Space Florida
Board of Directors Meeting

January 28, 2016

Augustus B. Turnbull III Conference Center
Room: 214
555 W Pensacola St.
Tallahassee, FL 32306

Board of Directors Meeting
Agenda

January 28, 2016
2:30 p.m. – 4:30 p.m. Eastern Daylight Time
Call-in Number: 888-204-5987
Guest Code: 4503386 #
Room: 214
Augustus B. Turnbull III Conference Center,
555 W Pensacola St, Tallahassee, FL 32306

Agenda Items	
Call to Order and PLEDGE OF ALLEGIANCE	Bill Dymond
Roll Call	Emma Newsham
Welcome & Introductions	Bill Dymond
Public Comments	Bill Dymond
Business Before the Board 1. Approval of Minutes • October 21, 2015 2. Audit & Accountability Committee Report 3. Contracts/Business Development/Projects Activities • Panther • Exploration Park Phase 1 • CASIS • Odyssey • ICE • Sable	 Bill Dymond Denise Swanson Howard Haug
President's Report	Frank DiBello
Near Term – Upcoming Events: • Florida Space Day – 2/3/16 – Tallahassee, FL • Singapore Air Show -2/16/16-2/21/16 - Singapore • 32nd Space Symposium – 4/10/16-4/14/16 – Colorado Springs, CO • Space Florida Board Meeting – 5/10/16 – Naples, FL • NewSpace 2016 – 6/20/16-6/23/2016 – Seattle, WA	Frank DiBello
Closing Remarks / Adjournment	Bill Dymond

SPACE FLORIDA BOARD OF DIRECTORS

Governor Rick Scott,
State of Florida

William T. Dymond, Jr., Chairman
President, CEO and Managing Partner
Lowndes, Drosdick, Doster, Kantor & Reed

Jay Beyrouti
President, Monicarla, Ltd.

Jesse Biter
President/CEO, Biter Enterprises, LLC.

Julius D. Davis
President and CEO, Voltair Engineers

Hayden Dempsey
Chair, Florida Governmental Affairs Practice Greenberg Taurig

Danny Gaekwad
CEO, NDS USA Information Technology & MGM Hotels, LLC

Belinda Keiser
Vice Chancellor, Keiser University

Chris Kise
Partner, Foley Larner

Brian Lamb
President & CEO, Fifth Third Bank – Tampa Bay

Neal Dunn, MD, FACS
Chairman of the Board, Summit Bank, N.A

Jason Steele
Director of Government Affairs
Smith and Associates

Andrew Weatherford
Partner, Weatherford Partners

SPACE FLORIDA BOARD OF DIRECTORS

AUDIT & ACCOUNTABILITY COMMITTEE

Brian Lamb
President & CEO
Fifth Third Bank – Tampa Bay

Neal Dunn, MD, FACS
Chairman of the Board, Summit Bank, N.A

GOVERNANCE & COMPENSATION COMMITTEE

Jesse Biter
President/CEO
Biter Enterprises, LLC.

Danny Gaekwad
Chief Executive Officer
NDS USA Information Technology & MGM Hotels, LLC

Belinda Keiser
Vice Chancellor
Keiser University

Minutes of a Regular Meeting of the Space Florida Board of Directors

A regular meeting of the Space Florida Board of Directors was held October 21, 2015 at the Hyatt Regency Hotel at the Orlando International Airport.

Board Members Present:
William Dymond
Jay Beyrouti
Jesse Biter
Julius D. Davis
Hayden Dempsey
Neal Dunn
Danny Gaekwad (via teleconference)
Belinda Keiser
Chris Kise (via teleconference)
Jason Steele (via teleconference)
Andrew Weatherford

Space Florida Senior Management Present:
Frank DiBello
Howard Haug
Jim Kuzma
Denise Swanson

Agenda
I. Call to Order
II. Roll Call
III. Welcome & Introductions
IV. Public Comments
V. Business Before the Board
  1. Approval of Minutes
    a. August 19,2015
  2. Contracts/Business Development/Project Activities
    a. Blue Origin/Project Panther
    b. Project SLF
VI. President's Report
VII. Upcoming Events
VIII. Closing Remarks and Adjournment

A quorum being present, the meeting was called to order at 3:47 p.m. (EST.)

Chairman Bill Dymond called the meeting to order at 3:47 p.m. and welcomed Board members and guests. Dymond noted that Lewis Bear had termed out on the Board, and thanked him for his years of service to the Board of Directors. Dymond made mention of both Boeing's and Blue Origin's respective announcements in early September.

There were no Public Comments

<u>Business Before the Board</u>

Approval of Minutes

Julius Davis made a motion to approve the minutes of the August 19, 2015 Board of Directors meeting, which was seconded by Danny Gaekwad, and approved unanimously.

Contracts/Business Development/Project Activities

<u>Howard Haug presented the following action items for Board approval:</u>

<u>Project Panther/Blue Origin</u>

Blue Origin, previously known as Project Panther, announced on September 15, 2015 that it was coming to the Cape Canaveral Spaceport Complex. Space Florida has now entered the project in compliance with Florida Statutes 331.302, .312, .316. Space Florida requested board approval for management to complete negotiations and enter (1) a Sub-License Agreement between Space Florida and Blue Origin Florida for use of Launch Complex 36 and (2) a Sub-Lease Agreement between Space Florida and Blue Origin Florida for Phase 2 of 139 acres at Exploration Park at Kennedy Space Center. Blue Origin will be responsible to pay all costs associated with operations and maintenance, and all routine protection and capital repair for the components they intend to use at Launch Complex 36. Blue Origin will be responsible for all operating expenses associated with its share of Phase 2 at Exploration Park.

In points of clarification, Space Florida's Air Force license of Launch Complex 36 is being leveraged to allow Blue Origin to plan and construct their Launch Complex while they pursue a site license from the Air Force for Launch Complex 36 as well as adjacent properties need for their operations. Once Blue Origin's license is in place, Space Florida has agreed to terminate its site license.

There are a number of documents to come regarding the Blue Origin lease.

Jay Beyrouti made a motion to approve the two-part request by staff to authorize moving forward with the sub-license and authorize moving forward with the sub-lease, which was seconded by Andrew Weatherford, and approved unanimously.

Project SLF

The Shuttle Landing Facility project is continuing transition activities. Space Florida's agreement began on June 23, 2015 and was approved at the August 19, 2015 Board meeting. Space Florida began negotiations to enter an agreement with AECOM/URS for support team services. The two parties were unable to reach an agreement, and Space Florida then secured proposals from other service providers. Space Florida was able to acquire a proposal from The Washington Consulting Group for Air Traffic Control Tower Operations and Airfield Services. A proposal from CSS-Dynamac was secured for operations and maintenance planning and fulfillment. These proposals total approximately $1,800,000 for FY2016. There was brief discussion on Project SLF.

Belinda Keiser made a motion to approve the request for management negotiations associated with the contract activities, which was seconded by Hayden Dempsey, and approve unanimously.

Presidents Report

Frank DiBello gave the President's Report informing the Board of aerospace industry updates and Florida's aerospace opportunities and next generation pursuits and capabilities; FY2016 Spaceport Masterplan which includes regional opportunities, SLF transitions, Launch Complexes 36 and 46 and the continued environmental impact study for Shiloh; FY2016 Economic Development Goals including a focus on Florida's growing aerospace industry, attracting spacecraft technologies, spaceflight tourism; Congratulate Barton-Malow on Project Redline/Embraer's awards; FY2016 Communications/Marketing goals include a new website, marketing collaterals, space/aerospace promotions and a President's Call program; Reaching international level agreements with 7 to 8 spaceports worldwide; Capital Formation Investment opportunities including $66.7 for 15 Florida companies.

Near Term/Upcoming Events

Upcoming events include the Emerging Technologies and Business Showcase on Nov. 4, 2015 in Miami; Reinventing Space Conference on Nov. 9-13, 2015 in London, UK; SAYFIE FL Leaders Summit on Nov. 16-18, 2015 in Orlando; Commercial Spaceport Summit on Nov. 18, 2015 in Houston; and the Space Florida Board Meeting on Jan. 27 in Tallahassee.

Closing Remarks and Adjournment

Hayden Dempsey requested that Space Florida provide the President's Report PowerPoint via email as well as the agency's legislative budget requests.

Alan Becker, Chairman of the EFI Board, asked if Space Florida was working with Visit Florida for the We Are Go space tourism campaign.

Space Florida played highlights from the Blue Origin announcement. Dymond adjourned the meeting at 5:07 p.m. (EST).

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William Dymond, Jr., Chair

BOARD OF DIRECTORS MEETING

October 21, 2015

I, Frank DiBello, the undersigned President of Space Florida, do certify and declare that the attached is an accurate copy of the Minutes as approved by the Board of Directors of Space Florida in accordance with the Bylaws, and recorded in the minutes of the meeting of the Board of Directors held on October 21, 2015, and not subsequently amended or modified.

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Frank A. DiBello, President

DRAFT

Space Florida
Total Compiled Statement of Revenues and Expenses
The Period Ending September 30, 2016
Unaudited
In 000's

	Total budget	1st Qtr Actual	Committed	Total Actual and Commitments	Budget Remaining
Operations Revenues					
State Appropriated Revenue, Ops	$ 10,000	$ 2,500	$ 7,500	$ 10,000	$ -
Other Revenue	2,732	587	2,159	$ 2,746	(14)
Total Operations Revenues	$ 12,732	$ 3,087	$ 9,659	$ 12,746	$ (14)
Operations Expenses					
Salaries & Other Related Costs	$ 4,703	$ 1,081	$ 3,621	$ 4,703	$ -
Contract & Subcontract Services	3,282	537	2,725	3,262	20
Operating, General & Administrative	1,418	153	1,002	1,156	262
Utilities & Maintenance	1,164	302	833	1,135	28
Business Recruitment/Investment	1,735	219	1,416	1,635	100
Travel & Entertainment	432	85	306	391	41
Total Operations Expenses, no depreciation	$ 12,732	$ 2,378	$ 9,904	$ 12,282	$ 451
Change in net assets due to Operations	$ -	$ 709	$ (245)	$ 465	

Required Communications

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

December 22, 2015

To the Board of Directors
Space Florida

We are pleased to present the results of our audit of the 2015 financial statements of Space Florida for the year ended June 30, 2015.

This report to the Board of Directors summarizes our audit, the report issued and various analyses and observations related to Space Florida'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 Space Florida's 2015 financial statements for the fiscal year ended June 30, 2015. We considered Space Florida'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 Organization 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 Space Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 321.426.3040 or dgoode@cricpa.com.

Very truly yours,

Deborah A. Goode

Deborah A. Goode, 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 June 8, 2015, our audit plan represented an approach responsive to the assessment of risk for Space Florida. Specifically, we planned and performed our audit to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on Space Florida's financial statements for the year ended June 30, 2015. Additionally, we have audited Space Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major federal programs and state projects for the year ended June 30, 2015.

- 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

- Other audit-related projects as they arise and upon request.

We have audited the financial statements of Space Florida for the year ended June 30, 2015, and have issued our report thereon dated December 22, 2015. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Auditor's responsibility under Generally Accepted Auditing Standards	As stated in our engagement letter dated June 8, 2015, 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. Required supplementary information, such as management's discussion analysis and schedule of travel, entertainment and incidental expenses is required by general accepted accounted principals and will be subjected to certain limited procedures, but will not be audited. As part of our audit, we considered the internal control of Space Florida, and internal controls related to major federal programs and state projects and an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have direct and material effect on each federal program and state project in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of *States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General.* Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Client's responsibility	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, changes in net assets, and cash flows in conformity with the applicable framework. Management, with oversight from those charged with governance, is responsible for the design and implementation of programs and controls to prevent and detect fraud.

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates *The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.*	Please see the following section titled "*Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality*."
Potential effect on the financial statements of any significant risks and exposures *Major risks and exposures facing Space Florida and how they are disclosed.*	No such risks or exposures were noted.
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles • *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.* • *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.*	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. We noted no transactions entered into by Space Florida 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.
Significant difficulties encountered in the audit *Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.*	None.
Disagreements with management *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.*	None.

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Other findings or issues *Matters significant to oversight of the financial reporting practices by those charged with governance.*	None.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management *Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.*	None.
Corrected misstatements *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.*	None.
Major issues discussed with management prior to retention *Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.*	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Space Florida's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Consultations with other accountants *When management has consulted with other accountants about significant accounting or auditing matters.*	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 Space Florida'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.
Written representations *A description of the written representations the auditor requested (or a copy of the representation letter).*	See "*Management Representation Letter*" section.

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Fraud and illegal acts *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 auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.*	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Other information in documents containing audited financial statements *The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.*	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. We have audited the supplemental scheduled included in the financial statements. We were not provided with any other documents containing the financial statements.

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 Space Florida's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board of Directors and management 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
Capital Assets	Depreciation method	Yes	Assets having an original acquisition cost of at least $1,000 are capitalized and depreciated. Capital assets are carried at cost when purchased or at fair value when donated. Depreciation is computed for financial statement purposes on a straight line method over the estimated useful lives of the assets.	We evaluated the key factors and assumptions used to develop the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.
Investments	Valuation	Yes	Investments are valued at cost, as permitted by Governmental Accounting Standards Board (GASB) Cod. Section I50, since the stock and warrants are with privately held companies and therefore the fair market value is not readily determinable. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305.	We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that they are reasonable in relation to the financial statements taken as a whole.
Impairment on loans receivable	Valuation	Yes	Management reviews each loan and based on timeliness of payments estimates an allowance.	Space Florida's policies are in accordance with all applicable accounting guidelines.

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

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 14 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 15 to the financial statements describes the material and unusual nature of the transactions Space Florida is engaging in.

December 22, 2015

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

This representation letter is provided in connection with your audits of the financial statements of Space Florida, which comprise the statement of financial position as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of December 22, 2015, the following representations made to you during your audits.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 8, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP. There are no component units.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

5) Significant assumptions we used in making accounting estimates are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties 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. No events, including instances of

noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

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

9) Guarantees, whether written or oral, under which Space Florida is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) 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, 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 entity from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal program and state financial assistance.

12) 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.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

17) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

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

20) Space Florida has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities.

22) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

23) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved and accepted responsibility for those financial statements and related notes.

24) Space Florida 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, except as disclosed for the Embraer Engineering & Technology Center.

25) Space Florida has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, expect as disclosed for the EETC.

26) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

27) Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.

28) Investments, derivative instruments, and land and other real estate held by endowments are properly valued, and we do not believe that the stocks and warrants held should be impaired, other than what has already been adjusted.

29) Provisions for uncollectible receivables have been properly identified and recorded.

30) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

31) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

32) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

33) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

34) We have appropriately disclosed Space Florida's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

35) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

36) With respect to the Schedule of Travel, Entertainment and Incidental Expenses:

    a) We acknowledge our responsibility for presenting the Schedule of Travel, Entertainment and Incidental Expenses in accordance with accounting principles generally accepted in the United States of America, and we believe the schedule, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedule 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.

    b) If the Schedule of Travel, Entertainment, and Incidental Expenses is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

37) With respect to federal award programs and state projects:

    a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.550 Rules of the Florida Auditor General*, including requirements relating to preparation of the schedule of expenditures of federal awards and Sate of Florida financial assistance.

    b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and State of Florida financial assistance in accordance with the requirements of OMB Circular A-133 §310.b *and Chapter 10.550 Rules of the Florida Auditor General*, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

    c) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, *Chapter 10.550 Rules of the Florida Auditor General* and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance and state financial assistance.

d) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal agency or state projects and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major project.

e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state projects that provides reasonable assurance that we are managing our state projects in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our state projects. We believe the internal control system is adequate and is functioning as intended.

f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state projects and related activities.

g) We have received no requests from a federal or state agency to audit one or more specific projects as a major project.

h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement and Chapter 10.550 Rules of the Florida Auditor General*, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards and state projects.

i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

j) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *the Florida Single Audit Act*.

k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal programs and state project financial reports and claims for advances and reimbursements.

m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

p) Federal programs and state project financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

q) The copies of federal program and state project financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

r) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133 *and Chapter 10.550 Rules of the Florida Auditor General*.

s) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.

t) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

u) We have charged costs to federal awards and state projects in accordance with applicable cost principles.

v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

w) We are responsible for preparing and implementing a corrective action plan for each audit finding.

38) Space Florida is in compliance with Florida Statute 218.415, *local government investment policies*, in all respects.

Signature: _____ Signature: _____

Title: _____ Title: _____

(A Component Unit Of The State Of Florida)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Space Florida
Cape Canaveral, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Space Florida, a component unit of the State of Florida, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Space Florida as of June 30, 2015 and 2014 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 to 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Space Florida's basic financial statements. The schedule of travel, business meals and incidental expenses and the schedule of expenditures of federal awards and state financial assistance, required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization and Chapter 10.550 of the Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of travel, business meals and incidental expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of Space Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Space Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
December 22, 2015

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As management of Space Florida, we offer readers of Space Florida's financial statements this narrative overview and analysis of the financial activities of Space Florida for the years ended June 30, 2015, 2014 and 2013.

Effective September 1, 2006, Pursuant to Chapter 2006-60, Laws of Florida, a law enacted by the Florida Legislature during its 2006 Regular Session, Space Florida was created as an independent special district and subdivision of the State. Space Florida serves as the State's principal government space entity, responsible for space–related infrastructure development, industry recruitment and education/research in partnership with federal agencies and private industry; for providing leadership for development of space transportation infrastructure; and for implementation of space commercialization and development programs.

Space Florida utilizes various funding sources to operate programs that retain, attract and expand new business to Florida, and to promote Florida as the world's premier space business destination. Space Florida is responsible for accelerating the growth of space-related industry within Florida's economic goals through targeted space business retention, expansion, and diversification efforts in addition to providing leadership in innovative educational, research and development and workforce development programs and space related infrastructure development projects. A key competitive advantage for Florida in the market is the multiple year relationships it creates with entities that choose Florida for their base of growth.

As a result of the dynamic nature of Florida's space industry Space Florida has developed a strategic plan that targets a number of diversified commercial market segments for integration of space technology that has not been previously pursued with a focused state effort (i.e. life sciences/pharmaceuticals, agriculture/climate monitoring, cyber security and robotics, clean energy, adventure tourism, civil protection and crisis management). These markets receive direct benefit through utilization of the current space program, or have shown great interest in the potential for benefitting from opportunities in next-generation space initiatives and utilization of microgravity environments. Space Florida has already gained significant interest from major players in these markets, and will continue to increase its efforts to attract and secure these businesses. It will do this, in part, by utilizing its operational budget to focus staff efforts on business development opportunities in these emerging sectors.

Financial Highlights

- The assets of Space Florida exceeded its liabilities for the years ended June 30, 2015 and 2014 by $110,090,733 and $97,225,619 (net position), respectively. Of this amount, $24,824,528 and $2,006,682 (unrestricted net position), respectively, may be used to meet Space Florida's ongoing obligations to citizens and creditors.

- Space Florida's total net position increased by $12,835,114 for the year ended June 30, 2015 and increased by $8,135,255 for the year ended June 30, 2014.

- For the years ended June 30, 2015 and 2014, unrestricted net position was 85 percent and 8 percent, respectively, of total operating expenditures.

- Space Florida's state appropriated revenue for operations for fiscal year 2015 and 2014 was $18,853,607 and $12,149,685 respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Space Florida's basic financial statements. Space Florida's basic financial statements are comprised of two components: financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements report information using the full accrual accounting method as utilized by similar business activities in the public sector. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The statement of net position presents information on all of Space Florida's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as an indicator of the financial status of Space Florida.

The statement of revenues, expenses and changes in net position presents information showing how Space Florida's net position changed for the years ended June 30, 2015 and 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when an obligation arises or depreciation of capital assets.

The basic financial statements can be found on pages 17-21 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and thus are an integral part of these financial statements. The notes to the financial statements can be found on pages 23-41 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. This supplementary information can be found on pages 45 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial status. Assets exceeded liabilities as of June 30, 2015, 2014 and 2013 by $110,090,733, $97,255,619 and $89,120,364, respectively.

The following table reflects the condensed statements of net position.

Space Florida Net position

	2015	2014	2013
Cash	**$ 14,727,461**	$ 30,529,735	$ 7,048,921
Receivables	**9,929,747**	14,857,549	9,124,405
Investments	**4,296,595**	3,796,595	4,289,520
Other current assets	**2,022,823**	454,429	872,318
Capital assets	**99,700,789**	91,441,227	75,143,830
Lease receivable	**2,268,798**	3,170,801	4,098,033
Prepaid rent	**6,504,763**	-	-
Other assets	**4,677,651**	3,177,951	3,306,300
Total assets	**144,128,627**	147,427,567	103,883,327
Accounts payable	**3,904,784**	4,969,121	551,953
Payable from restricted assets	**10,257,632**	24,181,137	8,510,099
Line of credit	**-**	-	1,331,582
Notes payable	**19,205,539**	20,621,182	4,098,033
Deferred rent liability	**276,045**	-	-
Other liabilities	**393,894**	400,508	271,296
Total liabilities	**34,037,894**	50,171,948	14,762,963
Net position:			
Invested in capital assets, net of related debt	**82,608,475**	86,105,128	75,143,830
Restricted	**2,657,730**	9,143,809	4,165,344
Unrestricted	**24,824,528**	2,006,682	9,811,190
Total net position	**$ 110,090,733**	$ 97,255,619	$ 89,120,364

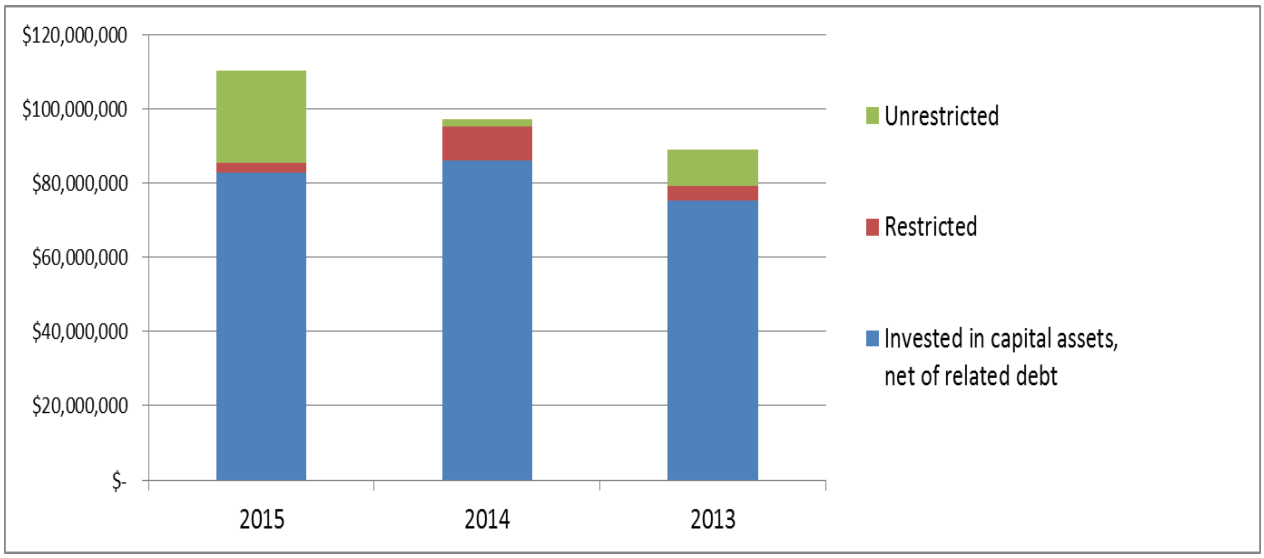
The largest portion of Space Florida's net position as of June 30, 2015 (75 percent), as of June 30, 2014 (89 percent) and as of June 30, 2013 (84 percent) reflects its investment in capital assets (e.g., buildings, equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding.

There was a decrease in the restricted net position as of June 30, 2015 due to spending of proceeds from a note payable issued in fiscal year 2014, which was restricted for a specific project. The increase in the restricted net position as of June 30, 2014 was due to unspent proceeds from a note payable issued during fiscal year 2014.

Unrestricted assets increased by approximately 23 million from 2014 to 2015 mainly due to a decline in grant advances of approximately $4 million, a $6 million increase in state appropriations over last year and a $9 million increase in change in net assets related to timing differences between revenues and expense on state grants. The increase is also the result of $6 million in prepaid rent generated from transferring a building to NASA.

As of June 30, 2015, 2014 and 2013, Space Florida was able to report positive balances in all three categories of net position.

Net position



The following table shows condensed revenue and expense data:

Space Florida Changes in Net position

	2015	2014	2013	
Operating revenues:				
Fees and charges for services	**$ 2,887,341**	$ 2,462,394	2,433,809	
State appropriated funding	**18,853,607**	12,149,685	10,236,994	
Grant revenue	**19,902,114**	16,289,051	12,303,008	
Total operating revenue	**41,643,062**	30,901,130	24,973,811	
Non-operating revenues:				
Other grant revenue	**637,714**	4,334,128	6,224,996	
Other	**295,263**	280,603	290,458	
Total non-operating revenues	**932,977**	4,614,731	6,515,454	
Total revenues	**42,576,039**	35,515,861	31,489,265	
Operating expenses:				
Business development activities	**14,932,134**	13,819,510	14,869,424	*
Operations	**6,903,015**	5,713,517	3,815,080	
General, administrative and depreciation	**7,361,715**	6,147,496	5,861,431	*
Total operating expenses	**29,196,864**	25,680,523	24,545,935	
Non-operating expenses:				
Total non-operating expenses	**544,061**	1,700,083	324,308	
Total expenses	**29,740,925**	27,380,606	24,870,243	
Change in net position	**12,835,114**	8,135,255	6,619,022	
Net position – beginning	**97,225,619**	89,120,364	82,501,342	
Net position – ending	**$ 110,090,733**	$ 97,255,619	$ 89,120,364	

* Reclassified to be consistent with the June 30, 2014 presentation.

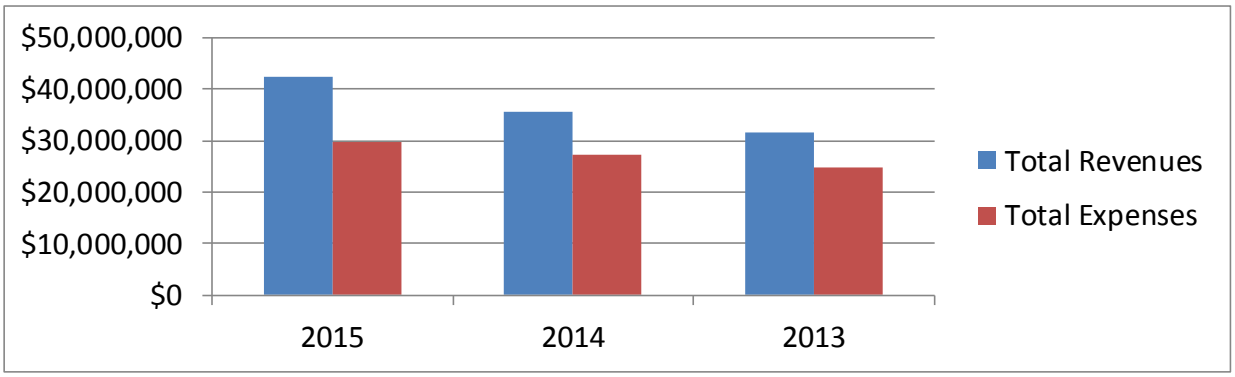
Changes in Net Position. The net position balance increased by $12,835,114, $8,135,255, and $6,619,022, for the years ended June 30, 2015, 2014 and 2013, respectively. For the year ended June 30, 2015, the increase in net position consisted of a $12,446,198 net gain from operating activities and $388,916 in net non-operating revenues that included $637,714 in other state grant revenue and $295,263 in interest income, less $538,541 in interest expense, and $5,520 due to a loss on the disposal of fixed assets. For the year ended June 30, 2014, the increase in net position consisted of a $5,220,607 net gain from operations and $2,914,648 in net non-operating revenues that included $4,334,128 in other state grant revenue and $280,603 in interest income, less $454,351 in interest expense, $992,920 impairment loss on investment and $252,812 due to a loss on the disposal of fixed assets. For the year ended June 30, 2013, the increase in net position consisted of a net gain from operations of $427,876 and $6,191,146 in net non-operating revenues that included $6,224,996 in other state grant revenue and $290,458 in interest income, less $248,752 in interest expense and $75,556 due to a loss on the disposal of fixed assets.

Operating revenues totaled $41,643,062, $30,901,130, and $24,973,811 for the years ended June 30, 2015, 2014 and 2013, respectively, and were primarily provided by State appropriated funding (45 percent, 39 percent and 41 percent of total operating revenues, respectively) and state grants (46 percent, 51 percent and 45 percent of total operating revenues, respectively) with the remaining being generated from fees, charges for service and other grant revenues. In addition, Space Florida reported non-operating revenues of $932,977, $4,614,731, and $6,515,454 for the years ended June 30, 2015, 2014 and 2013 respectively. Non-operating revenues in 2015, 2014 and 2013 consisted primarily of other grant revenues received from Florida Department of Transportation capital improvement projects.

Operating expenses were $29,196,864 for the year ended June 30, 2015, $25,680,523 for the year ended June 30, 2014, $24,545,935 for the year ended June 30, 2013. Of those totals, 24 percent for the year ended June 30, 2015, and 22 percent for the year ended June 30, 2014, related to general operations, which consist of support for the execution of Space Florida's responsibilities as a state-created entity, facilities management and policy-related responsibilities. In addition, and related to ownership and management of the operation and its facilities, depreciation totaled $4,963,283, $4,226,869, and $3,831,809 for the years ended June 30, 2015, 2014 and 2013, respectively.

As directed by statute, Space Florida is also responsible for fostering the growth and development of a sustainable and world-leading aerospace industry in the State and thus is responsible for accelerating the growth and diversification of aerospace-related economic development throughout the State. Space Florida is partnering with other State entities such as Enterprise Florida to accomplish these directives. During the period of June 30, 2015, June 30, 2014 and June 30, 2013, Space Florida expended 51 percent, 54 percent, and 61 percent, respectively, of its operating expenditures to create and direct activities and programs that retain, attract and help expand aerospace businesses in Florida.

Total Revenues and Expenses



Capital Asset and Debt Administration

Capital assets. Space Florida's investment in capital assets as of June 30, 2015, 2014 and 2013 amounted to $82,608,475, $91,441,227, and $75,143,830 (net of accumulated depreciation), respectively. This investment in capital assets includes buildings, improvements, construction in progress and equipment. In fiscal year 2015 approximately $37 million of Construction in Progress (CIP) was added to the capital asset balance. Also during fiscal year 2015 the Exploration Park infrastructure improvements of approximately $7 million were conveyed in lieu of rent to NASA for an in-kind rent credit. In fiscal year 2014, approximately $21 million of Construction in Progress (CIP) was added to the capital asset balance. Construction in progress as of June 30, 2015 and 2014 primarily consisted of capital improvements to project Launch Complex 25 and Launch Complex 46 improvements.

Space Florida Capital Assets
(net of depreciation)

		2015		2014		2013	
SRMU storage facility	**$**	**4,823,541**	$	5,201,958	$	5,629,792	
RLV hangar and office space		**1,293,673**		1,706,837		2,120,000	
Orion facility		**25,359,301**		26,583,673		27,808,045	
Space Life Sciences Lab		**18,268,870**		19,336,143		19,293,801	
Exploration Park		**-**		7,703,601		-	
Launch Complex 36		**1,782,933**		-		-	
Engineering & Technology Center		**16,438,746**		-		-	
Commercial Crew Cargo Processing Facility		**18,590,151**		-		-	
Other Facilities		**385,486**		462,488		610,798	*
Furniture, equipment and vehicles		**6,614,099**		4,159,281		4,095,602	*
Construction in progress		**6,143,989**		26,287,246		15,585,792	
Total	**$**	**99,700,789**	$	91,441,227	$	75,143,830	

* Reclassified to be consistent with the June 30, 2014 presentation.

Additional information on Space Florida capital assets can be found in Note 6 on pages 31 to 32 of this report.

Space Florida entered into an agreement in fiscal year 2012 to purchase two research vehicles from a third party. In addition, Space Florida secured a $5,000,000 loan to be used for the completion of the vehicles. Upon completion of the prototypes, Space Florida will lease them back to the third party at the loan repayment rate. Additional information regarding the lease arrangement can be found in Notes 5 and 8 on pages 29 to 30 and 33 to 34, respectively.

Space Florida entered into agreements in fiscal year 2011 to purchase prototypes from third parties to test the technology and capabilities of the prototype. Upon completion of the testing period of one of the prototypes in fiscal year 2012, Space Florida leased back the prototype for a nominal lease rate. At the end of the lease the prototype can be purchased for a nominal value by the third party. As consideration for the lease and option to purchase, the third party issued ownership interest in the third party through common stock and/or warrants. Upon completion of the remaining prototypes, the same lease back and ownership interest agreement will take place. Additional information can be found in Note 15 (Seller 1, 2 & 3) on page 39.

Space Florida also entered in to an agreement with a third party to purchase three production vehicles in fiscal year 2011. In fiscal year 2012, this agreement was changed to support a new prototype vehicle. Upon completion of the production of the vehicle Space Florida will lease back the prototype for a nominal lease rate. At the end of the lease the prototype may be purchased for a nominal value by the third party. As consideration for the lease and option to purchase the third party has issued ownership interest in the third party through common stock and/or warrants. Additional information can be found in Note 15 (Seller 1) on page 39 of this report.

Rights and Access. Space Florida has agreements with the Cape Canaveral Air Force Station Center for the right to use Space Launch Complexes 36 and 46 for the development of multi-use vertical launch capabilities related to governmental, educational and commercial initiatives. Space Florida also has an enhanced use lease agreement with NASA's John F. Kennedy Space Center for 60 acres with an optional 139 additional acres to develop a mixed-use multi-tenant technology and commerce park referred to as "Exploration Park." Additional information can be found in Note 13 on page 37 of this report.

Long-term debt. On October 31, 2013, Space Florida entered into a loan agreement with a bank in the amount of $17,500,000. The note mature on January 30, 2015, however, the note converted on January 30, 2015, to a 3 year repayment term. The amortization is over a 20 year term and the interest rate is equal to the Note Rate that was in effect on the date immediately preceding the Conversion Date. Additional information on this can be found in Note 8 on page 33-34 of this report.

Space Florida Total Outstanding Debt

	2015	2014	2013
Notes payable	**$ 19,205,539**	$ 20,621,182	$ 4,098,033

Requests for Information

This financial report is designed to provide a general overview of Space Florida's finances for all those with an interest in Space Florida's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Space Florida, 505 Odyssey Way, Exploration Park, FL 32953.

BASIC FINANCIAL STATEMENTS

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June 30,	**2015**	2014
ASSETS		
Current assets		
Cash:		
Unrestricted	**$ 7,153,005**	$ 6,542,316
Restricted	**7,574,456**	23,987,419
Accounts receivable, net of allowance for uncollectible accounts of $124,437 and $342,178 at June 30, 2015 and 2014, respectively	**390,127**	449,390
Due from other governments:		
Unrestricted	**4,249,316**	4,875,000
Restricted	**4,905,438**	9,337,527
Accrued interest receivable on loans receivable, current	**48,291**	5,385
Investments	**4,296,595**	3,796,595
Loans receivable	**9,851**	-
Leases receivable	**1,093,387**	1,007,957
Prepaid rent, current	**382,633**	-
Other current assets	**2,022,823**	454,429
Total current assets	**32,125,922**	50,456,018
Noncurrent assets		
Capital assets:		
Construction in progress	**6,143,989**	26,287,246
Other capital assets, net of accumulated depreciation:		
SRMU storage facility	**4,823,541**	5,201,958
Orion facility	**25,359,301**	26,583,673
Reusable Launch Vehicle (RLV) hangar and office space	**1,293,673**	1,706,837
Space Life Sciences Lab	**18,268,870**	19,336,143
Furniture, equipment and vehicles	**6,614,099**	4,159,281
Launch Complex 36	**1,782,933**	-
Commercial Crew and Cargo Processing Facility	**18,590,151**	-
Embraer Engineering & Technology Center	**16,438,746**	-
Exploration Park - Leasehold Improvements	-	7,703,601
Other facility	**385,486**	462,488
Accrued interest receivable on loans receivable, noncurrent	**336,575**	190,247
Loans receivable, net of allowance of $1,440,741 and $1,285,450 as of June 30, 2015 and 2014, respectively	**4,665,700**	3,175,551
Leases receivable	**1,175,411**	2,162,124
Prepaid rent, noncurrent	**6,122,130**	-
Other noncurrent assets	**2,100**	2,400
Total noncurrent assets	**112,002,705**	96,971,549
Total assets	**$ 144,128,627**	$ 147,427,567

June 30,	**2015**	2014
LIABILITIES		
Current liabilities		
Accounts payable	**$ 3,904,784**	$ 4,969,121
Salaries payable	**148,301**	143,027
Accrued retirement payable	**-**	9,447
Compensated absences	**89,691**	94,347
Deposits	**52,202**	41,372
Payable from restricted assets:		
Accounts payable	**4,779,337**	14,580,483
Unearned revenue	**5,478,295**	9,600,654
Notes payable	**1,717,526**	1,228,162
Total current liabilities	**16,170,136**	30,666,613
Noncurrent liabilities		
Deferred rent liability	**276,045**	-
Compensated absences	**103,700**	112,315
Notes payable	**17,488,013**	19,393,020
Total noncurrent liabilities	**17,867,758**	19,505,335
Total liabilities	**34,037,894**	50,171,948
NET POSITION		
Net Investment in capital assets	**82,608,475**	86,105,128
Restricted for:		
Special purpose	**2,657,730**	9,143,809
Unrestricted	**24,824,528**	2,006,682
Total net position	**$ 110,090,733**	$ 97,255,619

Space Florida
Statements of Revenues, Expenses, and Change in Net Position

For the years ended June 30,	**2015**	2014
Operating revenues		
Fees and charges for services	**$ 2,887,341**	$ 2,462,394
State appropriated funding	**18,853,607**	12,149,685
State grant revenue	**19,094,690**	15,773,317
Federal grant revenue	**807,424**	515,734
Total operating revenues	**41,643,062**	30,901,130
Operating expenses		
Business development activities	**14,932,134**	13,819,510
Operations	**6,903,015**	5,713,517
General and administrative	**2,398,432**	1,920,627
Depreciation	**4,963,283**	4,226,869
Total operating expenses	**29,196,864**	25,680,523
Income from operations	**12,446,198**	5,220,607
Non-operating revenues (expenses)		
Interest income	**295,263**	280,603
Other State grant revenue	**637,714**	4,334,128
Interest expense	**(538,541)**	(454,351)
Impairment loss on investment	**-**	(992,920)
Loss on disposal of capital assets	**(5,520)**	(252,812)
Total non-operating revenues (expenses)	**388,916**	2,914,648
Change in net position	**12,835,114**	8,135,255
Net position, beginning of year	**97,255,619**	89,120,364
Net position, end of year	**$ 110,090,733**	$ 97,255,619

For the years ended June 30,	**2015**	2014
Cash flows from operating activities:		
Cash received from customers and users	**$ 2,816,745**	$ 9,069,087
Cash paid to suppliers for goods and services	**(22,252,884)**	(13,471,389)
Cash payments to employees for services	**(3,155,690)**	(3,030,363)
Loans issued	**(1,655,217)**	(25,000)
Operating grant receipts	**35,259,046**	26,098,732
Net cash provided by operating activities	**11,012,000**	18,641,067
Cash flows from capital and related financing activities:		
Capital related grant receipts	**5,069,803**	732,814
Purchase and construction of capital assets	**(30,742,224)**	(11,387,742)
Proceeds from sale of assets	**9,113**	-
Proceeds from issuance of note payable	**-**	17,500,000
Principal paid on note payable	**(1,415,644)**	(976,851)
Cash received on leases receivable	**1,007,956**	976,851
Net repayments under the line of credit	**-**	(1,331,582)
Net cash provided by (used in) capital and related financing activities	**(26,070,996)**	5,513,490
Cash flows from investing activities:		
Interest received	**295,263**	280,603
Interest paid	**(538,541)**	(454,351)
Purchase of investments	**(500,000)**	(499,995)
Net cash used in investing activities	**(743,278)**	(673,743)
Net increase (decrease) in cash	**(15,802,274)**	23,480,814
Cash, beginning of year	**30,529,735**	7,048,921
Cash, end of year	**$ 14,727,461**	$ 30,529,735

Cash for the purposes of this statement consists of the following at June 30, 2015 and 2014:

Cash	**$ 7,153,005**	$ 6,542,316
Restricted cash	**7,574,456**	23,987,419
Total cash	**$ 14,727,461**	$ 30,529,735

For the years ended June 30,	**2015**	2014
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	**$ 12,446,198**	$ 5,220,607
Adjustment to reconcile income from operations to net cash provided by operating activities		
Depreciation expense	**4,963,283**	4,226,869
Bad debt expense	**5,454**	298,158
In-kind payment of rent	**382,633**	-
In-kind donation of improvements to NASA	**816,204**	-
(Increase) decrease in assets:		
Accounts receivable	**209,027**	196,306
Due from other governments	**625,684**	(2,340,004)
Accrued interest receivable on loans receivable	**(189,234)**	(133,041)
Loans receivable	**(1,655,217)**	(25,000)
Leases receivable	**(106,673)**	(48,899)
Prepaid rent	**-**	417,889
Other assets	**(1,568,094)**	100
Increase (decrease) in liabilities:		
Accounts payable	**(1,064,337)**	4,417,168
Compensated absences	**(13,271)**	63,341
Salaries payable	**5,274**	43,957
Unearned revenue	**(4,122,359)**	6,281,702
Deposits	**10,830**	12,467
Accrued retirement payable	**(9,447)**	9,447
Rent payable	**276,045**	-
Total adjustments	**(1,434,198)**	13,420,460
Net cash provided by operating activities	**$ 11,012,000**	$ 18,641,067

SUMMARY OF NON-CASH CAPITAL FINANCING AND INVESTING ACTIVITIES:

During fiscal year 2015 and 2014, Space Florida recorded a lease receivable of $106,673 and $48,899, respectively to recognize lease revenue on a straight line basis (see Note 5 operating lease).

During 2014, Space Florida recorded an impairment loss on investment of $992,920 on the Statement of Revenues, Expenses and Changes in Net Position and reduced investment by the same amount.

During 2015, Space Florida conveyed infrastructure in lieu of rent that had a net book value of $7,703,600. This created prepaid rent of $6,887,396 and resulted in an in-kind donation of improvements to NASA of $816,204

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Space Florida is an independent special district, a body politic and corporate, and a component unit of the State of Florida, which was created pursuant to the Space Florida Act, Sections 331.301-331.369, Florida Statutes, as amended. Space Florida's purpose is to foster the growth and development of a sustainable and world-leading aerospace industry in the State of Florida. Space Florida accomplishes its purpose by promoting aerospace business development, facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. Space Florida is not considered an "agency" of the State for budgeting, as defined in Florida Statutes 216.011 and 287.012.

Space Florida is governed by a 13-member independent board of directors that consists of the members appointed to the board of directors of Enterprise Florida, Inc., by the Governor, the President of the Senate, and the Speaker of the House of Representatives pursuant to s. 288.901(5)(a)7. and the Governor, who shall serve ex officio, or who may appoint a designee to serve, as the chair and a voting member of the board.

Space Florida has the authority to purchase or construct facilities, to set rates, fees and charges for the use of facilities and to undertake joint financing with municipalities or private sector entities for projects. Space Florida also has the power to issue bonds and other instruments of indebtedness. The full faith and credit of the State of Florida does not secure any bonds issued by Space Florida.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Space Florida's financial statements are reported using the economic resources measurement focus, which is concerned with the inflow and outflow of resources that affect an entity. The Statement of Net Position reflects those resources available to meet current obligations and to be used in the delivery of goods and services in subsequent periods. The Statement of Revenues, Expenses and Changes in Net Position summarize those resources received and those consumed during the current period. The statement distinguishes between operating and non-operating revenues and expenses. Operating revenues generally result from leases, administrative fees and operating grants. Operating expenses include the costs for space business development activities, educational research development and workforce activities, operations, administrative expenses and depreciation. All revenues and expenses not meeting the definition of operating are reported as non-operating revenues and expenses.

Space Florida accounts for all of its activities within one enterprise fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Upon settlement, actual results may differ from those estimates.

Cash

Consists of cash on hand and demand deposits that are restricted and unrestricted.

Investments

Investments are valued at cost, as permitted by Governmental Accounting Standards Board (GASB) Cod. Section I50, since the stock and warrants are with privately held companies and therefore the fair market value is not readily determinable. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305. Management has reviewed the investments and determined there is an impairment of $0 and $992,920 (see custodial credit risk in Note 2) for the years ended June 30, 2015 and 2014.

Accounts Receivable

The receivables are funds due to Space Florida from customers. Space Florida does not charge interest on late payments. An allowance of $124,437 and $342,178 was recorded at June 30, 2015 and 2014, respectively, based on management's estimate of collectability of outstanding accounts receivable balances.

Loans Receivable

Consists of loans due from several companies (See Note 4). Management reviews each loan and based on timeliness of payments estimates an allowance.

Other Assets

Consists of deposits, receivables from capital leases and prepaid expenses.

Restricted Assets

Consists primarily of cash received and unexpended in connection with specific State-funded projects.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Are defined as assets with an initial cost of more than $1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost when purchased or at fair market value when donated. Additions, improvements and expenditures for repairs and maintenance that extend the lives of assets are capitalized. Other expenditures for repairs and maintenance are charged to expense as incurred. The carrying amount and accumulated depreciation of assets that are sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in results of operations.

Depreciation is provided using the straight-line method over the useful lives of the various classes of depreciable assets. The estimated useful lives of the property and equipment range from 1 to 27 years.

Accrued Compensated Absences

Space Florida's reporting of accrued compensated absences has been recorded in accordance with GASC Section C60. A liability is accrued for an employee's right to receive compensation for future absences when certain conditions are met.

Unearned Revenues

Include amounts invoiced or collected before the revenue recognition criteria are met and includes advanced payments received from grantor agencies that are unearned and recognized over the periods to which the payments relate.

Deposits

Consist of amounts held for tenants of the Space Life Sciences Lab ("SLSL"), and escrow for a loan receivable.

Net Position

Net position is restricted when constraints placed on funds are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. At June 30, 2015 and 2014, restricted net position consists primarily of cash received and unexpended in connection with specific State-funded projects and unearned revenue. When both restricted and unrestricted resources are available for use, generally it is Space Florida's policy to use restricted resources first, then unrestricted resources as needed.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2015 and 2014, the carrying amount of Space Florida's deposits was $14,727,461 and $30,529,735, respectively, and the bank balance was $21,039,680, and $31,772,702, respectively. These deposits consist of demand accounts that are covered by the federal depository insurance corporation (FDIC) up to $250,000. Monies invested in amounts greater than FDIC limits are secured by collateral held by Space Florida's agent, pursuant to the Florida Security for Public Deposits Act (the "Act"). The Act requires that Space Florida maintain deposits only in "qualified public depositories." All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of Space Florida. Therefore, Space Florida's deposits are considered to be fully insured.

Florida Statute 331.309 authorizes Space Florida to select as a depository any qualified public depository as defined in Florida Statute 280.02. Space Florida may also deposit funds with the State Treasury.

Cash at June 30, 2015 and 2014, consists of the following:

	2015	2014
Demand deposits	**$ 14,727,461**	$ 30,529,735
Classified as:		
Cash	**$ 7,153,005**	$ 6,542,316
Restricted cash	**7,574,456**	23,987,419
	$ 14,727,461	$ 30,529,735

Credit risk

Florida Statue 331.348 authorizes Space Florida to invest in funds backed by the federal and local governments, or any investment authorized in Florida Statute 17.57.

Interest rate risk

Space Florida's investment policy and Florida Statutes do not limit the maturities of investments to reduce the interest rate risk.

Foreign currency risk

Space Florida has common stock with a fair value of $500,000 and $0 at June 30, 2015 and 2014, respectively, that is denominated in English Pounds. Florida Statute 331.305 authorizes Space Florida to purchase interests in foreign corporations.

Concentration of credit risk

Space Florida's investment policy and Florida Statute 331.348 do not limit the concentration of types of investments.

NOTE 2: CASH AND INVESTMENTS (Continued)

At June 30, 2015 and 2014, Space Florida had the following investments that were greater than 5% of their total investments:

		2015		2014
Cella Acquisition Limited – 578,442 shares of common stock	**$**	**500,000**	$	N/A
Instant Eyes, Inc. - 20,000 shares of common stock		**249,650**		249,650
Instant Eyes, Inc. - warrants to purchase 20,000 shares of common stock		**249,650**		249,650
Rivian Automotive, Inc. - warrants to purchase 300 shares of common stock		**1,498,000**		1,498,000
Speed of Need Solutions, Inc. - 25,000 shares of common stock		**500,000**		500,000
Speed of Need Solutions, Inc. - warrants to purchase 25,000 shares of common stock		**699,300**		699,300
XO Market Holding - 55.555 shares of series A preferred stock		**499,995**		499,995
Total	**$**	**4,196,595**	$	3,696,595

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, Space Florida will not be able to recover the value of the investments that are in the possession of an outside party. Space Florida does not have a formal policy for custodial credit risk. Space Florida's investments of $4,296,595 and $3,796,595, as of June 30, 2015 and 2014, respectively, are for securities uninsured, unregistered and are being held by the individual companies that have issued the stock. Space Florida incurred an impairment loss of $0 and $992,920 during the year ended June 30, 2015 and 2014, respectively.

NOTE 3: DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of $9,154,754 and $14,212,527 of State appropriations for operations at June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, $4,905,438 and $9,337,527 was restricted for infrastructure and operations, respectively.

NOTE 4: LOANS RECEIVABLE

Space Florida entered into several loan agreements with a company (Company 1) and loaned them a total of $1,036,925 through June 30, 2011 and charged 1% interest per year. During February 2012, the previous loans were refinanced and an additional $399,076 was loaned to the Company. The loan is secured by collateral in an engine. Interest only payments are due monthly beginning March 2013 and a balloon payment due in 2022. Accrued interest at June 30, 2015 and June 30, 2014 was $19,745 and $5,385 respectively.

NOTE 4: LOANS RECEIVABLE (Continued)

During the year ended June 30, 2015, an interest payment was made in accordance with the terms of the agreement; therefore, Space Florida's management has estimated a portion of the receivable will most likely not be collected and has recorded an allowance of $287,200, at June 30, 2015 and 2014.

Space Florida entered into a loan agreement with another company (Company 2) and loaned them $1,000,000 on May 24, 2012. Company 2 made two other draws for $1,000,000 each during May 2013. The principal and interest is due in one payment on May 30, 2017. Space Florida can elect to have the interest paid to them in the form of common stock of Company 2. The interest accrues at a rate of 4%. Accrued interest at June 30, 2015 and June 30, 2014 was $310,247 and $190,247, respectively. As additional compensation for the loan, Space Florida will receive warrants in the future based upon when Company 2's first flight occurs. As of June 30, 2015, Space Florida did not have any warrants. Due to delays in Company 2's first flight, Space Florida's management has estimated a portion of the receivable will most likely not be collected and has recorded a total allowance of $990,000 at both June 30, 2015 and 2014.

Space Florida entered into a loan agreement with another company (Company 3) and loaned them $25,000 on March 26, 2014. The 40 month term loan, amortizing over 30 months beginning January 1, 2015, accrues interest at 2% of the total loan amount with a late fee of 10%. The loan shall not require any payments for a period of 10 months from the execution date, followed by a period of 6 months of interest only payments, followed by full installment payments through the maturity date. Accrued interest at both June 30, 2015 and 2014 were $0. A final balloon payment of any remaining principal, interest, unpaid costs of collection and late charges shall be due at the end of month 40. During the year ended June 30, 2015, interest and principal payments were made in accordance with the terms of the agreement; therefore, Space Florida's management has estimated a portion of the receivable will most likely not be collected and has recorded an allowance of $8,250 at both June 30, 2015 and 2014.

Space Florida entered into a loan agreement with another company (Company 4) and loaned them $1,000,000 on June 29, 2015. The 24 month term loan, accrues interest at 6% per year. The loan shall require a payment at the end of the term of $1,000,000 plus interest. Space Florida, at the end of the term, may convert any unpaid principal and accrued interest into common shares. Accrued interest at June 30, 2015 was $0. Space Florida's management has estimated that the receivable will most likely be collected and has recorded no allowance at June 30, 2015. There is collateral of equipment and land pledged for the loan.

Space Florida entered into a loan with another company (Company 5) and loaned them $500,000 on January 9, 2015. The 24 month term loan accrues interest at 6% per year. The loan shall require payment at the end of the term of $500,000 plus interest. Space Florida, at the end of the term, may convert any unpaid principal and accrued interest into nonassessable shares of common stock. If qualified financing occurs prior to the term of the loan, then it will automatically convert into nonassessable shares of preferred stock. Accrued interest at June 30,

NOTE 4: LOANS RECEIVABLE (Continued)

2015 was $14,219. Space Florida's management has estimated that the receivable will most likely be collected and has recorded no allowance at June 30, 2015.

Space Florida entered into a loan with another company (Company 6) and loaned them $155,291. The 10 year term loan accrues interest at 4% per year. The loan shall require payment at the end of the term of $155,291 plus interest. Space Florida, at the end of the term, may convert any unpaid principal and accrued interest into common shares. Accrued interest at June 30, 2015 was $6,583. Space Florida's management has estimated that the receivable will most likely not be collected and has recorded an allowance of $155,291 at June 30, 2015.

Loans receivable are as follows at June 30,:

Name	**2015**		**2014**	
	Principal	**Accrued Interest**	Principal	Accrued Interest
Company 1	**$ 1,436,001**	**$ 19,745**	$ 1,436,001	$ 5,385
Company 2	**3,000,000**	**310,247**	3,000,000	190,247
Company 3	**25,000**	**-**	25,000	-
Company 4	**1,000,000**	**-**	-	-
Company 5	**500,000**	**14,219**	-	-
Company 6	**155,291**	**6,583**	-	-
Less allowance	**(1,440,741)**	**-**	(1,285,450)	-
Totals	**$ 4,675,551**	**$ 384,866**	$ 3,175,551	$ 195,632

NOTE 5: LEASES RECEIVABLE

Direct Financing Lease

Space Florida entered into a direct financing lease agreement with a company for two research vehicles in September 2011. The lease began on July 2, 2012. The lease agreement requires 60 monthly payments of $90,959, including interest at a rate of 3.15%, beginning July 2, 2012. The lease proceeds are being used to repay a note payable used to purchase the vehicles. The same equipment is collateral for the note payable (See Note 8). There were no executory costs, unguaranteed residual values, deferred initial direct costs or unearned income.

The future lease payments are as follows:

Year ending June 30,	Principal	Interest	Total
2016	$ 1,040,053	$ 51,452	$ 1,091,505
2017	1,073,172	18,333	1,091,505
Totals	$ 2,113,225	$ 69,785	$ 2,183,010

NOTE 5: LEASES RECEIVABLE (Continued)

Operating Lease

Space Florida entered into an operating lease for equipment beginning December 11, 2013. Space Florida has the option to purchase the equipment at the of the 24 month lease for a price equal to the outstanding and unpaid equipment cost as determined by the lessor plus all applicable interest and taxes. As of June 30, 2015 and 2014, $1,066,735 and $869,322, respectively in equipment had been leased by the lessee. The lease has a 2% interest rate. Payments will begin January 2016 and the first payment will include all accrued interest. A final monthly payment amount will be determined in January 2016 and will be equally spread over the following 36 months. As of June 30, 2015 and 2014, the estimated principal payment is $8,889 and $12,074, respectively. Space Florida recorded a lease receivable of $155,573 and $48,899, on the Statement of Net Position at June 30, 2015 and 2014, respectively due to recognizing revenue on a straight line basis. There were no executory costs, unguaranteed residual values, deferred initial direct costs or unearned income.

The future lease payments are as follows:

Year ending June 30,	Principal	Interest	Total
2016	$ 88,895	$ 42,669	$ 131,564
2017	177,789	21,335	199,124
2018	177,789	21,335	199,124
2019	88,895	10,667	99,562
Totals	$ 533,368	$ 96,006	$ 629,374

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	2015			
	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated				
Construction in progress	$ 26,287,246	$ 17,383,037	$ (37,526,294)	**$ 6,143,989**
Total capital assets not being depreciated	26,287,246	17,383,037	(37,526,294)	**6,143,989**
Capital assets, being depreciated:				
SRMU storage facility	8,546,920	49,917	-	**8,596,837**
RLV hangar and office space	4,696,984	-	-	**4,696,984**
Orion facility	32,032,069	-	-	**32,032,069**
Space Life Sciences Lab	26,925,164	3,928	-	**26,929,092**
Launch complex 36	20,210	1,828,070	-	**1,848,280**
EETC – Melbourne Airport	-	16,696,407	-	**16,696,407**
C3PF	-	18,769,301	(5,360)	**18,763,941**
Furniture, equipment and vehicles	6,141,859	3,720,994	(24,079)	**9,838,774**
Exploration Park – Leasehold Improvements	7,848,952	-	(7,848,952)	**-**
Other facilities	635,121	15,720	-	**650,841**
Total capital assets being depreciated	86,847,279	41,084,337	(7,878,391)	**120,053,225**
Less accumulated depreciation for:				
SRMU storage facility	(3,344,962)	(428,334)	-	**(3,773,296)**
RLV hangar and office space	(2,990,147)	(413,164)	-	**(3,403,311)**
Orion facility	(5,448,396)	(1,224,372)	-	**(6,672,768)**
Space Life Sciences Lab	(7,589,021)	(1,071,201)	-	**(8,660,222)**
Launch complex 36	(20,210)	(45,137)	-	**(65,347)**
EETC – Melbourne Airport	-	(257,661)	-	**(257,661)**
C3PF	-	(173,790)	-	**(173,790)**
Furniture, equipment and vehicles	(1,982,578)	(1,256,902)	14,805	**(3,224,675)**
Exploration Park – Leasehold Improvements	(145,351)	-	145,351	**-**
Other facilities	(172,633)	(92,722)	-	**(265,355)**
Total accumulated depreciation	(21,693,298)	(4,963,283)	160,156	**(26,496,425)**
Total capital assets, being depreciated, net	65,153,981	36,121,054	(7,718,235)	**93,556,800**
Capital assets, net	$ 91,441,227	$ 53,504,091	$ (45,244,529)	**$ 99,700,789**

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2014 was as follows:

	2014			
	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Construction in progress	$ 15,585,792	$ 20,853,460	$ (10,152,006)	$ 26,287,246
Total capital assets not being Depreciated	15,585,792	20,853,460	(10,152,006)	26,287,246
Capital assets, being depreciated:				
SRMU storage facility	8,546,920	-	-	8,546,920
RLV hangar and office space	4,696,984	-	-	4,696,984
Orion facility	32,032,069	-	-	32,032,069
Space Life Sciences Lab	25,733,104	1,192,060	-	26,925,164
Launch complex 36	20,210	-	-	20,210
Furniture, equipment and vehicles	5,385,655	1,034,612	(278,408)	6,141,859
Exploration Park – Leasehold Improvements	-	7,848,952	-	7,848,952
Other facilities	635,121	-	-	635,121
Total capital assets being depreciated	77,050,063	10,075,624	(278,408)	86,847,279
Less accumulated depreciation for:				
SRMU storage facility	(2,917,128)	(427,834)	-	(3,344,962)
RLV hangar and office space	(2,576,984)	(413,163)	-	(2,990,147)
Orion facility	(4,224,024)	(1,224,372)	-	(5,448,396)
Space Life Sciences Lab	(6,439,303)	(1,149,718)	-	(7,589,021)
Launch complex 36	(20,210)	-	-	(20,210)
Furniture, equipment and vehicles	(1,234,498)	(773,676)	25,596	(1,982,578)
Exploration Park – Leasehold Improvements	-	(145,351)	-	(145,351)
Other facilities	(79,878)	(92,755)	-	(172,633)
Total accumulated depreciation	(17,492,025)	(4,226,869)	25,596	(21,693,298)
Total capital assets, being depreciated, net	59,558,038	5,848,755	(252,812)	65,153,981
Capital assets, net	$ 75,143,830	$ 26,702,215	$ (10,404,818)	$ 91,441,227

NOTE 7: LINE OF CREDIT

Space Florida entered into a line of credit in September 2011, and had available $3,000,000. At June 30, 2015 and 2014, $0 was outstanding under this line of credit. The line of credit matured on June 30, 2015 and was not renewed. Interest on the line of credit's outstanding balance was charged on a monthly basis and was at the LIBOR rate plus a 3.25% percent margin (3.48% as of June 30, 2014). There was no draws or payments on the line of credit during the year ended June 30, 2015.

NOTE 8: LONG-TERM DEBT

Notes Payable

On September 16, 2011, Space Florida entered into a loan agreement with a bank in the amount of $5,000,000. The note was issued for a period of 5 years with an interest rate of 3.15%. Monthly principal and interest payments of $90,959 are due on the 30th of every month beginning July 30, 2012. The outstanding principal balance as of June 30, 2015 and 2014 was $2,113,225 and $3,121,182, respectively. Payment of principal and interest on the note payable is secured by collateral of equipment leased in a direct financing lease (in Note 5).

On October 31, 2013, Space Florida entered into a loan agreement with a bank in the amount of $17,500,000. The note was to mature on January 30, 2015; however, it was converted, on January 30, 2015, to a note payable with a 3 year repayment term. The note was issued with a floating rate of interest equal to 72% of the one month London Interbank Offered Rate (LIBOR) plus 250 basis points (2.50%). The note shall bear interest on each February 1, May 1, August 1 and November 1, commencing February 1, 2014. The outstanding principal balance as of June 30, 2015 and 2014 was $17,092,314 and 17,500,000, respectively. Payment of principal and interest is to be paid by pledged future appropriations from the State through the State Economic Enhancement and Development Fund. Annual principal and interest payments on the note payable are expected to require approximately 6% of appropriations for the year ending June 30, 2016 and June 30, 2017, and will require approximately 87% of appropriations for the year ending June 30, 2018.

Annual debt service requirements to maturity for the notes payable outstanding are as follows:

Year ending June 30,	Principal	Interest	Total
2016	$ 1,717,526	$ 532,767	$ 2,250,293
2017	1,756,747	494,542	2,251,289
2018	15,731,266	310,339	16,041,605
Totals	$ 19,205,539	$ 1,337,648	$ 20,543,187

NOTE 8: LONG-TERM DEBT (Continued)

Changes In Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2015 and 2014, was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Notes payable	$ 20,621,182	$ -	$ (1,415,643)	$ 19,205,539	$ 1,717,526
Compensated absences	206,662	189,348	(202,619)	193,391	89,691
Total	$ 20,827,844	$ 189,348	$ (1,618,262)	$ 19,398,930	$ 1,807,217

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Notes payable	$ 4,098,033	$ 17,500,000	$ (976,851)	$ 20,621,182	$ 1,228,162
Compensated absences	143,321	185,866	(122,525)	206,662	94,347
Total	$ 4,241,354	$ 17,685,866	$ (1,099,376)	$ 20,827,844	$ 1,322,509

NOTE 9: CONDUIT DEBT

As defined by GASC Section C65, conduit debt obligations are certain limited obligation debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although the conduit debt obligations bear the name of the governmental entity, the entity has no obligation to repay the conduit debt beyond the resources provided by a lease or loan to the third party. GASB has concluded that conduit debt does not create a liability for the governmental entity and, therefore, is not reflected on the entity's basic financial statements.

Space Florida has participated in the issuance of conduit debt projects that are not reflected on the statement of net position of its basic financial statements.

The conduit debt transactions discussed below are limited obligation debts of Space Florida and are payable solely from the pledged revenues described in the respective debt agreements. Neither the faith nor credit, nor the taxing power of Space Florida, the State of Florida nor any subdivision thereof is pledged for the payment of the debts.

During January 2000, the Florida Space Authority entered into an agreement to assist in the financing and modification of Launch Complex 41 for use of the Atlas V rocket. This project was completed during the year ended June 30, 2003. The original value of the Florida Space Authority assisted financing on this project was approximately $294,117,000. With the dissolution of the Florida Space Authority on September 1, 2006, the conduit debt was assigned to Space Florida. The debt was refinanced in November 2010 with a principal balance of $100,000,000. As of June 30, 2015 and 2014, respectively, the outstanding balance was

NOTE 9: CONDUIT DEBT (Continued)

approximately $54,823,387 and $62,424,929, respectively. Rental revenue received on the Atlas V facility is being used to pay off the debt, and debt payments are made by United Launch Alliance.

During July 2005, the Florida Space Authority entered into an agreement to assist in the financing related to the construction of a Shuttle Launch Experience facility to be located at the Kennedy Space Center. With the dissolution of the Florida Space Authority on September 1, 2006, the conduit debt was assigned to Space Florida. The project was completed during the year ended June 30, 2009, at which point the total value of the Florida Space Authority assisted financing on this project was approximately $35,000,000.

During March 2007, Space Florida entered into an agreement to assist in additional financing related to the construction of a Shuttle Launch Experience facility to be located at the Kennedy Space Center. The project was completed during the year ended June 30, 2009, at which point the total value of the Space Florida assisted financing on this project was approximately $5,000,000.

During March 2012, Space Florida entered into an agreement to assist with financing related to the construction of the Space Shuttle Atlantis Exhibit. This was attached to the Shuttle Launch Experience facility. The $35,000,000, and $5,000,000 were refinanced into one loan with an additional $22,500,000 of funding provided. The total amount of assisted financing was $62,500,000. As of June 30, 2015 and 2014, the outstanding balance on Space Florida assisted financing was approximately $52,031,368 and $59,493,362, respectively. The debt will be repaid from a percentage of ticket sale revenues at the Kennedy Space Center Visitor Complex, and debt payments are made by the Kennedy Space Center Visitor Complex.

During December 2014, Space Florida entered into an agreement with a Company to assist with financing related to the sale and leaseback of personal and real property. Space Florida has agreed to provide financing assistance up to $250,000,000. As of June 30, 2015, the outstanding balance on Space Florida assisted financing was $2,400,714, which was the total amount of assistance in financing provided through June 30, 2015. The debt will be repaid with proceeds from the lease of the personal property. The lease is collateral on the loan.

NOTE 10: OPERATING LEASES

On November 7, 2012, Space Florida entered into an operating lease agreement with the Melbourne Airport Authority for the right to sublease facilities. The term of the lease is for 360 months with an option to extend this lease for up to 4 additional terms of 5 years. During the years ended June 20, 2015, Space Florida recorded a lease expense of $79,792. The future minimum lease payments are $115,703 each year through November 7, 2042.

On September 18, 2014, Space Florida signed a sublease with a company for period of 20 years. The tenant is responsible for maintaining, operating, and improvements of the facilities.

NOTE 11: SRMU STORAGE FACILITY

On May 15, 2007, Space Florida entered into an agreement to lease the Titan IV Solid Rocket Motor Upgrade (SRMU) storage facility constructed at Camp Blanding, Florida. The lease is currently extended through September 30, 2015, and may be extended for up to six additional one year periods. However, the tenant may terminate the lease with a 90-day written notice. During the years ended June 30, 2015 and 2014, Space Florida recorded lease revenue of $675,424 and $683,807, respectively.

The SRMU storage facility was constructed on land owned by the State of Florida Armory Board. The annual land use fee for fiscal years 2015 and 2014 is approximately $300,108 and $273,000, respectively, and is payable by Space Florida in monthly installments of approximately $25,009 and $22,750, respectively. The future minimum lease payments are $276,760 and $258,541 as of June 30, 2016 and 2017, respectively.

If the current tenant chooses not to renew the lease and no suitable lease agreement is secured with another tenant, management believes the service utility of the facility would be significantly reduced. Under such circumstances, and in accordance with GASB Cod. Section 1400, *Reporting Capital Assets and for Insurance Recoveries*, Space Florida would be required to report an impairment loss, not to exceed the then carrying value of the facility, which was $4,823,541 and $5,201,958 as of June 30, 2015 and 2014, respectively. However, management believes the current tenant will continue to renew the lease. Accordingly, no impairment loss has been recorded as of June 30, 2015 or 2014.

NOTE 12: COMMERCIAL CREW AND CARGO PROCESSING FACILITY

On July 19, 2011, Space Florida entered into a use lease agreement with NASA's John F. Kennedy Space Center for the right to use the Commercial Crew and Cargo Processing Facility "C3PF" f/k/a/ Orbiter Processing Facility 3 "OPF-3", Space Shuttle Main Engine Processing Facility, K6-0696 building, and the processing Control Center. Space Florida will need to fund an escrow account for the demolition which is estimated to be $4,850,000 by October 6, 2016.

On April 1, 2015, Space Florida entered into a sub use agreement with a Company to lease the C3PF and Processing Control Center. The lease currently terminates in December 31, 2021 with an option to extend for up to two additional terms of three years, but shall not extend beyond the user permit term expiration date of June 1, 2027. During the year ended June 30, 2015, Space Florida recorded administrative fee revenue of $580,022. The future minimum administrative fees are $580,022 each year through June 30, 2021.

During the year ended June 30, 2015, Space Florida recorded operations and maintenance expenses related to the C3PF facility of $935,774.

NOTE 13: SPACE LIFE SCIENCES LAB

Space Florida leases the Space Life Sciences Lab (SLSL) to NASA and other lessees under lease agreements that end between September 30, 2014 and February 29, 2016. The net carrying value of the facility at June 30, 2015 and 2014 was $18,268,870 and $19,336,143, respectively. During the years ended June 30, 2015 and 2014, Space Florida recorded lease revenue of $757,000 and $1,213,000, respectively. NASA was one of the tenants in the building leasing a lab for approximately $65,000 a month, but they terminated their lease in January 2015. As part of the use agreement since NASA was no longer the primary tenant Space Florida had to pay rent for $55,650 for the year ended June 30, 2015.

During the years ended June 30, 2015 and 2014, Space Florida recorded operations and maintenance expenses, including rent, related to the SLSL facility of $2,958,720 and $2,712,557, respectively. Space Florida collects maintenance fees from all but one tenant, which is included in lease revenue, as part of their lease agreements.

Space Florida will collect future minimum lease revenue of approximately $390,060, $130,280, and $32,704 for the years ending June 30, 2016, 2017 and 2018, respectively.

NOTE 14: RIGHTS AND ACCESS

Exploration Park

On January 1, 2009, Space Florida entered into a 60 year enhanced use lease agreement, including additional extension options, with NASA's John F. Kennedy Space Center for 60 acres and an optional 139 additional acres located adjacent to the SLSL. The intended purpose of this property, with certain limitations as described in the lease agreement, is for the development of a mixed-use, multi-tenant technology and commerce park referred to as "Exploration Park." The park is intended to host diverse aerospace-related activities for commercial, civil and military tenants. Rental fees are $453,440 per year beginning July 1, 2014, when Phase 1 is available to be utilized. Beginning on January 1, 2039 the rent expense shall escalate on the anniversary using the consumer price index or, if greater, shall be 5% of gross revenues derived from subleases in phase 1. There were no cash lease payments initially required under the lease agreement. Space Florida made capital improvements during the first three years of the use agreement and upon completion of the improvements, NASA accepted the improvements in lieu of $6,887,396 future rent payments. The net book value of the assets transferred was $7,703,600. The difference between the asset transferred and the improvements in lieu of payments of $816,204 is recorded in fiscal year 2015 as in-kind donations to NASA and is included in general and administrative expense on the Statement of Revenues, Expenses, and Changes in Net Position. There is $382,633 of prepaid rent current, and $6,122,130 of prepaid rent noncurrent, which will be applied to the rent expense through 2032. The prepaid rent was accepted by NASA for rent covering 18 years; therefore, it is allocated evenly across the 18 years and $382,633 is applied annually. The rent expense is being expensed evenly over the life of the lease. During the year ended June 30, 2015, the straight-line rent expense was $658,678. The difference between the annual rent expense and the prepaid rent applied, $382,633,

NOTE 14: RIGHTS AND ACCESS (Continued)

results in a deferred rent liability of $276,045. Space Florida will make cash payments totaling $40,580,340 for the use lease agreement, and will begin making payments in 2032.

Launch Complex 36

Space Florida was granted a license (right to use) to Space Launch Complex 36 at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years commencing in November 2014 and ending November 2019 with a one year extension. Space Florida anticipates renewal of the license in five year increments. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a multi-use vertical launch complex capable of supporting several launch vehicle configurations ranging from light to medium lift. The license is revocable at the will of the Secretary of the Air Force.

Launch Complex 46

Space Florida was granted a license (right to use) to Space Launch Complex 46 (SLC-46) at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years from September 2008 and ending September 2013, which was extended to September 2019. Space Florida anticipates renewal of the license in five year increments. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a launch complex that is capable of supporting space launches and other directly related activities for government, education and commercial purposes. Through an agreement with the Air Force and Navy, Space Florida shares SLC-46 site with the Naval Ordnance Test Unit (NOTU). The license is revocable at the will of the Secretary of the Air Force.

Additional Minor Rights and Access

Space Florida has been granted several additional minor licenses or rights to use for real property by either the Secretary of the Air Force or NASA's John F. Kennedy Space Center. These rights, which are deemed immaterial in total, are transferred to third parties who are responsible for all related requirements. However, access rights are retained by Space Florida for inspection purposes to ensure contract compliance. All rights have terms ranging from one to five year with limited option to extend.

Shuttle Landing Facility

On June 23, 2015, Space Florida entered into a 30 year agreement with NASA's John F. Kennedy Space Center for the management, development, improvement, operation, and sustainment of the Shuttle Landing Facility to support Government and commercial users engaged in horizontal space launch and recovery, aerospace vehicle flight testing and operations, and mission-related or otherwise compatible aviation. Space Florida will provide, at no cost to NASA, flight operations services associated with landings and take-offs of NASA aircraft at a value of $45,045 per year with a three percent annual escalator. Space Florida had no activity under this agreement nor constructive control during the year ended June 30, 2015. Space Florida anticipates recognizing rent expense and rent revenue during the 2016 fiscal year.

NOTE 15: PROTOTYPE TESTING AGREEMENTS

During June 2010, Space Florida entered into an agreement to purchase an ultra-efficient vehicle prototype from a third party entity (Seller 1) for $500,000, for the purpose of testing the technology and capabilities of the prototype. Seller 1 delivered the prototype on October 15, 2010, and the testing period began.

Under the terms of the agreement, upon expiration of the testing period, Space Florida was to lease back the prototype to the seller. The sales lease back began on October 15, 2010 at the rate of $100 per year for 10 years. At the end of the lease, Seller 1 has the option to repurchase the prototype for $100. As additional consideration for the lease and option to purchase, the Seller issued to Space Florida a warrant with a 10 year term to acquire 100 shares of Seller 1's common stock, which is estimated to equal a 1% ownership interest in Seller 1. The common stock warrants allow shares to be purchased for $1,000 per share.

During March 2011, Space Florida entered into an additional and separate agreement with Seller 1 to purchase three vehicles for $1,000,000. The vehicles have been completed as of June 30, 2014, and the lease commenced on September 30, 2014. The vehicle is being leased back to Seller 1 at $100 per year for 10 years. Seller 1 has an option to purchase the vehicle at the end of the lease for $100. Seller 1 issued Space Florida a warrant with a 10 year term to acquire 200 shares of the Seller's common stock. The warrants allow common stock shares to be purchased for $1,843 per share and is equal to a 2% ownership interest in Seller 1.

Also, in March 2011, Space Florida entered into an agreement to purchase a hydrogen fueled vehicle prototype from Seller 2 for $1,200,000, for the purpose of testing the technology and capabilities of the vehicle prototype. Of the $1,200,000, $500,000 was a loan convertible into common stock of Seller 2. Space Florida converted the loan during the fiscal year ended June 30, 2012 and obtained 25,000 shares of common stock of Seller 2. A sales lease back will begin on the completion of the construction of the prototype. Seller 2 will lease the vehicle for 7 years for $100 a year, and at the end of the lease can purchase the prototype for $100. As additional consideration for the lease, Seller 2 gave Space Florida warrants to purchase 25,000 shares of common stock in Seller 2, this is an estimated ownership of 2.5% in Seller 2. The warrants can be exercised for $0.01 a share.

In June 2011, Space Florida entered into an agreement to purchase a vehicle prototype from a third party (Seller 3) for $500,000, for the purpose of testing the technology and capabilities of the vehicle prototype. A sales lease back began in February 2013. Seller 3 will lease the vehicle for 7 years for $100 a year, and at the end of the lease can purchase the prototype for $100. As additional consideration for the lease, Seller 3 gave Space Florida warrants to purchase 20,000 shares of common stock in Seller 3, this is an estimated ownership of 2% in Seller 3. The warrants can be exercised for $0.01 a share.

As of June 30, 2015 and 2014, the warrants and common stock are recorded in investments, and the receivables for the capital leases are included in other assets.

NOTE 16: RETIREMENT PLAN

Effective September 1, 2006, Space Florida established a Simplified Employee Pension Plan (the "Plan"). The Plan eliminates the taxation required for the social security element of the Federal Insurance Contributions Act (FICA) for all participants and for Space Florida.

All employees of Space Florida are eligible to participate in the Plan immediately. Participants vest at 100% upon entering the Plan and retirement eligibility is set at age 65. The Plan is non-contributory for employees and, therefore, all contributions are the obligation of Space Florida. Contributions to the Plan for the years ended June 30, 2015 and 2014 were $485,264 and $469,998, respectively, and represented 15% of total eligible employee gross compensation for each period.

NOTE 17: COMMITMENTS AND CONTINGENCIES

Commitments

Contract commitments at June 30, 2015 and 2014 were $18,586,876 and $33,015,570, respectively, and related to the design and construction for Cecil Spaceport Space Vehicle Assembly Hangar Facility, design and construction of the Commercial Heavy Lift Launch Capability on Cape Canaveral Spaceport, Improvements to Launch Complex 25, and certain other consulting agreements.

Economic Dependency

Space Florida received approximately 91% of its total revenues from State legislative appropriations and grants during both years ended June 30, 2015 and 2014.

State Appropriated Funds & Federal Contracts

Amounts received from State and Federal agencies are subject to audit and adjustment at the discretion of these entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the agency would become a liability of Space Florida.

NOTE 18: RISK MANAGEMENT

Space Florida purchases commercial insurance for worker's compensation, health and property insurance for their major capital assets. Therefore all risks of loss are fully insured.

NOTE 19: FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fair Value Measurement and Application
- The Hierarchy of Generally Accepted Account Principles for State and Local Governments
- Tax Abatement Disclosures

Space Florida is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

NOTE 20: SUBSEQUENT EVENT

On August 29, 2015, Space Florida was granted license (right to use) to Area 57 – East at Cape Canaveral AirForce Station from the Secretary of the Air Force for a period of five years retroactively beginning in March 2014 and ending in February 2019. Space Florida shall pay all direct costs associated with the use of the facility. Additionally, Space Florida will need to fund the demolition which is estimated to be $100,000.

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SUPPLEMENTARY INFORMATION

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Schedule of Travel, Business Meals and Incidental Expenses

For the year ended June 30,		**2015**
Domestic:		
Travel and incidental (1)	**$**	**201,716**
Business meals		**47,902**
Total domestic		**249,618**
Foreign:		
Travel and incidental (1)		**81,588**
Business meals		**2,980**
Total foreign		**84,568**
Total	**$**	**334,186**

(1) Incidental expenses consist of telephone charges and gratuities.

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

The Board of Directors
Space Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Space Florida, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Space Florida's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Melbourne, Florida
December 22, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANICAL ASSISTANCE REQUIRED BY OMB-A133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Board of Directors
Space Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Space Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major federal programs and state projects for the year ended June 30, 2015. Space Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Space Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Space Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, Space Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Space Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Space Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circulars A-133 and Chapter 10.550*,* Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Space Florida's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550*,* Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida
December 22, 2015

Section I–Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards and State Projects

Internal control over major federal programs and state projects:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditors' report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be Reported in accordance with Section 510(a) of OMB Circular A-133 and/or Chapter 10.550? ___ yes X no

Identification of major federal programs and state projects:

Federal CFDA Numbers	Federal Program
17.268	Job Innovation
43.AAA	Launch Complex 36 and 46

State CSFA Numbers	State Project or Cluster 2015
40.004	Space Florida
40.017	Innovative Incentive Program

Dollar threshold used to distinguish between type A and B programs was $300,000 for major federal programs and $1,142,808 for major state projects.

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

Section II–Financial Statement Findings

No matters were reports.

Section IV–Federal Awards Findings and Questioned Costs

No matters were reported.

Section IV–State Project Findings and Questioned Costs

No matters were reported.

Section V–Other Issues

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal award or State financial assistance projects.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

Space Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended June 30, 2015

Federal/State Agency Pass-through entty, Federal Program / State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
Federal Programs				
Department of Labor - Employment and Training				
Job Innovation	17.268	JA-22450-11-60-A-12	$ 302,679	$ 302,679
National Aeronautics and Space Administration				
Launch Complex 36 and 46	43.AAA	NNX10AH23G	504,745	-
Total Expenditures of Federal Awards			$ 807,424	$ 302,679
State Programs				
Florida Department of Economic Opportunity				
Direct Projects, Space Florida				
Funding & Program Agreement, Israel and Space Tourism	40.004	SB-14-008	$ 13,458,406	$ 86,803
Aerospace Industry Financing Project	40.004	SB-14-011	5,457,332	-
Total CSFA number 40.004			18,915,738	86,803
Innovation Incentive Program	40.017	SB-12-275	1,885,076	-
Total Florida Department of Economic Opportunity			20,800,814	86,803
Florida Department of Transportation				
Direct Projects				
Aviation Development Grants	55.004	FM/#430124-5-A8/94-01	8,838,809	-
Aviation Development Grants	55.004	FM/#430254-1-12-01	192,044	-
Aviation Development Grants	55.004	FM/#430125-1-94-03	1,159,317	-
Aviation Development Grants	55.004	FM/#430124-3-94-01	2,082,326	2,082,326
Aviation Development Grants	55.004	FM/#430254-1-14-01	282,277	-
Aviation Development Grants	55.004	FM/#430254-1-14-02	136,522	-
Aviation Development Grants	55.004	FM/#430124-4-94-01	3,917,728	3,917,728
Total CSFA number 55.004			16,609,023	6,000,054
Economic Development Transportation Projects	55.032	FM/#432515-1-58-01	683,762	-
Total Florida Department of Transportation			17,292,785	6,000,054
Total Expenditures of State Financial Assistance			$ 38,093,599	$ 6,086,857

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of Directors
Space Florida

Report on the Financial Statements

We have audited the financial statements of Space Florida as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 22, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States OMB Circular A-133, *Auditing of States, Local Governments, and Non-Profit Organizations,* and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Schedule of Findings and Questioned Costs; and Independent Accounts' Report on Examination Conducted in Accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 22, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no corrective actions to be taken as there were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(l)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of Space Florida is disclosed in the footnotes. There are no component units.

Financial Conditions

Section 10.554(l)(i)5.a., and 10.556(7) Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not Space Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Space Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Space Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(l)(i)5.a., and 10.556(7) Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Space Florida for the fiscal year ended June 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had none.

Section 10.554(l)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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 22, 2015

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WTH LOCAL GOVERNMENT INVESTMENT POLICIES

The Board of Directors
Space Florida

We have examined Space Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended June 30, 2015. Management is responsible for the Space Florida's compliance with those requirements. Our responsibility is to express an opinion on Space Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Space Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Space Florida's compliance with specified requirements.

In our opinion, Space Florida complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

This report is intended solely for the information and use of management and the State of Florida Auditor General 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 22, 2015