

S P A C E F L O R I D A



**(A Component Unit Of
The State Of Florida)**

FINANCIAL STATEMENTS

For the Years Ended September 30, 2020 and 2019

Space Florida
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For the years ended September 30, 2020 and 2019

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

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

INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019 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 auditors' consider 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, 2020 and 2019 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 13 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, 2020 and 2019, 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 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021 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.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

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Space Florida Management's Discussion and Analysis

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, 2020, 2019 and 2018.

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, 2020, 2019 and 2018 by \$148,501,989, \$152,267,803 and \$142,397,595 (net position), respectively. Of this amount, \$34,252,780, \$31,912,030 and \$25,677,971 (unrestricted net position), respectively, may be used to meet Space Florida's ongoing obligations to citizens and creditors.
- Space Florida's total net position decreased by \$3,765,814 and increased by \$9,870,208 and \$32,214,195 for the years ended September 30, 2020, 2019 and 2018, respectively.
- Space Florida's state appropriated revenue for operations for the years ended September 30, 2020, 2019 and 2018 was \$17,961,732, \$17,776,028 and \$21,126,767, respectively.

Space Florida Management's Discussion and Analysis

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, 2020 and 2019. 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 16-20 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 21-42 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 and the Schedule of the Expenditures of State Financial Assistance on page 53.

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, 2020, 2019 and 2018 by \$148,501,989, \$152,267,803 and \$142,397,595, respectively.

Space Florida Management's Discussion and Analysis

The following table reflects the condensed Statement of Net Position.

Space Florida Net Position

	9/30/2020	9/30/2019	9/30/2018
Cash	\$ 28,516,601	\$ 30,019,974	\$ 42,474,180
Receivables	38,226,765	28,541,543	19,913,468
Investments	3,825,675	3,696,595	3,778,774
Other current assets	902,400	891,844	1,036,583
Capital assets	241,365,926	252,892,467	126,855,874
Prepaid rent	13,269,906	4,878,573	5,261,206
Other assets	3,188,852	3,230,477	3,526,742
Total assets	329,296,125	324,151,473	202,846,827
Accounts payable	35,898,595	33,866,357	32,549,855
Payable from restricted assets	2,288,395	1,141,550	2,715,978
Notes payable	7,402,725	7,985,456	15,536,156
Deferred rent liability	10,499,249	1,449,237	1,173,192
Capital lease payable	179,250	231,247	-
Other liabilities	124,525,922	127,209,823	8,474,051
Total liabilities	180,794,136	171,883,670	60,449,232
Net position:			
Invested in capital assets, net of related debt	110,088,572	118,276,193	111,048,630
Restricted	4,160,637	2,079,580	5,670,994
Unrestricted	34,252,780	31,912,030	25,677,971
Total net position	\$ 148,501,989	\$ 152,267,803	\$ 142,397,595

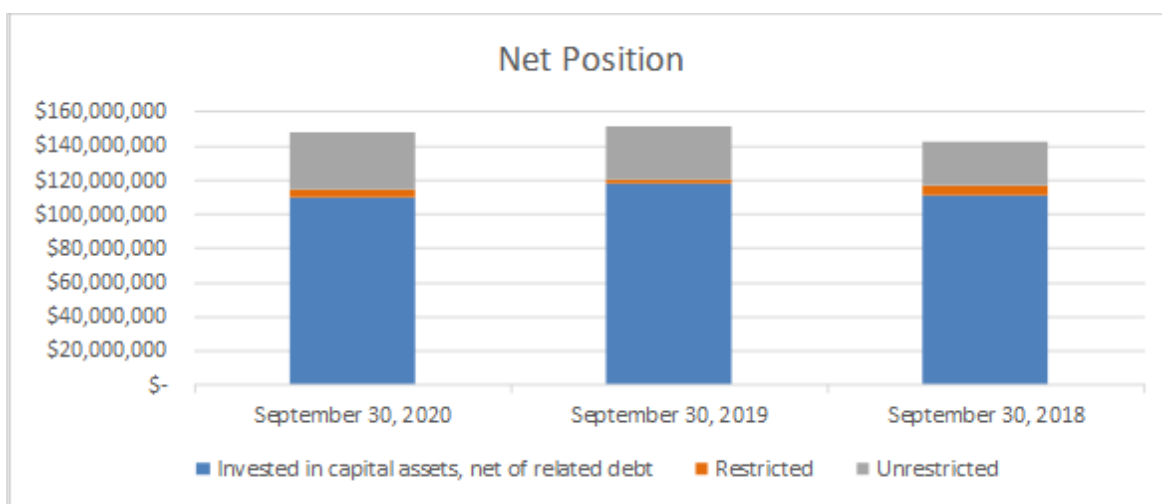
The largest portion of Space Florida's net position as of September 30, 2020 (74 percent), as of September 30, 2019 (78 percent) and as of September 30, 2018 (78 percent) reflects its investment in capital assets (e.g., buildings, equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding.

The increase in deferred rent liabilities is due to the establishment of prepaid rent liability for improvements accepted as in kind by NASA to offset future rent payments.

The increase in other liabilities is due to the establishment of a prepaid rent liability for a long-term tenant at a facility transferred to Space Florida in fiscal year 2019.

As of September 30, 2020, September 30, 2019, and September 30, 2018, Space Florida was able to report positive balances in all three categories of net position.

Space Florida Management's Discussion and Analysis



The following table shows condensed revenue and expense data.

Space Florida Changes in Net Position

	For the year ended September 30, 2020	For the year ended September 30, 2019	For the year ended September 30, 2018
Operating revenues:			
Fees and charges for services	\$ 9,808,691	\$ 8,316,887	\$ 5,735,020
State appropriated funding	17,961,732	17,776,028	21,126,767
Grant revenue- operating	39,593,121	22,127,636	46,823,593
Total operating revenue	67,363,544	48,220,551	73,685,380
Non-operating revenues:			
Other	413,893	221,554	119,913
Grant revenue- capital	-	2,173,755	12,880,636
Capital contributions	999,000	11,996,674	20,457,307
Total non-operating revenues	1,412,893	14,391,983	33,457,856
Total revenues	68,776,437	62,612,534	107,143,236
Operating expenses:			
Business development activities	49,419,052	32,562,600	66,020,093
General, administrative, and depreciation	20,776,493	19,553,579	7,894,446
Total operating expenses	70,195,545	52,116,179	73,914,539
Non-operating expenses			
Total non-operating expenses	2,346,706	626,147	1,014,502
Total expenses	72,542,251	52,742,326	74,929,041
Change in net position	(3,765,814)	9,870,208	32,214,195
Net position – beginning	152,267,803	142,397,595	110,183,400
Net position – ending	\$ 148,501,989	\$ 152,267,803	\$ 142,397,595

Space Florida Management's Discussion and Analysis

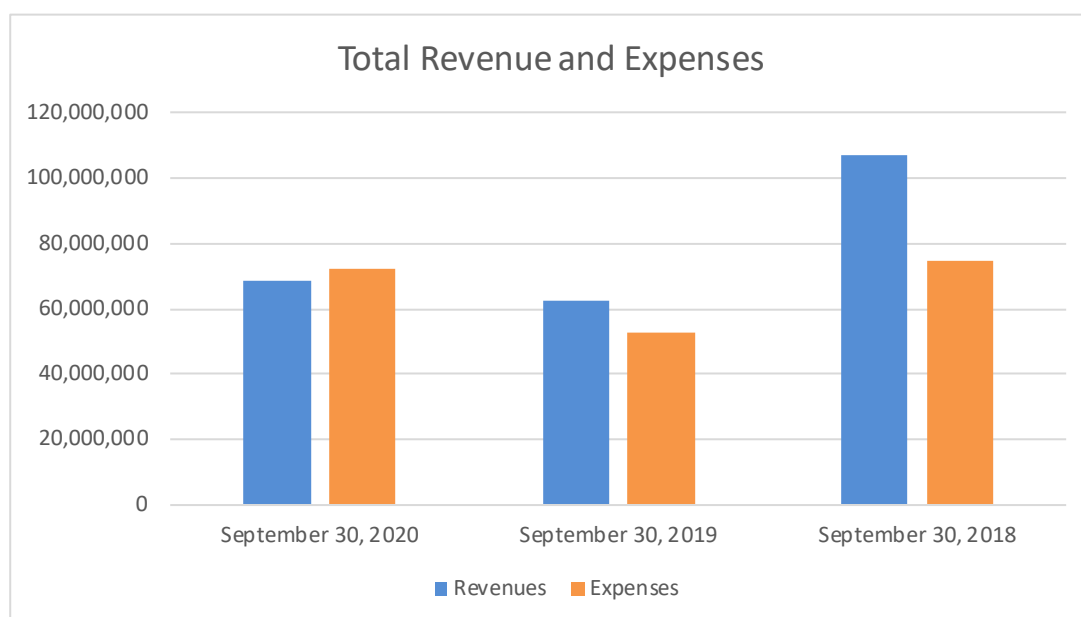
Changes in Net Position. The net position balance decreased by \$3,765,814 and increased by \$9,870,208 and \$32,214,195 for the years ended September 30, 2020, 2019 and 2018, respectively. For the year ended September 30, 2020, the decrease in net position consisted of \$2,832,001 net decrease from operating activity with a \$933,813 net decrease from non-operating activity that included \$222,593 in interest income, \$999,000 in capital contributions, \$191,300 from gain on disposal of capital assets, less \$440,010 in interest expense, \$419,939 in impairment loss and \$1,486,757 in capital contributions to other governments. For the year ended September 30, 2019, the increase in net position consisted of \$3,895,628 net decrease from operating activity with a \$13,765,836 net increase from non-operating activity that included \$2,173,755 in state grant capital revenue, \$168,659 in interest income, \$11,996,674 in capital contributions, \$6,705 from gain on investment, and \$46,190 from gain on disposal of capital assets, less \$491,791 in interest expense and \$134,356 in impairment loss. For the year ended September 30, 2018, the increase in net position consisted of \$229,159 net decrease from operating activity with a \$32,443,354 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.

Operating revenues totaled \$67,363,544, \$48,220,551 and \$73,685,380 for the years ended September 30, 2020, 2019 and 2018, respectively. Of this amount, 27 percent, 37 percent and 29 percent, respectively, were from State appropriated funding. 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 \$1,412,893, \$14,391,983 and \$33,457,856 for the years ended September 30, 2020, 2019 and 2018, respectively. State grant revenue - capital was provided by the spaceport infrastructure development grants from State appropriations.

Operating expenses were \$70,195,545, \$52,116,179 and \$73,914,539 for the years ended September 30, 2020, 2019 and 2018, respectively. Of those totals, 13 percent, 19 percent and 2 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 \$11,444,324, \$9,616,707 and \$6,165,802 for the years ended September 30, 2020, 2019 and 2018, 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, 2020, 2019 and 2018, Space Florida expended 70 percent, 62 percent and 89 percent, respectively, of its operating expenditures to create and direct activities and programs that retain, attract and help expand aerospace businesses in Florida.

Space Florida Management's Discussion and Analysis



Capital Asset and Debt Administration

Capital assets. Space Florida's investment in capital assets as of September 30, 2020, 2019 and 2018, amounted to \$110,088,572, \$118,276,193 and \$111,048,630 (net of accumulated depreciation and debt), respectively. This investment in capital assets includes buildings, improvements, construction in progress and equipment. The balance in Construction in progress as of September 30, 2020 consisted primarily of building design drawings for a facility at Pensacola Technology Park. The balance in Construction in progress as of September 30, 2019 consisted primarily of manufacturing assembly for a facility at Exploration Park. The September 30, 2018 balance in Construction in progress consisted primarily of construction of a new facility at Exploration Park.

Space Florida Capital Assets (net of depreciation)

	9/30/2020	9/30/2019	9/30/2018
Buildings and improvements	\$ 224,676,566	\$ 236,862,796	\$ 78,751,312
Furniture, fixtures, vehicles, and equipment	16,003,028	1,409,903	2,232,377
Construction in progress	686,332	14,619,768	45,872,185
Total	\$ 241,365,926	\$ 252,892,467	\$ 126,855,874

Additional information on Space Florida capital assets can be found in Note 5 on page 29 of this report.

Space Florida Management's Discussion and Analysis

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 13 (Seller 1, 2 & 3) on page 38 of this report. Warrants were executed during fiscal year 2020.

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. In November 2019 Space Florida did not renew the license for Space Launch Complex 36 and the facility was transferred to an unrelated entity. Space Florida also has an enhanced use lease agreement with NASA's John F. Kennedy Space Center for 199 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 12 on pages 37-38 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. Subsequent amendments were executed extending the maturity date with the same terms. In fiscal year 2019 renegotiated the terms of the loan with a new maturity date of July 1, 2027, and an interest rate of 3.021% per annum. Payments of principal and interest are due quarterly beginning on October 1, 2020.

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. This loan was satisfied during fiscal year 2019.

Space Florida Total Outstanding Debt

	9/30/2020	9/30/2019	9/30/2018
Notes payable	\$ 7,402,725	\$ 7,985,456	\$ 15,536,156

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.

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BASIC FINANCIAL STATEMENTS

Space Florida
Statements of Net Position

<i>September 30,</i>	2020	2019
ASSETS		
Current assets		
Cash:		
Unrestricted	\$ 22,067,569	\$ 11,366,018
Restricted	6,449,032	18,653,956
Accounts receivable, net of allowance for uncollectible accounts of \$76,872 and \$19,770 as of September 30, 2020 and 2019, respectively	177,393	167,050
Due from other governments	38,049,372	28,374,493
Accrued interest receivable on loans receivable, net	8,377	8,377
Loans receivable, net of allowance of \$92,696 and \$30,426 as of September 30, 2020 and 2019, respectively	-	72,000
Prepaid rent, current	815,999	382,633
Other current assets	902,400	891,844
Total current assets	68,470,142	59,916,371
Noncurrent assets		
Capital assets:		
Construction in progress	686,332	14,619,768
Buildings and improvements, net	224,676,566	236,862,796
Furniture, fixtures, vehicles, and equipment, net	16,003,028	1,409,903
Accrued interest receivable on loans receivable, noncurrent, net	30,575	-
Loans receivable, net of allowance of \$1,704,553 and \$1,717,249 as of September 30, 2020 and 2019, respectively	3,148,800	3,148,800
Investments, net	3,825,675	3,696,595
Prepaid rent, noncurrent	12,453,907	4,495,940
Other noncurrent assets	1,100	1,300
Total noncurrent assets	260,825,983	264,235,102
Total assets	\$ 329,296,125	\$ 324,151,473

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

Space Florida
Statements of Net Position (Continued)

<i>September 30,</i>	2020	2019
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 35,898,595	\$ 33,866,357
Salaries payable	240,413	190,167
Unearned revenue	2,659,137	2,921,590
Compensated absences	185,181	159,471
Capital lease payable	55,695	51,997
Deposits	141,774	118,526
Notes payable, current portion	1,004,105	720,650
Payable from restricted assets		
Accounts payable	487,574	-
Customer advances	1,800,821	1,141,550
Total current liabilities	42,473,295	39,170,308
Noncurrent liabilities		
Deferred rent liability	10,499,249	1,449,237
Compensated absences	167,673	124,690
Capital lease payable	123,555	179,250
Notes payable, less current portion	6,398,620	7,264,806
Unearned revenue	121,131,744	123,695,379
Total noncurrent liabilities	138,320,841	132,713,362
Total liabilities	180,794,136	171,883,670
NET POSITION		
Net Investment in capital assets	110,088,572	118,276,193
Restricted for:		
Special purpose	4,160,637	2,079,580
Unrestricted	34,252,780	31,912,030
Total net position	\$ 148,501,989	\$ 152,267,803

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

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

<i>For the years ended September 30,</i>	2020	2019
Operating revenues		
Fees and charges for services	\$ 9,808,691	\$ 8,316,887
State appropriated funding	17,961,732	17,776,028
Other grant revenue - operating	39,593,121	22,127,636
Total operating revenues	67,363,544	48,220,551
Operating expenses		
Business development	49,419,052	32,562,600
General and administrative	9,332,169	9,936,872
Depreciation	11,444,324	9,616,707
Total operating expenses	70,195,545	52,116,179
Loss from operations	(2,832,001)	(3,895,628)
Non-operating revenues (expenses)		
Capital contributions	999,000	11,996,674
State grant revenue - capital	-	2,173,755
Interest income	222,593	168,659
Interest expense	(440,010)	(491,791)
Gain on investment	-	6,705
Impairment loss on investment	(419,939)	(134,356)
Gain on disposal of capital assets	191,300	46,190
Capital contributions to other governments	(1,486,757)	-
Total non-operating revenues (expenses)	(933,813)	13,765,836
Change in net position	(3,765,814)	9,870,208
Net position, beginning of year	152,267,803	142,397,595
Net position, end of year	\$ 148,501,989	\$ 152,267,803

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

Space Florida Statements of Cash Flows

For the years ended September 30, **2020** **2019**

Cash flows from operating activities:

Cash received from customers and users	\$ 10,431,898	\$ 8,386,670
Cash paid to suppliers for goods and services	(53,729,731)	(37,438,620)
Cash payments to employees for services	(4,550,329)	(4,559,015)
Operating grant receipts	47,879,974	31,073,963
Net cash provided by (used in) operating activities	31,812	(2,537,002)

Cash flows from capital and related financing activities:

Capital related grant receipts	999,000	6,725,179
Purchase and construction of capital assets	(1,404,540)	(7,632,198)
Proceeds from issuance of note payable	137,919	-
Principal paid on note payable	(720,650)	(7,550,700)
Proceeds from the sale of capital assets	191,300	438,075
Deposit for construction of capital assets	-	(1,574,428)
Payments on capital lease	(51,997)	-
Net cash used in capital and related financing activities	(848,968)	(9,594,072)

Cash flows from investing activities:

Interest received	222,593	168,659
Interest paid	(440,010)	(491,791)
Execution of warrants	(468,800)	-
Net cash used in investing activities	(686,217)	(323,132)

Net decrease in cash (1,503,373) (12,454,206)

Cash, beginning of year 30,019,974 42,474,180

Cash, end of year \$ 28,516,601 \$ 30,019,974

Cash for the purposes of this statement consists of the following

<i>September 30,</i>	2020	2019
Cash	\$ 22,067,569	\$ 11,366,018
Restricted cash	6,449,032	18,653,956
Total cash	\$ 28,516,601	\$ 30,019,974

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

Space Florida
Statements of Cash Flows (continued)

Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:

Income (loss) from operations	\$ (2,832,001)	\$ (3,895,628)
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Adjustment to reconcile Income (loss) from operations to net cash provided by operating activities

Depreciation expense	11,444,324	9,616,707
In-kind payment of rent, increase in unearned revenue	(2,826,088)	382,633
Bad debt expense	106,676	(22,547)
Non cash contribution, increase in prepaid rent	(8,391,333)	-
Non cash contribution, increase in deferred rent liability	8,773,967	-
(Increase) decrease in assets:		
Accounts receivable	(59,312)	21,431
Due from other governments	(9,674,879)	(8,701,394)
Accrued interest receivable	(118,927)	54,356
Loans receivable	22,426	270,872
Other assets	(10,356)	144,739
Prepaid rent	-	(1,922,726)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,519,812	1,316,502
Compensated absences	68,693	50,852
Salaries payable	50,246	5,467
Unearned revenue	-	(128,307)
Deposits	23,248	(6,004)
Customer advances	659,271	-
Deferred rent liability	276,045	276,045
Total adjustments	2,863,813	1,358,626
Net cash provided by (used in) operating activities	\$ 31,812	\$ (2,537,002)

Summary of noncash investing activities

	2020	2019
Increase in investment impairment	\$ 419,939	\$ 134,356
Gain on investment	-	(6,705)

Summary of noncash capital financing activities

	2020	2019
Accrued interest converted to notes receivable	\$ 88,352	\$ 82,179
Increase in capital assets, acquired through contributions from tenants	-	135,626,990
Increase in capital assets, acquired through capital lease	-	299,691

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

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 recognized an impairment of \$1,115,692 and \$695,753 (see custodial credit risk in Note 2) as of September 30, 2020 and 2019, respectively.

Accounts Receivable

The receivables are funds due to Space Florida from customers. Space Florida charges interest based on contract terms. An allowance of \$76,872 and \$19,770 was recorded at September 30, 2020 and 2019, 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 private-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 building improvements is 27 years, and furniture, fixtures, vehicles 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 Codification 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. See Note 11.

Deposits

Consist of amounts held for tenants of leased facilities.

Customer advances

Consists of assets provided to Space Florida before the related expense is incurred.

Long-term obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position. In accordance with GASB Codification I30: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of debt, or other liabilities that are attributable to the acquisition, construction or improvement of those assets.

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, 2020 and 2019, 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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 22, 2021. See Note 18 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Reclassifications

Certain reclassifications were made to the prior year statement of net position and statement of revenues, expenses, changes in net position, and footnotes to conform with the current year presentation. The reclassifications did not change net position in total.

Note 2: CASH AND INVESTMENTS

At September 30, 2020 and 2019, the carrying amount of Space Florida's deposits was \$28,516,601 and \$30,019,974, respectively, and the bank balance was \$30,277,179 and \$30,935,475, 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.

Space Florida
Notes to the Financial Statements

Note 2: CASH AND INVESTMENTS (Continued)

Cash consists of the following:

<i>September 30,</i>	2020	2019
Demand deposits	\$28,516,601	\$30,019,974
Classified as:		
Cash	\$22,067,569	\$11,366,018
Restricted cash	6,449,032	18,653,956
	\$28,516,601	\$30,019,974

Credit risk

Florida Statute 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 is not exposed to foreign currency risk. All of the holdings of Space Florida are denominated in US Dollars.

Concentration of credit risk

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

At September 30, 2020 and 2019, Space Florida had the following cost method investments that were greater than 5% of their total investments, net of impairments:

<i>September 30,</i>	2020	2019
Investment 1 - 25,000 shares of common stock *	\$ 400,000	\$ 500,000
Investment 1 - warrants to purchase 25,000 shares of common stock *	559,440	699,300
Investment 2 - 20,000 shares of common stock *	199,720	249,650
Investment 2 - warrants to purchase 20,000 shares of common stock *	199,720	249,650
Investment 3 - 60,000 shares of common stock	1,966,800	-
Investment 3 - warrants to purchase 60,000 membership units	-	1,498,000
Investment 4 - 55,555 shares of series A preferred stock	499,995	499,995
Total	\$ 3,825,675	\$ 3,696,595

Investment 1 common stock is net of an allowance of \$100,000 and \$0 and investment 1 warrants are net of an allowance of \$139,860 and \$0 at September 30, 2020, and 2019, respectively. Investment 2 common stock is net of an allowance of \$49,930 and \$0 and investment 2 warrants are net of an allowance of \$49,930 and \$0 at September 30, 2020, and 2019, respectively.

Note 2: CASH AND INVESTMENTS (Continued)

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 \$3,825,675 and \$3,696,595 as of September 30, 2020 and 2019, respectively, are for securities uninsured, unregistered and are held by the individual companies that have issued the stock. Space Florida incurred an impairment loss of \$419,939 and \$134,356 during the years ended September 30, 2020 and 2019, 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 \$38,049,372 and \$28,374,493 of State appropriations and grants for operations and capital improvements at September 30, 2020 and 2019, respectively.

Note 4: LOANS RECEIVABLE

Space Florida entered into several loan agreements with a company (Company 1) totaling \$1,036,925 through June 30, 2011 charging 1% interest per annum. 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 both September 30, 2020 and 2019 was \$8,377. During the years ended September 30, 2020 and 2019, interest payments were made in accordance with the terms of the agreement. Space Florida's management has estimated a portion of the note receivable will most likely not be collected and has recorded an allowance of \$287,200 at September 30, 2020 and 2019.

During September 2017, Space Florida entered into an additional promissory note agreement with Company 1. The terms of the note included an additional \$90,000 in principal, interest accrues at 6.49% per annum. The note matured on December 31, 2019. Space Florida estimated a portion of the note receivable would most likely not be collected and recorded an allowance of \$18,000 as of September 30, 2019. The note and accrued interest, including the amount allowed for, were paid in full during the year ended September 30, 2020.

Note 4: LOANS RECEIVABLE (Continued)

During March 2017 Space Florida entered into a promissory note agreement with a company (Company 2). The terms of the note included an original principal of \$1,000,000, interest accrues at 2% per annum, and requires 48 monthly interest only payments of \$1,666 followed by 12 monthly principal and interest payments of \$83,333. The note was collateralized by personal property and equipment. The note and accrued interest were paid in full during the year ended September 30, 2020.

During December 2018, Space Florida entered into an additional promissory note agreement with Company 2. The terms of the note included an original principal of \$1,000,000, interest accrues at 5% per annum, and requires 48 monthly interest only payments followed by 12 monthly payments of principal and interest of \$83,333. The loan was collateralized by equipment and land of the Company. There is no accrued interest as of September 30, 2019. The note and accrued interest were paid in full during the year ended September 30, 2020.

During October 2019, Space Florida entered into an additional promissory note agreement with Company 2. The terms of the note included an original principal balance of \$1,000,000, interest accrues at 5% per annum, and requires 48 monthly payment of interest, and subsequently 12 monthly payments of principal and interest maturing on October 1, 2024. The note was collateralized by specific assets of the Company. The note and accrued interest were paid in full during the year ended September 30, 2020.

During March, 2017, Space Florida entered into a promissory note agreement with a company (Company 4). The terms of the note include an original principal balance of \$74,480, interest accrues at 2.10% per annum, and requires 72 regular monthly payments of principal and interest of \$1,101 maturing in February 2023. The note is collateralized by the assets of Company 4. Space Florida has estimated the remaining outstanding balance of the note will most likely not be collected and has recorded an allowance of \$30,048 and \$42,475 at September 30, 2020 and 2019, respectively.

During January 2018, Space Florida entered into an unsecured convertible promissory note agreement with Company 4. The terms of the note include an original principal balance of \$1,000,000, interest accrues at 8% per annum, and does not require regular payments. The note and all accrued interest are due during January 2023. Space Florida has elected to convert all accrued unpaid interest into equity holdings in Company 4. If the note is not paid in full by the maturity date, or upon change in control of the company, Company 4 may elect to convert the debt to equity based on a conversion factor, but has not elected to convert any of the principal. Space Florida has estimated the note will most likely not be collected and has recorded an allowance of \$1,000,000 at September 30, 2020 and 2019.

Space Florida
Notes to the Financial Statements

Note 4: LOANS RECEIVABLE (Continued)

During November 2019, Space Florida entered in a unsecured promissory note agreement with Company 4. The terms of the note include an original principal balance of \$80,000, interest accrues at 2.10% per annum, and requires 12 regular monthly payments of interest only. The principal balance and any accrued unpaid interest are due at maturity in November 2020.

Management has estimated the note will most likely not be collected and has recorded an allowance of \$80,000 at September 30, 2020.

During October, 2018 Space Florida entered into a promissory note agreement with a company (Company 5). The terms of the note include an original principal balance of \$400,000, interest accrues at 2% per annum, and requires 20 quarterly interest only payments with a balloon payment of the remaining balance upon maturity during October 2023. The note is secured by certain personal property of Company 5.

Management has estimated that the receivable will most likely not be collected and has recorded an allowance of \$400,000 as of September 30, 2020, and 2019.

During June 2020, Space Florida entered into an unsecured convertible promissory note agreement with a company (Company 6). The terms of the note include an original principal balance of \$2,000,000, interest accrues at 6% per annum, and requires payment of unpaid principal and accrued interest at maturity on December 28, 2021. The note agreement included 598,533 detachable warrants in Company 6's series B-1 Preferred Stock. Additionally, the note includes a conversion feature based upon terms of a subsequent equity issuance, or upon a change in control of Company 6. Accrued interest related to Company 6 at September 30, 2020 was \$30,575.

Loans receivable are as follows:

<i>September 30,</i>	2020			2019	
	Long-term Principal	Accrued Interest	Current Portion	Principal	Accrued Interest
Company 1	\$ 1,436,001	\$ 8,377	-	\$ 1,526,001	\$ 8,377
Company 2	-	-	-	2,000,000	-
Company 4	1,017,352	-	92,696	1,042,474	-
Company 5	400,000	-	-	400,000	-
Company 6	2,000,000	30,575	-	-	-
Less allowance	(1,704,553)	-	(92,696)	(1,747,675)	-
Totals	\$ 3,148,800	\$ 38,952	\$ -	\$ 3,220,800	\$ 8,377

Space Florida
Notes to the Financial Statements

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 and 2019 was as follows:

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
Capital assets, not being depreciated				
Construction in progress	\$ 14,619,768	\$ 350,454	\$ (14,283,890)	\$ 686,332
Total capital assets not being depreciated	14,619,768	350,454	(14,283,890)	686,332
Capital assets, being depreciated:				
Buildings and improvements	283,318,256	-	(1,864,745)	281,453,511
Furniture, fixtures, vehicles, and equipment	10,160,167	15,338,363	(3,002,639)	22,495,891
Total capital assets being depreciated	293,478,423	15,338,363	(4,867,384)	303,949,402
Less accumulated depreciation for:				
Buildings and improvements	(46,455,460)	(10,699,086)	377,601	(56,776,945)
Furniture, fixtures, vehicles, and equipment	(8,750,264)	(745,238)	3,002,639	(6,492,863)
Total accumulated depreciation	(55,205,724)	(11,444,324)	3,380,240	(63,269,808)
Total capital assets, being depreciated, net	238,272,699	3,894,039	(1,487,144)	240,679,594
Capital assets, net	\$ 252,892,467	\$ 4,244,493	\$ (15,771,034)	\$ 241,365,926

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
Capital assets, not being depreciated				
Construction in progress	\$ 45,872,185	\$ 7,119,350	\$ (38,371,767)	\$ 14,619,768
Total capital assets not being depreciated	45,872,185	7,119,350	(38,371,767)	14,619,768
Capital assets, being depreciated:				
Buildings and improvements	116,505,807	166,812,449	-	283,318,256
Furniture, fixtures, vehicles, and equipment	10,753,591	485,152	(1,078,576)	10,160,167
Total capital assets being depreciated	127,259,398	167,297,601	(1,078,576)	293,478,423
Less accumulated depreciation for:				
Buildings and improvements	(37,754,495)	(8,700,965)	-	(46,455,460)
Furniture, fixtures, vehicles, and equipment	(8,521,214)	(915,741)	686,691	(8,750,264)
Total accumulated depreciation	(46,275,709)	(9,616,706)	686,691	(55,205,724)
Total capital assets, being depreciated, net	80,983,689	157,680,895	(391,885)	238,272,699
Capital assets, net	\$ 126,855,874	\$ 164,800,245	\$ (38,763,652)	\$ 252,892,467

Space Florida
Notes to the Financial Statements

Note 6: LONG-TERM DEBT

Notes Payable

During October 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 maturing on May 31, 2019. 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%) per annum. During 2019 and 2020 Space Florida entered into multiple short term extensions before renegotiating the terms of the loan which established a new maturity date of July 1, 2027, accruing interest at 3.021% per annum. Payments of principal and interest are due quarterly beginning on October 1, 2020.

The outstanding principal balance as of September 30, 2020 and 2019 was \$7,402,725 and \$7,985,456, 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 15% of appropriations for the year ending September 30, 2019, and will require approximately 11% of appropriations for the year ending September 30, 2020.

Future minimum payments at September 30, 2020 are as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total
2021	\$ 1,004,105	\$ 214,175	\$ 1,218,280
2022	1,034,785	181,653	1,216,438
2023	1,066,402	150,036	1,216,438
2024	1,098,985	117,453	1,216,438
2025	1,132,562	83,875	1,216,437
2026 - 2027	2,065,886	62,880	2,128,766
Total	\$ 7,402,725	\$ 810,072	\$ 8,212,797

Capital lease payable

On April 1, 2019, Space Florida entered into a capital lease agreement for equipment. The capital lease agreement requires annual payments of principle and interest of \$68,444 for up to 5 years. The annual imputed interest rate is 7.1125%. The leased equipment is depreciated over straight-line basis over 5 years.

The following is a summary of Space Florida's assets under capital lease at September 30:

<i>September 30,</i>	2020	2019
Equipment at cost	\$ 299,691	\$ 299,691
Less: accumulated depreciation	(89,907)	(29,969)
Total	\$ 209,784	\$ 269,722

Space Florida
Notes to the Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Future minimum lease payments at September 30, 2020 are as follows:

<i>Year Ending September 30</i>	Principal		Interest		Total
2021	\$	55,695	\$	12,749	\$ 68,444
2022		59,656		8,788	68,444
2023		63,899		4,545	68,444
Total	\$	179,250	\$	26,082	\$ 205,332

Changes In Long-Term Liabilities

Long-term liability activity for the years ended September 30, 2020 and 2019, was as follows:

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 7,985,456	\$ 137,919	\$ (720,650)	\$ 7,402,725	\$ 1,004,105
Total notes from					
Direct borrowings	7,985,456	137,919	(720,650)	7,402,725	1,004,105
Compensated absences	284,161	330,770	(262,077)	352,854	185,181
Capital Lease payable	231,247	-	(51,997)	179,250	55,695
Total	\$ 8,500,864	\$ 468,689	\$ (1,034,724)	\$ 7,934,829	\$ 1,244,981

	Balance September 30, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 15,536,156	\$ -	\$ (7,550,700)	\$ 7,985,456	\$ 720,650
Total notes from					
Direct borrowings	15,536,156	-	(7,550,700)	7,985,456	720,650
Compensated absences	233,309	347,236	(296,384)	284,161	159,471
Capital Lease payable	-	299,691	(68,444)	231,247	51,997
Total	\$ 15,769,465	\$ 646,927	\$ (7,915,528)	\$ 8,500,864	\$ 932,118

Note 7: 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

Note 7: CONDUIT DEBT (Continued)

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, 2020 and 2019, the outstanding balance was approximately \$10,235,732 and \$19,372,830, 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, 2020 and 2019, the outstanding balance on Space Florida assisted financing was approximately \$0 and \$9,721,375, respectively. The debt was repaid from a percentage of ticket sale revenues at the Kennedy Space Center Visitor Complex.

Note 7: CONDUIT DEBT (Continued)

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. As of September 30, 2020 and 2019, the outstanding balance on Space Florida assisted financing was \$84,788,781 and \$62,324,232, 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 provide financing relating to the sale and leaseback of personal property for up to \$27,200,000. As of September 30, 2020 and 2019, the outstanding balance on Space Florida assisted financing was \$0 and \$20,283,789, respectively.

Note 8: ENGINEERING & TECHNOLOGY CENTER

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, 2020 and 2019, Space Florida recorded a lease expense of \$166,605 and \$154,271, respectively. The future minimum straight-line lease payment is \$170,716 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 maintenance, operations, and improvements of the facilities. During the years ended September 30, 2020 and 2019, Space Florida recorded lease revenue of \$166,605 and \$154,271, respectively. The straight line future minimum rental income is \$170,716 each year through November 7, 2042.

Note 9: SRMU STORAGE FACILITY

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, 2020 and 2019 is approximately \$297,946 and \$292,821, respectively, and is payable by Space Florida in monthly installments of approximately \$25,174. The future minimum lease payments totaling \$1,816,680 through May 31, 2026.

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, 2023, and may be extended for up to one additional three year periods. However, the tenant may terminate the lease with a 90-day written notice. During the years ended September 30, 2020 and 2019, Space Florida recorded lease revenue of \$152,184 and \$149,200, respectively.

Note 9: SRMU STORAGE FACILITY (Continued)

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 \$2,576,907, and \$3,009,628 as of September 30, 2020 and 2019, respectively. However, management believes the current tenant will continue to renew the lease. Accordingly, no impairment loss has been recorded as of September 30, 2020 and 2019.

Note 10: 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 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, 2020 and 2019, 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, 2020 and 2019, Space Florida recorded operations and maintenance expenses related to the C3PF facility of \$772,900 and \$985,863, respectively. The facility is sub-licensed to a company that is responsible for all of the operations and maintenance costs of the facilities.

Note 11: 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.

Note 11: EXPLORATION PARK (Continued)

Phase 1

There were no cash lease payments initially required under the lease agreement until Phase 1 was available to be utilized, and rental fees began on July 1, 2014 and escalate 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.

Space Florida made capital improvements to the leased area 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 of future rent payments. There is \$382,633 of current prepaid rent as of September 30, 2020 and 2019, and \$4,113,306 and \$4,495,940 of noncurrent prepaid rent, as of September 30, 2020 and 2019.

The prepaid rent was accepted by NASA for rent covering 18 years; therefore, it is allocated and expensed evenly across the 18 years and \$382,633 is applied annually. During the years ended September 30, 2020 and 2019, 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 \$1,725,282 and \$1,449,237 as of September 30, 2020 and 2019, respectively.

Space Florida will make cash payments totaling \$40,580,340 for the use lease agreement, and will begin making payments in 2032.

Space Life Sciences Lab

The Space Life Sciences Lab (SLSL) was constructed within Phase 1 of Exploration Park and the building is owned by Space Florida. Space Florida leases space within the SLSL to various tenants, the use agreement with NASA requires Space Florida to make regular lease payments if NASA is not the primary tenant. During the years ended December 31, 2020 and 2019 NASA was not the primary tenant and Space Florida recorded lease payments to NASA of \$276,480 and 74,200, respectively.

The carrying value of the facility at September 30, 2020 and 2019 was \$12,972,506 and \$14,043,195, respectively. During the years ended September 30, 2020 and 2019, Space Florida recorded operations and maintenance expenses, including rent, related to the SLSL facility of \$3,796,111 and \$3,340,492 respectively. During the years ended September 30, 2020 and 2019, Space Florida recorded lease and service revenue of \$749,730 and \$990,141, respectively. Leases to tenants within the SLSL have rental periods of varying duration through December 2021. Space Florida will collect future minimum lease revenue as follows:

Year ending September 30,	
2021	241,927
Total	\$ 241,927

Note 11: EXPLORATION PARK (Continued)

Phase 1 Building D-F

Space Florida owns a building within exploration park which it leases to a spacecraft manufacturing tenant. The lease began on occupancy of the building which occurred on April 1, 2019 and requires regular monthly payments of \$43,537 for 20 years, plus quarterly common area maintenance fees, and a prepayment for quarterly projected utility usage. The lease has renewal options for up to an additional 15 years via three 5 year lease renewal periods. During the year ended September 30, 2020, Space Florida recorded lease revenue of \$522,444. Future minimum lease payments under the lease are \$522,444 per year through March 2039.

At September 30, 2019 Space Florida had recorded \$7,445,250 in unearned revenue related to the estimated value of the improvements pending approval from NASA. Based on changes in circumstances, NASA has indicated they will not accept additional in-kind payments for rent related to Phase 1. Therefore, during 2019, the improvements were recognized as a contribution and the rent expense will be passed on to the lessee.

Phase 2

During December 2015, Space Florida signed an amended use agreement 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. Rental payments were scheduled to begin on the date the improvements to Phase 2 were accepted by NASA. On September 17, 2020 NASA accepted and valued the improvements at \$8,773,967, and Space Florida recorded \$340,601 in prepaid rent noncurrent and \$433,366 in prepaid rent, current.

There were no cash lease payments initially required under the lease agreement until Phase 2 improvements were accepted by NASA, and rental fees began on October 1, 2020 and escalate 2.5% annually. Beginning on January 1, 2046 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 2.

The prepaid rent was accepted by NASA for rent covering approximately 21 years; therefore, it is allocated and expensed evenly across the 21 years and \$412,894 is applied annually. During the years ended September 30, 2020 and 2019, the straight-line rent expense was \$433,366. The difference between the annual rent expense and the prepaid rent applied results in a cumulative deferred rent liability of \$8,773,967 and \$0 as of September 30, 2020 and 2019, respectively.

Space Florida will make cash payments totaling \$13,931,699 for the use lease agreement, and will begin making payments in 2042.

Note 11: EXPLORATION PARK (Continued)

Phase 2 Site A

During the year ended September 30, 2019, an unrelated company transferred to Space Florida buildings and ancillary support structures constructed within Exploration Park Phase 2 valued at \$128,181,740. Space Florida intends to lease these back to the contributor and has recorded the transfer as prepaid rent which will be used to offset all future lease payments. The prepaid rent related to the contributed building is included in the current and noncurrent unearned revenue. Space Florida recorded \$2,563,635 and \$1,922,726 of lease revenue for the year ended September 30, 2020 and 2019, respectively. The future minimum rental income is \$2,563,635 each year for 50 year lease term which ends in December 2069. As of September 30, 2020 and 2019, \$2,563,635 was included in current unearned revenue plus additional advances from tenants in the amount of \$95,502 and \$357,955, respectively. As of September 30, 2020 and 2019, \$121,131,744 and \$123,695,379, respectively, were included in unearned revenue noncurrent.

Note 12: RIGHTS AND ACCESS

Area 57 - East

During August 2015, Space Florida was granted a 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 ended in February 2019. The license is currently being renegotiated. 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, 2020 and 2019, Space Florida recorded operations and maintenance expenses, related to Area 57, of \$54,699 and \$25,864, 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. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a multi-use vertical launch complex capable of supporting several launch vehicle configurations ranging from light to medium lift. The license is revocable at the will of the Secretary of the Air Force. In November 2019, Space Florida did not renew the license and the facility was transferred from Space Florida control to a different unrelated entity.

Note 12: RIGHTS AND ACCESS

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 subsequently extended to September 2024. 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 13: 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.

Note 13: PROTOTYPE TESTING AGREEMENTS (Continued)

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 were executed during the year ended September 30, 2020.

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, 2020 and 2019, the warrants and common stock are recorded in investments, and the receivables for the capital leases are included in other assets.

Note 14: 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.

Note 14: RETIREMENT PLAN (Continued)

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, 2020 and 2019 were \$703,081 and \$708,924, respectively, and represented 15% of total eligible employee gross compensation for each period.

Note 15: COMMITMENTS AND CONTINGENCIES

Commitments

Contract commitments at September 30, 2020 were \$46,081,659 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 85% and 79% of its total revenues from State legislative appropriations and grants during the years ended September 30, 2020 and 2019, 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 16: 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 up to policy maximums.

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020 after adoption of GASBS 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform;

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (Continued)

(2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Space Florida is evaluating the requirements of the above statements and the impact on reporting.

Note 18: SUBSEQUENT EVENTS

In October 2020, Space Florida entered into a convertible promissory note agreement with Company 6. The terms of the note include an original principal balance of \$2,000,000, interest accrues at 6% per annum, and requires payment of unpaid principal and accrued interest at maturity during April, 2022. The note agreement included 598,533 detachable warrants in Company 6's series B-1 Preferred Stock. Additionally, the note includes a conversion feature based upon terms of a subsequent equity issuance, or upon a change in control of Company 6.

Note 19: UNCERTAINTY

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic which is still going on. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

SUPPLEMENTARY INFORMATION

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Space Florida
Schedule of Travel, Business Meals and Incidental Expenses

<i>For the years ended September 30,</i>	2020	2019
Domestic:		
Travel and incidental (1)	\$ 119,319	\$ 187,836
Business meals	14,272	26,952
Total domestic	133,591	214,788
Foreign:		
Travel and incidental (1)	13,456	73,660
Business meals	232	1,847
Total foreign	13,688	75,507
Total	\$ 147,279	\$ 290,295

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

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

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

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

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, 2020 and the related notes to the financial statements, which collectively comprise Space Florida's basic financial statements, and have issued our report thereon dated September 22, 2021.

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.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida

September 22, 2021

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 FINANCIAL 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, 2020. 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 statutes, 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, 2020.

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.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

Space Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2020


Section I-Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over major financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | No |

State Projects

- | | |
|---|-------------------------------|
| 1. Type of auditors' report issued on compliance for major state projects | Unmodified |
| 2. Internal control over major state projects: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? | No |
| 4. Identification of major state projects: | |
| <u>CFDA Number</u> | <u>Federal Program</u> |
| 55.037 | Spaceport Improvement Program |
| 5. Dollar threshold used to distinguish between type A and B projects : | \$1,687,785 |



Space Florida
Schedule of Findings and Questioned Costs (continued)
For the year ended September 30, 2020

Section II—Financial Statement Findings

No matters were reported.

Section IV—State Project Findings and Questioned Costs

No matters were reported.

Section V—Prior Findings and Questioned for State Projects

No matters were reported in the prior year.

Space Florida

Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2020

State Agency Pass-through entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
Florida Department of Economic Opportunity				
Direct Projects				
Economic Development Partnership, Israel	40.040	SB20-009	\$ 1,000,000	-
Economic Development Partnership, Operations	40.040	SB20-008	8,376,161	-
Economic Development Partnership, Operations	40.040	SB21-008	3,062,613	-
Economic Development Partnership, Financing Project	40.040	SB20-011	5,123,179	-
Economic Development Partnership, Financing Project	40.040	SB21-011	399,780	-
Total CSFA number 40.040			17,961,733	-
Total Florida Department of Economic Opportunity			17,961,733	-
Florida Department of Transportation				
Direct Projects				
Economic Development Transportation Fund	55.032	FM#439053-1-54-01	1,161,113	-
Spaceport Improvement Program	55.037	FM#430254-1-14-01	559,205	-
Spaceport Improvement Program	55.037	FM#435257-1-14-01	56,744	-
Spaceport Improvement Program	55.037	FM#435257-1-14-02	1,376,433	-
Spaceport Improvement Program	55.037	FM#435257-1-14-03	44,061	-
Spaceport Improvement Program	55.037	FM#435320-1-94-04	(17,265)	(17,265)
Spaceport Improvement Program	55.037	FM#435320-1-94-05	(19,468)	(19,468)
Spaceport Improvement Program	55.037	FM#435320-1-94-06	4,972	-
Spaceport Improvement Program	55.037	FM#435322-1-94-05	1,739,061	1,739,061
Spaceport Improvement Program	55.037	FM#435321-1-94-01	15,308	-
Spaceport Improvement Program	55.037	FM#436863-1-94-06	4,728,565	4,728,565
Spaceport Improvement Program	55.037	FM#436863-1-94-04	81,216	-
Spaceport Improvement Program	55.037	FM#436863-1-94-05	532,603	532,603
Spaceport Improvement Program	55.037	FM#437070-1-94-03	355,265	355,265
Spaceport Improvement Program	55.037	FM#437069-1-94-03	5,000,000	5,000,000
Spaceport Improvement Program	55.037	FM#435257-1-14-04	784,100	-
Spaceport Improvement Program	55.037	FM#436863-1-94-07	5,800,000	5,800,000
Spaceport Improvement Program	55.037	FM#435322-1-94-07	16,095,868	16,095,868
Total Florida Department of Transportation			38,297,781	34,214,629
Total Expenditures of State Financial Assistance			\$ 56,259,514	\$ 34,214,629

Space Florida
Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2020

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.



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

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

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, 2020, and have issued our report thereon dated September 22, 2021.

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 September 22, 2021 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.b. 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.c, 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 Statutes.

Additional Matters

Section 10.554(1)(i)3., 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.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021



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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH 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, 2020. 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 an 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, 2020.

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
September 22, 2021