



FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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Maxwell C. King Center for the Performing Arts, Inc.
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For the year ended June 30, 2023



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**Maxwell C. King Center for the Performing Arts, Inc.
Board of Directors
As of June 30, 2023**

Chairperson

Anthony J. Catanese

Vice-Chair

Tom Molnar

Treasurer/ Secretary

Steven W. Bierbrunner

President of Eastern Florida State College

James H. Richey, J.D.

District Board of Trustees Appointment

Winston E. Scott

Board Members

Carol Craig	Christine Lance
Brian Curtin	Rita Moreno
Howie Dorough	Mitch Varnes
Don Farnsworth	Gregory Watson
Darcia Jones Francey	Scott D. Widerman
Michael Grieves	Nancy Dwyer
Stephanie Moss Dandridge	Thomas Fox

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Center's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

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

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

Melbourne, Florida
December 15, 2023

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

<i>June 30,</i>	2023	2022
ASSETS		
Cash and cash equivalents	\$ 179,008	\$ 197,879
Contracts receivable	205,906	94,386
Due from Eastern Florida State College	2,237,887	3,106,745
Due from ASM Global	1,456,524	1,400,118
Inventory	32,954	20,465
Prepaid expenses	41,559	29,597
Deposits	24,437	7,792
Investments	6,242,678	5,280,248
Total assets	\$ 10,420,953	\$ 10,137,230
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 93,689	\$ 408,536
Sales tax payable	1,627	4,875
Accrued payroll and other taxes	63,381	57,320
Accrued compensated absences	48,232	40,768
Accrued incentive fee	118,863	-
Contract liabilities	1,664,771	1,327,283
Total liabilities	1,990,563	1,838,782
Net assets		
Without donor restrictions	7,230,390	7,098,448
With donor restrictions	1,200,000	1,200,000
Total net assets	8,430,390	8,298,448
Total liabilities and net assets	\$ 10,420,953	\$ 10,137,230

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	2023 Total	2022 Total
Revenues, gains and other support				
Gross ticket sales	\$ 4,184,809	\$ -	\$ 4,184,809	\$ 3,129,212
Service charges	705,507	-	705,507	468,687
Capital improvement fee surcharge	296,576	-	296,576	219,703
Concession and catering sales	654,966	-	654,966	417,596
Facilities rental	201,588	-	201,588	175,843
Settlement revenue	288,656	-	288,656	141,744
Fund-raising revenue:				
Memberships	226,485	-	226,485	115,415
Corporate sponsorships	259,250	-	259,250	267,083
Donations	27,960	-	27,960	33,522
Grant income	44,865	-	44,865	3,042,482
Parking fees revenue	45,713	-	45,713	31,621
Miscellaneous	123,258	-	123,258	100,099
Contributed services and facilities	538,325	-	538,325	548,261
Interest income	250,967	-	250,967	225,619
Gain (loss) on investments	285,730	-	285,730	(841,303)
Total revenues, gains and other support	8,134,655	-	8,134,655	8,075,584
Expenses				
Program services	7,143,068	-	7,143,068	5,398,288
Support services				
Management and general	859,645	-	859,645	626,688
Total expenses	8,002,713	-	8,002,713	6,024,976
Increase in net assets	131,942	-	131,942	2,050,608
Net assets, beginning of year	7,098,448	1,200,000	8,298,448	6,247,840
Net assets, end of year	\$ 7,230,390	\$ 1,200,000	\$ 8,430,390	\$ 8,298,448

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			2023	2022
	Program Services	Management and General	Fundraising		
Expenses					
Artist fees	\$ 149,200	\$ -	\$ -	\$ 149,200	\$ 129,500
Production expense	24,221	-	-	24,221	27,003
Event settlement expense	3,088,839	-	-	3,088,839	2,159,015
Salaries and benefits	1,929,140	33,173	-	1,962,313	1,505,396
Marketing	250,629	970	-	251,599	201,155
Contracted services	612,215	-	-	612,215	627,077
Catering	239,967	-	-	239,967	142,035
Service fees	363,485	1,006	-	364,491	266,836
Contributed services and facilities	-	538,325	-	538,325	548,261
Printing	24,772	11	-	24,783	2,595
Office expense	54,127	138	-	54,265	100,411
Repair and maintenance	35,047	1,049	-	36,096	32,111
Insurance	94,489	-	-	94,489	39,274
Professional fees	21,525	28,858	-	50,383	34,040
Communications	5,846	1,115	-	6,961	7,068
Travel	20,823	-	-	20,823	10,157
Taxes	18,588	-	-	18,588	15,500
Miscellaneous	11,338	-	-	11,338	9,764
Capital outlay	198,817	255,000	-	453,817	167,778
Total expenses	\$ 7,143,068	\$ 859,645	\$ -	\$ 8,002,713	\$ 6,024,976

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 years ended June 30,</i>	2023	2022
Cash flows from operating activities:		
Cash received from contributors	\$ 287,210	\$ 300,605
Grants received	44,865	3,042,482
Cash received from customers and other sources	6,936,881	5,012,240
Cash paid to suppliers & employees	(7,220,729)	(4,951,325)
Cash paid for capital items donated to Eastern Florida State College	(453,817)	(167,778)
Interest received	250,967	225,619
Net cash provided by (used in) operating activities	(154,623)	3,461,843
Cash flows from investing activities:		
Purchase of investments	(1,242,037)	(1,158,625)
Sale of investments	565,337	1,108,417
Net cash provided by (used in) investing activities	(676,700)	(50,208)
Cash flows from financing activities:		
Net change in cash held by Eastern Florida State College	868,858	(1,938,901)
Net change in cash held by ASM Global	(56,406)	(1,400,118)
Net cash provided by (used in) financing activities	812,452	(3,339,019)
Net increase (decrease) in cash and cash equivalents	(18,871)	72,616
Net cash and cash equivalents at the beginning of the year	197,879	125,263
Net cash and cash equivalents at the end of the year	\$ 179,008	\$ 197,879
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase in net assets	\$ 131,942	\$ 2,050,608
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Unrealized loss (gain) on investments	(285,730)	841,547
(Increase) decrease in assets:		
Contracts receivable	(111,520)	(49,376)
Inventory	(12,489)	(267)
Prepaid expenses	(11,962)	6,677
Deposits	(16,645)	(5,000)
Increase (decrease) in liabilities:		
Accounts payable	(314,847)	333,699
Sales tax payable	(3,248)	(3,408)
Accrued payroll and other taxes	6,061	29,353
Accrued compensated absences	7,464	(8,442)
Accrued incentive fee	118,863	-
Contract liabilities	337,488	266,452
Net cash provided by (used in) operating activities	\$ (154,623)	\$ 3,461,843
Supplemental schedule of non-cash investing activities		
Donation of fixed assets to Eastern Florida State College	\$ 453,817	\$ 627,077

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. See Note 5.

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, 2022, 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 bank account that is at the College is in the name of the Center. The balance in the agency account is considered a "due from" the College for reporting purposes. See Note 3 for concentrations of credit risk related to cash that is included in the amount Due from Eastern Florida State College.

Due from ASM Global

Per the management agreement with ASM Global, cash accounts are owned and held by ASM Global as agent on behalf of the Center at a financial institution. As these deposits are currently held by ASM Global in their EIN number, they have been classified as Due from ASM Global in the Statement of Financial Position.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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%

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

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023.

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 9).

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)

Tax Status (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.

Reclassifications

Certain reclassifications were made to prior year balances to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2023. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Implemented Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. 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 a financial institution. The cash on hand has a balance of \$2,600. The investments at Wells Fargo noted in the subsequent paragraph includes \$176,408 in a money market that is classified as cash and cash equivalents that is 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, 2023, there were no amounts in excess of federal-insurance limits.

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

Note 3: CONCENTRATION OF CREDIT RISK (Continued)

The Center maintains its investments with Wells Fargo, which is a member of the Securities Investor Protection Corporation (SIPC). As a result, investor-owned assets held in custody by Wells Fargo are protected by the SIPC, up to \$500,000. The SIPC provides protection for eligible client assets held in custody by a SIPC member brokerage firm should the SIPC member firm fail financially and become unable to meet the obligations to its clients. SIPC does not protect assets that are not held in custody by a SIPC member. SIPC does not protect against losses due to market fluctuation or for client assets not held by a SIPC member.

The Center's uninsured investment balance totaled \$5,742,678 at June 30, 2023. 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.

The College, in its role as fiscal agent for the Center, participates in the Florida Treasury Investment Pool. The Center's funds included in this account for the year ended June 30, 2023 was \$2,039,916, and is included in Due from Eastern Florida State College (see Note 1). 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"). Investments with SPIA are not a deposit and are not insured or guaranteed by any government agency. See Note 10.

Note 4: FAIR VALUE MEASUREMENTS

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

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

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

Level 2: Inputs to the valuation methodology include

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

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

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

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

Note 4: FAIR VALUE MEASUREMENTS (Continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2023.

	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)
Stocks, options & ETFs	\$ 2,043,359	\$ 2,043,359	\$ -	\$ -
Mutual funds	4,199,319	4,199,319	-	-
Total investments	\$ 6,242,678	\$ 6,242,678	\$ -	\$ -

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

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

Note 5: ACCRUED INCENTIVE FEE

For the year ended June 30, 2023, the Center accrued an annual incentive fee payable of \$118,863 to ASM Global. This represents 20% of the increase in the adjusted gross income over the adjusted gross income benchmark per a management agreement with ASM Global.

Note 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 consist of the following:

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

There were no net assets released from restrictions during the year ended June 30, 2023.

Note 7: ENDOWMENTS

Cultural Affairs Endowments

The Cultural Affairs Endowments I & II (“Cultural Endowments”) were created by donor restricted donations (see Note 1, *Net Assets with Donor Restrictions*). The earnings on the Cultural Endowments can be used for operations, and as such are without donor restrictions. The Cultural Endowment funds are invested in mutual funds and equities in accordance with the Center’s investment policies. The Board’s spending policy is that 100% of the earnings can be spent on operations as qualified expenses occur. The Board’s investment objective is to have earnings 4% greater than inflation (as determined by the consumer price index).

Activity in the Division of Cultural Affairs Endowment I:

		With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2022	\$	600,000	\$ 223,462	\$ 823,462
Fees/uses		-	(141,559)	(141,559)
Investment income (loss)		-	70,564	70,564
Balance at June 30, 2023	\$	600,000	\$ 152,467	\$ 752,467

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

Note 7: ENDOWMENTS (Continued)

Activity in the Division of Cultural Affairs Endowment II:

	With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2022	\$ 600,000	\$ 261,623	\$ 861,623
Fees/uses	-	(141,857)	(141,857)
Investment income (loss)	-	73,834	73,834
Balance at June 30, 2023	\$ 600,000	\$ 193,600	\$ 793,600

Note 8: 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>	2023
Gross ticket sales	\$ 4,184,809
Service charges	705,507
Capital improvement fee surcharge	296,576
Concession and catering sales	654,966
Facilities rental	201,588
Settlement revenue	288,656
Memberships	226,485
Corporate sponsorships	259,250
Parking fees revenue	45,713
Miscellaneous	123,258
Total contract revenue	\$ 6,986,808

Contract Balances

<i>June 30,</i>	2023
Receivables from contracts beginning of year	\$ 94,386
Receivables from contracts, end of year	\$ 205,906
Contract liabilities, beginning of year	
Advance ticket sales and related fees	\$ 1,240,463
Outstanding gift certificates	\$ 86,820
Contract liabilities, end of year	
Advance ticket sales and related fees	\$ 1,576,748
Outstanding gift certificates	\$ 88,023

There were no contract assets at the beginning or end of fiscal year 2023.

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

Note 9: DONATED FACILITIES AND SERVICES

The use of the Center’s facilities and services of its employees have been donated by the College (see Note 10). Contributed nonfinancial assets for the year ended June 30, 2023 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.

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 \$149,957, were not recognized in the financial statements because they did not meet the criteria for recognition under FASC 958, *Revenue Recognition – Contributions Received*.

Note 10: 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. During the year ended June 30, 2023, the Center did not utilize the services of any of the College’s employees.

The performing arts center and the equipment housed therein is the property of the College in accordance with the above Florida Statute. During the year ended June 30, 2023, the College used the performing arts center for various events and reimbursed the Center for hard costs totaling \$30,418. The Center completed and donated capital improvements of \$453,817 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, 2023, the cash position in the agency account reflected a cash balance of \$197,971 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. See Note 3. The Center’s funds included in this account for the year ended June 30, 2023 was \$2,039,916.

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

Notes to Financial Statements

Note 10: RELATED PARTY TRANSACTIONS (Continued)

The total due from the College to the Center as of June 30, 2023 was \$2,237,887. Interest earnings are allocated to the Center in proportion to the amount of Center funds to total funds.

During the year ended June 30, 2023, there were personal contributions made to the Center by nine board members for a total amount of \$33,500 consisting of \$23,000 of donations and \$10,500 of memberships.

Note 11: ADVERTISING COSTS

Advertising costs are charged to expense when incurred. Total advertising (marketing) expense recorded in the Statement of Functional Expenses was \$251,599.

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.

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

Note 12: RETIREMENT PLAN (Continued)

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.

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, 2023, were as follows:

<u>2023</u>	<u>FRS</u>	<u>HIS</u>
Regular class	10.25%	1.66%
DROP	16.94%	1.66%

The employer's contributions to the FRS for the year ended June 30, 2023 were \$7,740. The employer's contributions to the HIS for the year ended June 30, 2023 were \$1,254. The amount of covered payroll for College employees funded by the Center for the year ended June 30, 2023 was \$75,516.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, 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, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021 and using standard actuarial valuation procedures to determine the liability at July 1, 2022.

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

Note 12: RETIREMENT PLAN (Continued)

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	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with 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.

The following changes in key actuarial assumptions occurred in 2022:

FRS: The discount rate used to determine the total pension liability decreased from 6.80% to 6.70%.

HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.

HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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.

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

Note 12: RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	2.60%	2.60%
Fixed income	19.80%	4.40%	4.40%
Global equity	54.00%	8.80%	7.30%
Real estate (property)	10.30%	7.40%	6.30%
Private equity	11.10%	12.00%	8.90%
Strategic investments	3.80%	6.20%	5.90%
	100.00%		

Discount Rate – The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. 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 3.54% 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, 2023, 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>	2023
Cash and cash equivalents	\$ 179,008
Contracts receivable	205,906
Due from Eastern Florida State College	2,237,887
Due from ASM Global	1,456,524
Investments	6,242,678
Total financial assets available within one year	10,322,003
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	(784,336)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,337,667

Financial assets available for general expenditures within one year
are comprised of the following:

Cash and cash equivalents	\$ 179,008
Investments	5,042,678
Due from Eastern Florida State College	1,659,457
Due from ASM Global	1,456,524
Total	\$ 8,337,667

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, 2023</i>	Operations			
	Direct Support Operations	Performing Arts Operations	Operating Grants	Capital Projects
Revenues				
Gross ticket sales	\$ 60,620	\$ 4,124,189	\$ -	\$ -
Service charges	-	705,507	-	-
Capital improvement fee surcharge	-	-	-	296,576
Concession and catering sales	-	654,966	-	-
Facilities rental	-	201,588	-	-
Settlement revenue	-	288,656	-	-
Fund-raising revenue:				
Memberships	-	226,485	-	-
Corporate sponsorships	250,000	9,250	-	-
Donations	27,960	-	-	-
Grant income	-	-	44,865	-
Parking fee revenue	-	45,713	-	-
Contributed services and facilities	538,325	-	-	-
Miscellaneous	-	123,258	-	-
Interest income	237,968	12,999	-	-
Gain on investments	13,064	-	-	-
Total revenues	1,127,937	6,392,611	44,865	296,576
Expenses				
Artist fees	41,200	108,000	-	-
Artist production	1,625	22,596	-	-
Event settlement expense	-	3,088,839	-	-
Salaries and benefits	85,224	1,852,156	24,933	-
Contributed services and facilities	538,325	-	-	-
Marketing	17,675	233,924	-	-
Contracted services	28,015	580,000	-	4,200
Catering	135	239,832	-	-
Service fees	45,865	318,626	-	-
Printing	7,867	16,916	-	-
Supplies	21,350	32,915	-	-
Repair and maintenance	14,800	21,296	-	-
Insurance	-	94,422	67	-
Professional fees	28,858	21,525	-	-
Communications	1,115	5,846	-	-
Travel	65	20,758	-	-
Taxes	-	18,588	-	-
Other expenses	-	11,338	-	-
Capital expenditures	255,939	170	-	197,708
Total expenses	1,088,058	6,687,747	25,000	201,908
Excess from operations	\$ 39,879	\$ (295,136)	\$ 19,865	\$ 94,668

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

Operations		Endowments					Total Operating & Endowments
Facility Renovation	Total Operating	General	Fine Arts 1	Fine Arts 2	Total Endowments		
\$ -	\$ 4,184,809	\$ -	\$ -	\$ -	\$ -	\$ 4,184,809	
-	705,507	-	-	-	-	705,507	
-	296,576	-	-	-	-	296,576	
-	654,966	-	-	-	-	654,966	
-	201,588	-	-	-	-	201,588	
-	288,656	-	-	-	-	288,656	
-	226,485	-	-	-	-	226,485	
-	259,250	-	-	-	-	259,250	
-	27,960	-	-	-	-	27,960	
-	44,865	-	-	-	-	44,865	
-	45,713	-	-	-	-	45,713	
-	538,325	-	-	-	-	538,325	
-	123,258	-	-	-	-	123,258	
-	250,967	-	-	-	-	250,967	
-	13,064	188,754	41,006	42,906	272,666	285,730	
-	7,861,989	188,754	41,006	42,906	272,666	8,134,655	
-	149,200	-	-	-	-	149,200	
-	24,221	-	-	-	-	24,221	
-	3,088,839	-	-	-	-	3,088,839	
-	1,962,313	-	-	-	-	1,962,313	
-	538,325	-	-	-	-	538,325	
-	251,599	-	-	-	-	251,599	
-	612,215	-	-	-	-	612,215	
-	239,967	-	-	-	-	239,967	
-	364,491	-	-	-	-	364,491	
-	24,783	-	-	-	-	24,783	
-	54,265	-	-	-	-	54,265	
-	36,096	-	-	-	-	36,096	
-	94,489	-	-	-	-	94,489	
-	50,383	-	-	-	-	50,383	
-	6,961	-	-	-	-	6,961	
-	20,823	-	-	-	-	20,823	
-	18,588	-	-	-	-	18,588	
-	11,338	-	-	-	-	11,338	
-	453,817	-	-	-	-	453,817	
-	8,002,713	-	-	-	-	8,002,713	
\$ -	\$ (140,724)	\$ 188,754	\$ 41,006	\$ 42,906	\$ 272,666	\$ 131,942	

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

	2023	2022	Support	
			2023	2022
	Program	Program	Management	Management
	Services	Services	& General	& General
Expenses				
Artist fees	\$ 149,200	\$ 129,500	\$ -	\$ -
Production expense	24,221	27,003	-	-
Event settlement expense	3,088,839	2,159,015	-	-
Salaries and benefits	1,929,140	1,481,544	33,173	23,852
Marketing	250,629	199,814	970	1,341
Contracted services	612,215	606,036	-	21,041
Catering	239,967	138,342	-	3,693
Service fees	363,485	266,806	1,006	30
Contributed services and facilities	-	-	538,325	548,261
Printing	24,772	2,477	11	118
Office expense	54,127	100,411	138	-
Repair and maintenance	35,047	32,111	1,049	-
Insurance	94,489	39,274	-	-
Professional fees	21,525	6,904	28,858	27,136
Communications	5,846	5,852	1,115	1,216
Travel	20,823	10,157	-	-
Taxes	18,588	15,500	-	-
Miscellaneous	11,338	9,764	-	-
Capital outlay	198,817	167,778	255,000	-
Total expenses	\$ 7,143,068	\$ 5,398,288	\$ 859,645	\$ 626,688

Services			
2023		2022	
Fund	Fund	2023	2022
Raising	Raising	Total	Total
\$ -	\$ -	\$ 149,200	\$ 129,500
-	-	24,221	27,003
-	-	3,088,839	2,159,015
-	-	1,962,313	1,505,396
-	-	251,599	201,155
-	-	612,215	627,077
-	-	239,967	142,035
-	-	364,491	266,836
-	-	538,325	548,261
-	-	24,783	2,595
-	-	54,265	100,411
-	-	36,096	32,111
-	-	94,489	39,274
-	-	50,383	34,040
-	-	6,961	7,068
-	-	20,823	10,157
-	-	18,588	15,500
-	-	11,338	9,764
-	-	453,817	167,778
\$ -	\$ -	\$ 8,002,713	\$ 6,024,976



Required Communications



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December 15, 2023

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, 2023.

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 2023 financial statements for the year ended June 30, 2023. 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 321.255.0088 or laviles@cricpa.com.

Very truly yours,

Lindsay J. Aviles, CPA
Partner
Carr, Riggs & Ingram, LLC



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

- Perform audit services, as requested by the Board of Directors and management, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Center's financial statements for the year ending June 30, 2023;
- 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, 2023, and have issued our report thereon dated December 15, 2023. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards</p>	<p>As stated in our engagement letter dated January 6, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>Supplementary information 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 Company. 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, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual,</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
	preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.
<p>Planned scope and timing of the audit</p>	Our initial audit plan was not significantly altered during our fieldwork.
<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>	Please see the following section titled " <i>Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.</i> "
<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>	No such risks or exposures were noted.
<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</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 2023. 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 10, 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>current and anticipated future events impact those determinations;</i></p> <ul style="list-style-type: none"> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	
<p>Significant 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>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	<p>See "Internal Control Findings" section.</p>
<p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p>Other information in documents containing audited financial statements <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<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 and facilities	The Center recognizes contributed services and facilities during the period received in accordance with ASC 958, Not-for-Profits.	X	The Center recognizes contributed services and facilities that enhance nonfinancial assets or require specialized skill as support at its estimated fair value and recent comparable sales prices in the real estate market.	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 adjustments were corrected by the Center:

Adjusting Journal Entry JE # 1

To true up beginning of year net assets to the prior year audited financial statements.

31100 Net Assets - Unrestricted	\$ 251,787	
25150 Deposits Refundable - Other		\$ 251,787
Total	<u><u>\$ 251,787</u></u>	<u><u>\$ 251,787</u></u>

Adjusting Journal Entry JE # 2

To net accounts receivable and accounts payable between ASM and the King Center.

22502 Accounts Payable Conversion	\$ 19,865	
13200 Accounts Receivable Other (Non-Govt)		\$ 19,865
Total	<u><u>\$ 19,865</u></u>	<u><u>\$ 19,865</u></u>

Adjusting Journal Entry JE # 3

To adjust cash at June 30, 2023 to reflect accrued salaries payable that was paid out on July 7, 2023, after year-end.

10206 KC – ASM Cash	\$ 44,762	
13200 Salaries Wages Payable		\$ 44,762
Total	<u><u>\$ 44,762</u></u>	<u><u>\$ 44,762</u></u>



The following adjustments were uncorrected by the Center:

Passed Adjusting Journal Entry JE # 1

To correct deferred revenue for advance ticket sales and related fees.

46651	Gross Ticket Sales	\$ 7,424	
46652	Service Charges	3,104	
46654	Parking Fees	5,723	
48951	Facility Fees		\$ 9,745
27103	Other Deferred Income		6,506
Total		<u><u>\$ 16,251</u></u>	<u><u>\$ 16,251</u></u>

Passed Adjusting Journal Entry JE # 2

To correct outstanding gift certificates.

44150	Crown Club Memberships	\$ 15,815	
27101	Gift Certificates Outstanding		\$ 15,815
Total		<u><u>\$ 15,815</u></u>	<u><u>\$ 15,815</u></u>

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.



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

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December 15, 2023

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

In planning and performing our audit of the financial statements of the Maxwell C. King Center for the Performing Arts, Inc. (the "Center") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's system of 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.

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

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 Center's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Center's internal control to be a material weakness: 2023-001.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

We included in the accompanying chart one improvement point and one control deficiency for the Board of Directors and management's consideration.

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

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

Melbourne, Florida
December 15, 2023



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

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2023-001	MW	Review of Final Trial Balance and Supporting Schedules	Beginning of year equity did not agree to the prior year audited financial statements by \$251,787. All intercompany accounts between ASM and the College were not eliminated in the consolidation of the trial balance. Accrued payroll was not properly recorded causing liabilities to be understated by \$44,762. Additionally, supporting schedules for advance tickets sales and related fees and outstanding gift certificates did not agree to amounts reported in the general ledger.	Manual spreadsheets and reports from other systems such as Paciolan should be routinely reconciled by ASM to the general ledger and reviewed by someone independent from the preparer at ASM in order to identify potential errors or irregularities in a timely manner. All supporting schedules should agree to the final trial balance provided by ASM to the Center. The Center should perform a final independent check of the trial balance to ensure that net assets and amounts due from the College are accurately recorded.	Management agrees with the suggestion. ASM and the Center will perform final checks of all reconciliations at year-end to ensure that supporting schedules agree to the final trial balance.



2023-002	IP	Investment Policy	The Center was not in compliance with the asset allocation ranges outlined in its investment policy statement for Large Cap Value, US Gov't & Corp Bonds - Int. Term, and High Yield Corporate in addition to total equities and fixed income investments.	The Center should update its policy investment limits or review the investments to ensure balances are in line with the asset allocation ranges outlined in the policy.	In November 2023, the Investment Committee approved an updated Investment Policy to adjust the investment allocation limits.
2023-003	D	Cash and Due from ASM Global	There are two bank accounts, operating and box office, at Bank of America that were intended to be set up as ASM Global agency accounts on behalf of the Center for King Center operations, but the accounts were opened under ASM Global's EIN, and therefore are legally ASM Global's cash. The funds have been reclassified as Due from ASM Global at June 30, 2023.	Even though the Center has a formal management contract with ASM Global that indicates the bank accounts are the King Center's, we recommend that the Center facilitate having both accounts closed and re-opened under the Center's EIN. The Center should also put controls in place over access to the bank accounts and review and approval of bank account reconciliations.	Management agrees with the suggestion and is currently working with Bank of America to address the issue.

**Eastern Florida
State College**

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Scott D. Wideman

Director Emeritus
Maxwell C. King

December 15, 2023

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 Maxwell C. King Center for the Performing Arts, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2023, 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 to be 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 December 15, 2023, the following representations made to you during your audit.

Financial Statements

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

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

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4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

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) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the Center's accounts. We are in agreement with those adjustments.

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) 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, disclosures, and tax returns. 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, disclosures and tax returns.

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Information Provided

13) We have provided you with:

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

14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

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 Center 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.

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18) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

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

20) We have disclosed to you the names of all of the Center's related parties and all the related-party relationships and transactions, including any side agreements.

21) The Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

23) 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.

24) 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.

Signature: Laura Maxwell
Title: Vice President, Operations/CFO

Signature: Priscilla Small
Title: Director of Accounting + DSO Services

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