



A S S U R A N C E D I M E N S I O N S

Financial Statements, Independent Auditor's Report,
Supplemental Information and Regulatory Reports

Bill Edwards Foundation for the Arts, Inc.

June 30, 2019

Bill Edwards Foundation for the Arts, Inc.

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A S S U R A N C E D I M E N S I O N S

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholder
Bill Edwards Foundation for the Arts, Inc.

We have audited the accompanying financial statements of **Bill Edwards Foundation for the Arts, Inc.**, (the "Foundation") which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Bill Edwards Foundation for the Arts, Inc.** as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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A S S U R A N C E D I M E N S I O N S

Emphasis of Matter

As described in Note B of the financial statements, in the June 30, 2019 financial statements the Foundation adopted Accounting Standards Update (ASU) 2016-14; Not-For-Profit Entities, which did not change opening net assets.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State and Local Financial Assistance, and local awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Assurance Dimensions

Tampa, Florida
January 10, 2020

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Bill Edwards Foundation for the Arts, Inc.
Statement of Financial Position
As of June 30, 2019

Assets

| | | |
|--|----|-------------------------|
| Current assets: | | |
| Cash | \$ | 1,057,100 |
| Grants receivable | | 202,786 |
| Current portion of pledges receivable, net | | 26,021 |
| Deposits | | <u>7,732</u> |
| Total current assets | | 1,293,639 |
| | | |
| Long-term pledges receivable, net | | <u>27,605</u> |
| | | |
| Total assets | \$ | <u><u>1,321,244</u></u> |

Liabilities and Net Assets

| | | |
|----------------------------------|----|-------------------------|
| Liabilities: | | |
| Accrued expenses | \$ | 21,119 |
| Deferred revenue | | <u>163,777</u> |
| Total liabilities | | 184,896 |
| | | |
| Net assets: | | |
| Without donor restrictions | | 1,136,348 |
| With donor restrictions | | <u>-</u> |
| Total net assets | | 1,136,348 |
| | | |
| Total liabilities and net assets | \$ | <u><u>1,321,244</u></u> |

The accompanying notes are an integral part of this financial statement.

Bill Edwards Foundation for the Arts, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--------------------------------------|--------------------------------------|-----------------------------------|---------------------|
| Revenue and other support: | | | |
| Memberships | \$ 684,387 | \$ - | \$ 684,387 |
| Grants | 765,286 | - | 765,286 |
| Other income | 20,744 | - | 20,744 |
| Contributions: | | | |
| Contributions- other | 99,482 | - | 99,482 |
| In-kind | 2,000 | - | 2,000 |
| Total contributions | <u>101,482</u> | <u>-</u> | <u>101,482</u> |
| Events: | | | |
| Admissions | 4,512,320 | - | 4,512,320 |
| Concessions | 256,331 | - | 256,331 |
| Ticketing fees | 124,032 | - | 124,032 |
| Parking | 43,227 | - | 43,227 |
| Total events revenue | <u>4,935,910</u> | <u>-</u> | <u>4,935,910</u> |
| Net assets released from restriction | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenue and other support | <u>6,507,809</u> | <u>-</u> | <u>6,507,809</u> |
| Expenditures: | | | |
| Program | 5,402,463 | - | 5,402,463 |
| Administrative | 189,732 | - | 189,732 |
| Fundraising | 421,213 | - | 421,213 |
| Total expenditures | <u>6,013,408</u> | <u>-</u> | <u>6,013,408</u> |
| Changes in net assets | | | |
| Beginning of year | 494,401 | - | 494,401 |
| End of year | <u>\$ 641,947</u> | <u>-</u> | <u>\$ 641,947</u> |
| | <u>\$ 1,136,348</u> | <u>\$ -</u> | <u>\$ 1,136,348</u> |

The accompanying notes are an integral part of this financial statement.

Bill Edwards Foundation for the Arts, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2019

| | |
|--|----------------------------|
| Cash flows from operating activities: | |
| Change in net assets: | \$ 494,401 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 393 |
| Bad debt expense | 1,347 |
| Increase (decrease) | |
| Grant receivable | (202,786) |
| Memberships and pledges receivable, net | 260,920 |
| Deposits | 5,776 |
| Due to related party | (72,285) |
| Accounts payable | (148,863) |
| Accrued expenses | (74,376) |
| Deferred revenue | (61,283) |
| Net cash provided by operating activities | <u>203,244</u> |
| Net increase in cash | 203,244 |
| Cash, beginning of period | 853,856 |
| Cash, end of period | <u><u>\$ 1,057,100</u></u> |

The accompanying notes are an integral part of this financial statement.

Bill Edwards Foundation for the Arts, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

| Expenditures | Program | Supporting Services | | Total |
|-----------------------------------|---------------------|---------------------|-------------------|---------------------|
| | | Administration | Fundraising | |
| Artist performance fees | \$ 2,520,610 | \$ - | \$ - | \$ 2,520,610 |
| Payroll | 98,111 | 170,059 | 385,902 | 654,072 |
| Fulfillment services | 549,135 | - | - | 549,135 |
| Venue Labor | 547,848 | - | - | 547,848 |
| Advertising | 444,559 | - | 9,073 | 453,632 |
| Production rentals | 235,554 | - | - | 235,554 |
| Commissions | 200,391 | - | - | 200,391 |
| Catering | 131,784 | - | 11,459 | 143,243 |
| Facility fees | 132,979 | - | - | 132,979 |
| Support talent | 96,160 | - | - | 96,160 |
| Merchant fees | 88,605 | - | - | 88,605 |
| Production services | 60,755 | - | - | 60,755 |
| Insurance | 41,764 | 4,131 | - | 45,895 |
| Security | 41,169 | - | - | 41,169 |
| Venue rent | 39,300 | - | - | 39,300 |
| Police/Fire/EMS | 29,300 | - | - | 29,300 |
| Techs/stagehands/runners | 29,220 | - | - | 29,220 |
| ASCAP/BMI/SESAC | 28,508 | - | - | 28,508 |
| Supplies | 21,621 | - | - | 21,621 |
| Box office charges | 21,386 | - | - | 21,386 |
| Other administration costs | - | - | 13,998 | 13,998 |
| Lodging | 13,065 | - | - | 13,065 |
| Foundation events: transportation | 10,431 | - | - | 10,431 |
| Janitorial | 8,724 | - | - | 8,724 |
| Legal | - | 8,670 | - | 8,670 |
| Office supplies | - | 5,132 | 446 | 5,578 |
| Community support | 5,359 | - | - | 5,359 |
| Licenses/permits | 3,300 | - | - | 3,300 |
| Airfare | 1,500 | - | - | 1,500 |
| Bad debt expense | - | 1,347 | - | 1,347 |
| Sales tax | 1,106 | - | - | 1,106 |
| Member appreciation | - | - | 335 | 335 |
| Depreciation | - | 393 | - | 393 |
| Cartage/Shipping | 219 | - | - | 219 |
| Total expenditures | \$ 5,402,463 | \$ 189,732 | \$ 421,213 | \$ 6,013,408 |

The accompanying notes are an integral part of this financial statement.

Bill Edwards Foundation for the Arts, Inc.

Notes to Financial Statements

June 30, 2019

Note A – Foundation and Purpose

The Bill Edwards Foundation for the Arts, Inc. (the “Foundation”) is a not-for-profit organization established for the purpose of developing, coordinating, and promoting the performing arts in the City of St. Petersburg, providing educational programs for local students, and contracting for artistic services and performances at the Mahaffey Theater in St. Petersburg, Florida. The Foundation assumed operations of the Mahaffey Theater Foundation in April 2013.

The Foundation fulfills its mission through offering memberships with certain benefits to the members and by presenting shows representing a variety of the performing arts.

Note B – Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements include the accounts of The Bill Edwards Foundation for the Arts, Inc. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the “Board”) has designated, from net assets without donor restrictions, net assets for various reasons
- *Net assets with donor restriction* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recently Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) released Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, with the goal of improving not-for-profit entity (“NFP”) financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU significantly changes how NFPs present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The Foundation adopted this ASU in the current year, applying the changes retrospectively. The new standard changes the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.

These changes had no effect on total net assets at June 30, 2018.

Bill Edwards Foundation for the Arts, Inc.

Notes to Financial Statements

June 30, 2019

Note B – Significant Accounting Policies (continued)

Recently Issued Accounting Standards Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update, *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Foundation is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

In February 2016, the FASB issued Accounting Standards Update, *Leases* (Topic 842), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2020.

Revenue and Cost Recognition

The Foundation accounts for contributions in accordance with FASB ASC 958. Accordingly, contributions received are recorded as with or without donor restriction support depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contributions are received. All other donor-restricted contributions are reported as an increase in net assets without donor restriction, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), contributions with donor restriction are reclassified and reported in the statements of activities as net assets released from restrictions.

Contributions are recognized at their present value when a donor makes a contribution. In accordance with FASB ASC 958-310, unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Membership revenue is recognized on a straight-line basis over the one year the membership period.

Deferred revenue is recognized as the unearned portion of membership revenue at the reporting period end date.

Bill Edwards Foundation for the Arts, Inc.

Notes to Financial Statements

June 30, 2019

Note B – Significant Accounting Policies (continued)

Donated Services

Donated services are recorded at their estimated fair value if the services received create or enhance non-financial assets or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services were \$2,000 for the year ended June 30, 2019 and are reflected as in-kind contributions in the accompanying statement of activities.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services (administration and fundraising) on the following basis:

- Management and general expenses are allocated on the basis of revenue and square footage
- Personnel expenses are allocated on the basis of direct salaries

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. In addition, the Foundation qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation and has been designated a “publicly supported” organization.

The Foundation follows the income tax standard for uncertain tax positions. The Foundation has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2019. Should the Foundation’s tax-exempt status be challenged in the future, the Foundation’s 2017, 2018, and 2019 tax years are open for examination by the IRS.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Receivables and Allowance

Receivables are stated at cost less an allowance for doubtful accounts. Management’s determination of the allowance is based on an evaluation of past collection history. Management provides for probable uncollectable amounts through a charge to earnings and a credit to valuation allowance based on the assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable.

Note C – Pledges Receivable

The Foundation has received an unconditional promise to give consisting of a written pledge from a donor. Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows, discounted at 4%.

Bill Edwards Foundation for the Arts, Inc.

Notes to Financial Statements

June 30, 2019

Note C – Pledges Receivable (continued)

Expected receipts of pledges receivable are as follows at June 30, 2019:

| | | |
|---|----|---------------|
| Due in less than one year | \$ | 26,406 |
| Due in one to five years | | 30,000 |
| | | <u>56,406</u> |
| Less discount to present value | | (2,780) |
| | \$ | <u>53,626</u> |
| | | |
| Current portion of pledge receivable, net | \$ | 26,021 |
| Long-term pledge receivable, net | | 27,605 |
| | \$ | <u>53,626</u> |

Note D – Related-Party Transactions

The Mahaffey Theater is managed by Big 3 Entertainment, Inc. (“Big 3”), which is owned by one of the Foundation’s board members. Big 3 was hired by the City of St. Petersburg, who owns the Mahaffey Theater. Big 3 and the Foundation enter into agreements regarding the use of the Mahaffey Theater and the allocation of the profits from the shows performed at the theater. Big 3 also provides administrative services for the Foundation. During the year ended June 30, 2019 all event related expenses and revenues, excluding class acts performances of approximately \$92,000, were related party transactions and were recorded within the statement of activities as events revenue and program expenses respectively. There were no related party receivables or payables as of June 30, 2019.

Note E – Concentrations of Credit Risk

Cash Balances

The Foundation places its cash with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. Management considers the risk of loss to be minimal.

Note F – Liquidity and Availability of Financial Assets

The Foundation’s management monitors its liquidity so that it is able to cover operating expenses. The Foundation budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board.

Management has budgeted approximately \$690,000 of operating expenses and \$745,000 of income. The Foundation expects to generate sufficient income through memberships and events to meet its operating expenses as these are its core method of income. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following reflects the Foundation’s financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Bill Edwards Foundation for the Arts, Inc.

Notes to Financial Statements

June 30, 2019

Note F – Liquidity and Availability of Financial Assets (continued)

| | |
|--|---------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 1,057,100 |
| Grants receivable | 202,786 |
| Current portion of pledge receivable, net | 26,021 |
| Accounts receivable, net of allowance | 1,347 |
| Deposits | 7,397 |
| Long-term pledge receivable, net | 27,605 |
| Total financial assets | <u>1,322,256</u> |
| Less: Financial assets not available within 1 year | (34,078) |
| Less: Deferred revenue not available within 1 year | <u>(30,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,258,178</u> |

Note G – Retirement Plan

The Foundation is part of a defined contribution multi-employer retirement plan, and provides deferred compensation retirement arrangement for substantially all of its employees. Employees are eligible to participate in the plan after attaining the age of 18 and upon completion of six months of service and at least 500 hours of service. Employees become participants on the January 1, April 1, July 1, or October 1 coinciding with or next following the date they satisfy the eligibility requirements.

Note H – Subsequent Events

Subsequent events have been evaluated through January 10, 2020, which is the date the financial statements were available to be issued.

Supplemental Information

Bill Edwards Foundation for the Arts, Inc.
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended June 30, 2019

| State and Local Grantor/Pass-Through Grantor Program Title | CSFA Number | Project/Grant Number | Expenditure State Awards |
|---|----------------|-------------------------|-----------------------------|
| The State of Florida, Department of State, and Division of Cultural Affairs | | | |
| General program support (cultural and museum grants) | 45.061 | 19.c.ps.900.820 | \$ 750,000 |
| Total state financial assistance | | | <u>750,000</u> |
| City of St. Petersburg | | | |
| Cultural agency operational funding | | 17002 | 15,286 |
| Total local financial assistance | | | <u>15,286</u> |
| Total state and local financial assistance | | | <u>\$ 765,286</u> |

Bill Edwards Foundation for the Arts, Inc.

Notes to Schedule of Expenditures of State and Local Financial Assistance

June 30, 2019

Basis of Presentation

The accompanying Schedule of Expenditures of State and Local Financial Assistance (the "Schedule") presents the activity of all state and local programs administered by the Foundation. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Audits of States, Local Governments, and Non-Profit Foundations; and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of Bill Edwards Foundation for the Arts, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Cost Principles for Non-Profit Foundations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Directors of
Bill Edwards Foundation for the Arts, Inc.
St. Petersburg, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bill Edwards Foundation for the Arts, Inc. (the "Foundation"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Assurance Dimensions

Tampa, Florida
January 10, 2020

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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Independent Auditors' Report on Compliance for Each Major Project and on Internal Control Over Compliance Required by the Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Board of Directors of
Bill Edwards Foundation for the Arts, Inc.
St. Petersburg, FL

Report on Compliance for Each Major State Project

We have audited Bill Edwards Foundation for the Arts, Inc. (the "Foundation")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major state projects for the year ended June 30, 2019. The Foundation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its major state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major State Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects programs for the year ended June 30, 2019.

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Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Assurance Dimensions

Tampa, Florida
January 10, 2020

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Bill Edwards Foundation for the Arts, Inc.
Schedule of Findings and Questioned Costs
June 30, 2019

Section 1 – Summary of Auditors’ Results

| <u>Financial Statements</u> | <u>Results</u> |
|--|----------------|
| Type of auditors’ report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | No |
| Noncompliance material to financial statements noted? | No |

| | <u>State Projects</u> |
|--|-----------------------|
| Internal control over major projects: | |
| Material weakness identified? | No |
| Significant deficiencies identified not considered to be a material weakness? | None reported |
| Type of auditors’ report issued on compliance for major projects: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with provisions of Chapter 10.650, Rules of Auditor General of the state of Florida. | No |

Identification of Major State Projects:

| <u>CSFA</u> | <u>Name of State Project</u> |
|-------------|--|
| 45.061 | General program support (cultural and museum grants) |

| | <u>State Projects</u> |
|---|-----------------------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Bill Edwards Foundation for the Arts, Inc.

Schedule of Findings and Questioned Costs

June 30, 2019

Section 2 – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires a reporting.

Prior Year Audit Findings

N/A - no single audit was required in the prior year.

Section 3 – State Awards Findings and Questioned Costs

This section identifies the audit findings as well as any abuse findings involving state awards that is material to a major project. There were no instances of abuse found as a result of our audit procedure.



“Management Letter”

Based on Rule 10.654(1) (e) of the Rules of Auditor General of the State of Florida

To the Board of Directors of
Bill Edwards Foundation for the Arts, Inc.
St. Petersburg, FL

Report on the Financial Statements

We have audited the financial statements of **Bill Edwards Foundation for the Arts, Inc.** (the “Foundation”), as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated January 10, 2020.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Audits of States, Local Governments, and Non-profit Foundations; and Chapter 10.650 or 10.550 Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in accordance with Chapter 10.650 or 10.550, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 10, 2020, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Assurance Dimensions

Tampa, Florida
January 10, 2020

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