



FINANCIAL STATEMENTS
For the Year Ended June 30, 2021



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Maxwell C. King Center for the Performing Arts, Inc.
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For the year ended June 30, 2021

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**Maxwell C. King Center for the Performing Arts, Inc.
Board of Directors
As of June 30, 2021**

Chairperson

Anthony J. Catanese

Vice-Chair

Tom Molnar

Treasurer

Pam Gatto

Secretary

Kim Vice

President of Eastern Florida State College

James H. Richey, J.D.

District Board of Trustees Appointment

Ronald Howse

Board Members

Rick Balda	Steven Wm. Bierbrunner
Charles Clemente	Michael J. Coleman
Carol Craig	Howie Dorough
Darcia Jones Francey	Michael Gaich
Michael Grieves	Christine Lance
Henry Lonski	G. Melvin Mills
Rita Moreno	Ted Peters
William C. Potter	Winston Scott
Gregory Watson	Scott D. Widerman

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Maxwell C. King Center for the Performing Arts, Inc. (the "Center") (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2021, 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.

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 the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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

We have previously audited the Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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.

Cary Riggs & Ingram, L.L.C.

Melbourne, Florida

October 28, 2021

Maxwell C. King Center for the Performing Arts, Inc.
Statement of Financial Position

<i>June 30,</i>	2021	2020
ASSETS		
Cash and cash equivalents	\$ 125,263	\$ 244,551
Contracts receivable	45,010	346,237
Due from Eastern Florida State College	1,167,844	918,795
Inventory	20,198	21,782
Prepaid expenses	36,274	59,136
Deposits	2,792	6,792
Investments	6,071,587	5,055,803
Total assets	\$ 7,468,968	\$ 6,653,096
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 74,837	\$ 87,160
Sales tax payable	8,283	62
Accrued payroll and other taxes	27,967	-
Accrued compensated absences	49,210	42,590
Deferred revenue	1,060,831	563,074
Total liabilities	1,221,128	692,886
Net assets		
Without Donor Restrictions	5,047,840	4,760,210
With Donor Restrictions	1,200,000	1,200,000
Total net assets	6,247,840	5,960,210
Total liabilities and net assets	\$ 7,468,968	\$ 6,653,096

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

Maxwell C. King Center for the Performing Arts, Inc.
Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions
Revenues, gains and other support		
Gross ticket sales	\$ 273,535	\$ -
Service charges	51,212	-
Capital improvement fee surcharge	39,124	-
Concession and catering sales	27,478	-
Facilities rental	53,810	-
Settlement revenue	75,942	-
Fund-raising revenue:		
Memberships	92,471	-
Corporate sponsorships	250,000	-
Donations	8,940	-
Grant income	-	65,351
Parking fees revenue	3,033	-
Security fees revenue	-	-
Miscellaneous	21,155	-
Contributed services	-	22,221
Interest income	130,177	-
Gain on investments	1,137,882	-
Net assets released from restrictions:		
Expiration of use restrictions:		
Use of grant funds for operations	87,572	(87,572)
Total revenues, gains and other support	2,252,331	-
Expenses		
Program services	1,821,055	-
Support services		
Management and general	143,646	-
Fund-raising	-	-
Total expenses	1,964,701	-
Increase (decrease) in net assets	287,630	-
Net assets, beginning of year	4,760,210	1,200,000
Net assets, end of year	\$ 5,047,840	\$ 1,200,000

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

Maxwell C. King Center for the Performing Arts, Inc.
Statement of Activities

2021 Total	2020 Total
\$ 273,535	\$ 2,804,849
51,212	415,978
39,124	199,760
27,478	313,227
53,810	60,703
75,942	32,647
92,471	257,004
250,000	27,250
8,940	414,250
65,351	385,834
3,033	35,719
-	59,214
21,155	33,665
22,221	44,774
130,177	209,593
1,137,882	110,697
-	-
2,252,331	5,405,164
1,821,055	7,575,226
143,646	460,963
-	52,751
1,964,701	8,088,940
287,630	(2,683,776)
5,960,210	8,643,986
\$ 6,247,840	\$ 5,960,210

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

Maxwell C. King Center for the Performing Arts, Inc.
Statement of Functional Expenses

<i>For the year ended June 30,</i>	<u>Support Services</u>		2021	2020
	Program	Management		
	Services	and General		
Expenses				
Artist fees	\$ 56,303	\$ -	\$ 56,303	\$ 1,613,470
Production expense	1,198	-	1,198	142,195
Event settlement expense	140,444	-	140,444	253,859
Salaries and benefits	843,203	45,190	888,393	1,363,931
Contracted union labor	7,612	-	7,612	203,420
Marketing	41,186	3,000	44,186	330,732
Contracted services	199,818	55,726	255,544	118,758
Catering	12,698	-	12,698	107,176
Service fees	77,579	-	77,579	183,325
Contributed services	-	22,221	22,221	44,774
Rental expense	-	-	-	17,446
Printing	2,415	277	2,692	25,603
Office expense	32,142	-	32,142	18,569
Royalty fees	-	-	-	42,630
Repair and maintenance	87,156	-	87,156	43,633
Insurance	22,355	3,024	25,379	55,609
Professional fees	58,189	13,362	71,551	62,647
Communications	6,081	394	6,475	15,281
Travel	2,647	-	2,647	22,655
Miscellaneous	13,557	452	14,009	2,642
Capital outlay	216,472	-	216,472	3,420,585
Total expenses	\$ 1,821,055	\$ 143,646	\$ 1,964,701	\$ 8,088,940

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

Maxwell C. King Center for the Performing Arts, Inc.
Statement of Cash Flows

<i>For the year ended June 30,</i>	2021	2020
Cash flows from operating activities:		
Cash received from contributors	\$ 258,940	\$ 441,500
Grants received	65,351	385,834
Cash received from customers and other sources	1,440,744	3,866,051
Cash paid to suppliers & employees	(1,671,077)	(4,844,327)
Cash paid for capital items donated to Eastern Florida State College	(216,472)	(3,420,585)
Interest received	130,177	209,593
Net cash provided by (used in) operating activities	7,663	(3,361,934)
Cash flows from investing activities:		
Purchase of investments	(226,739)	(2,996,943)
Sale of investments	348,837	4,995,310
Net cash provided by investing activities	122,098	1,998,367
Cash flows from financing activities:		
Net change in cash held by Eastern Florida State College	(249,049)	217,049
Net cash provided by (used in) financing activities	(249,049)	217,049
Net increase (decrease) in cash and cash equivalents	(119,288)	(1,146,518)
Net cash and cash equivalents at the beginning of the year	244,551	1,391,069
Net cash and cash equivalents at the end of the year	\$ 125,263	\$ 244,551
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 287,630	\$ (2,683,776)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(1,137,882)	(110,697)
(Increase) decrease in assets:		
Contracts receivable	301,227	(333,348)
Inventory	1,584	(2,987)
Prepaid expenses	22,862	(21,160)
Deposits	4,000	(2,700)
Increase (decrease) in liabilities:		
Accounts payable	(12,323)	50,046
Sales tax payable	8,221	(5,858)
Accrued payroll and other taxes	27,967	-
Accrued compensated absences	6,620	(99,182)
Deferred revenue	497,757	(10,667)
Deferred compensation	-	(141,605)
Net cash provided by (used in) operating activities	\$ 7,663	\$ (3,361,934)

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

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

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. The Center is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or passage of time. 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.

Net assets without donor restrictions – Net assets that are not subject to donor imposed stipulations.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash includes petty cash, change funds, and all highly liquid debt instruments with original maturities of three months or less.

Contracts Receivable

The Center considers contracts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is required. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the bad debt expense and a credit to contracts receivable. No interest is charged on past due accounts.

Due from Eastern Florida State College

The Center uses the College's bank account to receipt all deposits and disburse expenditures. 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 balance in the agency account is considered a "due from" the College for reporting purposes.

Inventory

Inventories consist of materials and supplies used in backstage operations and catering, and include items for resale through concessions. They are stated at the lower of cost (first-in, first-out basis) or market.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Investments

The Center has adopted FASC 958-320, *Investments Debt & Equity Securities*. Under FASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

Accrued Compensated Absences

A liability is accrued for an employee's right to receive compensation for future absences when certain conditions are met. It is the policy of the Center to grant all regular full-time and part-time employees annual leave based upon the number of years of employment with Eastern Florida State College of which the Center is a direct support organization. Employees are encouraged to use their annual leave in the year that it is earned. Employees will be paid for their unused vacation leave balance when employment is terminated for any reason in accordance with College policy.

Sick leave is accumulated at a rate of up to 8 hours per month. Employees are not paid for their unused sick leave balance unless it is upon the death of the employee or the retirement of the employee who has 6 years or more of service if employed prior to July 1, 2011 or 8 years or more of service if employed after July 1, 2011 with Eastern Florida State College. The amount will be calculated based upon the vesting schedule below:

<u>Number of Completed Years of Service</u>	<u>Percentage</u>
0-3	35%
4-6	40%
7-9	45%
10	50%
11-30	50% plus 2 1/2% for each full year of service over 10
31 and above	As of 30 years of service, 100%

Deferred Revenue

Advanced ticket sales are deferred and recognized over the period in which the performance actually takes place. Gift certificates are recognized when redeemed.

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

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets with Donor Restrictions

The Center received a Florida Cultural Endowment Program grant in 1989. Another Florida Cultural Endowment Program grant was received by the Center in 1994. To qualify for the grant, the grantee had to raise a 60% match in local funds. The principal from both grants are 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.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor restrictions net assets, depending on the nature of the restriction. When the restriction(s) expire(s) (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restriction net assets and reported in the Statement of Activities as net assets released from restrictions.

Revenue Recognition

The Center recognizes revenue from ticket sales, service charges, capital improvement fee surcharges, concession and catering sales, facilities rental, settlement revenue, parking fees, and security fees when the services or goods are provided during the event. Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Center recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. The membership period is the same as the fiscal year. The Center records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets with donor restrictions.

A portion of the Center's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Center had no refundable advances at June 30, 2021.

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

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services, where they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at values consistent with those amounts, which would be paid to salaried personnel for similar services.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon time and effort. Certain management and general functional expenses are not included as the College donates those services to the Center (see Note 8).

Facilities

The Center, as a direct support organization of the College, is allowed to operate the buildings and equipment at the performing arts center. All of the buildings and equipment are the property of the College. Any capital outlay expended by the Center is donated to the College; therefore, no capital assets are owned or recorded by the Center.

Tax Status

The Center is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been determined to be an organization, which is not a private foundation. Contributions to the Center are qualified as deductions for charitable contributions.

The Center follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 28, 2021. See Note 15 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, and is effective for the year ending June 30, 2022. The Center is currently evaluating the impacts of this pronouncement.

Maxwell C. King Center for the Performing Arts, Inc. Notes to Financial Statements

Note 3: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist of the following:

The Center maintains cash balances on-hand and at financial institutions. The cash on hand has a balance of \$2,700. The Center maintains cash/money market accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures all noninterest bearing transaction accounts, and other deposit accounts up to \$250,000. As of June 30, 2021, there was no amount in excess of federal-insurance limits.

The Center maintains its investments with Wells Fargo, which is a member of the Securities Investor Protection Corporation (SIPC). As a result, investor-owned assets held in custody by Wells Fargo are protected by the SIPC, up to \$500,000. The SIPC provides protection for eligible client assets held in custody by a SIPC member brokerage firm should the SIPC member firm fail financially and become unable to meet the obligations to its clients. SIPC does not protect assets that are not held in custody by a SIPC member. SIPC does not protect against losses due to market fluctuation or for client assets not held by a SIPC member. The Center's uninsured investment balance totaled \$5,571,587 at June 30, 2021. The Center has not experienced any losses on these accounts and management believes the Center is not exposed to any significant risk on investment accounts.

Note 4: FAIR VALUE MEASUREMENTS

FASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 4: FAIR VALUE MEASUREMENTS (Continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Equities: Valued at quoted market prices.

Mutual funds: Valued at quoted market prices.

The methods described above 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2021.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 3,679,592	\$ 3,679,592	\$ -	\$ -
Mutual funds	2,391,995	2,391,995	-	-
Total investments	\$ 6,071,587	\$ 6,071,587	\$ -	\$ -

Note 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 consist of the following:

Subject to expenditure for specified purpose:	
Endowment	\$ 1,200,000
Total net assets with donor restrictions	\$ 1,200,000

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 5: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets were released from restrictions during the year ended June 30, 2021:

Purpose:	
Operations	\$ 87,572
Total net assets released from restrictions	\$ 87,572

Note 6: ENDOWMENTS

Cultural Affairs Endowments

The Cultural Affairs Endowments I & II (“Cultural Endowments”) were created by donor restricted donations (see Note 1, *Net Assets with Donor Restrictions*). The earnings on the Cultural Endowments can be used for operations, and as such are without donor restrictions. 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).

Activity in the Division of Cultural Affairs Endowment I:

		With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2020	\$	600,000	\$ 388,375	\$ 988,375
Fees/uses		-	(327,473)	(327,473)
Investment income		-	257,694	257,694
Balance at June 30, 2021	\$	600,000	\$ 318,596	\$ 918,596

Activity in the Division of Cultural Affairs Endowment II:

		With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2020	\$	600,000	\$ 423,072	\$ 1,023,072
Fees/uses		-	(327,731)	(327,731)
Investment income		-	266,275	266,275
Balance at June 30, 2021	\$	600,000	\$ 361,616	\$ 961,616

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 7: REVENUE

In the following table, contract revenue is disaggregated by major line of service provided:

	2021
Gross ticket sales	\$ 273,535
Service charges	51,212
Capital improvement fee surcharge	39,124
Concession and catering sales	27,478
Facilities rental	53,810
Settlement revenue	75,942
Memberships	92,471
Corporate sponsorships	250,000
Parking fees revenue	3,033
Miscellaneous	21,155
Total contract revenue	\$ 887,760

Note 8: DONATED FACILITIES AND SERVICES

The use of the Center's facilities has been donated by the College (see Note 9). The estimated rental value of these facilities has not been reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of the facility. However, this value is substantial.

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. Donated services, with an estimated value of \$24,697, were not recognized in the financial statements because they did not meet the criteria for recognition under FASC 958, *Revenue Recognition – Contributions Received*.

Note 9: RELATED PARTY TRANSACTIONS

Section 1004.77, Florida Statutes, authorizes a college board of trustees to permit the use of its property, facilities and personal services by the College's direct support organizations. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) update No. 2013-06, *Not-for-Profit Entities* (Topic 958), the Center recognized services received from personnel of an affiliate. During the year ended June 30, 2021, the College allowed the Center to utilize the services of its employees in the amount of \$22,221, which is recognized in the financial statements as contributed service revenue and expense.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 9: RELATED PARTY TRANSACTIONS (Continued)

The performing arts center and the equipment housed therein is the property of the College in accordance with the above Florida Statutes. During the year ended June 30, 2021, the College used the performing arts center for various events and reimbursed the Center for hard costs totaling \$6,783. The Center completed and donated capital improvements of \$216,472 to the College.

The Center, as a direct support organization of the College, uses the College's bank account to receipt all deposits and disburse expenditures on the Center's behalf. 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, 2021, the cash position in the agency account reflected a cash balance of \$1,167,591 recorded as a "due from" the College for reporting purposes. 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 asset structure is designed to provide strong liquidity using short term, high quality investments and additional investment income using intermediate investments. Funds of organizations can be used if they are participating in the Treasury Special Purpose Investment Accounts ("SPIA"). The Center's funds included in this account for the year ended June 30, 2021 was \$253. The total due from the College to the Center as of June 30, 2021 was \$1,167,844. Interest earnings are allocated to the Center in proportion to the amount of Center funds to total funds.

During the year ended June 30, 2021, there were personal contributions made to the Center by four board members for a total amount of \$10,565 consisting of \$7,000 of donations and \$3,565 of memberships.

Note 10: ADVERTISING COSTS

Advertising costs are charged to expense when incurred. Total advertising (marketing) expense recorded in the Statement of Functional Expenses was \$44,186.

Note 11: FUNDRAISING EXPENSE

Total fundraising expense for the year ended June 30, 2021 was \$0. Fundraising expenses relate to obtaining donations, corporate sponsorships, and other miscellaneous fundraising income. Fundraising revenue is made up of fundraising, donations, corporate sponsorships, grant income, and memberships.

Maxwell C. King Center for the Performing Arts, Inc. Notes to Financial Statements

Note 12: RETIREMENT PLAN

As a direct support organization of the College, all regular employees of the Center participate in the Florida Retirement System (“System”). The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services’ website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided – Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

The DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 12: RETIREMENT PLAN (Continued)

Contributions – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. There are no required contributions by DROP participants. The employer’s contribution rates as of June 30, 2021, were as follows:

2021	FRS	HIS
Regular class	8.34%	1.66%
DROP	15.32%	1.66%

The employer’s contributions to the FRS for the year ended June 30, 2021 were \$6,821. The employer’s contributions to the HIS for the year ended June 30, 2021 were \$1,358. The amount of covered payroll for College employees funded by the Center for the year ended June 30, 2021 was \$81,785.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Center reported a liability of \$0 for its proportionate share of the Pension Plan’s net pension liability. As discussed in Note 9, employees eligible to participate in the system are employed by the College and therefore none of the net pension liability is allocated to the Center.

Actuarial Assumptions – The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 12: RETIREMENT PLAN (Continued)

The following changes in key actuarial assumptions occurred in 2021:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	2.2%	2.2%
Fixed income	19%	3.0%	2.9%
Global equity	54%	8.0%	6.7%
Real estate (property)	10%	6.4%	5.8%
Private equity	11%	10.8%	8.1%
Strategic investments	5%	5.5%	5.3%
	100%		

Discount Rate – The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Note 13: COMMITMENTS

During the year ended June 30, 2021, the Center signed agreements for shows occurring after year end. The agreements require the Center to pay artist fees whether or not the show occurs, except in the case of natural disasters or other circumstances set forth in the contracts, totaling approximately \$64,000 for hall sponsored events and approximately \$557,750 for co-promoted events.

Maxwell C. King Center for the Performing Arts, Inc.
Notes to Financial Statements

Note 14: FINANCIAL ASSET 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. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

<i>June 30,</i>	2021
Cash and cash equivalents	\$ 125,263
Contracts receivable	45,010
Due from Eastern Florida State College	1,167,844
Investments	6,071,587
Total financial assets available within one year	7,409,704
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time and purpose restrictions	(1,200,000)
Board designations	
Capital projects	(578,403)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,631,301
Financial assets available for general expenditures within one year are comprised of the following:	
Cash and cash equivalents	\$ 125,263
Investments	4,871,587
Due from Eastern Florida State College	634,451
Total	\$ 5,631,301

Note 15: SUBSEQUENT EVENTS

On July 21, 2021, the King Center entered into a reimbursement grant agreement with the U.S. Small Business Administration (SBA) for the Shuttered Venue Operators Grant in the amount of \$2,011,654.

SUPPLEMENTAL INFORMATION

Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Revenues and Expenses Segregated between Operations and
Endowments

For the year ended June 30, 2021

	Operations				
	Direct Support Operations	Performing Arts Operations	Operating Grants	Capital Projects	Facility Renovation
Revenues					
Gross ticket sales	\$ -	\$ 273,535	\$ -	\$ -	\$ -
Service charges	-	51,212	-	-	-
Capital improvement fee surcharge	-	-	-	39,124	-
Concession and catering sales	-	27,478	-	-	-
Facilities rental	-	53,810	-	-	-
Settlement revenue	2,843	73,099	-	-	-
Fund-raising revenue:					
Memberships	-	92,471	-	-	-
Corporate sponsorships	250,000	-	-	-	-
Donations	8,840	100	-	-	-
Grant income	-	-	65,351	-	-
Parking fee revenue	-	3,033	-	-	-
Contributed services	22,221	-	-	-	-
Miscellaneous	451	20,704	-	-	-
Interest income	129,957	220	-	-	-
Gain on investments	-	-	-	-	-
Total revenues	414,312	595,662	65,351	39,124	-
Expenses					
Artist fees	2,153	16,150	38,000	-	-
Artist production	-	1,198	-	-	-
Event settlement expense	-	140,444	-	-	-
Salaries and benefits	116,752	771,641	-	-	-
Contracted union labor	1,224	-	-	6,388	-
Contributed services	22,221	-	-	-	-
Marketing	17,785	23,525	2,276	600	-
Contracted services	58,881	189,137	4,901	2,625	-
Catering	15,469	(3,411)	-	640	-
Service fees	34,552	43,027	-	-	-
Printing	809	1,784	99	-	-
Supplies	144	14,282	2,540	15,176	-
Repair and maintenance	18	5,993	-	81,145	-
Insurance	(6,030)	31,409	-	-	-
Professional fees	13,361	32,015	-	26,175	-
Communications	862	5,613	-	-	-
Travel	-	2,647	-	-	-
Taxes	-	8,421	-	-	-
Other expenses	452	5,136	-	-	-
Capital expenditures	-	-	5,491	77,235	133,746
Total expenses	278,653	1,289,011	53,307	209,984	133,746
Excess from operations	\$ 135,659	\$ (693,349)	\$ 12,044	\$ (170,860)	\$ (133,746)

Endowments					Total Endowments	Total Operating & Endowments
General	Fine Arts 1	Fine Arts 2	of Education Title III	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,535	
-	-	-	-	-	51,212	
-	-	-	-	-	39,124	
-	-	-	-	-	27,478	
-	-	-	-	-	53,810	
-	-	-	-	-	75,942	
-	-	-	-	-	92,471	
-	-	-	-	-	250,000	
-	-	-	-	-	8,940	
-	-	-	-	-	65,351	
-	-	-	-	-	3,033	
-	-	-	-	-	22,221	
-	-	-	-	-	21,155	
-	-	-	-	-	130,177	
663,496	233,312	241,074	-	1,137,882	1,137,882	
663,496	233,312	241,074	-	1,137,882	2,252,331	
-	-	-	-	-	56,303	
-	-	-	-	-	1,198	
-	-	-	-	-	140,444	
-	-	-	-	-	888,393	
-	-	-	-	-	7,612	
-	-	-	-	-	22,221	
-	-	-	-	-	44,186	
-	-	-	-	-	255,544	
-	-	-	-	-	12,698	
-	-	-	-	-	77,579	
-	-	-	-	-	2,692	
-	-	-	-	-	32,142	
-	-	-	-	-	87,156	
-	-	-	-	-	25,379	
-	-	-	-	-	71,551	
-	-	-	-	-	6,475	
-	-	-	-	-	2,647	
-	-	-	-	-	8,421	
-	-	-	-	-	5,588	
-	-	-	-	-	216,472	
-	-	-	-	-	1,964,701	
\$ 663,496	\$ 233,312	\$ 241,074	\$ -	\$ 1,137,882	\$ 287,630	

Maxwell C. King Center for the Performing Arts, Inc.
Comparative Schedule of Functional Expenses

	2021	2020	Support	
			2021	2020
	Program	Program	Management	Management
	Services	Services	& General	& General
Expenses				
Artist fees	\$ 56,303	\$ 1,613,470	\$ -	\$ -
Salaries and benefits	843,203	965,160	45,190	374,063
Event settlement expense	140,444	253,859	-	-
Marketing	41,186	318,179	3,000	3,871
Contracted union labor	7,612	203,420	-	-
Production expense	1,198	128,850	-	500
Capital outlay	216,472	3,420,585	-	-
Service fees	77,579	183,325	22,221	-
Contracted services	199,818	112,861	55,726	5,610
Catering	12,698	107,150	-	-
Professional fees	58,189	45,838	13,362	16,809
Royalty fees	-	42,630	-	-
Contributed services	-	-	-	44,774
Travel	2,647	18,956	-	2,424
Insurance	22,355	51,073	3,024	4,536
Repair and maintenance	87,156	43,633	-	-
Printing	2,415	21,846	277	1,546
Office expense	32,142	15,233	-	2,667
Rental expense	-	17,446	-	-
Communications	6,081	11,305	394	2,968
Miscellaneous	7,111	407	6,898	1,195
Total expenses	\$ 1,814,609	\$ 7,575,226	\$ 150,092	\$ 460,963

Services			
2021	2020	2021	2020
Fund	Fund	Total	Total
Raising	Raising		
\$ -	\$ -	\$ 56,303	\$ 1,613,470
-	24,708	888,393	1,363,931
-	-	140,444	253,859
-	8,682	44,186	330,732
-	-	7,612	203,420
-	12,845	1,198	142,195
-	-	216,472	3,420,585
-	-	99,800	183,325
-	287	255,544	118,758
-	26	12,698	107,176
-	-	71,551	62,647
-	-	-	42,630
-	-	-	44,774
-	1,275	2,647	22,655
-	-	25,379	55,609
-	-	87,156	43,633
-	2,211	2,692	25,603
-	669	32,142	18,569
-	-	-	17,446
-	1,008	6,475	15,281
-	1,040	14,009	2,642
\$ -	\$ 52,751	\$ 1,964,701	\$ 8,088,940



Required Communications



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October 28, 2021

To the Board of Directors and Management of
Maxwell C. King Center for the Performing Arts, Inc.

We are pleased to present the results of our audit of the financial statements of the Maxwell C. King Center for the Performing Arts, Inc. (the "Center") for the year ended June 30, 2021.

This report to the Board of Directors summarizes our audit, the report issued and various analyses and observations related to the Center's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the Center's 2021 financial statements for the year ended June 30, 2021. We considered the Center's current and emerging needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board of Directors, expect. We received the full support and assistance of Center personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the use of the Board of Directors and management of the Center and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 321.426.3039 or cnollrhan@cricpa.com.

Very truly yours,

A handwritten signature in black ink that reads "Christine E. Noll-Rhan".

Christine E. Noll-Rhan, CPA
Partner
Carr, Riggs & Ingram, LLC



As discussed with management during our planning process and communicated to the Board of Directors in our engagement letter to you dated January 6, 2021, our audit plan represented an approach responsive to the assessment of risk for the Center. Specifically, we planned and performed our audit to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Center's financial statements for the year ended June 30, 2021;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Address other audit-related projects as they arise and upon request.



We have audited the financial statements of the Center for the year ended June 30, 2021, and have issued our report thereon dated October 28, 2021. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards</p>	<p>As stated in our engagement letter dated January 6, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Center. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, functional expenses and cash flows in conformity with the applicable framework. Management, with oversight from those charged with governance, is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "<i>Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.</i>"</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Center and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Center's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i> • <i>Critical accounting policies and practices applied by the Center in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>Significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were: The disclosure of fair value measurements and related party transactions in Note 4 and Note 9, respectively, to the financial statements.</p> <p>The financial statement disclosures are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance.</i></p>	<p>None noted.</p>
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None noted.</p>
<p>Corrected and uncorrected misstatements <i>Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.</i></p>	<p>See "Summary of Audit Adjustments" section.</p>
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	<p>See "Internal Control Findings" section.</p>
<p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p>Other information in documents containing audited financial statements <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. • We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.
<p>Significant unusual accounting transactions <i>Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>
<p>Supplementary Information in relation to the financial statements as a whole <i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>



We are required to communicate our judgments about the quality, not just the acceptability, of the Center's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Fair value of investments	<p>The fair value of investments is valued using certain methodologies within the fair value hierarchy.</p> <p>The Center follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, <i>Fair Value Measurements</i>.</p>	X	The estimate of the fair value of investments are measured using various methodologies, including quoted market price for equities and mutual funds and net asset values of alternative investments.	The Center's policies are in accordance with all applicable accounting guidelines.
Allocation of program expenses	<p>The costs of providing various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.</p> <p>The Center follows the provisions of FASB ASC 958, <i>Not-for-Profit Entities</i>.</p>	X	The Center's estimate of indirect program expenses is based on various factors including time and effort of employees.	The Center's policies are in accordance with all applicable accounting guidelines.



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Value of in-kind contributed services	<p>The Services Received from Personnel of an Affiliate Subsections provide guidance for reporting services received by a not-for-profit entity (NFP) from personnel of an affiliate that directly benefit the recipient NFP and for which the affiliate does not charge the recipient NFP.</p> <p>The Center follows the provisions of FASB ASC 958, <i>Not-for-Profit Entities</i>.</p>	X	The Center's estimate of contributed services is based on the percentage of time spent on Center services.	The Center's policies are in accordance with all applicable accounting guidelines.



During the course of our audit, we accumulate differences between amounts recorded by the Center and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Center or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Below are correcting journal entries:

Adjusting Journal Entry JE # 1

To expense prepaid credit card and ticketing software fees that were used or consumed prior to year-end.

64558	Credit card fees	\$ 14,857	
64561	Paciolan service fees	16,602	
14500	Prepaid expenses		\$ 31,459
Total		\$ 31,459	\$ 31,459

Adjusting Journal Entry JE # 2

To net AR and AP between ASM and the KC.

22501	Accounts payable	\$ 473,440	
22502	Accounts payable conversion	25,276	
10101	Cash interfund		\$ 439,795
13200	Accounts receivable other (non-govt)		25,276
13200	Accounts receivable other (non-govt)		33,645
Total		\$ 498,716	\$ 498,716

There were no adjustments, uncorrected, as a result of our audit procedures.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Center's operating environment that has been identified as playing a significant role in the Center's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.



October 28, 2021

To Management and the Board of Directors
of the Maxwell C. King Center for the Performing Arts, Inc.

In planning and performing our audit of the financial statements of Maxwell C. King Center for the Performing Arts, Inc. (the "Center") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing auditing 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency in the Center's internal control to be a material weakness: 2021-01.

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. We consider the following deficiency in the Center's internal control to be a significant deficiency: 2021-02.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Center, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC



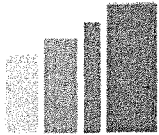
The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2021-01	MW	Review & Segregation of Duties	There is insufficient review and approval of supporting documentation for journal entries recorded and purchases made prior to signing a check or authorizing an electronic payment. This results in the potential for errors or irregularities to occur and not be identified in a timely manner. The Director of Finance is preparing the monthly bank reconciliations, payroll registers, settlement statements, and customer invoices; there is no independent review of these items. Additionally, there is not adequate segregation of duties for payments received at the King Center’s administrative building. The Director of Finance prepares customer invoices, collects accounts receivable for the invoices, prepares the deposit, and posts the cash receipts to the general ledger.	We recommend the Center implement procedures to ensure all journal entries, bank reconciliations, payroll registers, settlement statements, and customer invoices are reviewed by someone independent from the preparer, and there is sufficient evidence retained to determine the review occurred. The Center should also implement procedures to ensure purchase orders are reviewed to verify the expenditure is allowable and within budget or funding source restrictions. Additionally, we recommend the Center implement procedures to ensure that billing and the posting of cash receipts are independent of cash handling and the preparation of deposits.	Management concurs with the suggestion. The operations management company is actively searching for qualified candidates to fill vacant positions that will enhance review procedures and segregation of duties.



CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2021-02	SD	Prepaid Expenses	Credit card and ticketing software fees were incorrectly recorded as prepaid and expensed when the show occurred. As a result, prepaid expenses were overstated by \$31,459.	We recommend the Center record an expense as prepaid only when it is paid in advance of its use or consumption.	Management concurs with the suggestion.



Maxwell C.

KING CENTER FOR THE PERFORMING ARTS

EASTERN FLORIDA STATE COLLEGE

**Eastern Florida
State College**

EFSC President

James H. Richey, J.D.

Board of Trustees

Alan H. Landman

Chairperson

Ronald Howse

Vice Chairperson

R. Bruce Deardoff

Dr. Edgar Figueroa

Winston Scott

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

**Vice President &
General Manager**

Bob Papke

Board of Directors

Anthony J. Catanese

Chairperson

Tom Molnar

Vice Chairperson

Kim Vice

Secretary

Steven Wm. Bierbrunner

Treasurer

Rick Balda

Michael J. Coleman

Carol Craig

Brian Curtin

Howie Dorough

Darcia Francey

Michael Gaich

Michael Grieves

Christine Lance

Henry Lonski

Rita Moreno

Ted Peters

William C. Potter

James H. Richey

Winston E. Scott

Gregory Watson

Scott D. Widerman

Director Emeritus

Maxwell C. King

October 28, 2021

Carr, Riggs & Ingram, LLC

215 Baytree Drive

Melbourne, FL 32940

This representation letter is provided in connection with your audit of the financial statements of Maxwell C. King Center for the Performing Arts, Inc. (the "Center"), which comprise the statement of financial position as of October 28, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material, items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, make it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission of misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 30, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 6, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

THE KING CENTER IS A DIRECT SUPPORT ORGANIZATION OF EASTERN FLORIDA STATE COLLEGE AND IS A 501(C)(3) NOT-FOR-PROFIT ORGANIZATION. A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE. REGISTRATION NUMBER CH-12561. 100% OF THIS CONTRIBUTION IS RECEIVED BY THIS ORGANIZATION.

- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Center's accounts.
- 9) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Center is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

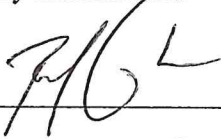
- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Center from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

- 12) In regard to the preparation of the financial statement services and any other attest services performed by you, we have –
 - a) Assumed all management responsibilities.
 - b) Designated Patti Larson and Mark Cherry who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.
 - e) Evaluated the adequacy and results of the services performed.
 - f) Accepted responsibility for the results of the services.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Center and involves:
 - a) Management,
 - b) Employees who have significant rolls in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Center's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the names of all the Center's related parties and all the related-party relationships and transactions, including any side agreements.
- 20) The Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Maxwell C. King Center for the Performing Arts, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which

we are aware that would jeopardize the Center's tax-exempt status, and all activities are subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

- 23) We acknowledge our responsibility for presenting the Schedule of Revenue and Expenses Segregated between Operations and Endowments and the Comparative Schedule of Functional Expenses in accordance with U.S. GAAP, and we believe the schedules, including their form and content, are fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

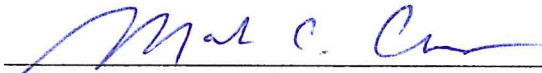
Signature: _____



Title: _____

Director of Finance

Signature: _____



Title: _____

VP Operations/CFO

Eastern Florida State College

EFSC President
James H. Richey, J.D.

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Michael Grieves
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Rita Moreno
Ted Peters
William C. Potter
James H. Richey
Winston E. Scott
Gregory Watson
Scott D. Widerman

Director Emeritus
Maxwell C. King

November 1, 2021

Christine E. Noll-Rhan, CPA
Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

Dear Ms. Noll-Rahn:

The following is the response to the Internal Control findings of your audit of the financial statements of Maxwell C. King Center for the Performing Arts, Inc.

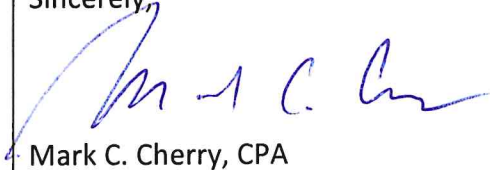
2021-01 MW Review & Segregation of Duties

Management Action: Management concurs with the suggestion. The operations management company is actively searching for qualified candidates to fill vacant positions that will enhance review procedures and segregation of duties.

2021-02 SD Prepaid Expenses

Management Action. Management concurs with the suggestion.

Sincerely,



Mark C. Cherry, CPA
Vice President, Operations & Chief Financial Officer

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