

Communication with Those Charged with Governance

To the Board of Directors
of Space Florida

We have audited the basic financial statements of Space Florida for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and Rules of the Florida Auditor General Chapter 10.550, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 7, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Space Florida are described in Note 1 to the financial statements. During 2014 Space Florida adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The new standard only changes the terms used on the financial statements to unearned revenue. Accordingly, there is no effect of an accounting change as of the beginning of the year related to this standard. The application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit 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.

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 most sensitive estimates affecting the financial statements were:

Management's estimate of the remaining useful lives and net realizable values of capital assets. We evaluated the key factors and assumptions used to develop the estimated useful lives and net realizable values in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the value of the investments at cost. We evaluated the key factors and assumptions used to evaluate impairment in determining that the recorded costs are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the impairment on loans receivable. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts and impairment in determining that the recorded value of loans is reasonable in relation to the financial statements taken as a whole.

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 investments in Note 2 to the financial statement describes the types of investments Space Florida is invested in.

The disclosure of conduit debt in Note 9 to the financial statements describes the limited-obligation debts of Space Florida.

The disclosure of rights and access in Note 13 to the financial statements describes the unique rights and access Space Florida has to use, occupy or develop certain assets affiliated with Florida's space industry.

The disclosure of prototype testing agreements in Note 14 to the financial statements describes the material and unusual nature of the transactions Space Florida is engaging in.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the schedule of expenditures of state financial assistance (the "Schedule") accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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 Schedule to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

Carr, Riggs & Ingram, LLC

Melbourne, Florida
September 25, 2014