)</u>	<u>-</u>	<u>-</u>	<u>(50,125)</u>
Endowment net assets, ending	<u>\$ 744,247</u>	<u>\$ -</u>	<u>\$ 1,417,474</u>	<u>\$2,161,721</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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NOTE E - ENDOWMENT FUND - CONTINUED

Changes in endowment net assets as of December 31, 2014:

	<u>Unrestricted</u>	<i>Temporarily</i> <u>Restricted</u>	<i>Permanently</i> <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 744,247	\$ -	\$ 1,417,474	\$2,161,721
Interest and dividends	67,555	-	-	67,555
Net investment depreciation	-	-	-	-
Released from restriction	<u>(67,555)</u>	<u>-</u>	<u>-</u>	<u>(67,555)</u>
Endowment net assets, ending	<u>\$ 744,247</u>	<u>\$ -</u>	<u>\$ 1,417,474</u>	<u>\$2,161,721</u>

Return Objectives, Risk Parameters, and Strategies

The Organization has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio, and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The terms of the operating policies of the endowment fund (the Fund) requires that the Fund will be managed by an outside investment counselor recommended by the Investment Committee and approved by the Board of Trustees. The investment manager is responsible for the investment selections, subject to guidance from the Investment Committee. The objective of the Fund is to invest funds in accordance with the standards set forth in Section 518.11, Florida Statutes. The amount invested in equities shall vary from time to time and shall be established by the committee as conditions permit.

Spending Policy

The Organization is operating under an approved endowment spending policy that seeks to preserve the purchasing power of the Fund while providing income at the highest attainable level. There is to be no invasion of the original principal of the gift given to the Organization unless the donor instructs otherwise.

The Organization's investment policy states that withdrawals are subject to the lesser of the prior year net income amount or 5% of the prior March balance.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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NOTE F - CONCENTRATIONS OF RISK

The estimated value of mutual funds may be subjected to uncertainty. There may be a difference between their estimated value as reported in the accompanying consolidated financial statements and their net realizable value that could ultimately result in a loss to the Organization. Management has determined that the likelihood of sustaining losses from the investments in money market and mutual funds to be remote based on the marketability of the underlying investments of the funds.

The Organization receives public support for its programs and operations. Approximately 35% and 38% of public support revenue for the years ended December 31, 2015 and 2014, respectively, came from two providers. If this support were to be reduced or eliminated, it could affect the operation of the supported activity.

NOTE G - PLEDGES RECEIVABLE

Unconditional promises to give consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Capital campaign pledges receivable at beginning of the year, gross	\$ 304,519	\$ 597,969
New pledges	30,000	-
Bad debt write-off	-	(1,000)
Recovery of bad debt	19,000	-
Current year payments received	<u>(255,116)</u>	<u>(192,633)</u>
Remaining capital campaign pledges, gross	98,403	404,336
Less: reserve for pledge receivables	(29,000)	(98,000)
Less: Unamortized discount	<u>(599)</u>	<u>(1,817)</u>
Net pledges receivable capital campaign	<u>\$ 68,804</u>	<u>\$ 304,519</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate based on the U.S. Treasury Securities yield with an added amount for economic uncertainty. The rate used to discount the promises to give was 2.53%. At December 31, 2015, the Organization had recovery of bad debt expense in the amount of \$19,000 which is included as other income on the consolidated statements of activities.

The expected cash receipts for the capital campaign pledges receivable is summarized as follows:

2016	\$ 74,115
2017	<u>24,288</u>
Total	<u>\$ 98,403</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE G - PLEDGES RECEIVABLE - CONTINUED

Pledges receivable for the museum endowment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Gross unconditional promises to give	\$ 69,545	\$ 69,545
Current year payments received	(2,500)	-
Reserve for pledge receivables	(50,000)	(50,000)
Less: Unamortized discount	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 17,045</u>	<u>\$ 19,545</u>

The expected cash receipts for the museum endowment pledges receivable is summarized as follows:

2016	\$ 17,045
2017	<u>50,000</u>
Total	<u>\$ 67,045</u>

NOTE H - NOTE RECEIVABLE, NONCURRENT

The noncurrent note receivable (Leverage Loan) of the Museum from the NMTC transaction (see **NOTE W**) is secured by first interest in pledged securities and consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Note receivable (Leverage Loan) from 2012 USB Florida Investment Fund, LLC (the Investor) dated May 15, 2014, interest accrues at 1.22%, quarterly interest payments commencing July 10, 2014 through April 1, 2020, then annual principal and interest payments beginning April 1, 2020 and maturing July 10, 2039	<u>\$ 4,816,912</u>	<u>\$ 4,816,912</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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DECEMBER 31, 2015 AND 2014

NOTE I - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 170,454	\$ 170,454
Furniture, fixtures, and equipment	609,793	604,529
Chilled Water Facility	<u>2,621,496</u>	<u>2,605,535</u>
	3,401,743	3,380,518
Less accumulated depreciation	<u>(1,625,572)</u>	<u>(1,424,460)</u>
	<u>\$ 1,776,171</u>	<u>\$ 1,956,058</u>

NOTE J - UNAMORTIZED LEASEHOLD INTEREST

Effective February 2010, the new 66,000 square foot museum opened. Pursuant to a lease agreement entered into in February 2010, The City of Tampa leases the museum building to the Museum. The costs of additions and improvements to the leasehold property are recorded at cost as increases in the value of the leasehold interest. This leasehold interest is being amortized using the straight-line method over the life of the lease (48 years). The details of the transaction follow:

Leasehold Interest	<u>2015</u>	<u>2014</u>
Portion contributed by The Tampa Museum of Art	\$ 11,669,944	\$ 11,669,944
Portion contributed by the City of Tampa	<u>13,398,538</u>	<u>13,398,538</u>
Total unamortized leasehold interest	25,068,482	25,068,482
Accumulated amortization	<u>(3,090,039)</u>	<u>(2,567,778)</u>
Unamortized leasehold interest	<u>\$ 21,978,443</u>	<u>\$ 22,500,704</u>

Amortization expense and amount released from restriction for each of the years ended December 31, 2015 and 2014 was \$522,260.

The NMTC transaction (see *NOTE W*) resulted in an agreement between the Museum and TMAOS (Transfer of Leasehold Interest) that transferred the operations, management and administration of the leased premises (the Museum) to TMAOS as of May 2014. The purchase price of this leasehold interest was \$5,425,000 of which \$5,118,401 was paid in cash and financed through the qualified low-income community investment loan (QCLI Loan - notes payable A and B - see *NOTE N*) and \$306,599 was deemed a contribution from the Museum. These amounts are eliminated in the consolidated financial statements.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE K - CLOSING COSTS

Intangible assets subject to amortization at December 31, 2015 and 2014 consists of the closing costs related to the NMTC transaction and are as follows:

	<u>2015</u>	<u>2014</u>
Closing costs	299,216	\$ 299,216
Less accumulated amortization	<u>(16,432)</u>	<u>(6,242)</u>
	<u>\$ 282,784</u>	<u>\$ 292,974</u>

Amortization expense was \$10,190 and \$6,242 for the years ended December 31, 2015 and 2014, respectively.

Annual amortization expense is estimated as follows:

<u>Years ending</u> <u>December 31,</u>	
2016	\$ 10,190
2017	10,190
2018	10,190
2019	10,190
2020	10,190
Thereafter	<u>231,834</u>
	<u>\$ 282,784</u>

NOTE L - ART COLLECTION

The Organization has significant holdings, which are not valued in these consolidated financial statements, in three major areas: Greek and Roman antiquities, photography, and twentieth century/contemporary art. The collection of Greek and Roman antiquities is especially strong in painted Greek ceramic vases of the sixth, fifth, and fourth centuries B.C. Twentieth century holdings consist of prints, drawings, watercolors, sculptures and paintings, primarily by U.S. artists. The photography collection includes nineteenth and twentieth century works with an emphasis on contemporary photography.

As of the years ended December 31, 2015 and 2014, the Museum assessed donated art, having an estimated fair value of \$104,800 and \$52,526, respectively, into its collection.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE M - LINES-OF-CREDIT

The Organization has a \$200,000 revolving line-of-credit available at a financial institution. The interest rate on this line-of-credit is at prime (currently 3.50%). The outstanding balance is \$-0- at December 31, 2015. The unused balance at December 31, 2015 is \$200,000. The Organization had a line of credit at December 31, 2014 which was closed in May 2015. The outstanding balance was \$-0- at December 31, 2014.

Effective December 2012, the Organization entered into an agreement with Morgan Stanley Bank for a \$1,487,000 portfolio loan account. The interest rate on this loan is at one month libor plus one and a half percent (currently 1.67%). This account is collateralized with the investments of the Organization which are held by Morgan Stanley & Co. The outstanding balance at both December 31, 2015 and 2014 is \$-0-. The unused balance at December 31, 2015 and 2014 is \$1,487,000.

NOTE N - NOTES PAYABLE

Notes payable consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Notes payable to USBCDE Sub-CDE 89, LLC (the Investment Fund):		
Note A interest accrues at 1%, due October 1, 2043	\$ 4,816,912	4,816,912
Note B interest accrues at 1%, due October 1, 2043	<u>1,081,656</u>	<u>1,081,656</u>
	5,898,568	5,898,568
Less current portion	<u> -</u>	<u> -</u>
Total notes payable, net	<u>\$ 5,898,568</u>	<u>\$ 5,898,568</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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DECEMBER 31, 2015 AND 2014

NOTE N - NOTES PAYABLE - CONTINUED

The NMTC (see *NOTE W*) provides tax credits over the first seven years to investors in the investment group. The Organization expects to have the net NMTC debt substantially reduced through exercise of the State Investment Fund Call Agreement (the Call Agreement). In connection with making the Leverage Loan (see *NOTE H*) to the Investor, TMA entered into the Call Agreement. The Call Agreement allows the Museum to call the Investor's interest, six months following the seven year anniversary (December 12, 2019) of the Qualified Equity Investment (QEI). The purchase price of the call option is the fair market value of the Investor's interest at the time of the call (substantially notes payable A and B). The purchase price of the Investor's interest is the greater of (1) the fair market value of the community development entities' (CDE's) interest and (2) the aggregate amount of principal and interest owed by the Investment Fund on the Leverage Loan as of the call options' closing dates. The call price may be paid by first forgiving the principal and interest due and owed on the Leverage Loan which should be equal to the amount of the call price thus zeroing out any cash exchange required. The net NMTC debt is comprised of the non-current notes payable by TMAOS to the Investment Fund, less the noncurrent note receivable (See *NOTE H*) owed to the Museum by the Investor, as follows:

NMTC Transaction Date	Call Option	NMTC Payable	Noncurrent Notes Receivable	Net NMTC Debt
May 2014	June 2020	<u>\$ 5,898,568</u>	<u>\$ 4,816,912</u>	<u>\$ 1,081,656</u>

See *NOTE W* for additional details.

Future maturities of the notes payable as of December 31, 2015 are as follows:

2016	\$ -
2017	-
2018	-
2019	-
2020	-
Thereafter	<u>5,898,568</u>
	<u>\$ 5,898,568</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
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DECEMBER 31, 2015 AND 2014

NOTE O - CAPITAL LEASE OBLIGATION

In April 2010, the Museum entered into a capital lease agreement with the City of Tampa (the City) to begin repayment of the construction costs of the Chilled Water Facility (the Chiller). The agreement states that the capital costs for the Chiller shall be based upon the total cost to the City for construction and shall bear interest at the average annual rate of the City's invested funds which is 0.75% at December 31, 2015, and is adjustable each June. The agreement also indicates that payments should be amortized for no more than 30 years. Any improvements will be amortized over the useful life of the improvements. The cost of the Chiller under capital lease is approximately \$2,583,000 with accumulated depreciation totaling approximately \$987,800 and \$816,000 as of December 31, 2015 and 2014, respectively. Depreciation expense on this asset under capital lease is \$171,800 for each of the years ended December 31, 2015 and 2014. In addition to the capital cost recovery charges, monthly bills will also include the Chiller Usage Charge. The Chiller Usage Charge shall be comprised of all costs, fees and expenses incurred by the City in the operation, maintenance, or management of the Chiller including but not limited to such costs in transition from construction to operation.

	<u>2015</u>	<u>2014</u>
Capital lease obligation to the City of Tampa payable in monthly installments of \$13,779 beginning May 2010, including interest at a rate set in June by the City of Tampa (currently at 2.38%), through March 1, 2040. The obligation is collateralized by the Chilled Water Facility	\$ 2,087,916	\$ 2,174,016
Less current portion	<u>(86,100)</u>	<u>(86,100)</u>
Capital lease obligation, net	<u>\$ 2,001,816</u>	<u>\$ 2,087,916</u>

Approximate minimum payments required under the remainder of the capital lease (utilizing an average interest rate of 2.38%), together with the present value as of December 31, 2015, are as follows:

2016		\$ 130,848
2017		132,804
2018		130,754
2019		128,705
2020		126,656
Thereafter		<u>2,038,735</u>
Total minimum lease payments		2,688,502
Less interest portion included in payments		<u>(600,586)</u>
Present value of lease obligations		2,087,916
Less current portion		<u>(86,100)</u>
Non-current		<u>\$ 2,001,816</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE P - NET ASSETS

The components of net assets as of December 31, 2015 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dr. Richard E. Perry Endowment for Greek and Roman Art	\$ -	\$ -	\$ 905,392	\$ 905,392
State matching grant	-	-	240,000	240,000
Bus transportation endowment	-	-	30,000	30,000
Board-designated exhibition and acquisition fund	744,247	-	-	744,247
Boas endowment	-	-	13,348	13,348
Capital funds for new building	-	107,966	-	107,966
Unamortized leasehold interest	-	11,746,982	-	11,746,982
Bequest for collection maintenance	-	15,000	-	15,000
Tampa Museum Operating Endowment pledge	-	-	10,000	10,000
Tampa Museum Operating Endowment	-	-	218,734	218,734
Other	-	117,050	-	117,050
Unrestricted funds	<u>12,833,784</u>	<u>-</u>	<u>-</u>	<u>12,833,784</u>
Totals	<u>\$ 13,578,031</u>	<u>\$ 11,986,998</u>	<u>\$ 1,417,474</u>	<u>\$ 26,982,503</u>

Net assets released from restrictions at December 31, 2015 were comprised of the following:

Time restrictions - net payments on museum endowment pledges	\$ 8,867
Time restrictions - net payments on capital campaign pledges	238,151
Purpose restriction - building donated by City of Tampa	<u>279,136</u>
	<u>\$ 526,154</u>

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE P - NET ASSETS - CONTINUED

The components of net assets as of December 31, 2014 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dr. Richard E. Perry Endowment for Greek and Roman Art	\$ -	\$ -	\$ 905,392	\$ 905,392
State matching grant	-	-	240,000	240,000
Bus transportation endowment	-	-	30,000	30,000
Board-designated exhibition and acquisition fund	744,247	-	-	744,247
Boas endowment	-	-	13,348	13,348
Capital funds for new building	-	346,117	-	346,117
Unamortized leasehold interest	-	12,026,118	-	12,026,118
Bequest for collection maintenance	-	15,000	-	15,000
Tampa Museum Operating Endowment pledge	-	-	10,000	10,000
Tampa Museum Operating Endowment	-	-	218,734	218,734
Other	-	115,917	-	115,917
Unrestricted funds	<u>12,914,662</u>	<u>-</u>	<u>-</u>	<u>12,914,662</u>
Totals	<u>\$ 13,658,909</u>	<u>\$ 12,503,152</u>	<u>\$ 1,417,474</u>	<u>\$ 27,579,535</u>

Net assets released from restrictions at December 31, 2014 were comprised of the following:

Time restrictions - net payments on capital campaign pledges	\$ 192,347
Purpose restriction - building donated by City of Tampa	<u>279,136</u>
	<u>\$ 471,483</u>

NOTE Q - DONATED SERVICES AND FACILITIES

A number of volunteers have donated a significant amount of time toward the operation of the Museum and the Museum store. No amounts are presented in the consolidated financial statements for such donated services since these services did not enhance or create nonfinancial assets or require specialized skills that would typically need to be purchased if not provided by donation.

Contributions of goods and services requiring specialized skills, if applicable, have been recorded at the value determined by the donor and are reflected as revenue and expense.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE R - GOVERNMENT GRANTS AND APPROPRIATIONS

The City of Tampa annually contributes to the Museum an operating expense contribution not to exceed \$1,000,000 (Original Operating Cost Subsidy), payable quarterly in equal installments at the beginning of each quarter, subject to the City's annual budget approval process. Due to changes in municipal financing, the Operating Cost Subsidy was reduced by 10% for the fiscal year beginning October 1, 2007. The Museum received \$729,000 of its Operating Cost Subsidy during each of the years ended December 31, 2015 and 2014.

NOTE S - CONDITIONAL GIFTS AVAILABLE

The Museum is the beneficiary of four donor-advised, designated funds held within The Community Foundation of Tampa Bay, Inc. Because of the conditions imposed on the gifts, they are not recorded by the Museum until the conditions are fulfilled. The total value of these assets was \$567,385 and \$551,212 at December 31, 2015 and 2014, respectively.

NOTE T - DEFINED CONTRIBUTION PLAN

On September 1, 2000, the Organization adopted the Tampa Museum of Art, Inc. 401(k) Profit Sharing Plan & Trust, which allows employees to contribute pretax dollars to the plan. At the discretion of the Board of Trustees, the Organization may match employee contributions at 100% up to 3% of the employees' salary. Total contributions amounted to approximately \$14,000 for the year ended December 31, 2015. The Organization did not contribute a match to the plan for the year ended December 31, 2014.

NOTE U - LEASES

The Organization leases land from the City of Tampa, Florida, on which a building owned by the City was constructed, at an annual lease expense of \$10, commencing in April 2007. The lease expires in 2057. The Organization records rent on the land at its net realizable value estimated by management at \$60,000 for both years ended December 31, 2015 and 2014.

The Organization also leases various office equipments. The total lease expense for these leased items was approximately \$23,000 and \$26,000 for the years ended December 31, 2015 and 2014, respectively. Future minimum lease payments consist of the following for the years ending December 31:

2016	\$ 7,915
2017	8,182
2018	1,673
2019	278
2020	10
Thereafter	380
	\$ 18,438

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE V - OPERATING AND FINANCE AGREEMENTS

Effective December 20, 2007, the Museum entered into an operating agreement with the City of Tampa. The agreement discusses the City of Tampa and the Museum's financial and management responsibilities of operating the Museum. The Museum obtained full autonomy from the City of Tampa effective July 1, 2008. The term of the operating agreement is fifty years, as long as the Museum is not in default under the agreement.

The City of Tampa, the Museum, and the Foundation entered into a construction and finance agreement on April 3, 2008 that was approved by City Council Resolution No. 2008-373. This agreement discusses the details of the lease agreement between the City of Tampa and the Museum with regards to the new construction of the Museum. The City of Tampa has agreed to expend certain City funds for the construction of the improvements upon adequate assurances that the Museum has sufficient funds to ensure the lien-free completion of the Museum in accordance with a certain Guaranteed Maximum Price Contract. The agreement details the respective responsibilities and obligations of the City of Tampa, the Museum, and the Foundation relating to the funding of construction, furnishing, equipping, and opening of the Museum.

The sole financial contribution of the City of Tampa shall be the Sales Tax Revenue Bonds, Series 2001A approved for construction of the improvements. The fund total is \$18.5 million.

The Museum's share of the Guaranteed Maximum Price of \$24,774,595, coupled with other capital campaign and construction costs, was determined to be approximately \$12 million.

NOTE W - NEW MARKET TAX CREDIT

The Museum entered into several transactions during 2014, in order to make additional funds available to it through the New Market Tax Credit (NMTC) Program (see *NOTE N*). TMAOS was formed on April 25, 2014 to accept the funds from the NMTC on May 15, 2014 (see *NOTE A*). Proceeds from the NMTC were used by the Museum to pay off short-term debt, expand operating capital, hire personnel, and secure future exhibitions.

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEI) in designated Community Development Entities (CDE). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICI). The taxpaying investor is provided with a tax credit which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

US Bancorp Community Development Corporation made an equity investment indirectly through 2012 USB Florida Investment Fund, LLC (the Investor) in USBCDE Sub-CDE89 (the Investment Fund). The Investor made two QLICI loans totaling \$5,898,568 to TMAOS in amounts of \$4,816,912 and \$1,081,656 (see notes payable A and B in *NOTE N*).

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE W - NEW MARKET TAX CREDIT - CONTINUED

NMTC transaction proceeds include the following:

QLICI Loan - (Notes payable A and B)	\$ 5,898,568
Contribution from the Museum to TMAOS	<u>306,599</u>
Total	<u>\$ 6,205,167</u>

Use of proceeds includes the following:

Purchase leasehold interest	\$ 5,425,000
Closing costs	98,456

Cash proceeds to TMAOS:

Dixon Exhibit	150,000
Rockwell Exhibit	125,000
American Art Exhibition	50,000
Christo Exhibit	25,000
Poseidon Exhibit	17,250
Personnel and operations	92,500
NMTC transaction costs	<u>221,961</u>

Total cash proceeds to TMAOS	<u>681,711</u>
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Total	<u>\$ 6,205,167</u>
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The Museum issued a loan to the Investor for \$4,816,912. See **NOTE H** for terms of this noncurrent note receivable.

The Museum entered into a Lease Agreement with the City in February 2010 (see **NOTE J**). The Museum then entered into a Transfer of Leasehold Interest in relation to the NMTC which transferred the operations, management and administration of the leased premises (the Museum) to TMAOS as of May 2014. The purchase price of this leasehold interest was \$5,425,000, of which \$5,118,401 was paid in cash and financed through the QCLI loan (notes payable A and B), and \$306,599 was deemed a contribution from the Museum. These amounts are eliminated in the consolidated financial statements.

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE W- NEW MARKET TAX CREDIT - CONTINUED

The Museum entered into a Museum Operating Agreement with the City in December 2007 and a First Amendment to the City Operating Agreement in November 2008 (see *NOTE V*). The City, the Museum, and TMAOS entered into a Second Amendment to the City Operating Agreement on May 15, 2014, amending the agreement so as to allow delineation of operational, administration and management responsibilities under the City Operation Agreement between the Museum and TMAOS. The Sub-operating Agreement allows the Museum to focus on maintenance of its art collection and ongoing development of the art collection while transferring the operating, administration, and management functions to TMAOS. The Museum will pay TMAOS an annual operating expense contribution not to exceed \$1,000,000, payable quarterly in equal installments of \$250,000. The Museum contributed \$728,665 and \$538,778 to TMAOS for the year ended December 31, 2015 and 2014. These amounts are eliminated in the consolidated financial statements.

The Museum entered into a Bilateral Employee Leasing Agreement with TMAOS effective May 15, 2014 to benefit the work of each entity. Certain employees of the Museum are shared with TMAOS and certain employees of TMAOS are shared with the Museum. These amounts are eliminated in the consolidated financial statements.

In connection with making the Leverage Loan (see noncurrent note receivable in *NOTE H*) to the Investor, TMA entered into the Call Agreement. The Call Agreement allows the Museum to call the Investor's interest, six months following the seven year anniversary (December 12, 2019) of the QEI. The purchase price of the call option is the fair market value of the Investor's interest at the time of the call (substantially notes payable A and B). The purchase price of the Investor's interest is the greater of (1) the fair market value of the CDE's interest and (2) the aggregate amount of principal and interest owed by the Investment Fund on the Leverage Loan as of the call options closing dates. The call price may be paid by first forgiving the principal and interest due and owing on the Leverage Loan which should be equal to the amount of the call price thus zeroing out any cash exchange required.

NOTE X - SUBSEQUENT EVENTS

The Organization evaluated its December 31, 2015 consolidated financial statements through April 11, 2016, the date the financial statements were available and issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the consolidated financial statements.

SUPPLEMENTARY INFORMATION



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***INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION***

To the Board of Directors
The Tampa Museum of Art, Inc. and Affiliates
Tampa, Florida

We have audited the consolidated financial statements of The Tampa Museum of Art, Inc. and Affiliates (collectively, the Organization), as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 11, 2016, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in the consolidating statements of financial position and consolidating statements of activities as of and for the years ended December 31, 2015 and 2014 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matter

As discussed in *NOTE A* to the supplementary information, certain information in the December 31, 2014 consolidating statement of financial position and consolidating statement of activities was incorrect. This resulted in an overstatement of the revenues and expenses of Tampa Museum of Art, Inc. (the Museum) and a corresponding understatement of revenues and expenses of the Tampa Museum of Art Operations and Special Events, Inc. (TMAOS). Additionally, ending net assets of both organizations was incorrect. These misstatements had no effect on the consolidated financial statements. *NOTE A* to the supplementary information summarizes the misstatements, which have been corrected for the 2015 presentation.

This report is intended solely for the information and use of the Organization's management and Board of Directors and is not intended to be and should not be used by anyone other than those specified parties.

PDR Certified Public Accountants

Clearwater, Florida
April 11, 2016

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

	<i>Consolidated</i>	<i>Eliminations</i>	<i>Tampa</i>	<i>Foundation</i>	<i>TMAOS</i>
	<u>Total</u>	<u></u>	<u>Museum of Art</u>	<u></u>	<u></u>
Assets					
Cash and cash equivalents	\$ 655,045	\$ -	\$ 463,039	\$ 176,631	\$ 15,375
Cash and cash equivalents endowment, restricted	361,310	-	328,334	32,976	-
Investments	4,020,667	-	4,020,667	-	-
Investments endowment, restricted	1,068,892	-	-	1,068,892	-
Pledges receivable-capital campaign, net	68,804	-	-	68,804	-
Pledges receivable-endowment, net	17,045	-	-	17,045	-
Grants and other receivables	206,831	-	206,831	-	-
Museum store inventory	51,359	-	51,359	-	-
Prepaid expenses and other assets	56,744	-	56,744	-	-
Related party	-	-	(965,099)	618,930	346,169
Property and equipment, net	1,776,171	-	1,631,100	145,071	-
Intangible assets, net	282,784	-	-	-	282,784
Collections (NOTE L)	-	-	-	-	-
Leasehold interest from USB FLA Investment Fund	-	306,599	(5,425,000)	-	5,118,401
Leasehold interest from TMA	-	(306,599)	-	-	306,599
Noncurrent note receivable USB FLA Investment Fund	4,816,912	-	4,816,912	-	-
Unamortized leasehold interest	21,978,443	-	11,746,982	10,231,461	-
Total Assets	<u>\$ 35,361,007</u>	<u>\$ -</u>	<u>\$ 16,931,869</u>	<u>\$ 12,359,810</u>	<u>\$ 6,069,328</u>

LIABILITIES AND NET ASSETS

Liabilities					
Accounts payable	\$ 112,622	\$ -	\$ 97,876	\$ -	14,746
Accrued expenses	64,806	-	60,575	-	4,231
Deferred revenue	214,592	-	214,592	-	-
Note payable A - USBCDE-Sub-CDE 89, LLC	4,816,912	-	-	-	4,816,912
Note payable B - USBCDE-Sub-CDE 89, LLC	1,081,656	-	-	-	1,081,656
Capital lease obligation	2,087,916	-	2,087,916	-	-
Total liabilities	8,378,504	-	2,460,959	-	5,917,545
Net Assets					
Unrestricted net assets:					
Board designated	744,247	-	744,247	-	-
Unrestricted	12,833,784	-	1,585,549	11,096,452	151,783
Temporarily restricted net assets	11,986,998	-	11,879,032	107,966	-
Permanently restricted net assets	1,417,474	-	262,082	1,155,392	-
Total net assets	26,982,503	-	14,470,910	12,359,810	151,783
Total Liabilities and Net Assets	<u>\$ 35,361,007</u>	<u>\$ -</u>	<u>\$ 16,931,869</u>	<u>\$ 12,359,810</u>	<u>\$ 6,069,328</u>

See independent auditor's report on supplementary information

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

	<i>Consolidated</i>	<i>Eliminations</i>	<i>Tampa</i>	<i>Foundation</i>	<i>TMAOS</i>
	<u>Total</u>	<u></u>	<u>Museum of Art</u>	<u></u>	<u></u>
Assets					
Cash and cash equivalents	\$ 374,469	\$ -	\$ 372,277	\$ -	\$ 2,192
Cash and cash equivalents capital campaign, restricted	20,861	-	-	20,861	-
Cash and cash equivalents endowment, restricted	735,379	-	676,546	58,833	-
Investments	3,262,409	-	3,262,409	-	-
Investments endowment, restricted	1,187,106	-	-	1,187,106	-
Pledges receivable-capital campaign, net	304,519	-	-	304,519	-
Pledges receivable-endowment, net	19,545	-	-	19,545	-
Grants and other receivables	146,406	-	146,406	-	-
Museum store inventory	47,417	-	47,417	-	-
Prepaid expenses and other assets	327,016	-	327,016	-	-
Intercompany receivable (payable)	-	-	(925,530)	593,499	332,031
Property and equipment, net	1,956,058	-	1,798,633	157,425	-
Intangible assets, net	292,974	-	-	-	292,974
Collections (<i>NOTE L</i>)	-	-	-	-	-
Leasehold interest from USB FLA Investment Fund	-	306,599	(5,425,000)	-	5,118,401
Leasehold interest from TMA	-	(306,599)	-	-	306,599
Noncurrent note receivable USB FLA Investment Fund	4,816,912	-	4,816,912	-	-
Unamortized leasehold interest	22,500,704	-	12,026,119	10,474,585	-
Total Assets	\$ 35,991,775	\$ -	\$ 17,123,205	\$ 12,816,373	\$ 6,052,197

LIABILITIES AND NET ASSETS

Liabilities					
Accounts payable	\$ 100,100	\$ -	\$ 94,280	\$ 5,820	\$ -
Accrued expenses	90,888	-	89,042	-	1,846
Deferred revenue	148,668	-	148,668	-	-
Note payable A - USBCDE-Sub-CDE 89, LLC	4,816,912	-	-	-	4,816,912
Note payable B - USBCDE-Sub-CDE 89, LLC	1,081,656	-	-	-	1,081,656
Capital lease obligation	2,174,016	-	2,174,016	-	-
Total liabilities	8,412,240	-	2,506,006	5,820	5,900,414
Net Assets					
Unrestricted net assets:					
Board designated	744,247	-	744,247	-	-
Unrestricted	12,914,662	-	1,453,835	11,309,044	151,783
Temporarily restricted net assets	12,503,152	-	12,157,035	346,117	-
Permanently restricted net assets	1,417,474	-	262,082	1,155,392	-
Total net assets	27,579,535	-	14,617,199	12,810,553	151,783
Total Liabilities and Net Assets	\$ 35,991,775	\$ -	\$ 17,123,205	\$ 12,816,373	\$ 6,052,197

See independent auditor's report on supplementary information

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Tampa Museum of Art</u>	<u>Foundation</u>	<u>TMAOS</u>
Public Support and Revenue					
Public Support:					
Individual	\$ 963,775	\$ -	\$ 488,595	\$ (47,282)	\$ 522,462
Corporate	161,319	-	-	-	161,319
Foundations and grants	328,450	-	390,933	(62,483)	-
Government grants	831,703	-	831,703	-	-
Operations and rentals	542,771	-	(151,602)	-	694,373
Special events net of direct costs of \$519,480	528,431	-	2,676	-	525,755
Museum store sales	134,361	-	-	-	134,361
Other income	19,000	-	-	19,000	-
Revenue					
Building rentals and beverage sales	183,022	-	183,022	-	-
TMA contribution to TMAOS	-	(728,665)	-	-	728,665
NMTC revenue	58,766	-	58,766	-	-
Employee leasing to TMA/TMAOS	-	(883,705)	753,998	-	129,707
Investment income, net	54,420	-	29,808	24,612	-
Realized gain on investments	35,502	-	44,961	(9,459)	-
Unrealized gain (loss) on investments	(276,566)	-	(168,387)	(108,179)	-
In-kind land lease	60,000	-	60,000	-	-
Total public support and revenue	3,624,954	(1,612,370)	2,524,473	(183,791)	2,896,642
Expenses					
General and administrative	1,391,393	(1,612,370)	1,275,900	11,474	1,716,389
Building operations	849,862	-	584,194	255,478	10,190
Marketing and fund-raising	519,929	-	415,887	-	104,042
Interest expense	116,666	-	57,680	-	58,986
Program services - direct expenses only	1,344,136	-	337,101	-	1,007,035
Total expenses	4,221,986	(1,612,370)	2,670,762	266,952	2,896,642
Change in Net Assets	(597,032)	-	(146,289)	(450,743)	-
Net Assets at Beginning of Period	27,579,535	-	14,617,199	12,810,553	151,783
Net Assets at End of Period	\$ 26,982,503	\$ -	\$ 14,470,910	\$ 12,359,810	\$ 151,783

See independent auditor's report on supplementary information

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>Consolidated</u> <u>Total</u>	<u>Eliminations</u>	<u>Tampa</u> <u>Museum of Art</u>	<u>Foundation</u>	<u>TMAOS</u>
Public Support and Revenue					
Public Support:					
Individual	\$ 1,332,595	\$ -	\$ 1,087,302	\$ (48,482)	\$ 293,775
Corporate	236,696	-	54,438	-	182,258
Foundations and grants	728,046	-	728,046	-	-
Government grants	821,578	-	821,578	-	-
Operations and rentals	542,706	-	5,015	-	537,691
Special events net of direct costs of \$282,199	509,334	-	68,718	-	440,616
Museum store sales	117,432	-	38,014	-	79,418
Revenue					
Building rentals and beverage sales	227,984	-	227,984	-	-
TMA contribution to TMAOS	-	(538,778)	-	-	538,778
NMTC revenue	22,200	-	22,200	-	-
Employee leasing to TMA/TMAOS	-	(470,743)	407,813	-	62,930
Investment income, net	86,780	-	32,215	54,565	-
Realized gain on investments	292,737	-	249,428	43,309	-
Unrealized gain (loss) on investments	(142,829)	-	(157,100)	14,271	-
In-kind land lease	60,000	-	60,000	-	-
Total public support and revenue	4,835,259	(1,009,521)	3,645,651	63,663	2,135,466
Expenses					
General and administrative	1,352,873	(1,009,521)	1,399,379	2,317	960,698
Building operations	924,406	-	591,555	326,609	6,242
Marketing and fundraising	408,904	-	333,888	-	75,016
Interest expense	107,295	-	59,889	10,212	37,194
Program services - direct expenses only	1,571,048	-	666,515	-	904,533
Total expenses	4,364,526	(1,009,521)	3,051,226	339,138	1,983,683
Change in Net Assets	470,733		594,425	(275,475)	151,783
Net Assets at Beginning of Period	27,108,802	-	14,022,774	13,086,028	-
Net Assets at End of Period	\$ 27,579,535	\$ -	\$ 14,617,199	\$ 12,810,553	\$ 151,783

See independent auditor's report on supplementary information

THE TAMPA MUSEUM OF ART, INC. AND AFFILIATES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE A - PRIOR PERIOD ADJUSTMENT

The Organization discovered that the consolidating statement of financial position as of December 31, 2014 and the consolidating statement of activity for the year ended December 31, 2014 were materially misstated. It was determined that a significant portion of the activity was incorrectly attributed to the Tampa Museum of Art, Inc. (the Museum) instead of the Tampa Museum of Art Operations and Special Events, Inc. (TMAOS). This had the effect of overstating certain assets, liabilities, revenue, and expenses of TMA while having the opposite impact on TMAOS. This also resulted in the net assets of both the Museum and TMAOS to be misstated. These misstatements had no effect on the consolidated financial statements at December 31, 2015.

The effect of the restatement on the 2014 consolidating financial statements was as follows:

	<u><i>Tampa</i></u> <u><i>Museum of Art</i></u>	<u><i>Foundation</i></u>	<u><i>TMAOS</i></u>
Total Assets			
As previously stated	\$ 17,274,988	\$ 12,816,373	\$ 5,900,414
As restated	17,123,205	12,816,373	6,052,197
Net Assets			
As previously stated	\$ 14,768,982	\$ 12,810,553	\$ -
As restated	14,617,199	12,810,553	151,783
Total Public Support and Revenue			
As previously stated	\$ 5,179,409	\$ 63,663	\$ 601,708
As restated	3,645,651	63,663	2,135,466
Total Expense			
As previously stated	\$ 4,433,201	\$ 339,138	\$ 601,708
As restated	3,051,226	339,138	1,983,683
Change in Net Assets			
As previously stated	\$ 746,208	\$ (275,475)	\$ -
As restated	594,425	(275,475)	151,783