Miller Theatre Advisory Board, Inc.
(A Component Unit of the City of Houston)

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2025 and 2024

Miller Theatre Advisory Board, Inc.

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Independent Auditors' Report

To the Board of Directors of
Miller Theatre Advisory Board, Inc.:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Miller Theatre Advisory Board, Inc. (a component unit of the City of Houston), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Miller Theatre Advisory Board, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Miller Theatre Advisory Board, Inc. as of December 31, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Miller Theatre Advisory Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that

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

In performing an audit in accordance with generally accepted auditing standards, 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 Miller Theatre Advisory Board, Inc.'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 Miller Theatre Advisory Board, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blazek & Vetterling

June 10, 2026

Miller Theatre Advisory Board, Inc.
Management's Discussion and Analysis
For the years ended December 31, 2025 and 2024
(unaudited)

The following discussion and analysis of Miller Theatre Advisory Board, Inc.'s (MTAB) financial performance provides an overview of the financial activities for the years ended December 31, 2025 and 2024. This discussion should be read in conjunction with MTAB's financial statements, which follow this section.

Financial Highlights

Financial highlights for the fiscal year ended December 31, 2025 include:

- MTAB's allocation of Hotel Occupancy Taxes was just over $3 million.
- Contributions in support of capital campaign projects were $774,000.
- MTAB spent $3.1 million to procure or produce 80 performances that were performed live for 167,700 attendees and streamed reaching 35,078 viewers.
- MTAB spent $880,000 on the Capital Gateway project on behalf of the City of Houston.

Financial highlights for the fiscal year ended December 31, 2024 include:

- MTAB's allocation of Hotel Occupancy Taxes was $3.2 million.
- Contributions in support of capital campaign projects were $1.8 million.
- MTAB spent $3.4 million to procure or produce 95 performances that were performed live for 182,500 attendees and streamed reaching 84,710 viewers.
- MTAB spent $190,000 on theatre improvements on behalf of the City of Houston.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MTAB's basic financial statements. The basic financial statements present combined government-wide and governmental fund financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-wide financial statements reflect an economic resources measurement focus and are prepared using the accrual basis of accounting. The government-wide financial statements are designed to provide readers with a broad overview of MTAB's finances, in a manner similar to a private-sector business.

The statement of net position shows the financial position of MTAB at year end by presenting MTAB's assets and liabilities, with net position representing the difference between assets and liabilities. The statement of activities presents information showing changes in MTAB's net position during the year. Changes in net position are reported when an underlying event giving rise to a change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Governmental fund financial statements reflect a current financial resources measurement focus and are prepared using the modified accrual basis of accounting. Unlike the government-wide financial statements, the governmental fund financial statements present information showing the near-term inflows and outflows of spendable resources and the balances of spendable resources at year end. Reconciliation between the government-wide financial statements and the governmental fund financial statements is reflected in a separate adjustments column.

Condensed Government-Wide Financial Information and Financial Analysis

	2025	INCREASE (DECREASE)	2024	INCREASE (DECREASE)	2023
Condensed Statements of Net Position:					
Cash	$ 5,317,337	$ 705,826	$ 4,611,511	$ 1,698,651	$ 2,912,860
Grant receivable and other assets	690,540	(223,877)	914,417	46,650	867,767
Total assets	$ 6,007,877	$ 481,949	$ 5,525,928	$ 1,745,301	$ 3,780,627
Payables	$ 338,411	$ 273,337	$ 65,074	$ 44,623	$ 20,451
Net position:					
Restricted	$ 4,932,003	$ (470,326)	$ 5,402,329	$ 1,569,429	$ 3,832,900
Other	737,463	678,938	58,525	131,249	(72,724)
Total net position	$ 5,669,466	$ 208,612	$ 5,460,854	$ 1,700,678	$ 3,760,176

The assets of MTAB consist primarily of cash and grant receivable for Hotel Occupancy Taxes. Liabilities are amounts payable for production grants and operating costs. Increases in assets during 2025 are primarily due to capital campaign contributions received during the year which are being spent on theatre improvements and other campaign projects in future years. Changes in liabilities during 2025 are primarily a result of amounts due to vendors for construction on the Capital Gateway project that began in November 2025.

Net position is divided into two components. Restricted net position arises from contributions and grants that are restricted for specific purposes and time periods. Other net position is not restricted. During 2022, MTAB kicked off a fundraising campaign to celebrate its 100th anniversary. The majority of contributions recognized from the campaign are restricted for capital projects.

	2025	INCREASE (DECREASE)	2024	INCREASE (DECREASE)	2023
Condensed Statements of Activities:					
EXPENSES:					
Theatre productions and improvements	$ 3,987,652	$ 436,217	$ 3,551,435	$ (960,499)	$ 4,511,934
Other	388,314	76,252	312,062	(204,601)	516,663
Total expenses	4,375,966	512,469	3,863,497	(1,165,100)	5,028,597
REVENUE:					
Grant from Hotel Occupancy Taxes	3,014,391	(192,160)	3,206,551	217,150	2,989,401
Contributions	1,565,483	(769,294)	2,334,777	357,312	1,977,465
Interest and other income	4,704	(18,143)	22,847	(85,595)	108,442
Total revenue	4,584,578	(979,597)	5,564,175	488,867	5,075,308
CHANGE IN NET POSITION	208,612	(1,492,066)	1,700,678	1,653,967	46,711
Net position, beginning of year	5,460,854	1,700,678	3,760,176	46,711	3,713,465
Net position, end of year	$ 5,669,466	$ 208,612	$ 5,460,854	$ 1,700,678	$ 3,760,176

The statements of activities show the expenses and revenue of MTAB and the corresponding effect on net position. The majority of MTAB's revenue is provided from an allocation of total Hotel Occupancy Taxes collected by the City of Houston. MTAB's share of Hotel Occupancy Taxes decreased in 2025 as a result of a slower year for tourism in the City of Houston. Contributions in 2025 decreased from levels seen 2024 and 2023 due to the capital campaign to commemorate MTAB's 100th anniversary coming to a close.

Most expenses are for theatre productions, which are provided free to Houstonians and visitors and are funded by Hotel Occupancy Taxes and contributions and sponsorships raised by MTAB. Expenses for theater productions decreased in 2025 due to a shorter season than in 2024, which was necessitated by the beginning of construction of the Capital Gateway project in November 2025. In turn, expenses for improvements increased as a result of construction commencing on the Capital Gateway project.

Contacting MTAB's Financial Management

The financial report is designed to discuss issues that may be material to the operation of MTAB. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Miller Theatre Advisory Board, Inc., 6000 Hermann Park Drive, Houston, Texas, 77030-1702.

Miller Theatre Advisory Board, Inc.

Governmental Fund Balance Sheet and Statement of Net Position as of December 31, 2025

	GENERAL FUND	ADJUSTMENTS *(NOTE 3)*	STATEMENT OF NET POSITION
ASSETS			
Current assets:			
Cash	$ 5,317,337		$ 5,317,337
Grant receivable from Hotel Occupancy Taxes	656,402		656,402
Prepaid assets	34,138		34,138
TOTAL ASSETS	$ 6,007,877		$ 6,007,877
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$ 318,540	$ 19,871	$ 338,411
TOTAL LIABILITIES	318,540	19,871	$ 338,411
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue for time-restricted contributions	50,000	(50,000)	
FUND BALANCE / NET POSITION			
Fund balance / net position:			
Restricted:			
Theatre productions	928,269	84,138	$ 1,012,407
Capital campaign projects	3,838,495	(19,871)	3,818,624
Organizational leadership and long-term resiliency	70,972		70,972
Capacity building	30,000		30,000
Nonspendable:			
Prepaid assets	34,138	(34,138)	
Unassigned / unrestricted	737,463		737,463
Total fund balance	5,639,337		
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	$ 6,007,877		
TOTAL NET POSITION		$ 30,129	$ 5,669,466

See accompanying notes to financial statements.

Miller Theatre Advisory Board, Inc.

Governmental Fund Balance Sheet and Statement of Net Position as of December 31, 2024

	GENERAL FUND	ADJUSTMENTS *(NOTE 3)*	STATEMENT OF NET POSITION
ASSETS			
Current assets:			
Cash	$ 4,611,511		$ 4,611,511
Grant receivable from Hotel Occupancy Taxes	803,092		803,092
Contributions receivable	84,600		84,600
Prepaid assets	26,725		26,725
TOTAL ASSETS	$ 5,525,928		$ 5,525,928
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$ 65,074		$ 65,074
TOTAL LIABILITIES	65,074		$ 65,074
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue for time-restricted contributions	120,000	$ (120,000)	
FUND BALANCE / NET POSITION			
Fund balance / net position:			
Restricted:			
Theatre productions	1,172,844	146,725	$ 1,319,569
Capital campaign projects	4,007,760		4,007,760
Capacity building	75,000		75,000
Nonspendable:			
Prepaid assets	26,725	(26,725)	
Unassigned / unrestricted	58,525		58,525
Total fund balance	5,340,854		
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	$ 5,525,928		
TOTAL NET POSITION		$ 120,000	$ 5,460,854

See accompanying notes to financial statements.

Miller Theatre Advisory Board, Inc.

Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance and
Statement of Activities for the year ended December 31, 2025

	GENERAL FUND	ADJUSTMENTS *(NOTE 3)*	STATEMENT OF ACTIVITIES
EXPENDITURES / EXPENSES:			
Theatre productions	$ 3,100,112		$ 3,100,112
Theatre improvements on behalf of City of Houston	867,669	$ 19,871	887,540
Management and general	209,854		209,854
Fundraising	178,460		178,460
Total expenditures / expenses	4,356,095	19,871	4,375,966
REVENUE:			
Grant from Hotel Occupancy Taxes	3,014,391		3,014,391
Contributions for capital campaign projects	773,500		773,500
Contributions for productions and operations	861,983	(70,000)	791,983
Interest and other income	4,704		4,704
Total revenue	4,654,578	(70,000)	4,584,578
EXCESS OF REVENUE OVER EXPENDITURES / CHANGE IN NET POSITION	298,483	(89,871)	208,612
Fund balance / net position, beginning of year	5,340,854	120,000	5,460,854
Fund balance / net position, end of year	$ 5,639,337	$ 30,129	$ 5,669,466

See accompanying notes to financial statements.

Miller Theatre Advisory Board, Inc.

Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance and
Statement of Activities for the year ended December 31, 2024

	GENERAL FUND	ADJUSTMENTS *(NOTE 3)*	STATEMENT OF ACTIVITIES
EXPENDITURES / EXPENSES:			
Theatre productions	$ 3,363,914		$ 3,363,914
Theatre improvements on behalf of City of Houston	187,521		187,521
Management and general	158,818		158,818
Fundraising	153,244		153,244
Total expenditures / expenses	3,863,497		3,863,497
REVENUE:			
Grant from Hotel Occupancy Taxes	3,206,551		3,206,551
Contributions for capital campaign projects	1,775,805		1,775,805
Contributions for productions and operations	438,972	$ 120,000	558,972
Interest and other income	22,847		22,847
Total revenue	5,444,175	120,000	5,564,175
EXCESS OF REVENUE OVER EXPENDITURES / CHANGE IN NET POSITION	1,580,678	120,000	1,700,678
Fund balance / net position, beginning of year	3,760,176		3,760,176
Fund balance / net position, end of year	$ 5,340,854	$ 120,000	$ 5,460,854

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

Organization – Miller Theatre Advisory Board, Inc. (MTAB), a component unit of the City of Houston (the City), is a Texas nonprofit corporation created by the City in 1970 to advance the educational and cultural interests of the people of Houston through a continuing program of artistic, educational, and cultural events at the Miller Outdoor Theatre, an outdoor proscenium theatre in Hermann Park owned and operated by the City. MTAB's directors are appointed by the Mayor of the City and are approved by the City Council.

Miller Outdoor Theatre offers a large season of culturally and artistically diverse performances free of charge to the public. MTAB receives a grant from Hotel Occupancy Taxes (HOT funds) which are restricted for theatre productions and improvements. MTAB solicits additional grants and contributions from foundations and individuals to support programming and theatre activities that enhance the audience and producer experience and help keep performances free. During the 2025 performance season, MTAB procured or produced 80 performances that were performed live for 167,700 visitors and were streamed to 35,078 viewers and managed various other public events on behalf of the City.

Federal income tax status – MTAB is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB).

Measurement focus and basis of accounting – Measurement focus refers to *what* is being expressed in reporting financial position and performance, that is, *which* resources are being measured. The financial resources measurement focus measures only financial resources while the economic resources measurement focus measures both financial and capital resources. The measurement focus determines *whether* a fund balance sheet or statement of net position reports financial or economic resources. Basis of accounting refers to *when* those resources and commitments and uses of those resources should be recognized. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it is measurable and available. *Measurable* means the amount of the transaction is known or reasonably estimable. *Available* refers to amounts collected in the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days after year end. Expenditures are recognized when the related liability is incurred. The general fund is used to account for all revenue and expenses applicable to the general operations of MTAB that are not required to be accounted for in another fund.

Governmental funds in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when it is earned and becomes measurable, and expenses are recognized in the period incurred.

Cash – Custodial credit risk for bank deposits is the risk that, in the event of the failure of a bank, MTAB will be unable to recover deposits. At December 31, 2025, bank balances of $5,244,856 were held at one bank. Of the bank balances at December 31, 2025, $250,000 was covered by the Federal Deposit Insurance Corporation and $4,994,856 was uninsured and uncollateralized.

Fund balance is classified based on the relative strength of spending constraints placed upon the purposes for which resources can be used. Restricted fund balance can only be used for purposes specified by resource providers. Nonspendable fund balance includes amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Unassigned fund balance is available for MTAB's future use for any purpose. When both restricted and unassigned fund balances are available for use, it is MTAB's policy to use restricted fund balances first.

Net position represents the difference between assets and liabilities. Restricted net position can only be used for purposes specified by resource providers. Unrestricted net position is available for general use.

Grants and contributions – Under the accrual basis of accounting, grants and contributions are recognized as revenue, and receivable if not yet received, when eligibility requirements (excluding time) are met provided the commitment is verifiable and the resources are measurable and probable of collection. Revenue recognized in advance of the time period during which the resources may be used or are available, is reported as a deferred inflow under the modified accrual basis of accounting.

In-kind contributions – MTAB receives use of office space and equipment at Miller Outdoor Theatre from the City at no cost. MTAB also solicits and receives a substantial amount of contributed advertising for Miller Outdoor Theatre. MTAB does not recognize the value of in-kind contributions in its financial statements.

Grants payable to producing organizations and theatre production expenditures / expenses include grants made to producing organizations for the purpose of providing programs at Miller Outdoor Theatre. In order to be eligible to receive such grants, producing organizations must produce programs and submit reports of allowable costs. Expenditures / expenses and related grants payable are recognized when those eligibility requirements are met, and a liability has been incurred.

Theatre improvements are expensed by MTAB as those improvements belong to the City.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue, expenditures, and expenses. Actual results could vary from the estimates that were used.

NOTE 3 – ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Total fund balances of MTAB differ from net position reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus on MTAB's governmental fund balance sheet. The provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, imposed this change in focus.

The adjustments show the difference between the statements that result from the fact that contribution and grant revenue recognized in advance of the time period during which the resources may be used or are available, is reported as a deferred inflow under the modified accrual basis of accounting. Adjustments also recognize the change in accounts payable and accrued expenses due to retainage liabilities incurred but not yet due and payable. Expenditures are not recognized because they do not require the use of current financial resources.

NOTE 4 – COMMITMENTS

At December 31, 2025, MTAB has entered into a construction contract for the Capital Gateway project with an outstanding commitment totaling approximately $2.8 million.