



FINANCIAL STATEMENTS
For the Year Ended June 30, 2022



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RIGGS &
INGRAM

CPAs and Advisors

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Maxwell C. King Center for the Performing Arts, Inc.
Table of Contents
For the year ended June 30, 2022



Title Page	1
Table of Contents	3
Board of Directors	4
REPORT	
Independent Auditors' Report	5
FINANCIAL STATEMENTS	
Statement of Financial Position	9
Statement of Activities.....	10
Statement of Functional Expenses.....	11
Statement of Cash Flows.....	12
Notes to Financial Statements	13
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenses Segregated between Operations and Endowments	30
Comparative Schedule of Functional Expenses	32
Additional Elements Required by <i>Government Auditing Standards</i>, Uniform Guidance	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards.....	35
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	39
Schedule of Findings and Questioned Costs	43
Corrective Action Plan.....	47

**Maxwell C. King Center for the Performing Arts, Inc.
Board of Directors
As of June 30, 2022**

Chairperson

Anthony J. Catanese

Vice-Chair

Tom Molnar

Treasurer/ Secretary

Steven Wm. Bierbrunner

President of Eastern Florida State College

James H. Richey, J.D.

District Board of Trustees Appointment

Winston E. Scott

Board Members

Michael J. Coleman	Christine Lance
Carol Craig	Rita Moreno
Brian Curtin	Ted Peters
Howie Dorough	William C. Potter
Don Farnsworth	Mitch Varnes
Darcia Jones Francey	Gregory Watson
Michael Gaich	Scott D. Widerman
Michael Grieves	

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Maxwell C. King Center for the Performing Arts, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 present fairly, in all material respects, the financial position of the Center as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and *Government 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 and *Government 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S.

Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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 schedule of expenditures of federal awards 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 1, 2022 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.

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

Melbourne, Florida
November 1, 2022

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

<i>June 30,</i>	2022	2021
ASSETS		
Cash and cash equivalents	\$ 197,879	\$ 125,263
Contracts receivable	94,386	45,010
Due from Eastern Florida State College	4,506,863	1,167,844
Inventory	20,465	20,198
Prepaid expenses	29,597	36,274
Deposits	7,792	2,792
Investments	5,280,248	6,071,587
Total assets	\$ 10,137,230	\$ 7,468,968
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 408,536	\$ 74,837
Sales tax payable	4,875	8,283
Accrued payroll and other taxes	57,320	27,967
Accrued compensated absences	40,768	49,210
Contract liabilities	1,327,283	1,060,831
Total liabilities	1,838,782	1,221,128
 Net assets		
Without Donor Restrictions	7,098,448	5,047,840
With Donor Restrictions	1,200,000	1,200,000
Total net assets	8,298,448	6,247,840
Total liabilities and net assets	\$ 10,137,230	\$ 7,468,968

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	2022 Total	2021 Total
Revenues, gains and other support				
Gross ticket sales	\$ 3,129,212	\$ -	\$ 3,129,212	\$ 273,535
Service charges	468,687	-	468,687	51,212
Capital improvement fee surcharge	219,703	-	219,703	39,124
Concession and catering sales	417,596	-	417,596	27,478
Facilities rental	175,843	-	175,843	53,810
Settlement revenue	141,744	-	141,744	75,942
Fund-raising revenue:				
Memberships	115,415	-	115,415	92,471
Corporate sponsorships	267,083	-	267,083	250,000
Donations	33,522	-	33,522	8,940
Grant income	-	3,042,482	3,042,482	65,351
Parking fees revenue	31,621	-	31,621	3,033
Miscellaneous	100,099	-	100,099	21,155
Contributed services and facilities	538,325	9,936	548,261	22,221
Interest income	225,619	-	225,619	130,177
Gain (loss) on investments	(841,303)	-	(841,303)	1,137,882
Net assets released from restrictions:				
Expiration of use restrictions:				
Use of grant funds for operations	3,052,418	(3,052,418)	-	-
Total revenues, gains and other support	8,075,584	-	8,075,584	2,252,331
Expenses				
Program services	5,398,288	-	5,398,288	1,821,055
Support services				
Management and general	626,688	-	626,688	143,646
Fundraising	-	-	-	-
Total expenses	6,024,976	-	6,024,976	1,964,701
Increase (decrease) in net assets	2,050,608	-	2,050,608	287,630
Net assets, beginning of year	5,047,840	1,200,000	6,247,840	5,960,210
Net assets, end of year	\$ 7,098,448	\$ 1,200,000	\$ 8,298,448	\$ 6,247,840

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>	Support Services		2022	2021
	Program Services	Management and General		
Expenses				
Artist fees	\$ 129,500	\$ -	\$ 129,500	\$ 56,303
Production expense	27,003	-	27,003	1,198
Event settlement expense	2,159,015	-	2,159,015	140,444
Salaries and benefits	1,481,544	23,852	1,505,396	888,393
Contracted union labor	-	-	-	7,612
Marketing	199,814	1,341	201,155	44,186
Contracted services	606,036	21,041	627,077	255,544
Catering	138,342	3,693	142,035	12,698
Service fees	266,806	30	266,836	77,579
Contributed services and facilities	-	548,261	548,261	22,221
Rental expense	-	-	-	-
Printing	2,477	118	2,595	2,692
Office expense	100,411	-	100,411	32,142
Royalty fees	-	-	-	-
Repair and maintenance	32,111	-	32,111	87,156
Insurance	39,274	-	39,274	25,379
Professional fees	6,904	27,136	34,040	71,551
Communications	5,852	1,216	7,068	6,475
Travel	10,157	-	10,157	2,647
Miscellaneous	25,264	-	25,264	14,009
Capital outlay	167,778	-	167,778	216,472
Total expenses	\$ 5,398,288	\$ 626,688	\$ 6,024,976	\$ 1,964,701

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>	2022	2021
Cash flows from operating activities:		
Cash received from contributors	\$ 300,605	\$ 258,940
Grants received	3,042,482	65,351
Cash received from customers and other sources	5,012,240	1,440,744
Cash paid to suppliers & employees	(4,951,325)	(1,671,077)
Cash paid for capital items donated to Eastern Florida State College	(167,778)	(216,472)
Interest received	225,619	130,177
Net cash provided by operating activities	3,461,843	7,663
Cash flows from investing activities:		
Purchase of investments	(1,158,625)	(226,739)
Sale of investments	1,108,417	348,837
Net cash provided by (used in) investing activities	(50,208)	122,098
Cash flows from financing activities:		
Net change in cash held by Eastern Florida State College	(3,339,019)	(249,049)
Net cash used in financing activities	(3,339,019)	(249,049)
Net increase (decrease) in cash and cash equivalents	72,616	(119,288)
Net cash and cash equivalents at the beginning of the year	125,263	244,551
Net cash and cash equivalents at the end of the year	\$ 197,879	\$ 125,263
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 2,050,608	\$ 287,630
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Unrealized loss (gain) on investments	841,547	(1,137,882)
(Increase) decrease in assets:		
Contracts receivable	(49,376)	301,227
Inventory	(267)	1,584
Prepaid expenses	6,677	22,862
Deposits	(5,000)	4,000
Increase (decrease) in liabilities:		
Accounts payable	333,699	(12,323)
Sales tax payable	(3,408)	8,221
Accrued payroll and other taxes	29,353	27,967
Accrued compensated absences	(8,442)	6,620
Contract liabilities	266,452	497,757
Net cash provided by operating activities	\$ 3,461,843	\$ 7,663

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

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, 2021, 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%

Contract Liabilities

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

Membership dues, program service fees and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

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. Income from ticket sales received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in contract liabilities within the statements of financial position. 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.

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

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, November 1, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Implemented 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. There was no significant impact on the Center's 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 \$2,600. 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, 2022, there was \$1,207,085 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 \$4,780,248 at June 30, 2022. 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.

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

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.

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, 2022.

Equities: Valued at quoted market prices.

Fixed income: 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.

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

Note 4: FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2022.

	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	\$ 3,247,652	\$ 3,247,652	\$ -	\$ -
Fixed income	2,032,596	2,032,596	-	-
Total investments	\$ 5,280,248	\$ 5,280,248	\$ -	\$ -

Note 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 consist of the following:

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

The following net assets were released from restrictions during the year ended June 30, 2022:

Purpose:	
Operations	\$ 3,052,418
Total net assets released from restrictions	\$ 3,052,418

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).

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

Note 6: ENDOWMENTS (Continued)

Activity in the Division of Cultural Affairs Endowment I:

	With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2021	\$ 600,000	\$ 318,596	\$ 918,596
Fees/uses	-	(8,386)	(8,386)
Investment income (loss)	-	(86,748)	(86,748)
Balance at June 30, 2022	\$ 600,000	\$ 223,462	\$ 823,462

Activity in the Division of Cultural Affairs Endowment II:

	With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2021	\$ 600,000	\$ 361,616	\$ 961,616
Fees/uses	-	(8,719)	(8,719)
Investment income (loss)	-	(91,274)	(91,274)
Balance at June 30, 2022	\$ 600,000	\$ 261,623	\$ 861,623

Note 7: REVENUE

Disaggregated Revenue

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

<i>For the year ended June 30,</i>	2022
Gross ticket sales	\$ 3,129,212
Service charges	468,687
Capital improvement fee surcharge	219,703
Concession and catering sales	417,596
Facilities rental	175,843
Settlement revenue	141,744
Memberships	115,415
Corporate sponsorships	267,083
Parking fees revenue	31,621
Miscellaneous	100,099
Total contract revenue	\$ 5,067,003

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

Note 7: REVENUE (Continued)

Contract Balances

<i>June 30,</i>	2022
Receivables from contracts beginning of year	\$ 45,010
Receivables from contracts, end of year	\$ 94,386
Contract liabilities, beginning of year	
Advance ticket sales and related fees	\$ 985,896
Outstanding gift certificates	\$ 74,935
Contract liabilities, end of year	
Advance ticket sales and related fees	\$ 1,240,463
Outstanding gift certificates	\$ 86,820

There were no contract assets at the beginning or end of fiscal year 2022.

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

Note 8: DONATED FACILITIES AND SERVICES

The use of the Center’s facilities and services of its employees have been donated by the College (see Note 9). Contributed nonfinancial assets for the year ended June 30, 2022 were as follows:

	Revenue Recognized	Utilization in Program/Activities	Donor Restrictions	Valuation Techniques and Inputs
Use of College Facilities	\$ 538,325	Performing arts operations, general and administrative	No associated donor restrictions.	In valuing the contributed building, which is located in Melbourne, Florida, the Center estimated the fair value on the basis of recent comparable sales prices in the Melbourne real estate market.
Contributed Services	\$ 9,936	General and administrative	Restricted by the College for administrative services.	Contributed services are recognized as in-kind revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Center receives contributed accounting and administrative services from the College that are reported using current rates for similar services.

The Center receives a significant amount of donated services from unpaid volunteers who assist in show productions and special projects. The value of such services is calculated based on the number of hours worked by volunteers at minimum wage. Donated services, with an estimated value of \$129,670, were not recognized in the financial statements because they did not meet the criteria for recognition under FASC 958, *Revenue Recognition – Contributions Received*.

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

Notes to Financial Statements

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, 2022, the College allowed the Center to utilize the services of its employees in the amount of \$9,936, which is recognized in the financial statements as contributed service revenue and expense.

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, 2022, the College used the performing arts center for various events and reimbursed the Center for hard costs totaling \$20,401. The Center completed and donated capital improvements of \$167,778 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, 2022, the cash position in the agency account reflected a cash balance of \$1,478,244 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, 2022 was \$3,028,619. The total due from the College to the Center as of June 30, 2022 was \$4,506,863. Interest earnings are allocated to the Center in proportion to the amount of Center funds to total funds.

During the year ended June 30, 2022, there were personal contributions made to the Center by nine board members for a total amount of \$31,000 consisting of \$22,000 of donations and \$9,000 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 \$201,155.

Note 11: FUNDRAISING EXPENSE

There were no fundraising expenses for the year ended June 30, 2022. 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, 2022, were as follows:

2022	FRS	HIS
Regular class	9.16%	1.66%
DROP	16.68%	1.66%

The employer’s contributions to the FRS for the year ended June 30, 2022 were \$6,221. The employer’s contributions to the HIS for the year ended June 30, 2022 were \$1,127. The amount of covered payroll for College employees funded by the Center for the year ended June 30, 2022 was \$67,913.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, 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, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020 and using standard actuarial valuation procedures to determine the liability at July 1, 2021. 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%	2.16%

Mortality assumptions for the FRS Pension Plan were based on PUB-2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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	1.00%	2.10%	2.10%
Fixed income	20.00%	3.80%	3.70%
Global equity	54.20%	8.20%	6.70%
Real estate (property)	10.30%	7.10%	6.20%
Private equity	10.80%	11.70%	8.50%
Strategic investments	3.70%	5.70%	5.40%
	100.00%		

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 2.16% 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, 2022, 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 \$60,000 for hall sponsored events and approximately \$47,000 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>	2022
Cash and cash equivalents	\$ 197,879
Contracts receivable	94,386
Due from Eastern Florida State College	4,506,863
Investments	5,280,248
Total financial assets available within one year	10,079,376
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	(689,668)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,189,708
Financial assets available for general expenditures within one year are comprised of the following:	
Cash and cash equivalents	\$ 197,879
Investments	4,080,248
Due from Eastern Florida State College	3,911,581
Total	\$ 8,189,708

SUPPLEMENTAL INFORMATION

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

<i>For the year ended June 30, 2022</i>	Operations			
	Direct Support Operations	Performing Arts Operations	Operating Grants	Capital Projects
Revenues				
Gross ticket sales	\$ -	\$ 3,129,212	\$ -	\$ -
Service charges	-	468,687	-	-
Capital improvement fee surcharge	-	-	-	219,703
Concession and catering sales	-	417,596	-	-
Facilities rental	-	175,843	-	-
Settlement revenue	-	141,744	-	-
Fund-raising revenue:				
Memberships	-	115,415	-	-
Corporate sponsorships	250,000	17,083	-	-
Donations	32,835	687	-	-
Grant income	-	-	3,042,482	-
Parking fee revenue	-	31,621	-	-
Contributed services and facilities	548,261	-	-	-
Miscellaneous	329	99,770	-	-
Interest income	223,324	2,295	-	-
Gain on investments	-	-	-	-
Total revenues	1,054,749	4,599,953	3,042,482	219,703
Expenses				
Artist fees	-	124,000	5,500	-
Artist production	3,693	23,310	-	-
Event settlement expense	-	2,159,015	-	-
Salaries and benefits	82,336	1,407,687	15,373	-
Contracted union labor	-	-	-	-
Contributed services and facilities	548,261	-	-	-
Marketing	1,341	168,220	31,594	-
Contracted services	44,010	456,434	125,733	-
Catering	-	142,035	-	-
Service fees	46,809	220,027	-	-
Printing	316	1,963	316	-
Supplies	23,746	38,855	37,599	211
Repair and maintenance	18	15,660	8,250	8,183
Insurance	-	39,247	27	-
Professional fees	27,137	6,903	-	-
Communications	1,368	5,092	608	-
Travel	-	10,157	-	-
Taxes	-	15,500	-	-
Other expenses	-	9,764	-	-
SVOG transfer	(2,817,482)	-	2,817,482	-
Capital expenditures	59,863	7,872	-	100,043
Total expenses	(1,978,584)	4,851,741	3,042,482	108,437
Excess from operations	\$ 3,033,333	\$ (251,788)	\$ -	\$ 111,266

Operations		Endowments				Total	Total Operating & Endowments
Facility Renovation	Total Operating	General	Fine Arts 1	Fine Arts 2	Endowments		
\$ -	\$ 3,129,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,129,212
-	468,687	-	-	-	-	-	468,687
-	219,703	-	-	-	-	-	219,703
-	417,596	-	-	-	-	-	417,596
-	175,843	-	-	-	-	-	175,843
-	141,744	-	-	-	-	-	141,744
-	115,415	-	-	-	-	-	115,415
-	267,083	-	-	-	-	-	267,083
-	33,522	-	-	-	-	-	33,522
-	3,042,482	-	-	-	-	-	3,042,482
-	31,621	-	-	-	-	-	31,621
-	548,261	-	-	-	-	-	548,261
-	100,099	-	-	-	-	-	100,099
-	225,619	-	-	-	-	-	225,619
-	-	(593,968)	(120,661)	(126,674)	(841,303)		(841,303)
-	8,916,887	(593,968)	(120,661)	(126,674)	(841,303)		8,075,584
-	129,500	-	-	-	-	-	129,500
-	27,003	-	-	-	-	-	27,003
-	2,159,015	-	-	-	-	-	2,159,015
-	1,505,396	-	-	-	-	-	1,505,396
-	-	-	-	-	-	-	-
-	548,261	-	-	-	-	-	548,261
-	201,155	-	-	-	-	-	201,155
900	627,077	-	-	-	-	-	627,077
-	142,035	-	-	-	-	-	142,035
-	266,836	-	-	-	-	-	266,836
-	2,595	-	-	-	-	-	2,595
-	100,411	-	-	-	-	-	100,411
-	32,111	-	-	-	-	-	32,111
-	39,274	-	-	-	-	-	39,274
-	34,040	-	-	-	-	-	34,040
-	7,068	-	-	-	-	-	7,068
-	10,157	-	-	-	-	-	10,157
-	15,500	-	-	-	-	-	15,500
-	9,764	-	-	-	-	-	9,764
-	-	-	-	-	-	-	-
-	167,778	-	-	-	-	-	167,778
900	6,024,976	-	-	-	-	-	6,024,976
\$ (900)	\$ 2,891,911	\$ (593,968)	\$ (120,661)	\$ (126,674)	\$ (841,303)	\$	\$ 2,050,608

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

	2022	2021	Support	
			2022	2021
	Program	Program	Management	Management
	Services	Services	& General	& General
Expenses				
Artist fees	\$ 129,500	\$ 56,303	\$ -	\$ -
Salaries and benefits	1,481,544	843,203	23,852	45,190
Event settlement expense	2,159,015	140,444	-	-
Marketing	199,814	41,186	1,341	3,000
Contracted union labor	-	7,612	-	-
Production expense	27,003	1,198	-	-
Capital outlay	167,778	216,472	-	-
Service fees	266,806	77,579	30	-
Contracted services	606,036	199,818	21,041	55,726
Catering	138,342	12,698	3,693	-
Professional fees	6,904	58,189	27,136	13,362
Royalty fees	-	-	-	-
Contributed services and facilities	-	-	548,261	22,221
Travel	10,157	2,647	-	-
Insurance	39,274	22,355	-	3,024
Repair and maintenance	32,111	87,156	-	-
Printing	2,477	2,415	118	277
Office expense	100,411	32,142	-	-
Rental expense	-	-	-	-
Communications	5,852	6,081	1,216	394
Miscellaneous	25,264	7,111	-	6,898
Total expenses	\$ 5,398,288	\$ 1,814,609	\$ 626,688	\$ 150,092

Services			
2022		2021	
Fund		Fund	
Raising		Raising	
		2022	2021
		Total	Total
\$ -	\$ -	\$ 129,500	\$ 56,303
-	-	1,505,396	888,393
-	-	2,159,015	140,444
-	-	201,155	44,186
-	-	-	7,612
-	-	27,003	1,198
-	-	167,778	216,472
-	-	266,836	77,579
-	-	627,077	255,544
-	-	142,035	12,698
-	-	34,040	71,551
-	-	-	-
-	-	548,261	22,221
-	-	10,157	2,647
-	-	39,274	25,379
-	-	32,111	87,156
-	-	2,595	2,692
-	-	100,411	32,142
-	-	-	-
-	-	7,068	6,475
-	-	25,264	14,009
\$ -	\$ -	\$ 6,024,976	\$ 1,964,701

Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Expenditures of Federal Awards and
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Grant/ Contract No.	Federal Expenditures(\$)	Transfers to Subrecipients
<i>U.S. Small Business Administration</i>				
Shuttered Venue Operators Grant Program				
COVID-19 Shuttered Venue Operators Grant Program	59.075	SBAHQ21SV009087, SBAHQ21SV009087.2	\$ 3,017,482	\$ -
Total Shuttered Venue Operators Grant Program			3,017,482	-
<i>Total U.S. Small Business Administration</i>			3,017,482	-
Total Expenditures of Federal Awards			\$ 3,017,482	\$ -

Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Expenditures of Federal Awards and
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Center under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note C: INDIRECT COST RATE

The Center has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D: IN-KIND REVENUE AND EXPENSE

The Center did not receive any loans, loan guarantees, endowment funds, or noncash assistance from federal agencies during the year ended June 30, 2022.

Note E: EXPENSES

Expenses in the amount \$2,443,840 were incurred in the prior fiscal year, but are included in the Schedule as the grant agreement was not signed until this fiscal year.

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Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

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

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

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 the Maxwell C. King Center for the Performing Arts, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Maxwell C. King Center for the Performing Arts, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization’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.

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

Melbourne, Florida

November 1, 2022



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Maxwell C. King Center for the Performing Arts, Inc.'s (the "Center") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect the Center's major federal program for the year ended June 30, 2022. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 federal program 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida

November 1, 2022

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**Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? X yes no
- Significant deficiency identified? yes X none reported

- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? yes X no
- Significant deficiency identified? X yes none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516? X yes no

Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Federal Program or Cluster</u>
59.075	COVID-19 Shuttered Venue Operators Grant Program

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? yes X no

Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II – Financial Statement Findings

MW 2021-001: REVIEW AND SEGREGATION OF DUITES

Criteria: Controls should be established in accordance with the COSO internal control framework to mitigate risks to an acceptable level.

Condition: 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. 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. Deferred revenue schedule did not agree to the trial balance. Intercompany accounts between ASM and the College were not eliminated in the consolidation of the trial balance.

Cause: Insufficient staffing in the finance department.

Effect: This results in the potential for errors or irregularities to occur and not be identified in a timely manner.

Recommendation: 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. All supporting schedules should agree to the trial balance.

Management Response: Management concurs with the suggestion. The operations management company has since filled the vacant position that will enhance review procedures and segregation of duties. ASM has committed to the board that they will provide a backup, from another ASM office, in the event of a subsequent position vacancy. This support will continue until the position is filled to ensure no lapse in internal controls will occur as a result of the vacancy.

Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III-Federal Award Findings and Questioned Cost

SD 2022-001: PERIOD OF PERFORMANCE

Assistance Listing No. 59.075 Shuttered Venue Operators Grant Program
2022 Funding
U.S. Small Business Administration

Criteria: The Uniform Guidance specifies that a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance. Guidance is found under Standards for Financial and Program Management (200.309). Recipients of the supplemental award can spend all award funds (both initial and supplemental phase awards) received over an 18-month period after the initial phase award issuance date for eligible and allowable costs incurred between March 1, 2020 and June 30, 2022. Pre-award costs can be charged if they are authorized by the federal awarding agency or pass-through entity (200.458). Additionally, under 2 CFR 200.303, non-Federal entities must establish and maintain effective internal controls to provide reasonable assurance of compliance with the Uniform Guidance.

Condition: Grant funds were disbursed for marketing expenses incurred prior to the start of the funding period without approval of the granting agency. Marketing expenses incurred prior to March 1, 2020 were applied to the grant as they related to producing a theatrical or live performing arts productions that were scheduled to occur during March and April of 2020 but cancelled due to the impacts of COVID-19.

Cause: The control did not operate effectively as the reviewer did not have a sufficient understanding of the grant requirements.

Perspective: There was initially \$9,344 of expenses applied to the grant.

Effect: Shuttered venue operators grant funding was applied to expenses incurred outside the period of availability. Prior to the report being filed the Center utilized other expenses that were within the period of availability.

Questioned Costs: \$0

Recommendation: Only allowable costs incurred during the period of performance should be charged to the federal award. Supporting documentation should be reviewed in conjunction with the grant agreement and other applicable compliance requirements including statutes and uniform reporting requirements for restrictions, limitations, and conditions pertaining to the grant to minimize the amount of disallowed costs.

Management Response: Management concurs with the suggestion. Grant personnel has been reminded to review supporting documentation in conjunction with the grant agreement and other applicable compliance requirements including statutes and uniform reporting requirements for restrictions, limitations, and conditions pertaining to the grant to minimize the amount of disallowed costs.

**Maxwell C. King Center for the Performing Arts, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section IV: Prior Findings and Questioned Costs for Federal Awards

No prior findings relating to federal awards.



CORRECTIVE ACTION PLAN

November 1, 2022

The Maxwell C. King Center for the Performing Arts, Inc. respectively submits the following corrective action plan for the year ended June 30, 2022.

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

Audit Period: Fiscal Year July 1, 2021 – June 30, 2022

The findings from the schedule of findings and questioned costs dated November 1, 2022 are discussed below. The findings are numbered consistently with the number assigned in the schedule.

MW 2021-001 REVIEW & SEGREGATION OF DUTIES

Recommendation: 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.

Corrective Action: Management concurs with the suggestion. The operations management company has since filled the vacant position that will enhance review procedures and segregation of duties. ASM has committed to the board that they will provide a backup, from another ASM office, in the event of a subsequent position vacancy. This support will continue until the position is filled to ensure no lapse in internal controls will occur as a result of the vacancy.

Responsible Party: Ricky Gonzales, Director of Finance, ASM Global

Date Expected to be Corrected: July 1, 2022

SD 2022-001 PERIOD OF PERFORMANCE

Recommendation: Only allowable costs incurred during the period of performance should be charged to the federal award. Supporting documentation should be reviewed in conjunction with

the grant agreement and other applicable compliance requirements including statutes and uniform reporting requirements for restrictions, limitations, and conditions pertaining to the grant to minimize the amount of disallowed costs.

Corrective Action: Management concurs with the suggestion. Grant personnel has been reminded to review supporting documentation in conjunction with the grant agreement and other applicable compliance requirements including statutes and uniform reporting requirements for restrictions, limitations, and conditions pertaining to the grant to minimize the amount of disallowed costs.

Responsible Party: Cindy Anderson, AVP, Financial Services, EFSC Accounting

Date Expected to be Corrected: October 10, 2022



Required Communications



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.CRIcpa.com

November 1, 2022

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, 2022.

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 2022 financial statements for the year ended June 30, 2022. 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 February 8, 2022, our audit plan represented an approach responsive to the assessment of risk for the Center. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors and management, in accordance with 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, in order to express an opinion on the Center's financial statements for the year ending June 30, 2022;
- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to the major federal program.
- Report on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2 CFR Part 200 and the OMB Compliance Supplement.
- 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, 2022, and have issued our report thereon dated November 1, 2022. 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 February 8, 2022, 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>Supplementary information (Schedule of Expenditures of Federal Awards) accompanying the financial statements was subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and our auditors' report will provide an opinion on it in relation to the financial statements as a whole.</p> <p>As part of our audit, we considered the internal control of the Center and internal controls over compliance in regards to the single audit. 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>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<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>
<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</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 2022. 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><i>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>	
<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>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<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>
<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 "Schedule of Findings and Questioned Costs."</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>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<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>

Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality



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.

Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality



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.

The following adjustment was corrected by the Center:

Adjusting Journal Entry JE # 1

To net AR and AP between ASM and the KC.

22502	Accounts Payable Conversion	\$ 42,210	
13200	Accounts Receivable Other (Non-Govt)		\$ 42,210
Total		\$ 42,210	\$ 42,210

The following adjustment was uncorrected by the Center:

Passed Adjusting Journal Entry JE # 1

To correct deferred revenue for advance ticket sales.

46651	Gross Ticket Sales	\$ 6,811	
27103	Other Deferred Income		\$ 6,811
Total		\$ 6,811	\$ 6,811

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.

**Eastern Florida
State College**

EFSC President
James H. Richey, J.D.

Board of Trustees
Ron Howse
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Dr. Edgar Figueroa
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**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
Steven Wm. Bierbrunner
Treasurer/Secretary
Carol Craig

Brian Curtin
Howie Dorough
Don Farnsworth
Darcia Francey
Michael Grieves
Christine Lance
Rita Moreno
Ted Peters
William C. Potter
James H. Richey
Winston E. Scott
G. Mitchell Varnes, Jr.
Gregory Watson
Scott D. Widerman

Director Emeritus
Maxwell C. King

November 1, 2022

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

This representation letter is provided in connection with your audit of the financial statements of the Maxwell C. King Center for the Performing Arts, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2022, 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, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or 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 November 1, 2022, 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 February 8, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 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.

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- 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 entry you proposed, and the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the adjustments are included in the summary of audit adjustments section of the required communications.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) As part of your audit, you assisted with the preparation of the financial statements and disclosures and schedule of expenditures of federal awards and data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards and data collection form.

Information Provided

- 13) We have provided you with—

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- 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, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
 - 15) 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.
 - 16) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves—
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
 - 17) 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.
 - 18) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
 - 19) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP,

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and we have not consulted a lawyer concerning litigation, claims, or assessments.

- 20) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 21) The Organization 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.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 24) The Center 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 Organization's tax-exempt status, and all activities 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.
- 25) 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 its form and content, is 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.
- 26) The final version of the documents to be included in the annual report will be provided to you as soon as available, and prior to the issuance of the annual report.
- 27) With respect to federal award programs:

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- a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and

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maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including, when applicable, those set forth in the *OMB Compliance Supplement* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

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- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

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x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

y) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

28) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

29) We have a process to track the status of audit findings and recommendations.

30) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

31) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

32) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Signature: *Daniella Small*

Title: Director, Accounting & TSO Services

Signature: *M. O.*

Title: VP Operations / CFO

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October 10, 2022

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.

2021-001 MW Review & Segregation of Duties

Management Action: Management concurs with the suggestion. The operations management company has since filled the vacant position that will enhance review procedures and segregation of duties.

2022-001 SD Period of Performance

Management Action. Management concurs with the suggestion. Grant Personnel has been reminded to review supporting documentation in conjunction with the grant agreement and other applicable compliance requirements including statutes and uniform reporting requirements for restrictions, limitations, and conditions pertaining to the grant to minimize the amount of disallowed costs.

Sincerely,

Cindy Anderson
Associate Vice President, Financial Services

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