

**THE FLAGLER AUDITORIUM
GOVERNING BOARD, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

**THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Flagler Auditorium Governing Board, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Flagler Auditorium Governing Board, Inc. (the Board), a component unit of Flagler County District School Board (the School District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as of June 30, 2024 and 2023 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

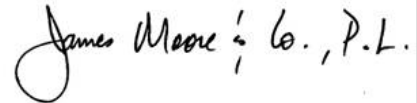
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2024, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is contained within a thin black rectangular border.

Daytona Beach, Florida
August 14, 2024

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023

As financial management of The Flagler Auditorium Governing Board, Inc. (hereinafter referred to as "the Board"), we offer the readers of these basic financial statements this narrative overview and analysis of the Board's financial activities for the fiscal year that ended on June 30, 2024. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Board's financial statements, which follow this information.

Financial Highlights

- The Board's overall combined assets totaled \$1,210,657 at the close of the 2024 fiscal year, compared to \$903,329 at the close of the 2023 fiscal year and \$604,110 in 2022. Total assets exceeded liabilities by \$940,966 (*combined net position*) compared with \$867,106 and \$589,468 one and two years earlier, respectively.
- The Board's combined net position increased by \$73,860 in 2024, compared to an increase of \$277,638 in 2023 and an increase of \$68,672 in 2022. There were no restrictions on net position in 2024 and 2023. Unrestricted net position increased by \$73,860 in 2024, compared to an increase of \$277,638 in 2023 and an increase of \$68,672 in 2022, all of which represents unrestricted and internally designated amounts that may be used to meet the Board's ongoing obligations for its program activities.
- Amounts in unrestricted net position at the close of the 2024 and 2023 fiscal years included \$8,523 and \$4,379 respectively, which represent receipts from state designated art license plate funds and may only be expended on certain qualified types of arts related activity according to internal designations by the Governing Board.
- Amounts in unrestricted net position at the close of the 2024 and 2023 fiscal years included \$10,490 and \$10,490 respectively, which represent receipts from the fundraiser show "Rat Pack" and may only be expended on certain qualified types of arts education grants and scholarships according to internal designations by the Governing Board.
- The Board generated gross performance, advertising and concession related revenues totaling \$593,190 in 2024, which was approximately 6.5% less than the \$633,179 generated in 2023, and approximately 79.6% more than the \$324,448 generated in 2022. These changes are principally the result of a continued return to normal operations after COVID-19 and increased marketing during recent years. Direct production costs consisting of producers, artists, contractors, advertising and concessions expenses totaled \$459,699 compared to \$435,988 and \$309,422 one and two years earlier, respectively. Other community support and fundraising activities produced net revenues of \$90,946 and \$99,898 during 2024 and 2023, respectively. The increase is due to an increase in activity due to operations continuing to return to normal after COVID-19.
- The Auditorium receives substantial support from the community in the form of volunteer hours donated for services. The Auditorium also receives donated services from the Flagler County School Board related to the staffing and use of the facility for community use of the facility. The costs of these services are not recorded in the financial statements.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

Overview of the Financial Statements

The Board presents its financial statements for the fiscal years ended June 30, 2024 and 2023, which include for comparative purposes the fiscal year ended June 30, 2023, certain accounts of which have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. The Board is a direct support organization and a component unit of the Flagler County District School Board (a governmental agency). It also possesses the necessary characteristics of a governmental organization since the potential for unilateral dissolution with the reversion of its net position to the School District exists pursuant to Section 1001.453(1)(a)(1), Florida Statutes. The Board accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Board is considered a Business-Type Activity under the provisions of GASBs 34 and 35.

The Board's financial statements are comprised of two parts: 1) management's discussion and analysis, and 2) the basic financial statements, including notes to the financial statements.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Board's financial activities, which are operated like commercial enterprises. These statements report information about the Board using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Board's assets and liabilities, both financial and capital, and short-term and long-term are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

The basic financial statements of the Board include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements, which are described as follows:

- The statement of net position (formerly the balance sheet) presents the financial position of the Board on a full accrual, historical cost basis. This statement provides information about the nature and amount of resources and obligations at year-end.
- The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's various cost centers and administrative activities.
- The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets, when applicable.
- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

Entity-Wide Financial Analysis

The Board's entity-wide financial statements report its net position and how they have changed over the reporting period. Net position (the difference between assets and liabilities) may serve as a useful indicator of the Board's financial position. Over time, increases or decreases in net position are a useful indicator of whether the Board's financial health is improving or deteriorating, respectively. However, other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation must be considered to adequately assess its overall health.

The entirety of the Board's net position reflects its investment in surplus cash funds and investments, a material portion of which is designated for capital expansion of the Flagler Auditorium. The Board's assets do not include any physical real or personal property of the Flagler Auditorium, which is owned exclusively by the Flagler County District School Board.

Net position is the sum of assets (both financial and tangible) minus all current liabilities and short and long-term debt obligations. Net position is a valuable measure of creditworthiness and financial health since the calculation includes both financial obligations and the capacity to service those obligations. This year, the Board's combined total assets exceeded liabilities (net position) by \$940,966 compared to \$867,106 at the end of 2023, and \$589,468 at the end of 2022.

The net position of the Board at June 30 is summarized as follows:

STATEMENTS OF NET POSITION

| | 2024 | As of June 30, 2023 | 2022 | \$ Change | % Change |
|---------------------------|---------------------|--------------------------------|-------------------|-------------------|-----------------|
| ASSETS | | | | | |
| Cash and other assets | \$ 772,930 | \$ 506,711 | 215,142 | \$ 266,219 | 52.5% |
| Investments | 437,727 | 396,618 | 388,968 | 41,109 | 10.4% |
| Total assets | \$ 1,210,657 | \$ 903,329 | \$ 604,110 | \$ 307,328 | 34.0% |
| LIABILITIES | | | | | |
| Current liabilities | \$ 269,691 | \$ 36,223 | \$ 14,642 | \$ 233,468 | 644.5% |
| NET POSITION | | | | | |
| Unrestricted | \$ 940,966 | \$ 867,106 | 589,468 | \$ 73,860 | 8.5% |
| Total net position | \$ 940,966 | \$ 867,106 | \$ 589,468 | \$ 73,860 | 8.5% |

Total assets increased over last year by \$307,328 to a total of \$1,210,657, increase of 34.0% over last year's \$903,329. Total assets consist primarily of cash and cash equivalents, which make up 64% of total assets and investments which include certificates of deposit make up 36%. The increase is primarily due to the increased profit on ticket sales in the current year.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

The Board's total liabilities consist of accounts payable and accrued liabilities for current period operating activities of \$179,991 at the end of 2024, compared to \$1,788 in 2023 and \$6,248 in 2022 respectively. Unearned ticket and other advertising revenues received in advance totaled \$89,700 at the end of 2024, compared to \$34,435 and \$8,394 at the end of 2023 and 2022, respectively.

There were no restrictions on net position in 2024 and 2023. Unrestricted net position increased by \$73,860 and totaled \$940,966 at the end of 2024, compared to \$867,106 and \$589,468 at the end of 2023 and 2022, respectively.

The following is a summary of changes in net position for the fiscal years:

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | For the Fiscal Year Ended June 30, | | | \$ Change | % Change |
|--|------------------------------------|-------------------|-------------------|------------------|-----------------|
| | 2024 | 2023 | 2021 | | |
| Operating Revenues: | | | | | |
| Performances, concessions, showbills and advertising | \$ 593,190 | \$ 633,179 | 324,448 | \$ (39,989) | -6.3% |
| Community patronage, fundraising, and support | 90,946 | 99,898 | 92,960 | (8,952) | -9.0% |
| Auditorium and equipment rentals | 9,450 | 6,650 | 7,650 | 2,800 | 42.1% |
| Total operating revenues | 693,586 | 739,727 | 425,058 | (46,141) | -6.2% |
| Operating Expenses: | | | | | |
| Program services | 472,199 | 452,690 | 337,521 | 19,509 | 4.3% |
| Support services | 19,234 | 15,506 | 12,216 | 3,728 | 24.0% |
| Total operating expenses | 491,433 | 468,196 | 349,737 | 23,237 | 5.0% |
| Operating income | 202,153 | 271,531 | 75,321 | (69,378) | -25.6% |
| Nonoperating Income (Expense): | | | | | |
| Investment income (loss) | 21,707 | 10,033 | (1,410) | 11,674 | 116.4% |
| Contributions to School District | (150,000) | (3,926) | (5,239) | (146,074) | 3720.7% |
| Total nonoperating income (expense) | (128,293) | 6,107 | (6,649) | (134,400) | -2200.8% |
| Change in net position | 73,860 | 277,638 | 68,672 | (203,778) | -73.4% |
| Net position, beginning of year | 867,106 | 589,468 | 520,796 | 277,638 | 47.1% |
| Net position, end of year | \$ 940,966 | \$ 867,106 | \$ 589,468 | \$ 73,860 | 8.5% |

While the statement of net position shows a snapshot of the Board's financial position at the end of the fiscal year, the statement of revenues, expenses, and changes in net position provides answers as to the nature and sources of those changes that occurred during the year. During fiscal 2024, the Board's operating revenues decreased by \$46,141, or 6.2%, compared to an increase of \$314,669 or 74% in 2023 and an increase of \$307,393 in 2022, respectively. This year's decrease in performance revenues was primarily due to a small drop in demand during the continued return of normal operations.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

During fiscal 2024, approximately 86.9% of the Board's operating revenue was derived from performance tickets, showbills, concessions and auditorium rentals (\$602,640), compared to approximately 86.5% of the \$639,829 earned in 2023, and 78.1% of the \$325,618 earned in 2022. At the same time, the Board's combined revenues from local community patronage and support, state and local grants, and fundraising events totaled \$90,946 in 2024, compared to \$99,898 in 2023 and \$92,960 in 2022. The stability in the current year was due to the continued return to normal operations after COVID-19.

Primary revenues are derived from ticket sales, which resulted in revenues totaling \$563,164 in fiscal 2024, compared to revenues of \$596,098 in 2023 and \$282,609 in 2022. The stability in revenues in the current year is due to the continued return to normal operations after COVID-19. The primary fundraising event for the current year was the Palm Coast Summer Theater Camp. Remaining funds were used to set up a designated fund balance, which had an ending balance of \$10,490. Other fundraising activities during the year were the arts and education fundraising activities which produced fundraising revenues totaling \$8,220 in fiscal 2024, compared to fundraising revenues of \$6,458 in 2023 and \$16,221 in 2022. During these periods, overall advertising expenses saw an increase in 2024 and totaled \$110,807 compared to costs of \$98,597 and \$61,388 in 2023 and 2022, respectively. The Board's general and administrative costs increased to \$18,882 in 2024 compared to \$15,506 in 2023 and \$12,216 in 2022, with limited overall fluctuations between the years.

The Board's spending on entertainment productions, advertising and concessions increased by \$23,711 in fiscal 2024 and totaled \$459,699, compared to \$435,988 and \$309,422 in 2023 and 2022, respectively. Total amounts paid for student scholarships and other awards totaled \$12,500 in 2024, compared to \$16,702 and \$28,099 for years ended 2023 and 2022, respectively.

Overall, The Board's net position increased by \$73,860 in 2024, compared to a \$277,638 increase in 2023, and \$68,672 increase in 2022.

Cash Flows

Net cash generated from operating activities totaled \$432,375 for the 2024 fiscal year, compared to \$294,287 in 2023 and \$71,780 earned in 2022. This represents an increase of \$138,088 in cash flows from the Board's total operating activities in 2024, which was primarily the net result of the continued return to normal operations.

Net cash used for capital and related financing activities totaled \$150,000 in 2024, which is the net result of amounts spent by the Board on property and equipment which was subsequently transferred to the School District, less the receipt of funds from state and local grants. The net book value of capital assets contributed to the District totaled \$150,000, \$3,926, and \$5,239 during 2024, 2023 and 2022, respectively.

Actual net cash received (used in) investing activities included interest payments totaling (\$145,929) in 2024, compared to \$2,383 and \$101 in 2023 and 2022, respectively.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023
(Continued)

Capital Assets

The Board's operations are maintained at facilities owned and operated by the School District at no cost to the Board. When applicable, capital asset acquisitions intended for direct contribution to the School District are recorded as expenditures in the Board's accounting records. Similarly, the costs of ongoing construction and/or rehabilitation projects related to capital assets of the School District are accumulated until completion of construction, at which time the aggregate costs are recognized as a direct contribution to the School District in the Board's accounting records. Therefore, the Board does not have any capital assets recorded in the financial statements.

Economic Factors That Will Affect the Future

Attendance of the Board productions and charitable contributions is affected by various economic factors, such as the general state of the economy, the health of the stock market, surrounding competition and prospective donors' perception of the benefiting organization.

Some of the major factors considered by the Board in the process of predicting future economic factors are the local economy, civilian labor force, unemployment rates, and inflation rates.

- Estimates for unemployment data in Flagler County, Florida are compiled by the Florida Department of economic Affairs, Agency for Workforce innovation. This agency estimates an unemployment rate of around 3.6% in Flagler County in June 2023 and as well as in 2022.

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the:

Executive Director
The Flagler Auditorium Governing Board, Inc.
P.O. Box 755
Bunnell, Florida 32110-0755

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---------------------|-------------------|
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash and cash equivalents | \$ 768,071 | \$ 505,098 |
| Investments | 437,727 | 396,618 |
| Accounts and grants receivable, net | 3,696 | 300 |
| Prepaid items | 1,163 | 1,313 |
| Total Assets | \$ 1,210,657 | \$ 903,329 |
| <u>LIABILITIES</u> | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 29,991 | \$ 1,788 |
| Due to Flagler County District School Board | 150,000 | - |
| Unearned revenue | 89,700 | 34,435 |
| Total Liabilities | \$ 269,691 | \$ 36,223 |
| <u>NET POSITION</u> | | |
| Net position | | |
| Unrestricted | \$ 940,966 | \$ 867,106 |
| Total Net Position | \$ 940,966 | \$ 867,106 |

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

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|-------------|-------------|
| Operating revenues | | |
| Performances | \$ 582,702 | \$ 623,372 |
| Concessions | 10,488 | 9,807 |
| Community patronage, fundraising, and support | 90,946 | 99,898 |
| Auditorium and equipment rentals | 9,450 | 6,650 |
| Total operating revenues | 693,586 | 739,727 |
| Operating expenses | | |
| Program services: | | |
| Productions, contractors, and facilities | 341,836 | 329,029 |
| Advertising and showbill | 110,807 | 98,597 |
| Concessions | 7,056 | 8,362 |
| Scholarships and awards | 12,500 | 16,702 |
| Total program services | 472,199 | 452,690 |
| Support services: | | |
| General and administrative | 18,882 | 15,066 |
| Fundraising | 352 | 440 |
| Total support services | 19,234 | 15,506 |
| Total operating expenses | 491,433 | 468,196 |
| Operating income | 202,153 | 271,531 |
| Nonoperating revenues (expenses) | | |
| Investment income (loss) | 21,707 | 10,033 |
| Contributions to Flagler County District School Board | (150,000) | (3,926) |
| Total nonoperating revenue (expense) | (128,293) | 6,107 |
| Change in net position | 73,860 | 277,638 |
| Net position, beginning of year | 867,106 | 589,468 |
| Net position, end of year | \$ 940,966 | \$ 867,106 |

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

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------|-------------|
| Cash flows from operating activities | | |
| Cash received from performances, advertising, and concessions | \$ 645,059 | \$ 660,920 |
| Cash received from community patronage and support and grants | 90,946 | 99,898 |
| Cash received from auditorium and equipment rentals | 9,450 | 6,650 |
| Cash paid for productions, advertising, and concessions | (281,346) | (440,973) |
| Cash paid for scholarship awards and grants | (12,500) | (16,702) |
| Cash paid for fundraising | (352) | (440) |
| Cash paid for administrative costs | (18,882) | (15,066) |
| Net cash provided by (used in) operating activities | 432,375 | 294,287 |
| Cash flows from capital and related financing activities | | |
| Payments to acquire and construct plant property | (150,000) | (3,926) |
| Net cash provided by (used in) capital and related financing activities | (150,000) | (3,926) |
| Cash flows from investing activities | | |
| Sales (purchases) of investments | (41,109) | - |
| Interest received | 21,707 | 2,383 |
| Net cash provided by (used in) investing activities | (19,402) | 2,383 |
| Net increase (decrease) in cash and cash equivalents | 262,973 | 292,744 |
| Cash and cash equivalents, beginning of year | 505,098 | 212,354 |
| Cash and cash equivalents, end of year | \$ 768,071 | \$ 505,098 |
| Reconciliation of operating income to net cash provided by (used in) operating activities | | |
| Cash flows from operating activities | | |
| Operating income | \$ 202,153 | \$ 271,531 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Changes in assets and liabilities | | |
| Decrease (Increase) in accounts receivable | (3,396) | 1,700 |
| Decrease (Increase) in prepaid expenses | 150 | (525) |
| Increase (Decrease) in accounts payable and accrued expenses | 178,203 | (4,460) |
| Increase (Decrease) in unearned revenue | 55,265 | 26,041 |
| Total adjustments | 230,222 | 22,756 |
| Net cash provided by (used in) operating activities | \$ 432,375 | \$ 294,287 |
| Cash and cash equivalents presented as: | | |
| Cash and cash equivalents | \$ 768,071 | \$ 505,098 |
| | \$ 768,071 | \$ 505,098 |
| Supplemental schedule of noncash investing, capital, and financing activities | | |
| Capital assets transfer to Flagler County District School Board | \$ (150,000) | \$ (3,926) |

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

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—The Flagler Auditorium Governing Board, Inc. (the Board) is a direct support organization (as defined in Section 1001.453, Florida Statutes), and is considered a component unit of the Flagler County District School Board (the School District) for financial reporting purposes. The Board was formed as an I.R.C. Section 501(c)(3) nonprofit corporation on July 26, 1991, whose objective is to promote the performing arts and community use of the Flagler Auditorium in Flagler County, Florida. It also possesses the necessary characteristics of a governmental organization since the potential for unilateral dissolution with the reversion of its net position to the School District exists pursuant to Section 1001.453(1)(a)(1), Florida Statutes.

(b) **Basis of presentation**—As a component unit of the School District, the financial statements of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (the GASB) is the standard setting body for governmental accounting and financial reporting. The Board utilizes the accrual basis of accounting in accordance with the GASB Codification.

(c) **Basis of accounting and financial reporting**—For financial reporting purposes, the Board is considered a special-purpose government entity engaged exclusively in business-type activities. Accordingly, the Board's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

(d) **Financial statement classification**—The basic financial statements required for proprietary funds are: a statement of net position or a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Board's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

(e) **Fund accounting**—To ensure observance of limitations and restrictions placed on the use of resources available to the Board, the accounts of the Board are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Board's financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Board's Operating Account includes unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively.

(f) **Income taxes**—The Board is generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management of the Board considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Board's status as a not-for-profit entity. Management believes the Board met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Board's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Revenue recognition**—An exchange or exchange-like transaction is one in which each party receives and sacrifices something of approximate equal value. Amounts received from exchange transactions (i.e., performance ticket fees, charges for advertising, etc.) are recognized as revenue when the exchange transaction takes place.

A non-exchange transaction is one in which one party receives something of value without directly giving value in exchange. Non-exchange transactions may include, but are not limited to:

- Gifts/donations – Assets are recognized when all eligibility requirements are met or funds are received; whichever is first. Revenue is recognized when all eligibility requirements have been met. If a gift is received prior to meeting eligibility requirements, it is recorded as unearned revenue.

Eligibility requirements are conditions specified by a donor that must be met, such as time requirements or matching requirements. Purpose restrictions are not eligibility requirements and do not affect revenue recognition. Gifts received with purpose restrictions are reported as restricted until used for designated purpose or until restriction expires.

Some gifts are received with the stipulation that the resources cannot be sold, disbursed, or consumed until a specified number of years have passed or a specific event has occurred, such as endowments, term endowments, works of art and historical treasures. For these gifts, revenues are recognized when the resources are received, provided that all eligibility requirements are met. Resulting net position is reported as restricted for as long as the restrictions or time requirements remain in effect.

- Certain grants, entitlements – Assets are recognized when all eligibility requirements are met or funds are received; whichever is first. Revenue is recognized when all eligibility requirements have been met. If grant funds are received prior to meeting eligibility requirements, they are recorded as unearned revenue. Eligibility requirements are conditions specified by the grantor that must be met, such as an eligible recipient, time requirements, matching requirements, etc. Purpose restrictions are not eligibility requirements and do not affect revenue recognition. Grants received with purpose restrictions are reported as restricted.
- Promises to give (pledges) – Amounts must be promised by a non-governmental entity – individual, business, or organization. Asset (receivable) and revenue are recognized when all eligibility requirements are met and amount is verifiable, measurable, and collection is probable (likely to occur). Endowment pledges are generally not recognized until received since the promise to not sell, disburse, or consume the asset cannot be honored until the asset has been received.

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Investment earnings with donor restrictions are recorded in restricted net position based on the nature of the restrictions.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Classification of revenues**—The Board's principal operating activity is in performing arts programs, education program support programs and student scholarships. Operating revenues include the primary activities of presenting performances, conducting fundraising events, soliciting and accepting donor contributions and other program revenues. Nonoperating revenues include investment income and earnings and contributions restricted for capital additions or endowments, when applicable. Operating expenses include all fiscal transactions related to performing arts, Board management, and fundraising.

(i) **Donor restricted accounts**—Restricted net position is cash that has been received through fundraising events, community support and grant funds that are designated for specific program funding and scholarships. Investment income, including unrealized appreciation and depreciation, is allocated to restricted accounts on a pro rata basis based on the nonexpendable account balance, when applicable. In accordance with state law, these funds are then available for expenditure when the specific restrictive donor criteria are met.

(j) **Cash and cash equivalents**—Cash and cash equivalents represent both restricted and unrestricted cash in checking and money market accounts and include all highly liquid investments with initial maturities of three months or less. Cash deposits of the Board are insured by Federal depository insurance to the extent of regulatory requirements.

(k) **Investments**—Investments include certificates of deposit with initial maturities of greater than three months and are carried at cost plus accrued interest, which approximates fair value. Investment income consists of interest income earned.

(l) **Accounts and grants receivable**—The Board's accounts and grants receivable mainly consists of amounts receivable for showbill advertising, sponsorships and grant reimbursements and are reported on the statement of net position, net of estimated uncollectible amounts. The Board records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses.

(m) **Inventories**—When present, inventories are stated at the lower of cost or market determined by the first-in, first-out method.

(n) **Capital assets**—The Board's operations are maintained at facilities owned and operated by the School District at no cost to the Board. When applicable, capital asset acquisitions intended for direct contribution to the School District are recorded as expenditures in the Board's accounting records. Similarly, the costs of ongoing construction and/or rehabilitation projects related to capital assets of the School District are accumulated until completion of construction, at which time the aggregate costs are recognized as a direct contribution to the School District in the Board's accounting records.

Capital asset acquisitions are recorded at cost, if purchased. Assets are capitalized having a useful life of greater than one year and with an original cost of \$500 or greater. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets, which is generally five years. Expenditures for repairs and maintenance are expensed as incurred.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(o) **Net position**—The Board's net position is classified as follows:

- Restricted Net Position – Expendable – includes resources the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Restricted Net Position – Nonexpendable – consists of endowment and similar type funds in which donors or outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.
- Unrestricted – represents net position that is not restricted for any purpose and available for current operations.

(p) **Donated property**—Donated marketable securities and other noncash donations used to further the purposes of the Board are recorded at estimated acquisition value at the time of donation, when applicable.

(q) **In-kind contributions**—In-kind contributions represent the fair market values for goods and services provided for the Board. Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. These contributions are included in the Statement of Revenues, Expenses, and Changes in Net Position under the caption labeled “in-kind contributions”, when applicable.

(r) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the allocation of salary costs to different program services and support services.

(s) **Employee salaries and benefits**—Generally, all administration and management functions of the Board are performed by individuals whose salaries, wages and related employee benefits are paid by the School District. The Board does not recognize any pro-rata portion of liabilities for employment related benefits (i.e., employee insurance premiums, pension obligations, and other post-employment benefit obligations) of the School District.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(2) **Deposits, Investments, and Fair Value Measurements:**

(a) **Deposits**—The Board holds cash on deposit with various financial institutions. Certain cash deposits are classified as restricted assets because their use is restricted by applicable donor covenants.

(b) **Investments**—The Board measures and records its investments using fair value measurement guidelines. However, all current period investments are limited to certificates of deposit.

(c) **Custodial credit risk**—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. At June 30, 2024 and 2023, the fair value of the Board's investments in certificates of deposit totaled \$437,727 and \$396,618, respectively, all of which was covered by federal depository insurance. At June 30, 2024 and 2023, the carrying amount of the Board's cash deposits was \$768,071 and \$505,098, respectively, and the bank balances were \$766,931 and \$533,757, respectively. At June 30, 2024, \$382,001 of the cash deposits were not covered by federal depository insurance.

(d) **Credit risk**—Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. State Statutes authorize the Board to invest in obligations of the U.S. Treasury and federal agency securities, along with certain pre-refunded public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state. The Board's investment policy specifically provides that sufficient cash, as determined by the Treasurer and Finance Committee, will be maintained in bank or money market accounts that are fully insured. Other financial investments shall be made for periods up to 5 years, provided that there is an opportunity to withdraw funds in an emergency, and will only be made in instruments that are fully FDIC insured, or equivalent protection.

(e) **Interest rate risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board has developed formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments are governed by the Board's Investment Policies and related state statutes. Generally, the Board limits the acquisition of investments with maturities of greater than forty-eight months, unless such investments are purchased for holding to maturity. Interest rate risk is minimized for all other investments, which are normally held for periods of less than one year. The investment maturities of the Board's investment portfolio range from 1 month to 12 months.

(f) **Foreign currency risk**—The Board is not exposed to any foreign currency risk at June 30, 2024.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(3) Accounts and Grants Receivable:

Receivables at June 30, 2024 and 2023, consist of the following:

| | 2024 | 2023 |
|--|-------------|-------------|
| Accounts and grants receivable | \$ 3,696 | \$ 300 |
| Less: Allowance for uncollectable accounts | - | - |
| Net total receivables | \$ 3,696 | \$ 300 |

(4) Capital Assets:

During the years ended June 30, 2024 and 2023, capital asset acquisitions, including construction costs and rehabilitation projects related to capital assets of the School District, which were transferred to the School District totaled \$150,000 and \$3,926, respectively.

(5) Net Position Restrictions and Designations:

Restricted – Nonexpendable – The Board did not have any balances that included permanent, nonexpendable, donor-imposed corpus restrictions at June 30, 2024 and 2023.

Restricted - Expendable – The Board did not have any balances that included permanent, expendable, donor-imposed corpus restrictions at June 30, 2024 and 2023.

Unrestricted - Designated – A summary of net changes in net position that included unrestricted, but discretionary board-imposed designations consisted of the following at June 30:

| | 2024 | 2023 |
|----------------------------------|-------------|-------------|
| Florida State Arts Plates Grants | \$ 8,523 | \$ 4,379 |
| Arts Education Funds | 10,490 | 10,490 |

(6) Commitments and Contingencies:

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural causes for which the Board carries commercial insurance. The Board has incurred no losses in excess of coverage in the last four years.

THE FLAGLER AUDITORIUM GOVERNING BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(7) Related Party Transactions:

The Board is a legally established direct-support organization and component unit of the Flagler County District School Board, whose objective is to promote the performing arts and community use of the Flagler Auditorium in Flagler County, Florida. To meet this objective, the Board is permitted to use the Flagler Auditorium, certain other property, facilities, and personal services of the District, provided the rules of the School Board are followed. As a result, various administrative and internal service functions are provided to the Board throughout the year by the District without remuneration. The Board has elected to not include the value of these donated materials and services, which are significant to the operations of the Board, in the accompanying financial statements.

Throughout the year, the School District utilizes the Flagler Auditorium for school related functions and activities. In conjunction with those activities, the Board collects school-related admission fees and rentals and makes payments for activity related expenses on behalf of the School District. During the fiscal years ended June 30, 2024 and 2023, amounts collected by the Board on behalf of the School District in the form of auditorium admission fees, rentals and concessions totaled approximately \$113,000 and \$118,000, respectively. For the fiscal years ended June 30, 2024 and 2023, reimbursements collected by the Board for the payment of performance related expenses and other expense reimbursements totaled approximately \$79,000 and \$82,000, respectively. During the fiscal years ended June 30, 2024 and 2023, the resulting amount of settlements paid to the School District by the Board totaled approximately \$35,000 and \$36,000, respectively. \$150,000 was payable to the School District at year-end related to a fixed asset contribution. Additionally, during the fiscal year ended June 30, 2024, radio marketing expenses were paid to Jay Scherr (Board Member) in the amount of \$5,600.

(8) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact current or future financial statements. Listed below is are pronouncements with required implementation dates effective for the upcoming fiscal years:

- (a) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.
- (b) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. The provisions in GASB 103 are effective for fiscal years beginning after June 15, 2025.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors,
The Flagler Auditorium Governing Board, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Flagler Auditorium Governing Board, Inc. (the Board) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board'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.

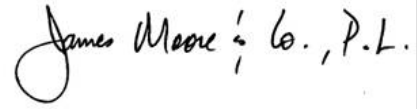
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a period at the end of the company name.

Daytona Beach, Florida
August 14, 2024