Space Florida Board of Directors
Meeting Agenda

July 25, 2019
1:30 p.m. – 3:30 p.m.

Call-in Number: 866-528-2256 Guest Code: 4875556 #	Space Life Science Lab 505 Odyssey Way, Merritt Island, FL 32953

Agenda Items	
Call to Order and Pledge of Allegiance	Lt. Gov. Nuñez
Roll Call	Elizabeth Loving
Welcome & Introductions	Lt. Gov. Nuñez
Public Comments	Lt. Gov. Nuñez
Board of Directors	
Board Committees	
1. APPROVAL OF MINUTES • April 01, 2019 • May 15, 2019	Lt. Gov. Nuñez
2. COMMITTEE REPORTS	
➢ **Audit & Accountability Committee** • Interim Financials March 31, 2019 • Financial Statements for the years ended September 30, 2018 and 2017 • Required Communications	Denise Swanson
➢ **Governance Committee**	Howard Haug
➢ **Investment Committee**	Jay Beyrouti
➢ **Marketing Committee**	Sonya Deen
3. BUSINESS BEFORE THE BOARD • Business Development and Business Client Project Related Activities • Vendor, Consulting, Spaceport and Launch Support Facilities Contracts • Funding Agreements (Attachment A)	Frank DiBello/ Howard Haug
4. PRESIDENT'S REPORT	Frank DiBello
Closing Remarks / Adjournment	Lt. Gov. Nuñez

Board of Directors

SPACE FLORIDA BOARD OF DIRECTORS

Lieutenant Governor Jeanette Nuñez -Chairman of the Board
Executive Office of the Governor

Jay Beyrouti
President, Monicarla, Ltd.

Jesse Biter
President/CEO, Biter Enterprises, LLC.

Dean Cannon
Executive Vice President, Gray Robinson

Gregory Celestan
Chairman & Chief Executive Officer of Celestar

Sonya Deen
Vice President of Government Relations, JM Family Enterprises, Inc.

Barbara Essenwine
Owner, Above & Beyond Group

Mori Hosseini
Chairman & CEO, ICI Homes

Kenneth Kahn
President, LRP Media Group

Belinda Keiser
Vice Chancellor, Keiser University

Katherine San Pedro
Partner, Ballard Partners, Inc

Board Committees

SPACE FLORIDA BOARD OF DIRECTORS

Approved Committee Assignments

AUDIT & ACCOUNTABILITY COMMITTEE

(Denise & Howard)

Gregory Celestan (Chair)
Chairman & Chief Executive Officer
of Celestar

Kenneth Kahn
President, LRP Publications, Inc

Belinda Keiser
Vice Chancellor
Keiser University

INVESTMENT COMMITTEE

(Denise & Howard)

Jay Beyrouti (Chair)
President
Monicarla, Ltd.

Mori Hosseini
Chairman/CEO
ICI Homes

Belinda Keiser
Vice Chancellor
Keiser University

GOVERNANCE & COMPENSATION COMMITTEE

(Denise & Howard)

Jesse Biter (Chair)
President/CEO
Biter Enterprises, LLC.

Barbara Essenwine
Vice President/Business Manager, GCY, Inc.

Mori Hosseini
Chairman/CE
ICI Homes

MARKETING COMMITTEE

(Frank & Howard)

Sonya Deen (Chair)
Vice President of Government Relations
JM Family Enterprises, Inc.

Jesse Biter
President/CEO
Biter Enterprises, LLC.

Updated 7.16.19 (MASTER Committee Member List)

MINUTES FOR 01 APRIL 2019

SPACE FLORIDA

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

A Regular meeting of the Space Florida Board of Directors was held on April 1, 2019 at the Alfred Lawson Center, Tallahassee, FL

BOARD MEMBERS PRESENT:

Lieutenant Governor and Space Florida Chair, Jeanette Nuñez
Jay Beyrouti (Phone)
Jesse Biter
Dean Cannon
Greg Celestan
Sonya Deen (Phone)
Mori Hosseini
Ken Kahn (Phone)
Belinda Keiser (Phone)

SPACE FLORIDA SENIOR MANAGEMENT PRESENT:

Frank DiBello
Howard Haug
Jim Kuzma
Denise Swanson

WELCOME & INTRODUCTIONS:

A quorum being present, Lieutenant Governor Jeanette Nuñez, called the meeting to order at 1:30 p.m. (EDT), welcomed Board members and guests.

There were no Public Comments.

BUSINESS BEFORE THE BOARD:

1. Approval of Minutes:

    - Mori Hosseini made a motion to approve the minutes for November 27, 2018 Board of Directors meeting, which was seconded by Greg Celestan, and approved unanimously.

    - Jesse Biter made a motion to approve the minutes for March 4, 2019 Board of Directors meeting, which was seconded by Mori Hosseini, and approved unanimously.

2. Audit and Accountability Reports - Interim Financials as of December 31, 2018 were presented by Denise Swanson:
    - Belinda Keiser made a motion to approve the issuance of Space Florida's quarterly interim financial statements for the period ended December 31, 2018, which was seconded by Greg Celestan, and approved unanimously.

3. Proclamation - Space Florida Management honored outgoing Chair, William T. Dymond for his years of service as Chair of the Space Florida Board of Directors. Frank DiBello read the Proclamation to be presented to Mr. Dymond on behalf of the Board of Directors and Management at a dinner on April 25, 2019, which was approved unanimously by the Board.

4. Contracts, Business Development and Project Activities provided to the board in advance were briefed by Howard Haug and Frank DiBello. The following seven items were recommended for approval:

    Firefly Aerospace: After a brief board discussion, Mori Hosseini made a motion to authorize Space Florida Management to negotiate and enter a Sublease Agreement between Space Florida and Firefly Aerospace for a Primary and Expansion Parcel within Exploration Park with the

following terms: (1) Approximately Eighteen acres in Exploration Park Phase 1 inclusive of a Primary and Expansion Parcel. (2) Twenty-year lease base term with two renewal terms of five years each. (3) Firefly Aerospace to construct all improvements which will be owned by Space Florida. Firefly Aerospace will be responsible for all insurance, maintenance, and capital improvements. Lease rate of one dollar, per square foot, per year for the Primary Parcel upon Firefly's occupancy. Lease rate of one dollar per square foot, per year, for the Expansion Parcel upon the earlier of occupancy of a facility utilizing the Expansion Parcel or five years from the effective date of the Sublease Agreement. The motion was seconded by Ken Kahn and approved unanimously.

Orbit Beyond: Jesse Biter made a motion to authorize Space Florida Management to negotiate and enter financing agreements with Orbit Beyond in the amount of up to One Million Dollars ($1,000,000) for a term of up to four years at a market interest rate. Under the agreement, the company will commit to establishing a lunar lander assembly facility and integration activities in Florida. The financing will be secured by personal property of the company. The motion was seconded by Jay Beyrouti and approved unanimously.

Relativity Space: Agenda item deferred.

Project Prime: Greg Celestan made a motion to authorize Space Florida Management to negotiate and enter financing agreements with Project Prime for up to One Hundred Twenty-Five Million Dollars ($125,000,000) in a conduit debt structure in which equipment and tooling are acquired by Space Florida and leased to the company for up to a twenty-year term. Project Prime will build a new flight training facility in the Miami-Dade area and commit to creating seventy-three new jobs in Florida with an annual average wage of Eighty Thousand Dollars ($80,000), which was seconded by Jesse Biter, and approved unanimously.

Project Midnight Blue: Jesse Biter made a motion to authorize Space Florida Management to negotiate and enter financing agreements with Project Midnight Blue. The project will be the consolidation of their operations in California with their operations in Florida and is anticipated to include the construction of a clean room and equipment for manufacturing and testing for a total investment of up to Twelve Million, Two Hundred Seventy-Five Thousand Dollars ($12,275,000). The agreements will include a long-term lease of up to ten years with the company commitment to create forty-two jobs with an annual average wage of approximately Sixty-Eight Thousand Dollars ($68,000.00). The motion was seconded by Mori Hosseini and approved unanimously.

Ratification of Mediated Settlement Agreement and Release (Project Sabal): Greg Celestan made a motion to ratify the Space Florida Management execution of a "Mediated Settlement Agreement and Release" related to the Airbus OneWeb Production facility (Project Sabal), which was seconded by Jesse Biter, and approved unanimously.

Spaceport Strategies, LLC: Mori Hosseini made a motion to authorize Space Florida Management to amend the Spaceport Strategies consulting agreement to add Ninety-Seven Thousand Two Hundred Dollars ($97,200), expand the scope of services, and extend the term through December 31, 2019. The motion was seconded by Jesse Biter and approved unanimously.

Addition of Trane and Presidio Technology to Facilities Vendor List: Belinda Keiser made a motion to authorize Space Florida Management to add Trane U.S., Inc., and Presidio Technology Capital to the approved vendor list previously approved by the Space Florida Board of Directors on September 18, 2019 in conjunction with the Space Florida's Facility Operations and Maintenance activities. The motion further authorized the negotiation and entering of agreements with Trane U.S. and Presidio Technology Capital for respective facility needs at market terms up to the previously approved aggregate amount of Eight Million Thirty Thousand

Dollars ($8,030,000) for Fiscal Year 2019. The motion was seconded by Jesse Biter, and approved unanimously.

PRESIDENT'S REPORT

Frank DiBello shared the President's Report which included a review of recent activities including the Firefly announcement of launch and manufacturing facilities in Florida, the SpaceX successful commercial crew demonstration flight, the Indian River Bridge INFRA grant proposal activities, certificate of occupancy issuance to the One Web Satellites facility, Space Day activities and the Governor's Mandate regarding Space Force related activities for Florida.

President DiBello briefed the Space Florida Board on the current focus and key initiative efforts including Space Florida's structure and role as a public corporation and independent special district. The briefing included highlights of Space Florida's financing and Next Gen initiatives including three key roles pertaining to Industry Leadership, Industry Development & Financing, and Spaceport Authority Development that are the pathway to fueling the future of Space in Florida which was followed by the vision of key future aerospace innovation workforce and space commerce trade port.

President DiBello invited guest, Blue Origin's Orbital Launch Director, Scott Henderson, to provide a briefing of the recent company activities, thanked the Board for the approval of action items and reminded the Board of upcoming launches and events.

CLOSING REMARKS & ADJOURNMENT

Lieutenant Governor Jeanette Nuñez requested any further questions or comments from the public or board members. There being none, the Chair thanked the Board for the discussion and involvement and adjourned the meeting at 3:00 p.m. (EDT)

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Lieutenant Governor Jeanette Nuñez, Chair

BOARD OF DIRECTORS MEETING

April 1, 2019

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 Space Florida Governance Policies, and recorded in the minutes of the meeting of the Board of Directors held on April 1, 2019, and not subsequently amended or modified.

_____

Frank A. DiBello, President

MINUTES FOR 15 MAY 2019

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

A Teleconference meeting of the Space Florida Board of Directors was May 15, 2019.

BOARD MEMBERS PRESENT:
Lt. Gov. Jeanette Nuñez
Jay Beyrouti
Dean Cannon
Greg Celestan
Barbara Essenwine
Ken Kahn
Belinda Keiser

SPACE FLORIDA SENIOR MANAGEMENT PRESENT:
Frank DiBello
Howard Haug
Denise Swanson

WELCOME & INTRODUCTIONS:
A quorum being present, Lieutenant Governor Jeanette Nuñez called the meeting to order at 12:30 p.m., (EDT) and welcomed Board members and guests.

There were no Public Comments

PRESIDENTS REPORT:

President DiBello thanked the board for their time and provided an update on recent and relevant activities since the last board meeting.

BUSINESS BEFORE THE BOARD:

1. Contracts, Business Development and Project Activities regarding the one topic agenda item provided to the board in advance were briefed by Howard Haug associated with the Florida – Israel Innovation Partnership. The following item was recommended for approval:

   2019 Florida – Israel Innovation Partnership Awards: Jay Beyrouti made a motion to approve Management to complete negotiations and enter into the 2019 Award Agreements for the final selections in conjunction with the award process for the combined cap of up to One Million Dollars ($1,000,000), which was seconded by Greg Celestan and approved unanimously.

CLOSING REMARKS & ADJOURNMENT

Lieutenant Governor Jeanette Nuñez thanked the Board for their discussion and involvement and adjourned the meeting at 12:45 p.m. (EDT)

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Lieutenant Governor Jeanette Nuñez, Chair

BOARD OF DIRECTORS MEETING

May 15, 2019

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 Space Florida Governance Policies, and recorded in the minutes of the meeting of the Board of Directors held on May 15, 2019, and not subsequently amended or modified.

_____

Frank A. DiBello, President

INTERIM FINANCIALS

MARCH 31, 2019

SPACE FLORIDA

Total Compiled Statement of Revenues and Expenses
Period Ending March 31, 2019
Unaudited
In 000's

	Total budget	Q1 Actual	Q2 Actual	Committed	Total Actual and Commitments	Budget Remaining
Operations Revenues						
State Appropriated Revenue - OPS	$ 11,500	$ 2,875	$ 2,875	$ 5,750	$ 11,500	$ -
Other Revenue	$ 3,799	$ 616	$ 1,288	$ 1,669	$ 3,573	$ 226
Total Operations Revenues	**$ 15,299**	**$ 3,491**	**$ 4,163**	**$ 7,419**	**$ 15,073**	**$ 226**
Operations Expenses						
Salaries & Other Related Costs	$ 6,875	$ 1,497	$ 1,471	$ 3,745	$ 6,713	$ 163
Contract & Subcontract Services	$ 1,323	$ 117	$ 218	$ 726	$ 1,061	$ 262
Operating, General & Administrative	$ 2,685	$ 302	$ 243	$ 1,880	$ 2,425	$ 260
Utilities & Maintenance	$ 3,583	$ 657	$ 870	$ 2,024	$ 3,550	$ 33
Business Recruitment/Investment	$ 484	$ 114	$ 107	$ 209	$ 430	$ 54
Travel & Entertainment	$ 349	$ 60	$ 57	$ 172	$ 289	$ 60
Total Operations Expenses (Excluding Depreciation)	**$ 15,299**	**$ 2,746**	**$ 2,966**	**$ 8,755**	**$ 14,468**	**$ 831**
Change in Net Assets Due to Operations	**$ (0)**	**$ 745**	**$ 1,196**	**$ (1,337)**	**$ 604**	

Financial Statements for the years ended September 30, 2018 and 2017

SPACE FLORIDA

(A Component Unit Of The State Of Florida)

FINANCIAL STATEMENTS

For the Years Ended September 30, 2018 and 2017

CRI CARR RIGGS & INGRAM

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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 September 30, 2018 and 2017 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 September 30, 2018 and 2017 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 state financial assistance for the year ended September 30, 2018 and 2017, required by 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 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 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 June 27, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Space Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Space Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
June 27, 2019

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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 September 30, 2018, 2017 and 2016.

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 September 30, 2018, 2017 and 2016 by $142,397,595, 110,183,400 and $103,476,702 (net position), respectively. Of this amount, $25,677,971, $17,795,549, and $28,596,606 (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 $32,214,195 and $6,706,698 for the years ended September 30, 2018 and 2017 and decreased by $6,120,210 for the year ended September 30, 2016.

- Space Florida's state appropriated revenue for operations for the years ended September 30, 2018, 2017 and 2016 was $21,126,767, $21,209,740 and $18,860,226 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 methods 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 September 30, 2018 and 2017. 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 23-42 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 page 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 September 30, 2018, 2017 and 2016 by $142,397,595, $110,183,400, and $103,476,702, respectively.

The following table reflects the condensed statement of net position.

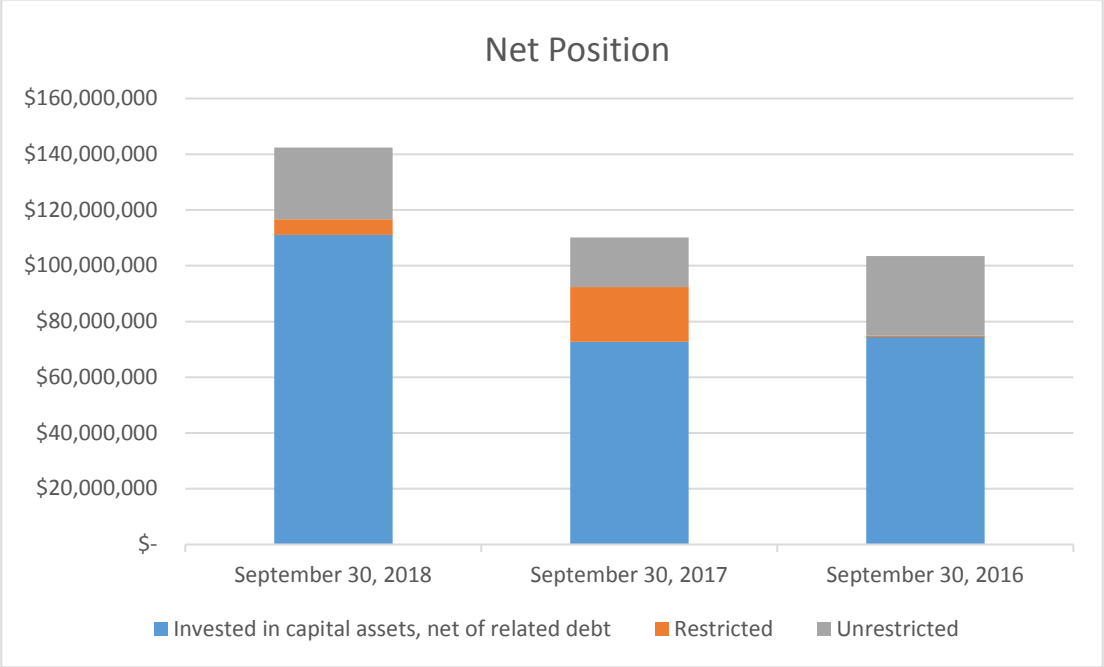
Space Florida Net Position

	9/30/18	9/30/17	9/30/16
Cash	$ 42,474,180	$ 53,609,344	$ 21,685,404
Receivables	19,913,468	21,017,523	7,703,635
Investments	3,778,774	4,840,170	4,278,774
Other current assets	1,036,583	988,139	1,163,837
Capital assets	126,855,874	101,992,903	90,121,516
Lease receivable	-	-	942,148
Prepaid rent	5,261,206	5,643,839	6,026,472
Other assets	3,526,742	3,308,852	4,667,423
Total assets	**202,846,827**	**191,400,770**	**136,589,209**
Accounts payable	2,920,719	7,058,791	1,468,195
Payable from restricted assets	40,208,650	43,936,430	13,425,052
Notes payable	15,536,156	28,696,252	16,430,554
Deferred rent liability	1,173,192	897,147	621,102
Other liabilities	610,515	628,750	1,167,604
Total liabilities	**60,449,232**	**81,217,370**	**33,112,507**
Net position:			
Invested in capital assets, net of related debt	111,048,630	72,733,543	74,466,595
Restricted	5,670,994	19,654,308	413,501
Unrestricted	25,677,971	17,795,549	28,596,606
Total net position	**$ 142,397,595**	**$ 110,183,400**	**$ 103,476,702**

The largest portion of Space Florida's net position as of September 30, 2018 (78 percent), as of September 30, 2017 (66 percent) and as of September 30, 2016 (72 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.

The decrease in the restricted net position as of September 30, 2018 was due to the spending of advance payments received which is restricted for a specific project. The increase in the restricted net position as of September 30, 2017 was due to advance payments received which is restricted for a specific project.

As of September 30, 2018, September 30, 2017, and September 30, 2016, Space Florida was able to report positive balances in all three categories of net position.



The following table shows condensed revenue and expense data.

Space Florida Changes in Net Position

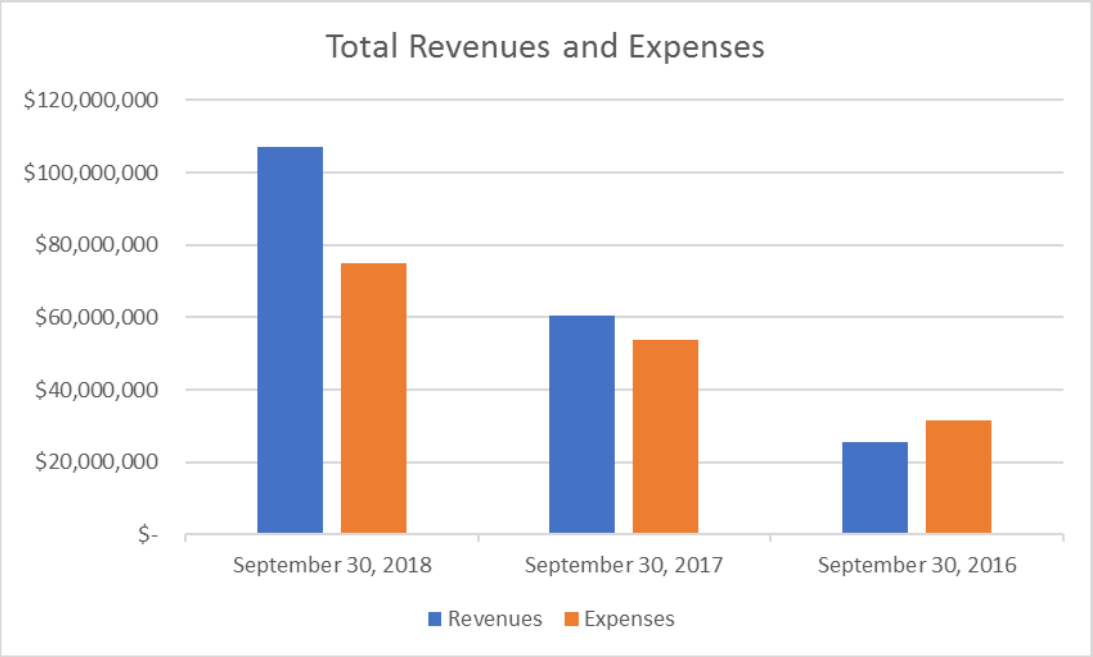
	9/30/18	9/30/17	9/30/16
Operating revenues:			
Fees and charges for services	$ 26,192,327	$ 5,445,184	$ 4,092,780
State appropriated funding	21,126,767	21,209,740	18,860,226
Grant revenue – operating	46,823,593	25,019,903	2,173,037
Total operating revenues	94,142,687	51,674,827	25,126,043
Non-operating revenues:			
Other	119,913	254,397	285,227
Grant revenue – Capital	12,880,636	8,657,807	86,468
Total non-operating revenues	13,000,549	8,912,204	371,695
Total revenues	**107,143,236**	**60,587,031**	**25,497,738**
Operating expenses:			
Business development activities	57,574,911	35,380,292	17,647,856
Educational research	297,364	456,526	462,648
Operations	8,147,818	8,193,302	5,680,101
General, administrative & depreciation	7,894,446	9,358,483	7,285,650
Total operating expenses	73,914,539	53,388,603	31,076,255
Non-operating expenses:			
Total non-operating expenses	1,014,502	491,730	541,693
Total expenses	**74,929,041**	**53,880,333**	**31,617,948**
Change in net position	32,214,195	6,706,698	(6,120,210)
Net position – beginning	110,183,400	103,476,702	109,596,912
Net position – ending	**$ 142,397,595**	**$ 110,183,400**	**$ 103,476,702**

Changes in Net Position. The net position balance increased by $32,214,195 and $6,706,698 for the years ended September 30, 2018 and 2017, respectively, and decreased by $6,120,210 for the year ended September 30, 2016. For the year ended September 30, 2018, the increase in net position consisted of $20,228,148 net increase from operating activity with an $11,986,047 net increase from non-operating activity that included $12,880,636 in state grant capital revenue, $119,763 in interest income, and $150 from gain on disposal of capital assets, less $453,106 in interest expense and $561,396 in impairment loss. For the year ended September 30, 2017, the increase in net position consisted of $1,713,776 net reduction from operating activity with an $8,420,474 net increase from non-operating activity that included $8,657,807 in state grant capital revenue and $254,397 in interest income, less $490,432 in interest expense and $1,298 loss on disposal of fixed assets. For the year ended September 30, 2016, the decreased in net position consisted of $5,950,212 net reduction from operating activity and $169,998 in net non-operating expenses that included $86,468 in state grant capital revenue and $285,227 in interest income, less $504,978 in interest expense, $17,821 loss on investment, and $18,894 loss on disposal of fixed assets.

Operating revenues totaled $94,142,687, $51,674,827 and $25,126,043 for the years ended September 30, 2018, 2017 and 2016, respectively. Of this amount, 22 percent, 41 percent and 75 percent, respectively, were from State appropriated funding. Other grant revenue – operating was provided by spaceport infrastructure development grants from State appropriations with the remaining being generated from fees and charges for services. In addition, Space Florida reported non-operating revenues of $13,000,549, $8,912,204 and $371,695 for the years ended September 30, 2018, 2017 and 2016, respectively. Other grant revenue – Capital was provided by the spaceport infrastructure development grants from State appropriations.

Operating expenses were $73,914,539, $53,388,603 and $31,076,255 for the years ended September 30, 2018, 2017 and 2016, respectively. Of those totals, 11 percent, 15 percent and 18 percent, respectively, were 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 $6,165,801, $6,281,016 and $6,355,325 for the years ended September 30, 2018, 2017 and 2016, 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 to accomplish these directives. For the years ended September 30, 2018, 2017 and 2016, Space Florida expended 78 percent, 66 percent and 57 percent, respectively, of its operating expenditures to create and direct activities and programs that retain, attract and help expand aerospace businesses in Florida.



Capital Asset and Debt Administration

Capital assets. Space Florida's investment in capital assets as of September 30, 2018, 2017 and 2016, amounted to $111,048,630, $72,733,543, and $74,466,595 (net of accumulated depreciation and debt), respectively. This investment in capital assets includes buildings, improvements, construction in progress and equipment. The September 30, 2018 and 2017 balance in Construction in progress consisted primarily of construction of a new facility at Exploration Park. Construction in progress as of September 30, 2016 consisted primarily of capital improvements to Launch Complex 46 and project Expanse.

Space Florida Capital Assets
(net of depreciation)

	9/30/18	9/30/17	9/30/16
SRMU storage facility	$ 3,442,346	$ 3,868,942	$ 4,301,274
RLV hangar and office space	921,617	1,019,951	1,118,284
Orion facility	21,380,092	22,604,464	23,828,836
Space Life Sciences Lab	15,021,514	16,102,523	17,077,914
Launch Complex 46	4,276,690	4,318,493	180,796
Engineering & Technology Center	14,439,104	15,057,909	15,676,714
Commercial Crew Processing Facility	16,331,528	17,026,489	17,721,450
Other Facilities	2,938,421	2,648,700	1,996,773
Furniture, equipment and vehicles	2,232,377	3,190,882	4,857,142
Construction in progress	45,872,185	16,154,550	3,362,333
Total	**$ 126,855,874**	**$ 101,992,903**	**$ 90,121,516**

Additional information on Space Florida capital assets can be found in Note 6 on pages 31-32 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. The lease were paid in full during fiscal year 2017. Additional information regarding the lease arrangement can be found in Notes 8 on pages 34-35.

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 14 (Seller 1, 2 & 3) on page 40 of this report.

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 14 (Seller 1) on pages 40 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 and a 30-year master property agreement for the Shuttle Landing Facility. Additional information can be found in Note 13 on pages 37-39 of this report.

Long-term debt. Space Florida entered into a loan agreement with a bank in the amount of $17,500,000 in fiscal year 2014. The note was scheduled to mature on January 30, 2015, however, the note was converted on January 30, 2015, to a 3-year repayment term, amortized over a 20-year term. The interest rate is equal to the Note Rate that was in effect on the date immediately preceding the Conversion Date.

Space Florida also entered into another loan agreement with a bank in the amount of $17,500,000 in fiscal year 2017**.** The interest rate is 3.17% per year with interest due monthly with a mandatory prepayment of the loan for pledged revenues received. Additional information on this can be found in Note 7 on page 33 of this report.

Space Florida Total Outstanding Debt

	9/30/18	9/30/17	9/30/16
Notes payable	$ 15,536,156	$ 28,696,252	$ 16,430,554

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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September 30,	**2018**	2017
ASSETS		
Current assets		
Cash:		
Unrestricted	**$ 18,611,711**	$ 14,346,524
Restricted	**23,862,469**	39,262,820
Accounts receivable, net of allowance for uncollectible account of $469,207 and $381,451 as of September 30, 2018 and 2017, resepctively	**177,636**	636,177
Due from other governments:		
Unrestricted	**5,372,262**	4,032,817
Restricted	**14,300,837**	16,319,560
Accrued interest receivable on loans receivable, net of allowance of $0 and $624,438 as of September 30, 2018 and 2017	**8,377**	8,377
Loans receivable, net of allowance of $18,000 and $1,998,000 as of September 30, 2018 and 2017, resepctively	**84,167**	1,103,911
Prepaid rent, current	**382,633**	382,633
Other current assets	**1,036,583**	988,139
Total current assets	**63,836,675**	77,080,958
Noncurrent assets		
Capital assets:		
Construction in progress	**45,872,185**	16,154,550
Other capital assets, net of accumulated depreciation:		
SRMU storage facility	**3,442,346**	3,868,942
Orion facility	**21,380,092**	22,604,464
Reusable Launch Vehicle (RLV) hangar and office space	**921,617**	1,019,951
Space Life Sciences Lab	**15,021,514**	16,102,523
Furniture, equipment and vehicles	**2,232,377**	3,190,882
Launch Complex 46	**4,276,690**	4,318,493
Commercial Crew and Cargo Processing Facility	**16,331,528**	17,026,489
Embraer Engineering & Technology Center	**14,439,104**	15,057,909
Other facility	**2,938,421**	2,648,700
Accrued interest receivable on loans receivable, noncurrent	**54,356**	20,592
Loans receivable, net of allowance of $287,200 and $442,491 as of September 30, 2018 and 2017, resepctively	**3,441,275**	2,203,441
Investments	**3,778,774**	4,840,170
Prepaid rent, noncurrent	**4,878,573**	5,261,206
Other noncurrent assets	**1,300**	1,500
Total noncurrent assets	**139,010,152**	114,319,812
Total assets	**202,846,827**	191,400,770

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

September 30,	**2018**	2017
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	**2,920,719**	7,058,791
Salaries payable	**184,700**	145,566
Unearned revenue	**67,976**	171,643
Compensated absences	**128,619**	98,825
Deposits	**124,530**	120,005
Payable from restricted assets:		
Accounts payable	**29,629,136**	17,762,109
Unearned revenue	**418,286**	8,057,718
Deposits	**2,715,978**	18,001,102
Notes payable	**15,536,156**	20,096,252
Total current liabilities	**51,726,100**	71,512,011
Noncurrent liabilities		
Deferred rent liability	**1,173,192**	897,147
Compensated absences	**104,690**	92,711
Notes payable	**-**	8,600,000
Payable from restricted assets:		
Unearned revenue	**7,445,250**	115,501
Total noncurrent liabilities	**8,723,132**	9,705,359
Total liabilities	**60,449,232**	81,217,370
NET POSITION		
Net Investment in capital assets	**111,048,630**	72,733,543
Restricted for:		
Special purpose	**5,670,994**	19,654,308
Unrestricted	**25,677,971**	17,795,549
Total net position	**$142,397,595**	$ 110,183,400

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

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

For the years ended September 30,	**2018**	2017
Operating revenues		
Fees and charges for services	**$ 26,192,327**	$ 5,445,184
State appropriated funding	**21,126,767**	21,209,740
Other grant revenue - operating	**46,823,593**	25,019,903
Total operating revenues	**94,142,687**	51,674,827
Operating expenses		
Business development	**57,574,911**	35,380,292
Educational research	**297,364**	456,526
Operations	**8,147,818**	8,193,302
General and administrative	**1,728,644**	3,077,467
Depreciation	**6,165,802**	6,281,016
Total operating expenses	**73,914,539**	53,388,603
Income (Loss) from operations	**20,228,148**	(1,713,776)
Non-operating revenues (expenses)		
Interest income	**119,763**	254,397
State grant revenue- capital	**12,880,636**	8,657,807
Interest expense	**(453,106)**	(490,432)
Impairment loss on investment	**(561,396)**	-
Gain (Loss) on disposal of capital assets	**150**	(1,298)
Total non-operating revenues (expenses)	**11,986,047**	8,420,474
Change in net position	**32,214,195**	6,706,698
Net position, beginning of year	**110,183,400**	103,476,702
Net position, end of year	**$ 142,397,595**	$ 110,183,400

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

For the years ended September 30,	**2018**	2017
Cash flows from operating activities:		
Cash received from customers and users	**$ 9,681,923**	$ 7,751,763
Cash paid to suppliers for goods and services	**(55,905,943)**	(29,384,457)
Cash payments to employees for services	**(4,201,984)**	(3,372,407)
Operating grant receipts	**68,216,288**	36,394,170
Net cash provided by (used in) operating activities	**17,790,284**	11,389,069
Cash flows from capital and related financing activities:		
Capital related grant receipts	**12,880,636**	8,657,807
Purchase and construction of capital assets	**(31,028,623)**	(18,157,202)
Proceeds from issuance of note payable	**-**	17,500,000
Principal paid on note payable	**(13,160,096)**	(5,234,302)
Proceeds from sale of capital assets	**-**	3,501
Deposit for construction of capital assets	**2,715,978**	18,001,102
Net cash provided by capital and related financing activities	**(28,592,105)**	20,770,906
Cash flows from investing activities:		
Interest received	**119,763**	254,397
Interest paid	**(453,106)**	(490,432)
Net cash used in investing activities	**(333,343)**	(236,035)
Net increase in cash	**(11,135,164)**	31,923,940
Cash, beginning of year	**53,609,344**	21,685,404
Cash, end of year	**$ 42,474,180**	$ 53,609,344

Cash for the purposes of this statement consists of the following at September 30 2018 and 2017

Cash	**$ 18,611,711**	$ 14,346,524
Restricted cash	**23,862,469**	39,262,820
Total cash	**$ 42,474,180**	$ 53,609,344

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

For the years ended September 30,	**2018**	2017
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	**$ 20,228,148**	$ (1,713,776)
Adjustment to reconcile Income (loss) from operations to net cash provided by operating activities		
Depreciation expense	**6,165,802**	6,281,016
Investment impairment	**973,640**	838,336
In-kind payment of rent	**382,633**	382,633
(Increase) decrease in assets:		
Accounts receivable	**546,297**	712,960
Due from other governments	**679,278**	(14,341,567)
Accrued interest receivable on loans receivable	**(33,764)**	582,966
Loans receivable	**(779,486)**	(206,126)
Lease receivable	**-**	838,566
Other assets	**(48,244)**	175,998
Increase (decrease) in liabilities:		
Accounts payable	**7,728,955**	13,696,919
Compensated absences	**41,773**	10,772
Salaries payable	**39,134**	14,482
Unearned revenue	**(413,350)**	4,506,094
Deposits	**(17,996,577)**	(666,249)
Rent payable	**276,045**	276,045
Total adjustments	**(2,437,864)**	13,102,845
Net cash provided by (used in) operating activities	**$ 17,790,284**	$ 11,389,069

SUMMARY OF NON-CASH INVESTING ACTIVITIES:

During the year ended September 30, 2018, Space Florida had an impairment of investments for $561,396.

During the year ended September 30, 2017, a loan receivable for $561,396 was converted into preferred stock (investment).

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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 Standard (GASBS) 62 Codification of Account and Financial Report Guidance, as the investments are not held for the primary purpose of income or profit and therefore do not meet the requirements as defined by GASBS 72 Fair Value Measurement to be measured at fair value. 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 $579,217 and $17,821 (see custodial credit risk in Note 2) as of September 30, 2018 and 2017.

Accounts Receivable

The receivables are funds due to Space Florida from customers. Space Florida charges interest based on contract terms. An allowance of $469,207 and $381,451 was recorded at September 30, 2018 and 2017, respectively, based on management's estimate of the 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 GASB 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 leased facilities.

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 September 30, 2018 and 2017, 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 September 30, 2018 and 2017, the carrying amount of Space Florida's deposits was $42,474,180 and $53,609,344, respectively, and the bank balance was $45,650,611 and $53,708,397, 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 September 30, 2018 and 2017, consists of the following:

	09/30/18	09/30/17
Demand deposits	**$ 42,474,180**	$ 53,609,344
Classified as:		
Cash	**$ 18,611,711**	$ 14,346,524
Restricted cash	**23,862,469**	39,262,820
	$ 42,474,180	$ 53,609,344

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 $0 and $500,000 at September 30, 2018 and 2017 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 September 30, 2018 and 2017, Space Florida had the following investments that were greater than 5% of their total investments:

		09/30/18		9/30/17
Because Learning – 315,675 shares of common stock	**$**	**-**	$	561,396
Cella Acquisition Limited – 578,442 shares of common stock		**-**		500,000
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	**$**	**3,696,595**	$	4,757,991

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 $3,778,774 and $4,840,170 as of September 30, 2018 and 2017, 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 $561,396 and $0 during the years ended September 30, 2018 and 2017, respectively.

Investments in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3: DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of $19,673,099 and $20,352,377 of State appropriations for operations at September 30, 2018 and 2017, respectively. At September 30, 2018 and 2017, $14,300,837 and $16,319,560 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 September 30, 2018 and 2017 was $8,377. During the years ended September 30, 2018 and 2017, interest payments were made in accordance with the terms of the agreement. 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 September 30, 2018 and 2017.

On September 28, 2017, Space Florida loaned Company 1 an additional $90,000. Principal and interest were originally due September 2018, but was extend to December 31, 2019 after year end. Interest is charged at 6.49% per year. Equipment and land are collateral on the loan. Management recorded an allowance of $18,000 as of September 30, 2018 and 2017.

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 was due in one payment on May 30, 2017. The interest accrues at a rate of 4%. Accrued interest at September 30, 2017 was $624,438. Due to Company 2 filing bankruptcy, Space Florida's management has estimated a portion of the receivable will most likely not be collected and has recorded a total allowance of $1,980,000 at September 30, 2017. Space Florida also fully allowed for the interest receivable as of September 30, 2017. During the year ended September 30, 2018, Space Florida received $1,005,892 from the bankruptcy filing.

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 requires 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. Space Florida's management has estimated that the receivable will most likely not be collected and wrote off the amount during 2018.

Space Florida entered into a loan with another company (Company 7) and loaned them $1,000,000 on March 29, 2017. Personal property and equipment are collateral on the loan. The loan accrues interest at 2% per year. The loan requires 48 monthly interest only payments of $1,666 and then 12 monthly principal and interest payments of $83,333. Management has estimated the receivable will be collected. There is no accrued interest as of September 30, 2018 and 2017.

Space Florida entered into a loan with another company (Company 8) and loaned them $74,480 on March 1, 2017. Equipment and land are collateral on the loan. The loan accrues interest at 2.10% per year. The loan requires 72 monthly principal and interest payments of $1,101. Any outstanding balance is due February 1, 2023. There is not accrued interest as of September 30,

NOTE 4: LOANS RECEIVABLE (Continued)

2018 and 2017. Company 8 entered into an agreement for an additional $1,000,000 in fund in December of 2017. The loan accrues interest at 8% per year. The accrued interest at September 30, 2018 was $54,356. The loan requires no payments till January 2023. Management has estimated the receivable will be collected.

Space Florida entered into a loan with another company (Company 3) and loaned them $250,000 in December 2017. Personal and corporate guarantees are collateral on the loan. The loan accrues interest at 0% per year. The imputed interest is not significant to the financial statements. The loan requires 36 monthly principal only payments of $6,944 starting January 2023. Management has estimated the receivable will be collected. There is no accrued interest as of September 30, 2018.

Loans receivable are as follows at September 30, 2018 and 2017:

Name	**9/30/2018**		9/30/2017	
	Principal	**Accrued Interest**	Principal	Accrued Interest
Company 1	**$ 1,526,001**	**$ 8,377**	$ 1,526,001	$ 8,377
Company 2	**-**	**-**	3,000,000	624,438
Company 3	**250,000**	**-**	-	-
Company 4		Not used in the current year.		
Company 5		Not used in the current year.		
Company 6	**-**	**-**	155,291	20,592
Company 7	**1,000,000**	**-**	1,000,000	-
Company 8	**1,054,641**	**54,356**	66,551	-
Less allowance	**(305,200)**	**-**	(2,440,491)	(624,438)
Totals	**$ 3,525,442**	**$ 62,733**	$ 3,307,352	$ 28,969

NOTE 5: LEASES RECEIVABLE

Operating Lease

Space Florida entered into an operating lease for equipment beginning December 11, 2013. Space Florida recognizes revenue on a straight line basis and recorded a lease receivable of $72,424 and $103,582 on the Statement of Net Position at September 30, 2018 and 2017, respectively. The customer has the option to purchase the equipment at the end 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 September 30, 2018 and 2017, $1,072,725 in equipment had been leased by the lessee. The lease has a 2% interest rate. Invoicing began January 2016 and the first invoice included all accrued interest. As of September 30, 2018 and 2017, there was $0 and $0, respectively, of accrued interest. There were no executory costs, unguaranteed residual values, deferred initial direct costs or unearned income. Management is not confident they will receive the lease receivable amounts and has recorded an allowance of $72,424 and $103,582, as of September 30, 2018 and 2017, respectively. Subsequent to year end the equipment owned by Space Florida was sold, and the lease with customer terminated. The forecast for 2019 would have included principle payments are $72,424, and interest payments of $3,965 for a total of $76,389.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	2018			
	Balance September 30, 2017	Increases	Decreases	**Balance September 30, 2018**
Capital assets, not being depreciated				
Construction in progress	$ 16,154,550	**$ 30,428,868**	$ (711,233)	**$ 45,872,185**
Total capital assets not being depreciated	16,154,550	30,428,868	(711,233)	**45,872,185**
Capital assets, being depreciated:				
SRMU storage facility	8,614,373	5,817	-	**8,620,190**
RLV hangar and office space	4,696,984	-	-	**4,696,984**
Orion facility	32,032,069	-	-	**32,032,069**
Space Life Sciences Lab	27,191,613	10,195	-	**27,201,808**
Launch complex 46	4,756,090	254,677	-	**5,010,767**
EETC – Melbourne Airport	16,707,735	-	-	**16,707,735**
C3PF	18,763,941	-	-	**18,763,941**
Furniture, equipment and vehicles	10,197,396	583,892	(27,697)	**10,753,591**
Other facilities	3,015,757	456,556	-	**3,472,313**
Total capital assets being depreciated	125,975,958	1,311,137	(27,697)	**127,259,398**
Less accumulated depreciation for:				
SRMU storage facility	(4,745,431)	(432,413)	-	**(5,177,844)**
RLV hangar and office space	(3,677,033)	(98,334)	-	**(3,775,367)**
Orion facility	(9,427,605)	(1,224,372)	-	**(10,651,977)**
Space Life Sciences Lab	(11,089,090)	(1,091,204)	-	**(12,180,294)**
Launch complex 46	(437,597)	(296,480)	-	**(734,077)**
EETC – Melbourne Airport	(1,649,826)	(618,805)	-	**(2,268,631)**
C3PF	(1,737,452)	(694,961)	-	**(2,432,413)**
Furniture, equipment and vehicles	(7,006,512)	(1,542,399)	27,697	**(8,521,214)**
Other facilities	(367,059)	(166,833)	-	**(533,892)**
Total accumulated depreciation	(40,137,605)	(6,165,801)	27,697	**(46,275,709)**
Total capital assets, being depreciated, net	85,838,353	(4,854,664)	-	**80,983,689**
Capital assets, net	$ 101,992,903	$ 25,574,204	$ (711,233)	**$ 126,855,874**

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2017 was as follows:

	2017			
	Balance September 30, 2016	Increases	Decreases	Balance September 30, 2017
Capital assets, not being depreciated				
Construction in progress	$ 3,362,333	$ 17,710,203	$ (4,917,986)	$ 16,154,550
Total capital assets not being depreciated	3,362,333	17,710,203	(4,917,986)	16,154,550
Capital assets, being depreciated:				
SRMU storage facility	8,614,373	-	-	8,614,373
RLV hangar and office space	4,696,984	-	-	4,696,984
Orion facility	32,032,069	-	-	32,032,069
Space Life Sciences Lab	27,077,931	113,682	-	27,191,613
Launch complex 46	512,872	4,243,218	-	4,756,090
EETC – Melbourne Airport	16,707,735	-	-	16,707,735
C3PF	18,763,941	-	-	18,763,941
Furniture, equipment and vehicles	10,162,344	216,685	(181,633)	10,197,396
Other facilities	2,224,357	791,400	-	3,015,757
Total capital assets being depreciated	120,792,606	5,364,985	(181,633)	125,975,958
Less accumulated depreciation for:				
SRMU storage facility	(4,313,099)	(432,332)	-	(4,745,431)
RLV hangar and office space	(3,578,700)	(98,333)	-	(3,677,033)
Orion facility	(8,203,233)	(1,224,372)	-	(9,427,605)
Space Life Sciences Lab	(10,000,017)	(1,089,073)	-	(11,089,090)
Launch complex 46	(332,076)	(105,521)	-	(437,597)
EETC – Melbourne Airport	(1,031,021)	(618,805)	-	(1,649,826)
C3PF	(1,042,491)	(694,961)	-	(1,737,452)
Furniture, equipment and vehicles	(5,305,200)	(1,878,146)	176,834	(7,006,512)
Other facilities	(227,586)	(139,473)	-	(367,059)
Total accumulated depreciation	(34,033,423)	(6,281,016)	176,834	(40,137,605)
Total capital assets, being depreciated, net	86,759,183	(916,031)	(4,799)	85,838,353
Capital assets, net	$ 90,121,516	$ 16,794,172	$ (4,922,785)	$ 101,992,903

NOTE 7: LONG-TERM DEBT

Notes Payable

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 loan, which had a balance of $9,293,200, was extended to have a maturity date of May 31, 2019 in fiscal year 2018. 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 September 30, 2018 and 2017 was $9,293,200 and $12,588,280, 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 13% of appropriations for the year ending September 30, 2018, and will require approximately 84% of appropriations for the year ending September 30, 2019.

On April 25, 2017, Space Florida borrowed $17,500,000. Interest accrues at 3.17% per year and interest is due monthly. There is a mandatory prepayment of the loan for any pledged revenues (grant funds) received. During the year ending September 30, 2018 and 2017, $10,037,200 and $7,376,333 of pledged revenues was earned, respectively. The total grant award is for $17,500,000. In the event that any principal or interest is outstanding at December 31, 2018, the loan can be converted into a loan with a 5 year repayment term at 4% interest. Space Florida paid off the loan as of November 2018.

Changes In Long-Term Liabilities

Long-term liability activity for the years ended September 30, 2018 and 2017, was as follows:

	Balance September 30, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Notes payable	$ 28,696,252	$ -	$ (13,160,096)	$ 15,536,156	$ 15,536,156
Compensated absences	191,536	314,394	(272,621)	233,309	128,619
Total	$ 28,887,788	$ 314,394	$ (13,432,717)	$ 15,769,465	$ 15,664,775

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One Year
Notes payable	$ 16,430,554	$ 17,500,000	$ (5,234,302)	$ 28,696,252	$ 20,096,252
Compensated absences	180,764	126,500	(115,728)	191,536	98,825
Total	$ 16,611,318	$ 17,626,500	$ (5,350,030)	$ 28,887,788	$ 20,195,077

NOTE 8: CONDUIT DEBT

As defined by GASBC 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. GASBC 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 September 30, 2018 and 2017, respectively, the outstanding balance was approximately $28,195,255 and $36,713,844, respectively. Lease 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 September 30, 2018 and 2017, the outstanding balance on Space Florida

NOTE 8: CONDUIT DEBT (Continued)

assisted financing was approximately $23,041,700 and $31,391,857, 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 a multi-phase agreement with a company to provide with financing related to the sale and leaseback of personal and real property for up to $250,000,000. In March 2016, the company elected to exercise Phase 2 of the project but no transactions relating to Phase 2 occurred during fiscal year ended September 30, 2016. As of September 30, 2018 and 2017 under Phase 1, the outstanding balance on Space Florida assisted financing was $44,845,320 and $15,105,765, respectively. The debt will be repaid with proceeds from the lease of the personal property. The loan is collateralized by the lease.

During November 2017, Space Florida entered into an agreement with a company to financing relating to the sale and leaseback of personal property for up to $27,200,000. As of September 30, 2018, there was $21,221,000 outstanding. The debt will be repaid with proceeds of the lease of the personal property.

During December 2017, Space Florida entered into an agreement with a company to assist in financing related to the sale and leaseback of personal property with a company up to $2,747,361. As of September 30, 2018, there was $252,971 outstanding. The debt will be repaid with proceeds of the lease of the personal property.

NOTE 9: 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. The lease began in August 2014. During the years ended September 30, 2018 and 2017, Space Florida recorded a lease expense of $208,286 and $115,703, respectively. The future minimum lease payment is $208,286 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. During the years ended September 30, 2018 and 2017, Space Florida recorded lease revenue of $208,286 and $115,703, respectively. The future minimum rental income is $208,286 each year through November 7, 2042.

NOTE 10: 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 May 31, 2020, and may be extended for up to three additional three year periods. However, the tenant may terminate the lease with a 90-day written notice. During the years ended September 30, 2018 and 2017, Space Florida recorded operating and lease revenue of $739,060 and $731,242, respectively.

The SRMU storage facility was constructed on land owned by the State of Florida Armory Board. The annual land use fee for the years September 30, 2018 and 2017 is approximately $287,785 and $282,835, respectively, and is payable by Space Florida in monthly installments of approximately $29,982. The future minimum lease payments are $2,407,447 through June 30, 2026.

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 $3,442,346, and $3,868,942 as of September 30, 2018 and 2016, respectively. However, management believes the current tenant will continue to renew the lease. Accordingly, no impairment loss has been recorded as of September 30, 2018 and 2017.

NOTE 11: 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 needed to fund an escrow account for the demolition, which is estimated to be $4,850,000 by October 6, 2016; however, Space Florida requested that NASA waive the specific establishment and funding of the Escrow Account Requirement and NASA granted the request.

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 years ended September 30, 2018 and 2017, Space Florida recorded administrative fee revenue of $580,022. The future minimum administrative fees are $580,022 each year through December 31, 2021.

During the years ended September 30, 2018 and 2017, Space Florida recorded operations and maintenance expenses related to the C3PF facility of $766,994 and $606,671, respectively. The facility is sub-licensed to a company that is responsible for all of the operations and maintenance costs of the facilities.

NOTE 12: 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 December 31, 2020. The net carrying value of the facility at September 30, 2018 and 2017 was $15,021,514 and $16,102,523, respectively. During the years ended September 30, 2018 and 2016, Space Florida recorded lease and service revenue of $892,043 and $799,712, 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 of $74,200 for the years ended September 30, 2018 and 2017.

During the years ended September 30, 2018 and 2017, Space Florida recorded operations and maintenance expenses, including rent, related to the SLSL facility of $3,329,385 and $3,033,500, respectively.

Space Florida will collect future minimum lease revenue as follows:

Year ending September 30,		
2019	$	329,439
2020		69,689
2021		17,422
Total	$	416,550

NOTE 13: 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 began July 1, 2014, when Phase 1 was available to be utilized. Rent expense was are $488,305 and $476,396 during the year ended September 30, 2018 and 2017, respectively, and escalates 2.5% annually. 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

NOTE 13: RIGHTS AND ACCESS (Continued)

Exploration Park (Continued)

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 as of September 30, 2018 and 2017, and $4,878,573 and $5,261,206 of prepaid rent noncurrent, as of September 30, 2018 and 2017, respectively, which will be applied to 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 years ended September 30, 2018 and 2017, the straight-line rent expense was $658,678. The difference between the annual rent expense and the prepaid rent applied results in a cumulative deferred rent liability of $1,173,192 and $897,147 as of September 30, 2018 and 2017, respectively. Space Florida will make cash payments totaling $40,580,340 for the use lease agreement, and will begin making payments in 2032.

During December 2015, Space Florida signed an amendment with NASA's John F. Kennedy Space Center to exercise the option to lease exploration park phase 2 for sixty years from the commencement date in exchange for in-kind rent and non-monetary considerations. The commencement date of exploration park phase 2 will begin when Space Florida is granted a right to possess and utilize its leasehold interest. Additionally, during May 2016, Space Florida signed a sublease agreement with a company whereby the company will pay rental payments equal to Space Florida's obligation upon commencement of the lease. Additional construction in phase 2 will results in additional in-kind credits toward future cash payments referenced above.

Area 57 - East

During August 2015, Space Florida was granted license (right to use) to Area 57 – East at Cape Canaveral Air Force 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. Additionally, during March 2016, Space Florida signed a sublease agreement with a company whereby the company will pay rental payments of $16,763 per month, and all costs to operate the Area 57 facilities, with a three percent annual escalator through January 31, 2019 with renewal options through 2025. During the years ended September 30, 2018 and 2017, Space Florida recorded operations and maintenance expenses, related to Area 57, of $24,505 and $29,353, respectively.

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

NOTE 13: RIGHTS AND ACCESS (Continued)

Launch Complex 36 (Continued)

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 36 has been subleased to a customer that is responsible for operating costs of the facility.

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.

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.

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 years with limited option to extend.

NOTE 14: 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 September 30, 2018 and 2017, the warrants and common stock are recorded in investments, and the receivables for the capital leases are included in other assets.

NOTE 15: 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 September 30, 2018 and 2017 were $640,953 and $521,321, respectively, and represented 15% of total eligible employee gross compensation for each period.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Commitments
Contract commitments at September 30, 2018 was $32,750,072 and related to the design and construction for various launch sites and capital assets and certain other consulting agreements.

Economic Dependency
Space Florida received approximately 76% and 91% of its total revenues from State legislative appropriations and grants during the years ended September 30, 2018 and 2017, respectively.

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 17: 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 18: FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2019. The statements address:

- Asset retirement obligations; and
- Disclosures related to debt.

The District is currently evaluating the effects that these statements will have on its 2019 financial statements.

NOTE 19: RECLASSIFICATION

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

SUPPLEMENTARY INFORMATION

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Schedule of Travel, Business Meals, and Incidental Expenses

For the year ended September 30,		**2018**		2017
Domestic:				
Travel and incidental (1)	**$**	**186,171**	$	133,925
Business meals		**31,014**		29,052
Total domestic		**217,185**		162,977
Foreign:				
Travel and incidental (1)		**85,140**		60,143
Business meals		**2,543**		3,620
Total foreign		**87,683**		63,763
Total	**$**	**304,868**	$	226,740

(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 September 30, 2018 and the related notes to the financial statements, which collectively comprise Space Florida's basic financial statements, and have issued our report thereon dated June 27, 2019.

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 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
June 27, 2019

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

The Board of Directors
Space Florida

Report on Compliance for Each Major State Project

We have audited Space Florida's compliance with the types of compliance requirements described in *Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major state projects for the year ended September 30, 2018. Space Florida's major 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 state statues, regulations, contracts and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Space Florida's major 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 Chapter 10.550, Rules of the Auditor General. Those standards, 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 state project. However, our audit does not provide a legal determination of Space Florida's compliance.

Opinion on Each Major 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 state projects for the year ended September 30, 2018.

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 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 state project and to test and report on internal control over compliance in accordance with 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 State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 Chapter 10.550*,* Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Cain, Riggs & Ingram, L.L.C

Melbourne, Florida
June 27, 2019

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

State Projects

Internal control over major 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 Chapter 10.550? ___ yes X no

Identification of major state projects:

State CSFA Numbers	State Project or Cluster 2018
55.037	Spaceport Improvement Program

Dollar threshold used to distinguish between type A and B programs was $2,406,679 for major state projects.

Section II–Financial Statement Findings

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 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.

State Agency Pass-through entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
State Programs*				
Florida Department of Economic Opportunity				
Direct Projects				
Economic Development Partnership, Israel	40.040	SB-18-009	$ 961,145	-
Economic Development Partnership, Operations	40.040	SB-18-008	8,625,000	-
Economic Development Partnership, Operations	40.040	SB-18-008-A1	3,375,002	-
Economic Development Partnership, Financing Project	40.040	SB-14-011	461,554	-
Economic Development Partnership, Financing Project	40.040	SB-18-001	6,354,436	-
Economic Development Partnership, Financing Project	40.040	SB-18-011-A1	1,349,630	-
Total CSFA number 40.040			21,126,767	-
Total Florida Department of Economic Opportunity			21,126,767	-
Florida Department of Transportation				
Direct Projects				
Aviation Grant Programs	55.004	FM #430124-1-94-03	254,676	-
Economic Development Transportation Fund	55.032	FM #439053-1-54-01	167,242	-
Spaceport Improvement Program	55.037	FM #435320-1-94-01	1,162,438	1,162,438
Spaceport Improvement Program	55.037	FM #435320-1-94-02	53,066	53,066
Spaceport Improvement Program	55.037	FM #435257-1-14-01	237,411	-
Spaceport Improvement Program	55.037	FM #435320-1-94-03	33,592,582	33,592,582
Spaceport Improvement Program	55.037	FM #435257-1-14-02	2,821,597	-
Spaceport Improvement Program	55.037	FM #435257-1-14-03	21,839	-
Spaceport Improvement Program	55.037	FM #435322-1-94-01 & FM #434862-1-94-01	10,037,200	-
Spaceport Improvement Program	55.037	FM #430124-4-94-02	2,158,050	2,158,050
Spaceport Improvement Program	55.037	FM #435320-1-94-04	3,167,979	3,167,979
Spaceport Improvement Program	55.037	FM #435320-1-94-05	5,085,183	5,085,183
Spaceport Improvement Program	55.037	FM #435320-1-94-06	336,613	-
Total Florida Department of Transportation			59,095,876	45,219,298
Total Expenditures of State Financial Assistance			$ 80,222,643	$ 45,219,298

Note A - Significant Accounting Policies:

The Schedule of Expenditures of State Assistance is a summary of Space Florida's state assistance programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Grant monies received and disbursed by Space Florida are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, Space Florida does not believe that such disallowance, if any, would have a material effect on the financial position of Space Florida.

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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 September 30, 2018, and have issued our report thereon dated June 27, 2019.

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, and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

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 State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accounts' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 27, 2018, 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 Condition and Management

Section 10.554(l)(i)5.a., and 10.556(7) Rules of the Auditor General, require that we apply appropriate procedures and communicate 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 to identify 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 for Space Florida. 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.

Section 10.5534(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.544(1)(i)5.d, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statues.

Additional Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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
June 27, 2019

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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 September 30, 2018. Management of Space Florida is responsible for Space Florida's compliance with the specified requirements. Our responsibility is to express an opinion on Space Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Space Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Space Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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
June 27, 2019

Required Communications

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Required Communications

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June 27, 2019

To the Board of Directors
Space Florida

We are pleased to present the results of our audit of the 2018 financial statements of Space Florida for the year ended September 30, 2018.

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 2018 financial statements for the fiscal year ended September 30, 2018. 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 321.426.3039 or cnollrhan@cricpa.com.

Very truly yours,

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

As discussed with management during our planning process and communicated to the Board of Directors in our engagement letter to you dated December 11, 2018 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 September 30, 2018. Additionally, we have audited Space Florida's compliance with the types of compliance requirements described in *Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major state projects for the year ended September 30, 2018.

- 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 September 30, 2018, and have issued our report thereon dated June 27. 2019. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibility under Generally Accepted Auditing Standards	As stated in our engagement letter dated December 11, 2018, 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 state projects and issued an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have direct and material effect on each state project in accordance with the Single Audit Act Amendments of 1996 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	AUDITORS' 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	AUDITORS' 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 and uncorrected 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.*	Please see the following section titled "Summary of Audit Adjustments"
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	AUDITORS' 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 schedules included in the financial statements. We were not provided with any other documents containing the financial statements.

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 basis 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	Evaluation of investments for impairment	Yes	Investments are valued at cost, as permitted by the Governmental Accounting Standards Board (GASB) 62 Codification of Account and Financial Report Guidance as the investments are not held for the primary purpose of income or profit, therefore they do not meet the requirements as defined by GASBS 72 Fair Value Measurement to be valued at fair value. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305. Management evaluates investments annually for impairment based upon financial data provided by the companies.	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.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Allowance for Doubtful Accounts	Estimation of Allowance	Yes	Space Florida relies on historical trends for the estimation of the allowance amount, based on a detailed management review of receivable balances.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Loans receivable	Evaluation of loans receivable for impairment	Yes	Management reviews each loan and based on the timeliness of payments estimates an allowance.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Prepaid Rent	Valuation of in-kind rent payment	Yes	Space Florida prepaid some of the rent with capital improvements to Exploration Park. The value of in-kind rent payments and were valued by NASA. The prepaid rent is being expensed on a straight-lined basis over the life of the lease.	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.

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 8 to the financial statements describes the limited-obligation debts of Space Florida.

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

During the course of our audit, we accumulated differences between amounts recorded by the Company and amounts that we believe are required to be recorded under GAAP reporting guidelines.

The following proposed adjustment was passed (uncorrected) by the Space Florida

	Financial Statement Effect Amount of Over (Under) Statement of:	
	Revenue	**Expense**
Revenue and expense was recognized in the prior year when the cash was received and spent, however it was earned/used in the current year.	$ (167,617)	$ 167,617
Total	$ (167,617)	$ 167,617

QUALITATIVE MATERIALITY CONSIDERATIONS

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

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

June 27. 2019

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 respective financial position of the business-type activities and the major fund, as of September 30, 2018 and the respective changes in financial position and, where applicable, cash flows for the period 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 June 27. 2019, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 11, 2018, 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 and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

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

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

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, 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) The effect of uncorrected misstatement is immaterial, both individually and in the aggregate, to the financial statements as a whole for the opinion unit. A list of the uncorrected misstatement is included in required communications.

8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

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 and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within Space Florida from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Space Florida 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 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 Space Florida 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 Space Florida'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 all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

Government-specific

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

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

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

21) Space Florida has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

22) 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 legal and contractual provisions for reporting specific activities in separate funds.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

26) 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.

27) In regard to the preparation of financial statements, formatting of the schedule of expenditures of State Financial Assistance, and all other non-attest services performed by you, we have—

    1) Assumed all management responsibilities.

    2) Designated Beth Courtney, Controller and Denise Swanson, Chief Financial Officer & Vice President of Administration, who have suitable skill, knowledge, or experience to oversee the services.

    3) Evaluated the adequacy and results of the services performed.

    4) Accepted responsibility for the results of the services.

28) 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.

29) 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.

30) 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.

31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .

32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

34) Investments, derivative instruments, and land are properly valued, and we do not believe that the stocks and warrants should be impaired, other than what has been adjusted.

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

36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenue, expenses, and changes in net position, and allocations have been made on a reasonable basis.

37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.

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

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

40) 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.

41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes

42) 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.

43) 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 of Travel, Entertainment, and Incidental Expenses, 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 of Travel, Entertainment, and Incidental Expenses 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.

44) With respect to state programs:

a) We are responsible for understanding and complying with and have complied with, the requirements of Chapter 10.550, (Florida Single Audit Act) including requirements relating to preparation of the schedule of expenditures of state financial assistance.

b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance (SESFA) and related notes in accordance with the requirements of the Florida Single Audit Act, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Florida Single Audit Act. The methods of measurement or presentation of the SESFA 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 SESFA.

c) We have identified and disclosed to you all of our government programs and related activities subject to the Florida Single Audit Act compliance audit, and have included in the SESFA, expenditures made during the audit period for all awards provided by state agencies in the form of state awards, state 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 state statutes, regulations, and the terms and conditions of state awards related to each of our state programs and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state awards that are considered to have a direct and material effect on each major program.

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

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

g) We have received no requests from a 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 *Chapter 10.550 Rules of the Florida Auditor General*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of 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 auditor's 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 compliance requirements, including information related to state project financial reports and claims for advance 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 auditor's 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) State program 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 state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.

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

s) We have taken appropriate action, including issuing management decisions, on a timely basis after recipient 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. We have charged costs to state awards in accordance with applicable cost principles.

u) We have charged the cost of state projects in accordance with applicable cost principals.

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

a) We are responsible for establishing and maintaining effective internal control over compliance.

b) We have performed an evaluation of the Space Florida's compliance with Florida Statute 218.415, local government investment policies.

c) All relevant matters are reflected in the measurement or evaluation of Space Florida's compliance with the specified requirements.

d) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.

e) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Florida Statute 218.415, local government investment policies.

f) We have disclosed to you all known matters that may contradict Space Florida's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Florida Statute 218.415, local government investment policies, including communications received between September 30, 2018 and the date of the examination report.

g) We have responded fully to all inquiries made to us by you during the engagement.

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

Signature: _____ Signature: _____

Title: _____ Title: _____

3. BUSINESS BEFORE THE BOARD

SPACE FLORIDA

Space Florida Board of Directors Meeting
July 25, 2019
Contracts, Business Development and Project Activities

BUSINESS DEVELOPMENT AND BUSINESS CLIENT PROJECT RELATED ACTIVITIES

(Florida Statutes: 331.302; 331.305; 331.3051; 331.310; 331.312; 331.316; 331.321; 331.323; 331.324; 331.337; 331.360)

1. **Project Gator**: Conduit debt structure expansion construction project for Flight Training Center, Maintenance Repair Operations Hangar and Warehouse in the amount of up to $24,000,000. [Florida company expansion creating 28 net new jobs at an average annual wage of $77,200]

2. **Project Limestone:** Secured Note in the amount of $1,000,000 for up to four years at market interest rate. [Company commitment for $3,000,000 in Florida investment and initial launch campaign at the Cape Canaveral Spaceport]

3. **Project Spruzzo Ratification:** Ratification for early retirement of $2,300,000 conduit debt transaction and $250,000 Space Florida loan enhancement. [The company has been acquired and will remain in Florida]

4. **Project Medley Blue:** Conduit debt project in the amount of $2,500,000 for the purchase of equipment and tooling. [Florida company expansion creating approximately 200 jobs]

5. **Project Prime:** Conduit structure for new facilities including assignment, sublease, purchase/leaseback and passthrough activities in addition to FDOT reimbursement funding in the amount of $21,500,000. [Florida expansion project creating 220 new jobs at an annual average wage of $110,000, $630,000,000 in new capital investment and $3,240,000 in new investment in common use infrastructure]

6. **Project Ithaca:** Secured Note in the amount of $1,000,000 for up to four years at 5% interest. [Company commitment to relocate corporate headquarters and consolidation of corporate and engineering functions in Florida creating 20 new jobs at an annual average wage of $75,000]

VENDOR, CONSULTING, SPACEPORT AND LAUNCH SUPPORT FACILITIES CONTRACTS

(Florida Statutes: 331.302; 331.305; 331.3051; 331.312; 313.313; 331.319; 331.324; 331.360; 331.371)

7. **Spaceport Consulting Services:** Consulting support for Spaceport Operations and Regulations with the Federal Aviation Administration and the Department of Commerce related to the evolution of commercial space activities in Florida.

Consultants are: Spaceport Strategies, S.O. Witt & Associates and MLA Space LLC in the amount of up to $260,000.

8. **Business Development Consulting Services:** Consulting support for Space Florida business development for high priority projects. Consultant: VentureX Group in the amount of up to $121,500.

9. **Holland & Knight:** Engagement as counsel pertaining to Space Florida's exempt facility bond financing activities in the amount of $225,000.

10. **AECOM/NASA/AIR FORCE:** Final design and permitting activities in conjunction with the Economic Development Transportation Project Fund (Project EDTPF) in the amount of up to $275,000 with AECOM, NASA and the U.S. Air Force.

FUNDING AGREEMENTS

(Florida Statutes: 331.302; 331.305; 331.3051; 313.313; 331.319; 331.324; 331.360)

11. **Department of Economic Opportunity:** Space Florida performance and program funding agreements with the Department of Economic Opportunity for the period of July 1, 2019 – June 30, 2020 for organizational operational performance in the amount of $11,500,000, Israel cooperative activities in the amount of $1,000,000 and aerospace industry financing, business development and infrastructure needs in the amount of $6,000,000 for the total Space Florida appropriation of $18,500,000.

12. **Florida Department of Transportation Infrastructure Reimbursement Project Efforts:**

    a. **Project Prime**: $21,500,000 Reimbursement Agreement

13. **Florida Department of Transportation Planning Efforts:** 2020 Master Plan Update (see Attachment A).

    a. **2020 Planning and Engineering Program Funding:** $3,000,000

Funding Agreements (Attachment A)

Space Transportation Improvement Program Funding Summary
2017 Cape Canaveral Spaceport Master Plan Amendment 3 (June 2019)
Table 6.1 Recommended Projects

STATE FISCAL YEAR	2012 - 2019 PAST		2020 PRESENT	2020-2024 FUTURE		2025
MASTER PLAN STRATEGIC OBJECTIVES	**HISTORICAL FDOT FUNDING (7 YEARS)**		**AVAILABLE FDOT FUNDING** (1 YEAR)	**FDOT PROGRAMMED** (5 YEARS)	**PLANNED REQUIREMENTS** (5 YEARS)	**PROPOSED 5TH YEAR PLANNED** (1 YEAR)
VERTICAL LAUNCH IMPROVEMENTS (including heavy lift, cargo, and passengers)**	**$10,000,000** LC 40 **$10,000,000** LC 39A **$43,700,000** LC 36 **$11,150,000** LC 41* **$1,500,000** LC 20*	**$20,000,000** C3PF **$5,000,000** LC 46 **$3,500,000** LC 46 LPS **$10,000,000** CCS Electrical **$2,750,000** CCS Roads EDTF	**$5,000,000** LC 41* **$2,000,000** LC 20*	**$34,340,793**	**$463,883,127**	**$46,000,000**
PROCESSING & RANGE IMPROVEMENTS**	**$9,000,000** OPF 1&2 **$10,000,000** Ex Park BOMC **$4,400,000** Ex Park RTRC **$9,000,000** Ex Park FFA AMF*	**$1,850,000** LC 17/18 **$17,500,000** Ex Park AOS SIF **$6,500,000** SVPOC	**$6,400,000** Ex Park FFA AMF*	**$43,486,099**	**$358,970,000**	**$36,000,000**
HORIZONTAL LAUNCH & LANDING IMPROVEMENTS**	**$1,800,000** Cecil SOCC/PPF		**$3,600,000** TBD	**$45,530,793**	**$4,351,200**	**$0**
COMMON USE IMPROVEMENTS***	**$37,800,000** SLF Block 1 Utility Corridor **$10,000,000** CCAFS Helium **$322,500** SLF Assessment	**$1,000,000** SLF Power/Comm **$8,000,000** Roberts Road Corridor	**$5,000,000** Common Use	**$59,428,267**	**$946,505,000**	**$189,000,000**
TOTALS	**$ 234,772,500**		**$ 22,000,000**	**$ 182,785,952**	**$ 1,773,709,327**	**$ 271,000,000**
ANNUAL AVERAGE (EXCLUDING MATCH)	**$ 29,346,563**			**$ 36,557,190**	**$ 177,370,933**	

*Multi-year project extending to FY20, **Assumes 50% match *** Assumes no match for State Common Use Infrastructure