

## **Attachment 2**

# **Santa Barbara Bowl Foundation Financial Statement**

**Santa Barbara Bowl Foundation**

Financial Statements  
and Single Audit Reports and Schedules

December 31, 2021  
(With Comparative Totals for 2020)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Santa Barbara Bowl Foundation  
Santa Barbara, California

### **Opinion**

We have audited the accompanying financial statements of Santa Barbara Bowl Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santa Barbara Bowl Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Barbara Bowl Foundation 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 these 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 Santa Barbara Bowl Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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## **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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Barbara Bowl Foundation'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 Santa Barbara Bowl Foundation'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Santa Barbara Bowl Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino<sup>LLP</sup>  
Woodland Hills, California

September 14, 2022

Santa Barbara Bowl Foundation  
Statement of Financial Position  
December 31, 2021  
(With Comparative Totals for 2020)

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,841,825	\$ 4,021,713
Investments	9,505,994	9,198,218
Contributions receivable, net	2,810,890	2,596,635
Employee retention tax credit receivable	94,006	-
Property and equipment, net	31,081,910	29,528,535
Intangible asset	6,252	6,252
Other assets	20,000	-
Total assets	\$ 50,360,877	\$ 45,351,353
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 416,321	\$ 513,758
Deferred revenue	948,355	954,680
Total liabilities	1,364,676	1,468,438
Commitments and contingencies (Note 10)		
<b>Net assets</b>		
Without donor restrictions	45,692,142	40,818,149
With donor restrictions	3,304,059	3,064,766
Total net assets	48,996,201	43,882,915
Total liabilities and net assets	\$ 50,360,877	\$ 45,351,353

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation  
Statement of Activities  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue, gains and other support				
Revenue				
Show revenue	\$ 988,367	\$ -	\$ 988,367	\$ -
Concert club membership	817,250	-	817,250	127,865
Sponsorships	290,000	-	290,000	-
Concession revenue	1,260,769	-	1,260,769	649
Contract revenue	250,000	-	250,000	571,429
Show fees	216,944	-	216,944	-
Parking fees	<u>111,986</u>	<u>-</u>	<u>111,986</u>	<u>-</u>
Total revenue	<u>3,935,316</u>	<u>-</u>	<u>3,935,316</u>	<u>699,943</u>
Gains and other support				
Contributions	425,332	2,405,549	2,830,881	1,929,976
Investment income, net	808,013	25,038	833,051	606,401
Other income	13,021	-	13,021	108,625
Net assets released from restriction	<u>2,191,294</u>	<u>(2,191,294)</u>	<u>-</u>	<u>-</u>
Total gains and other support	<u>3,437,660</u>	<u>239,293</u>	<u>3,676,953</u>	<u>2,645,002</u>
Total revenue, gains and other support	<u>7,372,976</u>	<u>239,293</u>	<u>7,612,269</u>	<u>3,344,945</u>
Functional expenses				
Program services	<u>5,246,270</u>	<u>-</u>	<u>5,246,270</u>	<u>2,838,053</u>
Support services				
Management and general	318,088	-	318,088	246,088
Fundraising	<u>241,683</u>	<u>-</u>	<u>241,683</u>	<u>205,341</u>
Total support services	<u>559,771</u>	<u>-</u>	<u>559,771</u>	<u>451,429</u>
Total functional expenses	<u>5,806,041</u>	<u>-</u>	<u>5,806,041</u>	<u>3,289,482</u>
Change in net assets from operations	<u>1,566,935</u>	<u>239,293</u>	<u>1,806,228</u>	<u>55,463</u>
Non-operating				
Shuttered Venue Operators Grant income	2,990,552	-	2,990,552	-
Loan forgiveness - Paycheck Protection Program	197,500	-	197,500	-
Employee Retention Credit revenue	94,006	-	94,006	-
COVID-19 Relief Grant Program	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Total non-operating	<u>3,307,058</u>	<u>-</u>	<u>3,307,058</u>	<u>-</u>
Change in net assets	4,873,993	239,293	5,113,286	55,463
Net assets, beginning of year	<u>40,818,149</u>	<u>3,064,766</u>	<u>43,882,915</u>	<u>43,827,452</u>
Net assets, end of year	<u>\$ 45,692,142</u>	<u>\$ 3,304,059</u>	<u>\$ 48,996,201</u>	<u>\$ 43,882,915</u>

The accompanying notes are an integral part of these financial statements.



Santa Barbara Bowl Foundation  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Personnel expenses					
Salaries and wages	\$ 759,590	\$ 141,537	\$ 134,544	\$ 1,035,671	\$ 971,233
Payroll taxes and employee benefits	<u>211,240</u>	<u>39,361</u>	<u>37,416</u>	<u>288,017</u>	<u>220,106</u>
Total personnel expenses	<u>970,830</u>	<u>180,898</u>	<u>171,960</u>	<u>1,323,688</u>	<u>1,191,339</u>
Other expenses					
Advertising	43,314	-	-	43,314	38,202
Bank charges	869	162	154	1,185	328
Caretaker housing expenses	14,266	-	-	14,266	26,864
Concession expenditures	913,685	-	-	913,685	21,846
Contract labor for shows	683,878	-	-	683,878	64,957
County arts subsidy	45,442	-	-	45,442	-
Depreciation and amortization	1,170,816	-	-	1,170,816	1,144,920
Donor cultivation	-	-	747	747	236
Dues and subscriptions	14,981	2,792	2,654	20,427	11,935
Fundraising expenses	-	-	17,585	17,585	11,250
Education outreach	301,522	-	-	301,522	311,995
Equipment leases	3,456	644	612	4,712	7,741
Event rentals	82,842	-	-	82,842	8,349
Insurance	98,339	18,324	17,419	134,082	88,524
Legal and professional fees	-	84,077	-	84,077	54,272
Miscellaneous	10,389	1,935	1,840	14,164	1,216
Office expenses	39,662	7,391	7,025	54,078	39,806
Other show expenses	192,190	-	-	192,190	18,838
Payroll processing	3,695	689	654	5,038	4,606
Postage and printing	7,521	1,401	1,332	10,254	915
Repairs and maintenance	482,318	-	-	482,318	103,989
Taxes and licenses	8,106	1,510	1,436	11,052	7,094
Transportation and auto	12,025	-	-	12,025	1,805
Utilities	<u>146,124</u>	<u>18,265</u>	<u>18,265</u>	<u>182,654</u>	<u>128,455</u>
Total other expenses	<u>4,275,440</u>	<u>137,190</u>	<u>69,723</u>	<u>4,482,353</u>	<u>2,098,143</u>
	<u>\$ 5,246,270</u>	<u>\$ 318,088</u>	<u>\$ 241,683</u>	<u>\$ 5,806,041</u>	<u>\$ 3,289,482</u>

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 5,113,286	\$ 55,463
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,170,816	1,144,920
Change in allowance for doubtful accounts	(7,750)	(250)
Unrealized (gains)/losses on investments	3,323	(398,441)
Realized (gains)/losses on sales of investments	(676,979)	76,738
Interest and dividends, net of fees	(159,395)	(284,698)
Changes in operating assets and liabilities		
Contributions receivable	(206,505)	669,961
Employee retention tax credit receivable	(94,006)	-
Other current assets	(20,000)	9,114
Accounts payable and accrued expenses	(97,437)	259,108
Deferred revenue	(6,325)	362,397
Net cash provided by operating activities	5,019,028	1,894,312
Cash flows from investing activities		
Purchases of property and equipment	(2,724,191)	(1,866,047)
Purchases of investments	(5,921,613)	(2,467,740)
Proceeds from sales of investments	6,446,888	2,469,767
Net cash used in investing activities	(2,198,916)	(1,864,020)
Net increase in cash and cash equivalents	2,820,112	30,292
Cash and cash equivalents, beginning of year	4,021,713	3,991,421
Cash and cash equivalents, end of year	\$ 6,841,825	\$ 4,021,713

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

1. NATURE OF OPERATIONS

The Santa Barbara Bowl Foundation (the "Foundation") is a non-profit organization founded to manage, maintain and renovate the Santa Barbara Bowl, a community based outdoor performing arts venue, and to develop an annual plan which includes facility improvements and community arts events. Following a successful \$40 million renovation and restoration effort, the Foundation continues to raise funds to protect the community's investment and to stay at the forefront of technology, audience safety and amenities. The facility is located in the city of Santa Barbara and draws most of its attendance from a 100-mile radius.

The Foundation is also committed to raising funds for its Outreach programming and endowments, which is dedicated to providing support and funding for performing arts and music education in the greater Santa Barbara area. As part of the core of the Foundation's mission statement, Outreach reaches approximately 20,000 local school children annually. The program provides need-based support to music education programs, supports community access to the performing arts, and serves as an advocate for the performing arts in the community. The Foundation itself commits \$1.00 per paid ticket to the Outreach program.

Effective March 16, 2020 the Foundation closed the Santa Barbara Bowl to be in compliance with the mandated shelter in place orders issued by Santa Barbara County due to the COVID-19 pandemic. Consequently the Foundation's 2020 season was postponed resulting in its operating revenues being reduced. The Foundation was also able to reduce much of its operating expenses to offset the reduced revenues. In 2021 the Foundation availed itself of a loan pursuant to the Paycheck Protection Program ("PPP") in the amount of \$197,500, which was subsequently forgiven prior to year-end (see Note 9). The Foundation also received a grant in 2021 under the Shuttered Venue Operators Grant (SVOG) program in the amount of \$2,990,552 (see Note 9). The Foundation reopened the Bowl in August 2021 with a shortened concert schedule and expects to offer a full season in 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions*
  - Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Foundation.
  - Board-designated net assets - Include funds designated by the Board for continuing facility improvements and its Outreach program. These funds are subject to an annual review by the Board.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions*
  - Subject to expenditure for specified purpose - Include gifts and grants received that are temporarily restricted with respect to use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.
  - Time-restricted - Include contributions receivable which are recorded as restricted revenue when the pledge is received. When the contributions receivable are collected, the net assets of this class are reclassified to net assets without restrictions.
  - Donor-restricted endowment - Include assets that have been restricted by the donor in perpetuity while permitting the Foundation to use or expend part or all of the income derived from the assets.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

The Foundation considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying value reported in the statement of financial position approximates fair value.

Concentrations

Occasionally the Foundation's bank balances exceed the Federal Deposit Insurance Corporation insured limits. The Foundation has not experienced and does not anticipate any losses related to these balances.

For the year ended December 31, 2021, one donor represented approximately 16% of contributions receivable at December 31, 2021.

In accordance with the terms of the lease agreement between the Foundation and the County of Santa Barbara, the Foundation contracts with one promoter each year to secure a majority of its shows (see Note 10).

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable, net

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management believes all contributions to be collected in the next year, therefore, no allowance for doubtful accounts deemed necessary at December 31, 2021.

Investments

Investments with readily determinable fair values are stated at fair value. Investments without readily determinable fair values are stated at the lower of cost or estimated net realizable value. Marketable securities acquired by donation are stated at the fair market value at the date of donation.

The Foundation reports investment income net of related fees, such as custodial and investment advisory fees, on the statement of activities.

Fair value measurements

The Foundation has adopted Accounting Standards Codification No. 820-10, *Fair Value Measurements and Disclosure* ("ASC 820-10") which 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 inputs that may be used to measure fair value under ASC 820-10 are described below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities,
- Level 2 - Observable inputs based on quoted prices in non-active markets or in active markets for similar assets and liabilities. Inputs other than quoted prices that are observable or inputs that are not directly observable, but are corroborated by observable market data,
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the measurements of the assets or liabilities.

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

The fair value of fixed income and equity securities are based on quoted market prices.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Master Plan

The Renovations and Restoration Master Plan (Master Plan) was created by the Foundation in 1993 as the framework of plans to complete major renovations and restorations to the property and facilities at the Santa Barbara Bowl over the course of twenty years. Implementation and completion of the Master Plan by the Foundation was stipulated in the initial 45-year lease agreement entered into with the County of Santa Barbara in 1994 (which has since been renewed as discussed in Note 10).

Significant infrastructure improvements that have been completed through the Master Plan include: a production roof, upgraded power, new sewer lines, a larger marquee, a new storm drain and more efficient drainage systems. In addition, the stage and backstage facilities were reconstructed increasing the overall useable square footage by nearly 300%. The Foundation completed the final major projects of the Master Plan in 2014.

The County of Santa Barbara acknowledges and agrees that the Foundation has fully performed its obligations under the 1994 lease, including the construction of substantial renovations, additions, alterations and improvements to the premises in accordance with the Master Plan.

Property and equipment

Property and equipment are recorded at cost if purchased or at the fair value at the date of the gift if donated. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Master Plan improvements	10 - 40 years
Building	39 years
Other improvements	5 - 15 years
Furniture and equipment	3 - 10 years
Vehicles	7 - 10 years
Website	3 - 7 years
Leasehold improvements	Lesser of the useful life or life of the lease

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related asset.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Foundation during the year.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

During 2011, the Foundation acquired a license for sale of liquor in the amount of \$6,252. The license has an indefinite life and is not subject to amortization. Assets that are not subject to amortization are tested for impairment at least annually. During 2021, the Foundation determined no impairment is necessary.

Deferred revenue

The Foundation records advance payments toward annual memberships as deferred revenue. These memberships entitle members to reserve and purchase concert tickets for specified seats during the season as well as other benefits. Such amounts are recorded as revenue during the concert season.

The Foundation also records advanced contract payments as deferred revenue which are recognized over the contract period (see Note 10).

Revenue recognition

Grants and contributions consist of donations from foundations, corporations, businesses, individuals, and the general public. Grants and contributions are generally recognized when pledged or paid to the Foundation by the donor. Contributions are not recognized as revenue until all donor imposed conditions have been substantially met, or the possibility that such a condition would not be met is remote. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, 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. The Foundation records donor-restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

Pledged contributions to be received more than one year after the pledge date are discounted at an appropriate rate commensurate with the risk involved and the time value of money. Amortization of the discount is recorded as additional contribution revenue.

The Foundation's Board of Directors designates an annual percentage of unrestricted contributions, show revenue, and investment income to be used for the Outreach program funding, facilities upkeep, and funding board-designated commitments.

Donated services

A substantial number of volunteers have donated their time performing services for the Foundation. These estimated benefits are not recorded in the financial statements of the Foundation as the recognition does not meet the required standards.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of functional expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using bases determined by management to be reasonable.

Advertising costs

Advertising costs are expensed as incurred. During the year ended December 31, 2021, advertising costs totaled \$43,314.

Income tax status

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under the Internal Revenue Code ("IRC") and the Franchise Tax Board under code Sections 501(c)(3) and 23071(d), respectively. The Foundation is not considered a private foundation. The Foundation is subject to unrelated business income tax on revenues derived from advertising. The Foundation is not aware of any uncertain tax positions at December 31, 2021, or for any year which the statute remains open.

Endowment

Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Subsequent events

The Foundation has evaluated events subsequent to December 31, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 14, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the Foundation's financial statements.



Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Equities	\$ 6,047,871	\$ -	\$ -	\$ 6,047,871
Fixed income	3,170,238	-	-	3,170,238
Private equity	-	-	287,885	287,885
	<u>\$ 9,218,109</u>	<u>\$ -</u>	<u>\$ 287,885</u>	<u>\$ 9,505,994</u>

The fair value of private equity investments is based on values reported by the respective investment manager using observable inputs, such as their internal valuation or other valuation methods.

The following table sets forth a summary of changes in fair value of Level 3 investments for the year:

Balance, beginning of year	\$ 541,711
Income, net	140,842
Redemptions	(394,668)
Balance, end of year	<u>\$ 287,885</u>

Activity in the investments during the year was as follows:

Balance, beginning of year	\$ 9,198,218
Purchases of investments	5,921,613
Proceeds from sales of investments	(6,446,888)
Realized gains on sales of investments	676,979
Unrealized losses on investments	(3,323)
Interest and dividend income, net of fees	159,395
Balance, end of year	<u>\$ 9,505,994</u>

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following pledges:

Due in less than one year	\$ 1,082,466
Due in two to five years	1,751,700
Thereafter	<u>37,500</u>
	2,871,666
Discount to net present value	<u>(60,776)</u>
	<u><u>\$ 2,810,890</u></u>

Contributions to be received more than one year after the pledge date are discounted at 1% per annum.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

Master Plan improvements	\$ 33,148,203
Leasehold improvements	4,764,592
Other improvements	3,311,819
Land	2,288,102
Furniture and equipment	1,855,503
Building	400,000
Vehicles	43,247
Website	<u>24,031</u>
	45,835,497
Less accumulated depreciation and amortization	<u>(14,753,587)</u>
	<u><u>\$ 31,081,910</u></u>

Depreciation and amortization expense was \$1,170,816 for the year ended December 31, 2021.

During 2019, the facility was subject to a hillside failure that required significant remediation. In 2021, the Foundation completed construction of retaining walls and drainage improvements to mitigate the hillside failure, and also completed construction of a storage building on the hillside adjacent to the retaining walls at a total cost of approximately \$2,860,000.

In 2021, the Foundation purchased a single family residence adjacent to the Bowl property, to serve as a caretaker residence. The Foundation had maintained a long term lease on this property prior to the acquisition, and purchased it outright in August 2021, at a cost of \$1,500,000.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following:

Board-designated - Facilities and equipment	\$ 31,014,633
Board-designated - Quasi-endowment funds for capital improvements	2,960,083
Board-designated - Quasi-endowment funds for outreach	5,972,285
Board-designated - Continuing facilities improvements and maintenance	612,013
Board-designated - Outreach	1,002,872
Undesignated	<u>4,130,256</u>
	<u><u>\$ 45,692,142</u></u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Outreach	\$ 684,662
Capital improvements and maintenance	<u>769,000</u>
Total subject to expenditure for specified purpose	1,453,662
Time restricted	1,357,228
Endowment - donor corpus restricted in perpetuity	<u>493,169</u>
	<u><u>\$ 3,304,059</u></u>

Included within the purpose-restricted net assets with donor restrictions are \$1,453,662 of net assets with donor restrictions that are also time-restricted net assets.

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

A portion of net assets with donor restrictions consists of endowments that are restricted by the donor for investment in perpetuity. A portion of net assets without donor restrictions consist of endowments that are board designated quasi-endowments for outreach and capital improvements. As required by accounting principles generally accepted in the United States of America ("US GAAP"), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Interpretation of relevant law

The Foundation's Board of Directors has interpreted California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- (1) The duration and preservation of the 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 Foundation
- (7) The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the Foundation diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category. Actual returns in any given year may vary from their respective benchmarks.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Foundation has a spending policy of appropriating for distribution each year what is needed in the current year to achieve its goals. In establishing this policy, the Foundation considered the short-term expected return on its endowment. Accordingly, over the short-term, the Foundation expects the current spending policy to allow its endowment to be spent as intended. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions unless the income from such endowment funds is restricted as to use in which case such amounts are reflected in net assets with donor restrictions. There were no such deficiencies as of December 31, 2021.

Endowment composition

Activity in the endowment net assets for the year ended December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 8,241,572	\$ 468,131	\$ 8,709,703
Contributions	250,000	-	250,000
Investment income, net of fees	89,827	5,102	94,929
Net unrealized gains	<u>350,969</u>	<u>19,936</u>	<u>370,905</u>
Balance, end of year	<u>\$ 8,932,368</u>	<u>\$ 493,169</u>	<u>\$ 9,425,537</u>

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

9. CORONAVIRUS DISEASE (COVID-19) RELIEF FUNDS

Shuttered Venue Operators Grant

During 2021, the Foundation was granted and received \$2,990,552 under the Shuttered Venue Operators Grant ("SVOG") program implemented by the U.S. Small Business Administration ("SBA") under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and later amended by the American Rescue Plan Act. The SVOG program was created to prevent widespread closures of venues that were devastated by the loss of revenue due to the COVID-19 pandemic. The SVOG program provides eligible applicants with grants equal to 45% of their gross earned revenue in 2019, up to a maximum of \$10,000,000, reduced by borrowings under the second round of PPP funding. Under the terms of the grant, the Foundation was allowed to utilize the funds for qualifying expenditures of the program during the period March 2020 through December 31, 2021, and recognized the entirety of the received funds as revenue during the year ended December 31, 2021, as non-operating income in the statement of activities.

Loan forgiveness - Paycheck Protection Program

In March 2021, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the Small Business Administration ("SBA") under the CARES Act, from a qualified bank, in the principal amount of \$197,500. The term on the loan is five years with an annual interest rate of 1%. Subject to SBA provisions and guidelines, payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses, and the maintenance of workforce and compensation levels with certain limitations.

In December 2021, the Company received full forgiveness of the PPP loan in the amount of \$197,500, which has been accounted for as part of non-operating income in the statement of activities.

Employee Retention Tax Credit

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The Foundation determined it was eligible to apply for the ERC for the periods from January 1, 2021 through March 31, 2021, when the tax credit was equal to 70% of the qualified wages, up to \$10,000 per employee. The Foundation calculated a total ERC of \$94,006 for the wages paid during that period. As the ERC refund relates to salaries and wages paid during 2021, and as the Foundation has satisfied all conditions of the program, the Foundation has recognized income and a corresponding receivable for the calculated ERC as of and for the year ended December 31, 2021.

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

9. CORONAVIRUS DISEASE (COVID-19) RELIEF FUNDS (continued)

California Small Business COVID-19 Relief Grant Program

In April 2021, the Foundation was awarded a grant in the amount of \$25,000 under the California Small Business COVID-19 Relief Grant Program for businesses that meet the definition of an eligible nonprofit cultural institution. This amount has been accounted for as part of non-operating income in the statement of activities.

10. COMMITMENTS AND CONTINGENCY

Promotional services agreement

In December of 2015 the Foundation entered into a Promotional Services Agreement (the "Agreement") with a promoter, effective with the 2016 concert season. The Agreement expires in 2022 with an option to extend the agreement an additional two years, which the Foundation exercised in December 2020. The Foundation will be paid a certain amount throughout the life of the Agreement. The annual cash payments are due January 15 for each successive year with the final payment due January 15, 2022, provided all conditions are met on January 15 of each year. To the extent that such payments have yet to be earned they will be recorded as deferred revenue in the statement of activities through the extended date of January 14, 2024.

In addition to the above, the Agreement also provides for revenue sharing related to ticket and alcohol sales and calls for the receipt of agreed-upon amounts per ticket sale for facility and box office fees.

County lease agreement

On May 17, 2011, the Foundation renewed its lease agreement with the County of Santa Barbara for a period of 45 years beginning June 1, 2011. The Foundation has an option to extend the lease for another 25 years should the Foundation successfully complete the Master Plan. In the event the premises cease to be used as a nonprofit art events facility, the County of Santa Barbara has the right to terminate the lease. At the expiration or earlier termination of the lease term, title to all real property owned by the Foundation shall be transferred to County of Santa Barbara.

The lease allows the Foundation to hold up to 37 commercial performances per year.

In accordance with the lease, the Foundation will pay annual fees to the Santa Barbara Arts Commission (the "Commission") for the duration of the lease. The fee amount due each year is based on the number of tickets sold during the concert season of that year. The per-ticket fee is \$0.50 per ticket sold through the duration of the lease. Beginning with the 2015 concert season, the subsidy will be capped at \$50,000 annually for the period 2015 to 2019. For the 2020 concert season and for every five years thereafter until expiration of the lease, the annual maximum shall be subject to a Cost of Living ("CPI") adjustment. The annual cost of the subsidy is recorded in the financial statements in the period the revenue is earned and is listed on the statement of functional expenses as "County arts subsidy."

Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

10. COMMITMENTS AND CONTINGENCY (continued)

In addition to any other amounts payable by the Foundation pursuant to the lease, as consideration for granting of the lease agreement, the Foundation assumes all responsibility of all costs for maintenance, repairs, improvements, and operations relating to the property. Additionally, the Foundation shall fully implement the Master Plan and will assume responsibility for all costs associated with the improvements set forth in the Master Plan and any additions or amendments thereto.

According to the lease agreement between the Foundation and the County of Santa Barbara, title to the premises and all improvements are vested with the County of Santa Barbara. Title to all personal property is vested with the Foundation until termination of the lease agreement between the Foundation and the County at which time title to the personal property will transfer to the County for use on the premises.

11. RETIREMENT PLAN

The Foundation has an IRC Section 403(b) plan (the "Plan") which covers all full-time employees. Employees may contribute up to \$19,500 (up to \$26,000 for individuals 50 or more years old) per year to the Plan and are fully vested in the employee contributions. The Foundation offers discretionary employer contributions to participating employees after one year of service. During the year ended December 31, 2021, the Foundation contributed \$68,440 to the Plan. The Foundation's contributions vest over a five-year period of service.

12. LIQUIDITY AND AVAILABILITY

The Foundation is significantly supported by contributions with donor restrictions. The Foundation maintains sufficient resources to meet its responsibilities to its donors. The Foundation structures its remaining financial assets to be available for operations as its general expenditures, liabilities, and other obligations come due.

The following reflects the Foundation's financial assets reported on the statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Consequently, amounts available exclude net assets with donor-restrictions (see Note 7), less related assets included within net assets without donor restrictions, as of December 31, 2021.



Santa Barbara Bowl Foundation  
Notes to Financial Statements  
December 31, 2021

12. LIQUIDITY AND AVAILABILITY (continued)

Liquidity of financial assets as of December 31, 2021 is as follows:

Cash and cash equivalents	\$ 6,841,825
Investments	9,505,994
Contributions receivable, net	<u>1,082,466</u>
	<u>17,430,285</u>
Less: contributions receivable due past one year	(1,728,424)
Less: net assets with donor restrictions	(3,304,059)
Less: quasi-endowments without donor restrictions	<u>(8,932,368)</u>
	<u>(13,964,851)</u>
Net liquid assets available for operations	<u>\$ 3,465,434</u>

The Board of Directors can at any time vote to remove any quasi-endowment status for certain net assets without donor restrictions that has previously been designated as such. As of December 31, 2021, there was \$8,932,368 of quasi-endowments without donor restrictions that is available for the Board of Directors to utilize for general operations if needed.

SINGLE AUDIT REPORTS AND SCHEDULES



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*

To the Board of Directors  
Santa Barbara Bowl Foundation  
Santa Barbara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Barbara Bowl Foundation (a California nonprofit corporation) (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Armanino<sup>LLP</sup>  
Woodland Hills, California

September 14, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Board of Directors  
Santa Barbara Bowl Foundation  
Santa Barbara, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Santa Barbara Bowl Foundation (a California nonprofit corporation) (the "Foundation")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each 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 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 the Foundation 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 each major federal program. Our audit does not provide a legal determination of the Foundation'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 the Foundation'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 the Foundation'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 the Foundation's compliance with the requirements of each 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 the Foundation'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 the Foundation'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 the Foundation'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.

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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
Woodland Hills, California

September 14, 2022

Santa Barbara Bowl Foundation  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>Expenditures of Federal Awards</u>				
U.S. Small Business Administration				
Direct awards				
Shuttered Venue Operators Grant	59.075		\$ 2,990,552	\$ -
Total Expenditures of Federal Awards			<u>\$ 2,990,552</u>	<u>\$ -</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.



Santa Barbara Bowl Foundation  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Santa Barbara Bowl Foundation (the "Foundation") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. DE MINIMIS INDIRECT COST RATE

The Foundation has elected to not use the 10% de minimis indirect cost rate for Federal awards. The Foundation applies indirect costs in accordance with the specific terms for its specific award agreements.

Santa Barbara Bowl Foundation  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Shuttered Venue Operators Grant	59.075
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Santa Barbara Bowl Foundation  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Santa Barbara Bowl Foundation  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021

There were no prior year findings.