

GOING FURTHER

MAXWELL C. KING CENTER
FOR THE PERFORMING
ARTS, INC.

FINANCIAL REPORT
JUNE 30, 2024

Table of Contents

Independent Auditor's Report	1 and 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7-14



Independent Auditor's Report

Board of Directors
Maxwell C. King Center for
the Performing Arts, Inc.
Melbourne, Florida

Opinion

We have audited the accompanying financial statements of Maxwell C. King Center for the Performing Arts, Inc. (a non-profit organization), (the "Center"), which comprise the statement of financial position as of June 30, 2024, 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 Maxwell C. King Center for the Performing Arts, Inc. as of June 30, 2024, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Maxwell C. King Center for the Performing Arts, Inc. 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.

Management's Responsibility 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 Maxwell C. King Center for the Performing Arts, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Center'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 Center'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.

Report on Summarized Comparative Information

The Center's 2023 financial statements were audited by other auditors whose report dated December 15, 2023 expressed an unmodified opinion on those statements. In their opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mauldin & Jenkins, LLC

Bradenton, Florida
January 30, 2025

Maxwell C. King Center for the Performing Arts, Inc.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
ASSETS		
Cash	\$ 1,651,328	\$ 1,635,532
Grants and accounts receivable	190,249	205,906
Due from Eastern Florida State College	849,813	2,237,887
Investments	8,361,072	6,242,678
Inventory	28,859	32,954
Prepaid expenses and other assets	28,391	65,996
TOTAL ASSETS	\$ 11,109,712	\$ 10,420,953
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 197,396	\$ 93,689
Accrued expenses	481,032	232,103
Deferred revenue	1,316,950	1,664,771
TOTAL LIABILITIES	1,995,378	1,990,563
NET ASSETS		
Without donor restrictions:		
Unrestricted	7,397,224	6,446,054
Board designated	517,110	784,336
With donor restrictions - perpetual	1,200,000	1,200,000
TOTAL NET ASSETS	9,114,334	8,430,390
TOTAL LIABILITIES AND NET ASSETS	\$ 11,109,712	\$ 10,420,953

See Notes to Financial Statements.

Maxwell C. King Center for the Performing Arts, Inc.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions Perpetual	Total	Total 2023
Revenue from operations				
Performance revenue:				
Gross ticket sales	\$ 5,697,910	\$ -	\$ 5,697,910	\$ 4,184,809
Service charges	835,535	-	835,535	705,507
Concessions and catering sales	810,325	-	810,325	654,966
Capital improvement fee	368,012	-	368,012	296,576
Memberships	285,559	-	285,559	226,485
Settlement charges	253,655	-	253,655	288,656
Facilities rental	177,216	-	177,216	201,588
Parking fees	60,210	-	60,210	45,713
Miscellaneous	153,421	-	153,421	123,258
Contributions and grants	407,858	-	407,858	72,825
Corporate sponsorships	66,000	-	66,000	259,250
In-kind contributions	538,325	-	538,325	538,325
Interest and dividends, net	275,748	-	275,748	250,967
Realized and unrealized gains on investments	729,289	-	729,289	285,730
Total revenue from operations	<u>10,659,063</u>	<u>-</u>	<u>10,659,063</u>	<u>8,134,655</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>10,659,063</u>	<u>-</u>	<u>10,659,063</u>	<u>8,134,655</u>
Functional expenses				
Program services	9,397,893	-	9,397,893	7,143,068
Supporting services	577,226	-	577,226	859,645
Total functional expenses	<u>9,975,119</u>	<u>-</u>	<u>9,975,119</u>	<u>8,002,713</u>
Increase in net assets	<u>683,944</u>	<u>-</u>	<u>683,944</u>	<u>131,942</u>
Net assets, beginning of year	<u>7,230,390</u>	<u>1,200,000</u>	<u>8,430,390</u>	<u>8,298,448</u>
Net assets, end of year	<u>\$ 7,914,334</u>	<u>\$ 1,200,000</u>	<u>\$ 9,114,334</u>	<u>\$ 8,430,390</u>

See Notes to Financial Statements.

Maxwell C. King Center for the Performing Arts, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services	Management and General	Total Expenses	Total 2023
Salaries and benefits	\$ 2,140,505	\$ 24,157	\$ 2,164,662	\$ 1,962,313
Payroll taxes	5,506	-	5,506	18,588
Artist fees	238,417	-	238,417	149,200
Artist production	73,304	-	73,304	24,221
Marketing	234,798	904	235,702	251,599
Contractual services	777,274	-	777,274	612,215
Show settlement	4,209,341	-	4,209,341	3,088,839
Catering	354,611	-	354,611	239,967
Office expense	74,329	160	74,489	54,265
Communication	4,513	1,273	5,786	6,961
Repairs and maintenance	68,685	4,924	73,609	36,096
Capital expenditures	539,922	-	539,922	453,817
Insurance	75,593	-	75,593	94,489
Miscellaneous	29,331	-	29,331	11,338
Travel	27,853	-	27,853	20,823
Professional fees	71,343	3,400	74,743	50,383
Printing	31,810	-	31,810	24,783
Contributed services and facilities	-	538,325	538,325	538,325
Service fees	440,758	4,083	444,841	364,491
Total expenses	<u>\$ 9,397,893</u>	<u>\$ 577,226</u>	<u>\$ 9,975,119</u>	<u>\$ 8,002,713</u>

See Notes to Financial Statements.

Maxwell C. King Center for the Performing Arts, Inc.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 683,944	\$ 131,942
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Unrealized gain on investments	(729,289)	(285,730)
(Increase) decrease in assets:		
Grants and accounts receivable	15,657	(111,520)
Due from Eastern Florida State College	1,388,074	868,858
Inventory	4,095	(12,489)
Prepaid expenses and other assets	37,605	(28,607)
(Increase) decrease in liabilities:		
Accounts payable	103,707	(314,847)
Accrued expenses	248,929	129,140
Deferred revenue	(347,821)	337,488
Net cash provided by operating activities	<u>1,404,901</u>	<u>714,235</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,389,105)	(676,700)
Net cash used in investing activities	<u>(1,389,105)</u>	<u>(676,700)</u>
Net increase in cash	15,796	37,535
Cash, beginning of year	<u>1,635,532</u>	<u>1,597,997</u>
Cash, end of year	<u>\$ 1,651,328</u>	<u>\$ 1,635,532</u>

See Notes to Financial Statements.

Notes to Financial Statements

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Maxwell C. King Center for the Performing Arts, Inc. (the "Center") is a Florida not-for-profit corporation. It is also designated as a direct-support organization of Eastern Florida State College (the "College") under Section 1004.70, Florida Statutes. As such, the Center is organized and operated exclusively to receive, hold, invest, and expend funds for the benefit of the College. Its primary purpose is to administer the day-to-day operations of the College's performing arts center. The Center's programs are supported primarily by ticket sales.

The Center's operations are managed by ASM Global Melbourne, LLC ("ASM Global"), a venue and event management company. ASM Global provides professional management and consulting services, including operations and marketing services, for the Center's facility. The management term of the agreement commenced on July 1, 2020 and ends June 30, 2025. ASM Global receives an annual fixed fee of \$84,000 and an annual incentive fee calculated with respect to each fiscal year equal to 20% of the increase in the adjusted gross income over the adjusted gross income benchmark.

Significant accounting policies are as follows:

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Center and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. When a 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.

All other net assets, including Board designated or appropriated amounts, are not subject to donor-imposed stipulations and are reported as part of net assets without donor restrictions.

From time to time the Board designates certain recurring and/or non-recurring items for use on specific future projects. At June 30, 2024, net assets designated by the Board for future uses totaled \$517,110 for capital improvements.

Management 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. Actual results could differ from those estimates.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Center considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents.

The Center maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

Due from Eastern Florida State College

The Center uses the College's bank account to record all deposits and disburse expenses. An agency account is set up on the books of the College to record this activity and it is reconciled monthly with the accounting records of the Center. The bank account that is at the College is in the name of the Center. The balance in the agency account is considered a "due from" the College for reporting purposes. See Note 7 for related party transactions.

Investments

Investments are reported at their fair values. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations.

Investments are exposed to various risks, such as interest rate risk and credit conditions. Due to the level of risk associated with investments and the level of uncertainty related to the change in the value of investments, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the statement of financial position.

Grants and Accounts Receivable

Grants and accounts receivable are recorded at their net realizable value and are based on services performed prior to year-end, but not collected as of the statement of financial position date. Balances still outstanding after management has used reasonable collection efforts are to be written off through bad debt expense. As of June 30, 2024, all receivables are considered fully collectible.

Allowance for Credit Losses

Under the current expected credit loss model, the allowance for credit losses ("ACL") on account receivables is a valuation allowance estimated at each balance sheet date in accordance with GAAP that is deducted from the amortized cost basis of contract receivables to present the net amount expected to be collected.

The Center estimates the ACL on account receivables based on the amount billed to customers for services and measures expected credit losses of contract receivables on an individual basis where all or a portion of the balance exceeds 90 days from the invoice date. Based on the assessment of the customer's current creditworthiness, the Center estimates the portion, if any, of the balance that will not be collected. Additionally, a five-year weighted-average of write-offs is applied to the aggregate remaining accounts receivable to estimate an additional allowance covering those amounts not specifically identified. The weighted-average gives greater weight to the most recent years and is adjusted for management's estimate of any changes in expected future economic conditions that might give rise to results that differ from past experience. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses (Continued)

The Center does not have a history of losses associated with contract receivables and has not forecasted that future economic conditions may differ from past results; therefore, an allowance for credit losses has not been recorded as of and for the period ended June 30, 2024.

The Center's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions over a period that has been determined to be reasonable and supportable.

Revenue Recognition

Membership dues, program service fees and payments under various contracts are recognized when the performance obligations under the terms of the contract are satisfied. Revenues generated from ticket sales, service charges, capital improvement fee surcharges, catering sales, facilities rental, settlement revenue, parking fees, and security fees are recognized when the service or goods are provided.

Contributions

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as net assets without donor restrictions. All promises to give that are due within the next 12 months are considered fully collectible by management.

Inventory

Inventory is comprised of materials and supplies used in backstage operations and concessions that are held for sale and are stated at the lower of cost or market using the first-in first-out method. Inventory for the year ended June 30, 2024 was \$28,859.

Deferred Revenue

Deferred revenue consists primarily of ticket sales and fees for the upcoming season, as well as gift certificates outstanding, which are recognized when redeemed.

Functional Allocation of Expenses

The costs of providing various programs and other activities and the administration of the Center have been summarized on a functional basis in the statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Administrative and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Center has adopted FASB's fair value measurement and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

Income Taxes

The Center qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes under Internal Revenue Code Section 501(a). However, the Center is subject to income tax on unrelated business income. For the year ended June 30, 2024 the Center incurred no income tax expense.

It is the Center's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Center recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more-likely-than-not to be sustained. Management has evaluated the Center's tax positions and concluded that the Center has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements. The Center files a 990 Return of Organization Exempt from Income Tax.

Advertising

The Center expenses advertising and promotion costs in the period incurred. For the year ended June 30, 2024 advertising costs totaled \$235,702.

Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of goods and professional services utilized in operations and are recorded at estimated fair value when received by the Center. The fair value of contributed goods is estimated based on retail prices of similar items. The fair value of contributed professional services is estimated based on current rates for similar services.

The Center receives a significant amount of donated services from unpaid volunteers who assist in show productions and special projects. The value of such services is calculated based on the number of hours worked by volunteers at minimum wage. These services were not recognized in the financial statements as they do not meet the criteria for recognition under FASB 958, *Revenue Recognition - Contributions Received*.

Summarized Financial Information for 2023

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2023 from which the summarized information was derived.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

On July 1, 2023, the Center adopted ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss that is referred to as the current credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivables. The adoption of the new methodology did not have a financial impact on the Center.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

The Center has evaluated subsequent events through January 30, 2025 the date which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

As part of the Center’s liquidity management plan, the Center structured its financial assets to be available for its general expenditures and other obligations as they come due.

The following table reflects the Center’s total financial assets as of June 30, 2024 and the amounts of those financial assets which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months	
Cash	\$ 1,651,328
Grants and accounts receivable	190,249
Due from Eastern Florida State College	849,813
Investments not encumbered by donor or Board restrictions	7,161,072
Less Board designated net assets	(517,110)
Financial assets available to meet operating expenditures	<u>\$ 9,335,352</u>

NOTE 3. ACCRUED INCENTIVE FEE

The Center’s operations are managed by ASM Global Melbourne, LLC (“ASM Global”), a venue and event management company. ASM Global provides professional management and consulting services, including operations and marketing services, for the Center’s facility. The management term of the agreement commenced on July 1, 2020 and ends June 30, 2025. ASM Global receives an annual fixed fee of \$84,000 and an annual incentive fee calculated with respect to each fiscal year equal to 20% of the increase in the adjusted gross income over the adjusted gross income benchmark. For the year ended June 30, 2024, the Center accrued an annual incentive fee payable of \$222,238, included in accrued expenses in the statement of financial position.

NOTE 4. FAIR VALUE MEASUREMENTS

The Center adopted the *Fair Value Measurements and Disclosures Topic* of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The level within the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024.

Common stocks and options: are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds, exchange-traded and closed end funds: are valued at the daily closing price as reported by the fund. Mutual funds held by the Center are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Center are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at reporting date.

The following table presents the Center's financial instruments measured at fair value on a recurring basis at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Stocks and options	\$ 2,687,670	\$ -	\$ -	\$ 2,687,670
Mutual funds	5,673,402	-	-	5,673,402
Total Investments	<u>\$ 8,361,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,361,072</u>

NOTE 5. ENDOWMENT FUNDS

The Center received a Florida Cultural Endowment Program grant in 1989 and in 1994. To qualify for these grants, the Center had to raise a 60% match in local funds. The principal from both grants is with donor restrictions, but the investment income generated may be used for the operations of the Center. Any investment gains or losses on the endowment are classified as without donor restrictions and the earnings can be used for operations.

The Cultural Endowment funds are invested in mutual funds and equities in accordance with the Center’s investment policies. The Board’s spending policy is that 100% of the earnings can be spent on operations as qualified expenses occur. The Board’s investment objective is to have earnings 4% greater than inflation (as determined by the consumer price index).

Accounting Standards Codification (ASC) 958-205, *Reporting Endowment Funds*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization’s endowment funds. The State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA) effective July 1, 2012. The following disclosures are made in accordance with ASC 958-205 and the Board’s interpretation of enacted law at June 30, 2024.

The Board of Directors has interpreted the FUPMIFA as requiring the presentation 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 Center classified as with donor restrictions to be maintained in perpetuity: (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.

Any remaining portions of the donor-restricted endowment fund that are not classified as net assets with donor restrictions - perpetual are classified as net assets with or without donor restrictions based on the donor direction and the Board’s current interpretation of FUPMIFA, as applicable.

Endowment net asset composition by type as of June 30, 2024 consists of the following:

	Without Donor Restrictions	With Donor Restrictions Perpetual	Total
Division of Cultural Affairs Endowment I	\$ 403,556	\$ 600,000	\$ 1,003,556
Division of Cultural Affairs Endowment II	450,062	600,000	1,050,062
	<u>\$ 853,618</u>	<u>\$ 1,200,000</u>	<u>\$ 2,053,618</u>

Changes in endowment net assets for the year ended June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions Perpetual	Total
Balance at June 30, 2023	\$ 346,067	\$ 1,200,000	\$ 1,546,067
Investment income	521,890	-	521,890
Distributions and fees	(14,339)	-	(14,339)
Balance at June 30, 2024	<u>\$ 853,618</u>	<u>\$ 1,200,000</u>	<u>\$ 2,053,618</u>

NOTE 6. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets are recorded at fair value in revenue when the item or service is provided, and a corresponding expense or asset recognized at the same time. The use of the Center's facilities have been donated by the College. In valuing the contributed building, the Center estimated the fair value based on recent comparable sales prices in the surrounding area. Contributed nonfinancial assets for the year ended June 30, 2024 was \$538,325.

NOTE 7. RELATED PARTY TRANSACTIONS

The performing arts center and the equipment housed therein is the property of the College. During the year ended June 30, 2024 the Center completed and donated capital improvements of \$539,922 to the College.

The Center, as a direct support organization of the College, uses the College's bank account for daily operations. An agency account is set up on the books of the College to record this activity and it is reconciled monthly with the accounting records of the Center. At June 30, 2024, the cash position in the agency account reflected a cash balance of \$573,802, included in Due from Eastern State College on the statement of financial position.

The College, in its role as fiscal agent for the Center, participates in the Florida Treasury Investment Pool, which combines short and intermediate term fixed income investment strategies. The Center's funds included in the account for the year ended June 30, 2024 was \$249,184 and is included in Due from Eastern State College on the statement of financial position.