



## **AUDIT AND ACCOUNTABILITY COMMITTEE MEETING Agenda**

**Tuesday, October 18, 2022  
3:00 p.m. EDT**

**By Teleconference  
Call-in Number: 855-758-1310  
Guest Code: 628 861 9445#**

<b>Agenda Items</b>	<b>Vote</b>	
<b>Call to Order</b>		<b>Denise Swanson</b>
<b>Agenda</b>		<b>Denise Swanson</b>
• <b>Public Comments</b>		
• <b>Minutes June 23, 2022</b>	✓	
• <b>Financial Statements September 30, 2021</b>	✓	
• <b>Interim Financials June 30, 2022</b>	✓	
• <b>Fiscal Year 2023 Budget</b>	✓	
• <b>Financial Audit Solicitation</b>	✓	
<b>Closing Remarks/Adjournment</b>		<b>Denise Swanson</b>

# **Minutes of Audit and Accountability Meeting 06/23/22**



## ***Draft Minutes of a Regular Meeting of the Space Florida Audit & Accountability Committee***

*A Regular meeting of the Space Florida Audit & Accountability Committee was held by Teleconference on June 23, 2022. The meeting was called to order at 9:01 a.m. EDT.*

### **COMMITTEE MEMBERS PRESENT:**

Barbara Essenwine (Chair)  
Jason Clement

### **SPACE FLORIDA STAFF PRESENT:**

Denise Swanson  
Frank DiBello  
Howard Haug  
Todd Romberger  
Ron Lau  
Sharon Spratt  
Beth Courtney  
Ivy Zheng  
Desiree Mayfield  
Elizabeth Loving

Barbara Essenwine thanked the committee members for attending and called the meeting to order. Ms. Swanson stated that the meeting is being conducted in accordance with the Sunshine and Public Record laws of Florida.

There were no public comments.

Ms. Swanson reviewed the items on the agenda: The review and approval of the minutes of the meeting held on April 26, 2022, approval of interim financial statements for the period ended March 31, 2022 and financial audit solicitation planning.

Ms. Swanson stated that the first item was the review and approval of the prior meeting minutes. The motion was made by Jason Clement, seconded by Barbara Essenwine, and passed unanimously by the committee to approve the minutes of April 26, 2022.

Ms. Swanson reviewed the 2nd quarter interim financial statements for the period ended March 31, 2022. The motion was made by Jason Clement, seconded by Barbara Essenwine, and passed unanimously for the committee to recommend that the full Board approve the issuance of the quarterly interim financial statements for the period ended March 31, 2022.

Ms. Swanson stated that management is working on the solicitation for financial audit services for the fiscal year end September 30, 2022. A committee meeting will be scheduled in the near future for the committee to review and provide input on the solicitation, procedures and timeline.

The committee discussed budgets and financial material provided for review to the committee.

### **CLOSING REMARKS & ADJOURNMENT**

The meeting adjourned at 9:12 p.m. (EDT)

# Financial Statements September 30, 2021

**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, 2021 and 2020**

Space Florida  
Table of Contents  
For the years ended September 30, 2021 and 2020



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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Space Florida  
Cape Canaveral, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Space Florida, a component unit of the State of Florida, as of and for the years ended September 30, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020, 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 21, 2022 on our consideration of Space Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Space Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Space Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida  
September 21, 2022

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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, 2021, 2020 and 2019.

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, 2021, 2020 and 2019 by \$143,542,982, \$148,501,989 and \$152,267,803 (net position), respectively. Of this amount, \$34,340,028, \$34,252,780 and \$31,912,030 (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 \$4,959,007 and \$3,765,814 and increased by \$9,870,208 for the years ended September 30, 2021, 2020 and 2019, respectively.
- Space Florida's state appropriated revenue for operations for the years ended September 30, 2021, 2020 and 2019 was \$18,328,190, \$17,961,732 and \$17,776,028, 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, 2021 and 2020. 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.

### **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, 2021, 2020 and 2019 by \$143,542,982, \$148,501,989 and \$152,267,803, respectively.

## Space Florida Management's Discussion and Analysis

The following table reflects the condensed Statement of Net Position.

### *Space Florida Net Position*

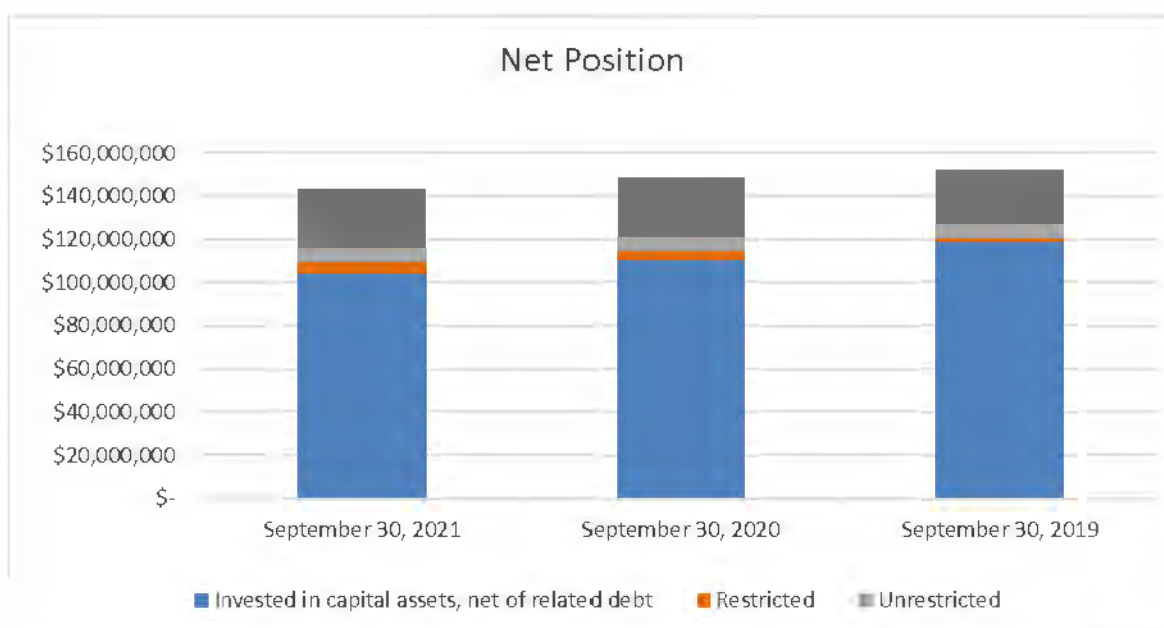
	9/30/2021	9/30/2020	9/30/2019
Cash	\$ 28,972,213	\$ 28,516,601	\$ 30,019,974
Receivables	24,640,085	38,226,765	28,541,543
Investments	2,199,660	3,825,675	3,696,595
Other current assets	1,026,882	902,400	891,844
Capital assets	276,989,765	241,365,926	252,892,467
Prepaid rent	12,474,380	13,269,906	4,878,573
Other assets	3,308,217	3,188,852	3,230,477
<b>Total assets</b>	<b>349,611,202</b>	<b>329,296,125</b>	<b>324,151,473</b>
Accounts payable	20,033,032	35,898,595	33,866,357
Payable from restricted assets	1,084,357	2,288,395	1,141,550
Notes payable	4,435,050	7,402,725	7,985,456
Deferred rent liability	10,362,400	10,499,249	1,449,237
Capital lease payable	123,555	179,250	231,247
Other liabilities	170,029,826	124,525,922	127,209,823
<b>Total liabilities</b>	<b>206,068,220</b>	<b>180,794,136</b>	<b>171,883,670</b>
Net position:			
Invested in capital assets, net			
of related debt	103,482,382	110,088,572	118,276,193
Restricted	5,720,572	4,160,637	2,079,580
Unrestricted	34,340,028	34,252,780	31,912,030
<b>Total net position</b>	<b>\$ 143,542,982</b>	<b>\$ 148,501,989</b>	<b>\$ 152,267,803</b>

The largest portion of Space Florida's net position as of September 30, 2021 (72 percent), as of September 30, 2020 (74 percent) and as of September 30, 2019 (78 percent) reflects its investment in capital assets (e.g., buildings, equipment and construction in progress), less any related outstanding debt used to acquire those assets.

The increase in deferred rent liabilities in September 30, 2020, financial statements over September 30, 2019, is due to the establishment of prepaid rent liability for improvements accepted as in kind by NASA'S John F. Kennedy Space Center to offset future rent payments.

As of September 30, 2021, September 30, 2020, and September 30, 2019, 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.

	<b>Space Florida Changes in Net Position</b>		
	<b>For the year ended September 30, 2021</b>	<b>For the year ended September 30, 2020</b>	<b>For the year ended September 30, 2019</b>
Operating revenues:			
Fees and charges for services	\$ 11,041,910	\$ 9,808,691	\$ 8,316,887
State appropriated funding	18,328,190	17,961,732	17,776,028
Grant revenue- operating	26,440,916	39,593,121	22,127,636
<b>Total operating revenue</b>	<b>55,811,016</b>	<b>67,363,544</b>	<b>48,220,551</b>
Non-operating revenues:			
Other	633,122	413,893	221,554
Grant revenue- capital	-	-	2,173,755
Capital contributions	-	999,000	11,996,674
<b>Total non-operating revenues</b>	<b>633,122</b>	<b>1,412,893</b>	<b>14,391,983</b>
<b>Total revenues</b>	<b>56,444,138</b>	<b>68,776,437</b>	<b>62,612,534</b>
Operating expenses:			
Business development activities	35,271,886	49,419,052	32,562,600
General, administrative, and depreciation	24,637,491	20,776,493	19,553,579
<b>Total operating expenses</b>	<b>59,909,377</b>	<b>70,195,545</b>	<b>52,116,179</b>
Non-operating expenses			
<b>Total non-operating expenses</b>	<b>1,493,768</b>	<b>2,346,706</b>	<b>626,147</b>
<b>Total expenses</b>	<b>61,403,145</b>	<b>72,542,251</b>	<b>52,742,326</b>
<b>Change in net position</b>	<b>(4,959,007)</b>	<b>(3,765,814)</b>	<b>9,870,208</b>
<b>Net position – beginning</b>	<b>148,501,989</b>	<b>152,267,803</b>	<b>142,397,595</b>
<b>Net position – ending</b>	<b>\$ 143,542,982</b>	<b>\$ 148,501,989</b>	<b>\$ 152,267,803</b>

## Space Florida Management's Discussion and Analysis

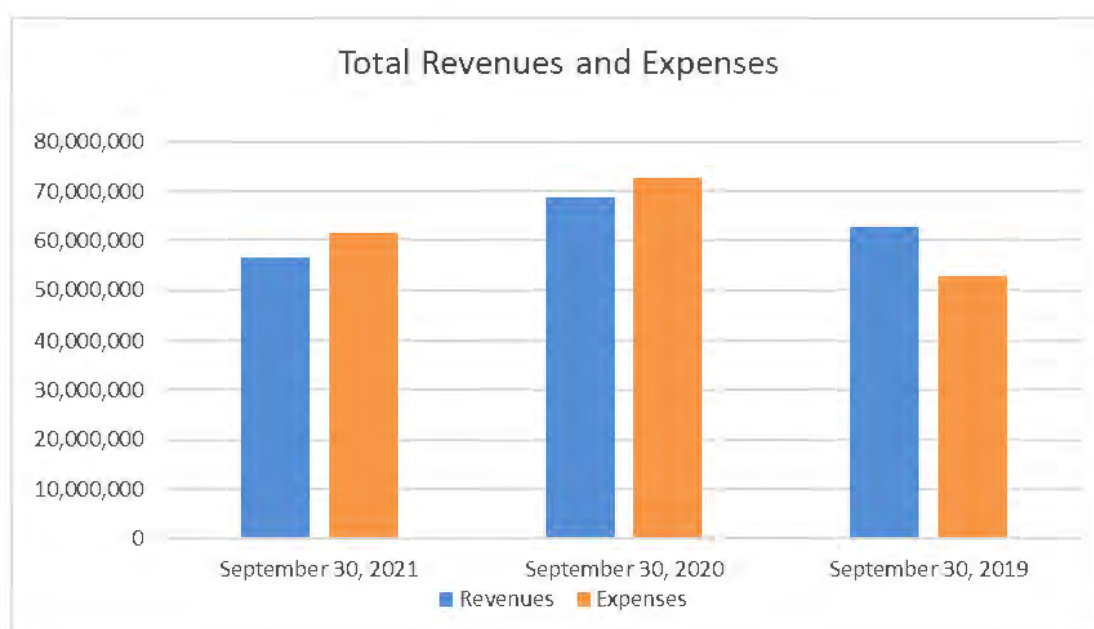
**Changes in Net Position.** The net position balance decreased by \$4,959,007 and \$3,765,814 for the years ended September 30, 2021 and 2020, respectively, and increased by \$9,870,208 for the year ended September 30, 2019. For the year ended September 30, 2021, the decrease in net position consisted of \$4,098,361 net decrease from operating activity with a \$860,646 net decrease from non-operating activity that included \$338,585 in interest income, \$294,537 from gain on investment less \$223,143 in interest expense, \$1,605 loss on the disposal of capital assets and \$1,269,020 in impairment loss. 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.

Operating revenues totaled \$55,811,016, \$67,363,544 and \$48,220,551 for the years ended September 30, 2021, 2020 and 2019, respectively. Of this amount, 33 percent, 27 percent and 37 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 \$633,122, \$1,412,893 and \$14,391,983 for the years ended September 30, 2021, 2020 and 2019, respectively. State grant revenue - capital was provided by the spaceport infrastructure development grants from State appropriations.

Operating expenses were \$59,909,384, \$70,195,545 and \$52,116,179 for the years ended September 30, 2021, 2020 and 2019, respectively. Of those totals, 19 percent, 13 percent and 19 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 \$13,453,429, \$11,444,324 and \$9,616,707 for the years ended September 30, 2021, 2020 and 2019, 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, 2021, 2020 and 2019, Space Florida expended 59 percent, 70 percent and 62 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, 2021, 2020 and 2019, amounted to \$103,482,382, \$110,088,572 and \$118,276,193 (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, 2021 and 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 a manufacturing assembly for a facility at Exploration Park.

#### Space Florida Capital Assets (net of depreciation)

	9/30/2021	9/30/2020	9/30/2019
Buildings and improvements	\$ 261,534,934	\$ 224,676,566	\$ 236,862,796
Furniture, fixtures, vehicles, and equipment	14,771,439	16,003,028	1,409,903
Construction in progress	683,392	686,332	14,619,768
<b>Total</b>	<b>\$ 276,989,765</b>	<b>\$ 241,365,926</b>	<b>\$ 252,892,467</b>

Additional information on Space Florida capital assets can be found in Note 5 on pages 28-29 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 39 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 11 on pages 34-37 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, Space Florida 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

	9/30/2021	9/30/2020	9/30/2019
Notes payable	\$ 4,435,050	\$ 7,402,725	\$ 7,985,456

### ***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, Suite 300, Exploration Park, FL 32953.

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## **BASIC FINANCIAL STATEMENTS**

**Space Florida**  
**Statements of Net Position**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash:		
Unrestricted	\$ 22,369,356	\$ 22,067,569
Restricted	6,602,857	6,449,032
Accounts receivable, net	266,757	177,393
Due from other governments	24,373,328	38,049,372
Accrued interest receivable on loans receivable, net	8,377	8,377
Loans receivable, net	3,161,769	-
Prepaid rent, current	815,999	815,999
Other current assets	1,026,882	902,400
<b>Total current assets</b>	<b>58,625,325</b>	<b>68,470,142</b>
<b>Noncurrent assets</b>		
Capital assets:		
Construction in progress	683,392	686,332
Buildings and improvements, net	261,534,934	224,676,566
Furniture, fixtures, vehicles, and equipment, net	14,771,439	16,003,028
Accrued interest receivable on loans receivable, noncurrent, net	132,987	30,575
Loans receivable, noncurrent, net	4,384	3,148,800
Investments, net	2,199,660	3,825,675
Prepaid rent, noncurrent	11,658,381	12,453,907
Other noncurrent assets	700	1,100
<b>Total noncurrent assets</b>	<b>290,985,877</b>	<b>260,825,983</b>
<b>Total assets</b>	<b>\$ 349,611,202</b>	<b>\$ 329,296,125</b>

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

**Space Florida**  
**Statements of Net Position (Continued)**

**LIABILITIES**

**Current liabilities**

Accounts payable and accrued expenses	\$ 20,033,032	\$ 35,898,595
Salaries payable	88,644	240,413
Unearned revenue	4,019,563	2,659,137
Compensated absences	185,720	185,181
Capital lease payable	59,656	55,695
Deposits	125,862	141,774
Notes payable, current portion	1,027,028	1,004,105
Payable from restricted assets		
Accounts payable	202,072	487,574
Customer advances	882,285	1,800,821
<b>Total current liabilities</b>	<b>26,623,862</b>	<b>42,473,295</b>

**Noncurrent liabilities**

Deferred rent liability	10,362,400	10,499,249
Compensated absences	197,445	167,673
Capital lease payable	63,899	123,555
Notes payable, less current portion	3,408,022	6,398,620
Unearned revenue	165,412,592	121,131,744
<b>Total noncurrent liabilities</b>	<b>179,444,358</b>	<b>138,320,841</b>

<b>Total liabilities</b>	<b>206,068,220</b>	<b>180,794,136</b>
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**NET POSITION**

Net Investment in capital assets	103,482,382	110,088,572
Restricted for:		
Special purpose	5,720,572	4,160,637
Unrestricted	34,340,028	34,252,780

<b>Total net position</b>	<b>\$ 143,542,982</b>	<b>\$ 148,501,989</b>
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*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>	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
Fees and charges for services	\$ 11,041,910	\$ 9,808,691
State appropriated funding	18,328,190	17,961,732
Other grant revenue - operating	26,440,916	39,593,121
Total operating revenues	55,811,016	67,363,544
<b>Operating expenses</b>		
Business development	35,271,886	49,419,052
General and administrative	11,184,062	9,332,169
Depreciation	13,453,429	11,444,324
Total operating expenses	59,909,377	70,195,545
<b>Loss from operations</b>	<b>(4,098,361)</b>	<b>(2,832,001)</b>
<b>Non-operating revenues (expenses)</b>		
Capital contributions	-	999,000
Interest income	338,585	222,593
Interest expense	(223,143)	(440,010)
Gain on investment	294,537	-
Impairment loss on investment	(1,269,020)	(419,939)
Gain (loss) on disposal of capital assets	(1,605)	191,300
Capital contributions to other governments	-	(1,486,757)
Total non-operating revenues (expenses)	<b>(860,646)</b>	<b>(933,813)</b>
<b>Change in net position</b>	<b>(4,959,007)</b>	<b>(3,765,814)</b>
<b>Net position, beginning of year</b>	<b>148,501,989</b>	<b>152,267,803</b>
<b>Net position, end of year</b>	<b>\$ 143,542,982</b>	<b>\$ 148,501,989</b>

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

## Space Florida Statements of Cash Flows

*For the years ended September 30,* **2021** **2020**

### Cash flows from operating activities:

Cash received from customers and users	\$ 7,096,984	\$ 10,431,898
Cash paid to suppliers for goods and services	(57,595,830)	(53,729,731)
Cash payments to employees for services	(4,862,913)	(4,550,329)
Operating grant receipts	58,445,150	47,879,974
Net cash provided by operating activities	<b>3,083,391</b>	31,812

### Cash flows from capital and related financing activities:

Capital related grant receipts	-	999,000
Purchase and construction of capital assets	(451,383)	(1,404,540)
Proceeds from issuance of note payable	-	137,919
Principal paid on note payable	(2,967,675)	(720,650)
Proceeds from the sale of capital assets	-	191,300
Payments on capital lease	(55,695)	(51,997)
Net cash used in capital and related financing activities	<b>(3,474,753)</b>	(848,968)

### Cash flows from investing activities:

Interest received	338,585	222,593
Interest paid	(223,143)	(440,010)
Gain on sale of investments	731,532	-
Execution of warrants	-	(468,800)
Net cash provided by (used in) investing activities	<b>846,974</b>	(686,217)

**Net increase (decrease) in cash** **455,612** **(1,503,373)**

**Cash, beginning of year** **28,516,601** **30,019,974**

**Cash, end of year** **\$ 28,972,213** **\$ 28,516,601**

Cash for the purposes of this statement consists of the following

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Cash	\$ 22,369,356	\$ 22,067,569
Restricted cash	6,602,857	6,449,032
Total cash	<b>\$ 28,972,213</b>	<b>\$ 28,516,601</b>

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

**Space Florida**  
**Statements of Cash Flows (continued)**

**Reconciliation of loss from operations to net cash  
provided by operating activities:**

<b>Loss from operations</b>	<b>\$ (4,098,361)</b>	<b>\$ (2,832,001)</b>
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**Adjustment to reconcile loss from operations to net  
cash provided by operating activities**

Depreciation expense	13,453,429	11,444,324
In-kind payment of rent, increase in unearned revenue	(3,374,093)	(2,826,088)
Bad debt expense	1,957,549	106,676
Non cash contribution, increase in prepaid rent	795,526	(8,391,333)
Non cash contribution, increase in deferred rent liability	(795,526)	8,773,967
(Increase) decrease in assets:		
Accounts receivable	(24,262)	(59,312)
Due from other governments	13,676,044	(9,674,879)
Accrued interest receivable	(315,398)	(118,927)
Loans receivable	(1,907,018)	22,426
Other assets	(124,082)	(10,356)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(16,151,065)	2,519,812
Compensated absences	30,311	68,693
Salaries payable	(151,769)	50,246
Unearned revenue	387,877	-
Deposits	(15,912)	23,248
Customer advances	(918,536)	659,271
Deferred rent liability	658,677	276,045
Total adjustments	7,181,752	2,863,813
<b>Net cash provided by operating activities</b>	<b>\$ 3,083,391</b>	<b>\$ 31,812</b>

**Summary of noncash investing activities**

	2021	2020
Increase in investment impairment	\$ 1,269,020	\$ 419,939
Gain on investment	294,537	-

**Summary of noncash capital financing activities**

	2021	2020
Accrued interest converted to notes receivable	\$ 88,352	\$ 8,852
Increase in capital assets, acquired through contributions from tenants	48,627,490	-

*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, Florida Statutes 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 Statement (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 No 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 \$1,823,315 and \$1,115,692 (see custodial credit risk in Note 2) as of September 30, 2021 and 2020, respectively.

***Accounts Receivable***

The receivables are funds due to Space Florida from customers. Space Florida charges interest based on contract terms. An allowance of \$11,770 and \$76,872 was recorded at September 30, 2021 and 2020, respectively, based on management's estimate of the collectability of outstanding accounts receivable balances.

***Loans Receivable***

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

***Other Assets and Prepaid Rent***

Other assets and prepaid rent consist of deposits, receivables from capital leases and prepaid expenses. Prepaid rent reflects costs applicable to future accounting periods and is recorded as a prepaid items in the financial statements. Rent expense is recorded in the rental period for which the rent payment comes due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Restricted Assets***

Restricted assets consist primarily of cash received and unexpended in connection with specific private-funded projects.

***Capital Assets***

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 acquisition value at the date of donation. 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 2 to 27 years.

***Accrued Compensated Absences***

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

***Unearned Revenues***

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***

Deposits consist of amounts held for tenants of leased facilities.

***Customer advances***

Customer advances consist of assets provided to Space Florida before the related expense is incurred.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 130: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

***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, 2021 and 2020, 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 21, 2022. See Note 18 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

**Note 2: CASH AND INVESTMENTS**

At September 30, 2021 and 2020, the carrying amount of Space Florida's deposits was \$28,972,213 and \$28,516,601, respectively, and the bank balance was \$29,835,937 and \$30,277,179, 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.

## Space Florida Notes to the Financial Statements

### Note 2: CASH AND INVESTMENTS (Continued)

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

Cash consists of the following:

<i>September 30,</i>	<b>2021</b>	2020
Demand deposits	<b>\$28,972,213</b>	\$28,516,601
Classified as:		
Cash	<b>\$22,369,356</b>	\$22,067,569
Restricted cash	<b>6,602,857</b>	6,449,032
Total	<b>\$28,972,213</b>	\$28,516,601

#### 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.

#### Investments

At September 30, 2021 and 2020, Space Florida had the following cost method investments:

<i>September 30,</i>	<b>2021</b>	2020
Investment 1 - 25,000 shares of common stock	<b>\$ 50,000</b>	\$ 400,000
Investment 1 - warrants to purchase 25,000 shares of common stock	<b>69,930</b>	559,440
Investment 2 - 20,000 shares of common stock	<b>24,965</b>	199,720
Investment 2 - warrants to purchase 20,000 shares of common stock	<b>24,965</b>	199,720
Investment 3 - 60,000 shares of common stock *	<b>1,966,800</b>	1,966,800
Investment 4 - 55,555 shares of series A preferred stock	<b>63,000</b>	499,995
Total	<b>\$ 2,199,660</b>	\$ 3,825,675

\* greater than 5% of total investments

**Note 2: CASH AND INVESTMENTS (Continued)**

Investment 1 common stock is net of an allowance of \$450,000 and \$100,000 and investment 1 warrants are net of an allowance of \$629,370 and \$139,860 at September 30, 2021, and 2020, respectively. Investment 2 common stock is net of an allowance of \$224,685 and \$49,930 and investment 2 warrants are net of an allowance of \$224,685 and \$49,930 at September 30, 2021, and 2020, respectively.

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 \$2,199,660 and \$3,825,675 as of September 30, 2021 and 2020, 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 \$1,269,020 and \$419,939 during the years ended September 30, 2021 and 2020, respectively.

**Note 3: DUE FROM OTHER GOVERNMENTS**

Due from other governments is comprised of \$24,373,328 and \$38,049,372 of State appropriations and grants for operations and capital improvements at September 30, 2021 and 2020, 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, 2021 and 2020 was \$8,377. During the years ended September 30, 2021 and 2020, 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, 2021 and 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. During the year ended September 30, 2020 Space Florida estimated the remaining outstanding balance of the note would most likely not be collected and recorded an allowance of \$30,048. During the year ended September 30, 2021, the a portion of the balance was repaid resulting in a \$30,048 recovery of bad debt.

**Note 4: LOANS RECEIVABLE (Continued)**

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. During the year ended September 30, 2020 Space Florida elected to convert all accrued unpaid interest and future 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, 2021 and 2020.

During November 2019, Space Florida entered in an 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 accrued interest was converted to equity holdings in Company 4 during the year ended September 30, 2021. As the \$80,000 was fully allowed for as of September 30, 2020, this resulted in an \$80,000 recovery of bad debt during the year ended September 30, 2021.

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, 2021, and 2020.

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 the note at September 30, 2021 and 2020 was \$150,575 and \$30,575, respectively.

During October 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 the note at September 30, 2021 was \$115,397.

**Space Florida**  
**Notes to the Financial Statements**

**Note 4: LOANS RECEIVABLE (Continued)**

Management has estimated that the notes receivable from Company 6 will most likely not be fully collected and has recorded an allowance of \$2,000,000 and \$1,000,000 at September 30, 2021 and 2020, respectively.

Loans receivable are as follows:

<i>September 30,</i>	<b>2021</b>			<b>2020</b>	
Name	Long-term Principal	Accrued Interest	Current Portion	Principal	Accrued Interest
Company 1	\$ -	\$ 8,377	1,436,000	\$ 1,436,001	\$ 8,377
Company 4	1,004,384	-	12,969	1,017,352	-
Company 5	400,000	-	-	400,000	-
Company 6	-	265,973	4,000,000	2,000,000	30,575
Less allowance	(1,400,000)	(132,986)	(2,287,200)	(1,704,553)	-
Totals	\$ 4,384	\$ 141,364	\$ 3,161,769	\$ 3,148,800	\$ 38,952

**Note 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021
Capital assets, not being depreciated				
Construction in progress	\$ 686,332	\$ 453,341	\$ (456,281)	\$ 683,392
Total capital assets not being depreciated	686,332	453,341	(456,281)	683,392
Capital assets, being depreciated:				
Buildings and improvements	281,453,511	49,015,104	-	330,468,615
Furniture, fixtures, vehicles, and equipment	22,495,891	74,655	(269,207)	22,301,339
Total capital assets being depreciated	303,949,402	49,089,759	(269,207)	352,769,954
Less accumulated depreciation for:				
Buildings and improvements	(56,776,945)	(12,156,736)	-	(68,933,681)
Furniture, fixtures, vehicles, and equipment	(6,492,863)	(1,303,639)	266,602	(7,529,900)
Total accumulated depreciation	(63,269,808)	(13,460,375)	266,602	(76,463,581)
Total capital assets, being depreciated, net	240,679,594	35,629,384	(2,605)	276,306,373
Capital assets, net	\$ 241,365,926	\$ 36,082,725	\$ (458,886)	\$ 276,989,765



**Space Florida**  
**Notes to the Financial Statements**

**Note 5: CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended September 30, 2020 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

**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, 2021 and 2020 was \$4,435,050 and \$7,402,725, 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.

**Space Florida**  
**Notes to the Financial Statements**

**Note 6: LONG-TERM DEBT (Continued)**

Future minimum payments at September 30, 2021 are as follows:

<i>Year Ending September 30,</i>	Principal		Interest		Total
2022	\$	1,027,028	\$	115,366	\$ 1,142,394
2023		1,058,408		83,047	1,141,455
2024		1,090,747		50,464	1,141,211
2025		1,124,073		16,886	1,140,959
2026		134,794		-	134,794
Total	\$	4,435,050	\$	265,763	\$ 4,700,813

***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 on a 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>	<b>2021</b>		2020	
Equipment at cost	\$	<b>299,691</b>	\$	299,691
Less: accumulated depreciation		<b>(149,846)</b>		(89,907)
Total	\$	<b>149,845</b>	\$	209,784

Future minimum lease payments at September 30, 2021 are as follows:

<i>Year Ending September 30</i>	Principal		Interest		Total
2022	\$	59,656	\$	8,788	\$ 68,444
2023		63,899		4,545	68,444
Total	\$	123,555	\$	13,333	\$ 136,888

**Space Florida**  
**Notes to the Financial Statements**

**Note 6: LONG-TERM DEBT (Continued)**

***Changes In Long-Term Liabilities***

Long-term liability activity for the years ended September 30, 2021 and 2020, was as follows:

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 7,402,725	\$ -	\$ (2,967,675)	\$ 4,435,050	\$ 1,027,028
Total notes from					
direct borrowings	7,402,725	-	(2,967,675)	4,435,050	1,027,028
Compensated absences	352,854	369,980	(339,669)	383,165	185,720
Capital lease payable	179,250	-	(55,695)	123,555	59,656
<b>Total</b>	<b>\$ 7,934,829</b>	<b>\$ 369,980</b>	<b>\$ (3,363,039)</b>	<b>\$ 4,941,770</b>	<b>\$ 1,272,404</b>

	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
<b>Total</b>	<b>\$ 8,500,864</b>	<b>\$ 468,689</b>	<b>\$ (1,034,724)</b>	<b>\$ 7,934,829</b>	<b>\$ 1,244,981</b>

**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 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.

**Note 7: CONDUIT DEBT (Continued)**

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, 2021 and 2020, the outstanding balance was approximately \$0 and \$10,235,732, 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.

The debt was paid in full during the fiscal year ended September 30, 2020. The debt was repaid from a percentage of ticket sale revenues at the Kennedy Space Center Visitor Complex.

During December 2014, Space Florida entered into a multi-phase agreement with a company to provide with financing related to the sale and leaseback of personal and real property for up to \$250,000,000. As of September 30, 2021 and 2020, the outstanding balance on Space Florida assisted financing was \$81,817,144 and \$84,788,781, respectively. The debt will be repaid with proceeds from the lease of the personal property. The loan is collateralized by the lease.

**Note 7: CONDUIT DEBT (Continued)**

During September 2020, Space Florida entered into an agreement with a company with operations in Orlando to provide financing relating to the leasing of personal property for up to \$75,000,000. The remaining payments under the lease agreement were \$83,870,997 at September 30, 2021. The debt will be repaid by fees charges by the lessee for usage of the equipment and is secured by the personal property.

**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, 2021 and 2020, Space Florida recorded a lease expense of \$175,284 and \$166,605, 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, 2021 and 2020, Space Florida recorded lease revenue of \$175,284 and \$166,605, 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, 2021 and 2020 is approximately \$303,160 and \$297,946, respectively, and is payable by Space Florida in monthly installments of approximately \$25,174. The future minimum lease payments totaling \$1,513,521 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 period. However, the tenant may terminate the lease with a 90-day written notice. During the years ended September 30, 2021 and 2020, Space Florida recorded lease revenue of \$155,228 and \$152,184, 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 \$2,218,315, and \$2,576,907 as of September 30, 2021 and 2020, respectively. However, management believes the current tenant will continue to renew the lease. Accordingly, no impairment loss has been recorded as of September 30, 2021 and 2020.

**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 was 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, 2021 and 2020, Space Florida recorded administrative fee revenue of \$580,022.

During the years ended September 30, 2021 and 2020, Space Florida recorded operations and maintenance expenses related to the C3PF facility of \$779,596 and \$772,900, 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 Space Life Sciences Lab (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, 2021 and 2020, and \$3,730,673 and \$4,113,306 of noncurrent prepaid rent, as of September 30, 2021 and 2020.

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, 2021 and 2020, 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 \$2,001,327 and \$1,725,281 as of September 30, 2021 and 2020, 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 September 30, 2021 and 2020 NASA was not the primary tenant and Space Florida recorded lease payments to NASA of \$306,053 and \$276,480 respectively.

The carrying value of the facility at September 30, 2021 and 2020 was \$11,915,824 and \$12,972,506, respectively. During the years ended September 30, 2021 and 2020, Space Florida recorded operations and maintenance expenses, including rent, related to the SLSL facility of \$3,429,699 and \$3,796,111, respectively. During the years ended September 30, 2021 and 2020, Space Florida recorded lease and service revenue of \$1,055,941 and \$749,730, 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,	
2022	602,040
Total	\$ 602,040

**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 years ended September 30, 2021 and 2020, Space Florida recorded lease revenue of \$522,444. Future minimum lease payments under the lease are \$522,444 per year through March 2039.

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. Current prepaid rent related to Phase 2 is \$433,366 as of September 30, 2021 and 2020, respectively and \$7,886,764 and \$8,340,601 of noncurrent prepaid rent, as of September 30, 2021 and 2020.

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, 2021 and 2020, 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 \$8,361,073 and \$8,773,967 as of September 30, 2021 and 2020, 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 of lease revenue for the years ended September 30, 2021 and 2020. The future minimum rental income is \$2,563,635 each year for the 50 year lease term which ends in December 2069. As of September 30, 2021 and 2020, \$2,563,635 was included in current unearned revenue. As of September 30, 2021 and 2020, \$118,568,110 and \$121,131,744, respectively, were included in unearned revenue noncurrent.

**Phase 2 Site B**

During the year ended September 30, 2021, an unrelated company transferred to Space Florida buildings and ancillary support structures constructed within Exploration Park Phase 2 valued at \$48,627,490. 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 \$972,550 of lease revenue for the year ended September 30, 2021. The future minimum rental income is \$972,550 each year for the 50 year lease term which ends in December 2071. As of September 30, 2021, \$972,550 was included in current unearned revenue. As of September 30, 2021 and 2020, \$46,763,436 and \$0 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 Space Florida has executed optional extension periods and the lease currently terminates February 27, 2024. 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, 2021 and 2020, Space Florida recorded operations and maintenance expenses, related to Area 57, of \$30,514 and \$54,699, respectively.

**Note 12: RIGHTS AND ACCESS**

Launch Complex 20

Space Florida was granted a license (right to use) to Space Launch Complex 20 at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years commencing in May 2021 and ending May 2026 with 3 optional 5 year extensions. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a multi-use vertical launch complex capable of supporting several launch vehicle configurations ranging from light to medium lift. The license is revocable at the will of the Secretary of the Air Force.

Launch Complex 46

Space Florida was granted a license (right to use) to Space Launch Complex 46 (SLC-46) at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years from September 2008 and ending September 2013, which was 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 sale leaseback 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. During March 2021, Seller 1 repurchased the vehicle.

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 vehicles are being leased back to Seller 1 at \$100 per year for 10 years. Seller 1 has the option to purchase the vehicles at the end of the lease for \$100 each. 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. During March 2021, Seller 1 repurchased the vehicles.

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 September 30, 2012 and obtained 25,000 shares of common stock of Seller 2. A sale leaseback 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 sale leaseback 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. During the year ended September 30, 2020, Seller 3 repurchased the vehicle.

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, 2021 and 2020, 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.

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, 2021 and 2020 were \$721,696 and \$703,081, respectively, and represented 15% of total eligible employee gross compensation for each period.

**Note 15: COMMITMENTS AND CONTINGENCIES**

Commitments

Contract commitments at September 30, 2021 were \$66,092,627 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 91% and 85% of its total revenues from State legislative appropriations and grants during the years ended September 30, 2021 and 2020, 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.

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

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*.

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.

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

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; (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**

During September 2022, the assets of Company 6 (see Note 4) were sold at auction as part of a court ordered insolvency, the proceeds and allocations of the proceeds to debtors of Company 6 have not been determined.

During March 2022, Space Florida entered into a \$70 million conduit debt agreement with an unrelated entity and a financial institution. The proceeds from the conduit debt are for the construction of a building by Space Florida which they intend to lease back to the debtor of the conduit debt. During April 2022, Space Florida entered into construction agreements of approximately \$70 million for the construction of the building.

During July 2022, the conduit debt agreement entered into in September 2020 was amended and the maximum principal balance was increased from \$75 million to \$110 million.

**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>	<b>2021</b>	<b>2020</b>
Domestic:		
Travel and incidental (1)	\$ <b>90,443</b>	\$ 119,319
Conference fees	<b>3,499</b>	-
Business meals	<b>28,486</b>	14,272
Total domestic	<b>122,428</b>	133,591
Foreign:		
Travel and incidental (1)	-	13,456
Business meals	-	232
Total foreign	-	13,688
Total	\$ <b>122,428</b>	\$ 147,279

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

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

The Board of Directors  
Space Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Space Florida, as of and for the year ended September 30, 2021 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 21, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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

Melbourne, Florida  
September 21, 2022

**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, 2021. 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, 2021.

### **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.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida  
September 21, 2022

**Space Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2021**

**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:  |                               |                        |        |                               |  |
| <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>CFDA Number</u></td> <td style="text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">55.037</td> <td style="text-align: center;">Spaceport Improvement Program</td> </tr> </table> | <u>CFDA Number</u>            | <u>Federal Program</u> | 55.037 | Spaceport Improvement Program |  |
| <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 :   | \$1,344,028                   |                        |        |                               |  |

**Space Florida**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the year ended September 30, 2021**

**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, 2021**

State Agency Pass-through entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<b>Florida Department of Economic Opportunity</b>				
Direct Projects				
Economic Development Partnership, Israel	40.040	SB21-009	\$ 1,000,000	-
Economic Development Partnership, Operations	40.040	SB21-008	8,437,387	-
Economic Development Partnership, Operations	40.040	SB22-008	2,973,824	-
Economic Development Partnership, Financing Project	40.040	SB21-011	5,600,220	-
Economic Development Partnership, Financing Project	40.040	SB22-011	316,759	-
Total CSFA number 40.040			18,328,190	-
Total Florida Department of Economic Opportunity			18,328,190	-
<b>Florida Department of Transportation</b>				
Direct Projects				
Economic Development Transportation Fund	55.032	FM#439053-1-54-01	1,232,177	-
Spaceport Improvement Program	55.037	FM#430254-1-14-01	64,468	-
Spaceport Improvement Program	55.037	FM#435320-1-94-06	305,721	-
Spaceport Improvement Program	55.037	FM#435322-1-94-05	4,760,939	4,760,939
Spaceport Improvement Program	55.037	FM#435321-1-94-01	8,646	-
Spaceport Improvement Program	55.037	FM#436863-1-94-06	5,033,935	5,033,935
Spaceport Improvement Program	55.037	FM#436863-1-94-04	2,259,579	-
Spaceport Improvement Program	55.037	FM#436863-1-94-05	3,207,849	3,207,849
Spaceport Improvement Program	55.037	FM#437070-1-94-03	627,634	627,634
Spaceport Improvement Program	55.037	FM#435257-1-14-04	1,278,377	-
Spaceport Improvement Program	55.037	FM#435322-1-94-07	5,404,132	5,404,132
Spaceport Improvement Program	55.037	FM#435257-1-14-04	1,377,661	-
Spaceport Improvement Program	55.037	FM#435257-1-14-05	911,633	-
Total Florida Department of Transportation			26,472,751	19,034,489
Total Expenditures of State Financial Assistance			\$ 44,800,941	\$ 19,034,489

**Space Florida**  
**Schedule of Expenditures of State Financial Assistance**  
**For the year ended September 30, 2021**

*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.

## **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, 2021, and have issued our report thereon dated September 21, 2022.

### **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 21, 2022, 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.

## Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6-8, Rules of the Auditor General, Space Florida reported the information below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, Space Florida reported:

- |   |                     |
|---|---------------------|
| a. The total number of Space Florida employees compensated in the last pay period of the Space Florida's fiscal year as   | <b>44</b>           |
| b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Space Florida's fiscal year as  | <b>1</b>            |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency.  | <b>\$ 4,874,889</b> |
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.  | <b>\$ 6,000</b>     |
| e. Each construction project with a total cost of at least \$65,000 approved by Space Florida that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as | <b>below</b>        |

Project name	Budget
Space Commerce Way widening project (891)	\$ 2,500,000
CCS Power Improvement Phase 2 (892)	14,500,000
LLF Airfield Lighting Improvements (893)	4,000,000

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if Space Florida amends a final adopted budget under Section 189.016(6), Florida Statutes.

Space Florida operates as an enterprise fund and does not adopt a legal budget, therefore no reporting is required by Section 189.016(6), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, Space Florida reported:

a. The millage rate or rates imposed by Space Florida. **None**

b. The total amount of ad valorem taxes collected by or on behalf of Space Florida. **None**

c. The total amount of outstanding bonds issued by Space Florida and the terms of such bonds as: **None**

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General: Space Florida has not imposed any special assessments and therefore no reporting is required by Section 218.39(3)(c), 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.

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

Melbourne, Florida  
September 21, 2022

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

321.255.0088  
321.259.8648 (fax)  
CRLcpa.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, 2021. Management of Space Florida is responsible for Space Florida's compliance with the specified requirements. Our responsibility is to express an opinion on Space Florida's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on Space Florida's compliance with specified requirements.

In our opinion, Space Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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 21, 2022

# FS 2021 Communication Letter





## Required Communications



Carr, Riggs & Ingram, LLC  
215 Bayshore Drive  
Melbourne, FL 32940  
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321.259.8648 (fax)  
CRIcpa.com

September 21, 2022

To the Board of Directors  
Space Florida

We are pleased to present the results of our audit of the 2021 financial statements of Space Florida for the year ended September 30, 2021.

This report to the Board of Directors summarizes our audit, the report issued and various analyses and observations related to Space Florida's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on Space Florida's 2021 financial statements for the fiscal year ended September 30, 2021. We considered Space Florida's current and emerging needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board of Directors, expect. We received the full support and assistance of Organization personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

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

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 321.426.3041 or [yclayborne@cricpa.com](mailto:yclayborne@cricpa.com).

Very truly yours,

Yvonne Clayborne, CPA  
Partner  
Carr, Riggs & Ingram, LLC



As discussed with management during our planning process and communicated to the Board of Directors in our engagement letter to you dated April 5, 2022 our audit plan represented an approach responsive to the assessment of risk for Space Florida. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board and management, 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, in order to express an opinion on Space Florida's financial statements for the year ended September 30, 2021. Additionally, we have audited Space Florida's compliance with the types of compliance requirements described in Chapter 10.550, *Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major state projects for the year ended September 30, 2021.
- 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*; and Chapter 10.550, *Rules of the Auditor General* in order to express an opinion on compliance with requirements applicable to each major state project.
- Report on internal control over compliance with the types of compliance requirements described in Chapter 10.550, *Rules of the Auditor General* and the Florida Compliance Supplement;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.



We have audited the financial statements of Space Florida for the year ended September 30, 2021, and have issued our report thereon dated September 21, 2022. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Auditors' responsibility under Generally Accepted Auditing Standards, <i>Government Auditing Standards</i> and Chapter 10.550, Rules of the Auditor General.</b></p>	<p>As stated in our engagement letter dated April 5, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP).</p> <p>As part of our audit, we considered the internal control of Space Florida, and internal controls related to major state projects and issued an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have direct and material effect on each state project in accordance with the <i>Florida Single Audit Act</i>, and Chapter 10.550, <i>Rules of the Auditor General</i>. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control and compliance with laws and regulations.</p>
<p><b>Client's responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with the applicable framework. Management, with oversight from those charged with governance, is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.</p>
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b>  <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "<i>Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.</i>"</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Potential effect on the financial statements of any significant risks and exposures</b>  <i>Major risks and exposures facing Space Florida and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li><i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li><i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor.</i></li> </ul>	<p>Significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by Space Florida during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p> <p>Note 2, the nature of Space Florida's investments are carried at cost as they are not purchased for the purpose of a financial return on investment.</p> <p>The disclosure of conduit debt in Note 7 to the financial statements describes the limited-obligation debts of Space Florida.</p> <p>The disclosure of rights and access in Note 12 to the financial statements describes the unique rights and access Space Florida has to use, occupy or develop certain assets affiliated with Florida's space industry.</p> <p>Further, the disclosures in the Authority's financial statements are neutral, consistent, and clear.</p>
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report no such disagreements arose during the course of our audit.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<b>Other findings or issues</b> <i>Matters significant to oversight of the financial reporting practices by those charged with governance.</i>	None noted.
<b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b> <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None noted.
<b>Corrected and uncorrected misstatements</b> <i>Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.</i>	None noted.
<b>Major issues discussed with management prior to retention</b> <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Consultations with other accountants</b> <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	To our knowledge, there were no such consultations with other accountants.
<b>Written representations</b> <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i>	See "Management Representation Letter" section.
<b>Fraud and illegal acts</b> <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<b>Other information in documents containing audited financial statements</b> <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Required Supplementary Information</b>  <i>The auditors' responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
<p><b>Supplementary Information in relation to the financial statements as a whole</b>  <i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

## Accounting Policies, Judgements and Sensitive Estimates and CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of Space Florida's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board of Directors and management may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Investments	Investments are valued at cost, as permitted by Section 150: <i>Investments</i> , of the GASB Codification, as the investments are not held for the primary purpose of income or profit, therefore they do not meet the requirements as defined by GASBS 72 <i>Fair Value Measurement</i> to be valued at fair value. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305.	Yes	Space Florida evaluates investments annually for impairment based upon financial data provided by the companies.	We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that they are reasonable in relation to the financial statements taken as a whole.
Allowance for Doubtful Accounts	Space Florida provides for an allowance for doubtful accounts based on its history of past write-offs and collections and current credit conditions of customers. Space Florida follows the provisions of ASC 310, <i>Receivables</i> , when reporting receivables and the related allowance.	Yes	Space Florida relies on historical trends for the estimation of the allowance amount, based on a detailed management review of receivable balances.	Space Florida's policies are in accordance with all applicable accounting guidelines.



## Accounting Policies, Judgements and Sensitive Estimates and CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets	Capital assets are depreciated over their estimated useful lives. Space Florida follows the provisions of Section 1400: <i>Reporting Capital Assets</i> , of the GASB Codification when reporting depreciation of its capital assets.	Yes	Management's estimate of useful lives of capital assets is based on the experience with similar assets and guidance provided by ASC 360.	We evaluated the key factors and assumptions used to develop the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.
Loans receivable	Space Florida reports loans receivable net of allowances for uncollectible amounts based on its history of past write-offs and collections and current credit conditions of customers.	Yes	Management reviews each loan and based on the timeliness of payments estimates an allowance.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Prepaid Rent	Prepaid rent includes a valuation of in-kind rent payments.	Yes	Space Florida prepaid some of the rent with capital improvements to Exploration Park. The value of in-kind rent payments and were valued by NASA. The prepaid rent is being expensed on a straight-line basis over the life of the lease.	We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that they are reasonable in relation to the financial statements taken as a whole.

## Accounting Policies, Judgements and Sensitive Estimates and CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated Absences	Liabilities for compensated absences is attributable to services already rendered are accrued as employees earn the rights to those benefits. Space Florida follows the provisions of Section C60: <i>Compensated Absences</i> , of the GASB Codification when reporting these liabilities.	Yes	Space Florida estimated the accrued liability for compensated absences using leave balances accrued at the end of the fiscal year multiplied by the pay rate in effect for each employee as of the end of the fiscal year.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Unearned Revenue	Space Florida follows the provisions of GASBC Section 3100 <i>Fair Value Measurement</i> when recognizing capital assets received in exchange for future occupancy.  Space Florida follows the provisions of GASBC Section 1400: <i>Reporting Capital Assets</i> when assessing the exchanged capital assets for impairment.	Yes	Valuation of the future rental revenue is based on an estimate of the entrance value of the assets exchanged by the tenant.  Space Florida assesses the impairment of the received capital asset, and related unearned revenue liability, based on the likelihood of the tenants continued occupancy.	Space Florida's policies are in accordance with all applicable accounting guidelines.



September 21, 2022

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

This representation letter is provided in connection with your audit of the financial statements of Space Florida, which comprise the respective financial position as of September 30, 2021 and 2020 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP)

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

We confirm, to the best of our knowledge and belief, as of September 21, 2022, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 5, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) There have been no events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.



- 8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Guarantees, whether written or oral, under which Space Florida is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within Space Florida from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Space Florida or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures State Financial Assistance.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects Space Florida and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting Space Florida's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you the names of Space Florida's related parties and all the related party relationships and transactions, including any side agreements.

**Government-specific**

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 19) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.



- 20) Space Florida has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have appropriately disclosed all information for conduit debt obligations in accordance with GAAP. We believe sale leaseback transactions entered into are not liabilities of Space Florida and are within the scope of existing GAAP and are properly disclosed as conduit debt.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and disclosures, and the schedule of travel, entertainment and incidental expenses, and formatted schedule of expenditures of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating Denise Swanson, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, schedule of travel, entertainment and incidental expenses and schedule of expenditures of state financial assistance.
- 26) Space Florida has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) Capital assets received by Space Florida in exchange for future occupancy are an exchange transaction under GAAP. The recognition of revenue and unearned revenue is properly valued based on the substance of the transaction. The useful life of the capital assets received approximates that of the contractual occupancy term.
- 28) Space Florida has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.



- 33) Investments are properly valued. We do not believe that the stocks and warrants should be impaired, other than what has been adjusted.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- 37) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 39) We have appropriately disclosed Space Florida's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) With respect to the Schedule of Travel, Entertainment, and Incidental Expenses.
  - a) We acknowledge our responsibility for presenting the Schedule of Travel, Entertainments, and Incidental Expenses in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Travel, Entertainment, and Incidental Expenses, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Travel, Entertainment, and Incidental Expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the Schedule of Travel, Entertainment, and Incidental Expenses is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 43) With respect to state programs:
  - a) We are responsible for understanding and complying with and have complied with, the requirements of Chapter 10.550, Rules of the Auditor General (Florida Single Audit Act) including requirements relating to preparation of the schedule of expenditures of state financial assistance.



- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance (SESFA) and related notes in accordance with the requirements of the Florida Single Audit Act, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Florida Single Audit Act. The methods of measurement or presentation of the SESFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.
- c) We have identified and disclosed to you all of our government programs and related activities subject to the Florida Single Audit Act compliance audit, and have included in the SESFA, expenditures made during the audit period for all awards provided by state agencies in the form of state awards, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance and state financial assistance.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of state statutes, regulations, and the terms and conditions of state awards related to each of our state programs and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state awards that are considered to have a direct and material effect on each major program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state programs that provides reasonable assurance that we are managing our state awards in compliance with state statutes, regulations, and the terms and conditions of state awards that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all state awards (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state programs and related activities.
- g) We have received no requests from a state agency to audit one or more specific projects as a major project.
- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *Chapter 10.550 Rules of the Florida Auditor General*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of state projects.
- i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the *Florida Single Audit Act*.
- k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to compliance requirements, including information related to state project financial reports and claims for advance and reimbursements.





- m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
  - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
  - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
  - p) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
  - q) The copies of state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
  - r) We have monitored subrecipients, as necessary, to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Chapter 10.550, *Rules of the Auditor General*.
  - s) We have taken appropriate action, including issuing management decisions, on a timely basis after recipient of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
  - t) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records. We have charged costs to state awards in accordance with applicable cost principles.
  - u) We have charged the cost of state projects in accordance with applicable cost principals.
- 44) Space Florida is in compliance with Florida Statute 218.415, *Local Government Investment Policies*, in all respects.
- a) We are responsible for establishing and maintaining effective internal control over compliance.
  - b) We have performed an evaluation of the Space Florida's compliance with Florida Statute 218.415, *Local Government Investment Policies*.
  - c) All relevant matters are reflected in the measurement or evaluation of Space Florida's compliance with the specified requirements.
  - d) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
  - e) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Florida Statute 218.415 *Local Government Investment Policies*.
  - f) We have disclosed to you all known matters that may contradict Space Florida's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Florida Statute 218.415, *Local Government Investment Policies*, including communications received between September 30, 2021 and the date of the examination report.





- g) We have responded fully to all inquiries made to us by you during the engagement.
- 45) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Title: \_\_\_\_\_

## **Interim Financials 06/30/22**

# SPACE FLORIDA



**Total Compiled Statement of Revenues and Expenses**  
**Period Ending June 30, 2022**  
**Unaudited**  
**In 000's**

	<b>Total Budget</b>	<b>Q1 Actual</b>	<b>Q2 Actual</b>	<b>Q3 Actual</b>	<b>Committed</b>	<b>Total Actual and Committed</b>	<b>Budget Remaining</b>
<b>Operating Revenues</b>							
State Appropriated Revenue - OPS	\$ 11,500	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 11,500	\$ -
Other Revenue	\$ 3,030	\$ 863	\$ 887	\$ 761	\$ 568	\$ 3,079	\$ (48)
<b>Total Operating Revenues</b>	<b>\$ 14,530</b>	<b>\$ 3,738</b>	<b>\$ 3,762</b>	<b>\$ 3,636</b>	<b>\$ 3,443</b>	<b>\$ 14,579</b>	<b>\$ (48)</b>
<b>Operating Expenses</b>							
Salaries & Other Related Costs	\$ 7,405	\$ 1,412	\$ 1,739	\$ 1,654	\$ 1,917	\$ 6,722	\$ 683
Contract & Subcontract Services	\$ 1,296	\$ 110	\$ 82	\$ 93	\$ 248	\$ 532	\$ 764
Utilities & Maintenance	\$ 3,523	\$ 920	\$ 843	\$ 1,006	\$ 1,019	\$ 3,788	\$ (265)
Travel & Entertainment	\$ 248	\$ 26	\$ 61	\$ 62	\$ 64	\$ 212	\$ 35
Business Recruitment & Investment	\$ 361	\$ 29	\$ 11	\$ 132	\$ 61	\$ 232	\$ 129
General & Administrative	\$ 1,698	\$ 355	\$ 383	\$ 220	\$ 216	\$ 1,174	\$ 524
<b>Total Operating Expenses (Excluding Depreciation)</b>	<b>\$ 14,530</b>	<b>\$ 2,851</b>	<b>\$ 3,119</b>	<b>\$ 3,166</b>	<b>\$ 3,525</b>	<b>\$ 12,662</b>	<b>\$ 1,869</b>
<b>Change in Net Assets Due to Operations</b>	<b>\$ -</b>	<b>\$ 887</b>	<b>\$ 643</b>	<b>\$ 470</b>	<b>\$ (82)</b>	<b>\$ 1,917</b>	

# Fiscal Year 2023 Budget

# SPACE FLORIDA



**Fiscal Year 2023 Budget**  
**October 1, 2022 to September 30, 2023**  
**In 000's**

	<u><b>Total Budget</b></u>
<b>Operating Revenues</b>	
State Appropriated Revenue - OPS	\$ 11,500
Other Revenue	\$ 3,877
<b>Total Operating Revenues</b>	<u><b>\$ 15,377</b></u>
<b>Operating Expenses</b>	
Salaries & Other Related Costs	\$ 8,963
Contract & Subcontract Services	\$ 806
Utilities & Maintenance	\$ 3,780
Travel & Entertainment	\$ 221
Business Recruitment & Investment	\$ 260
General & Administrative	\$ 1,347
<b>Total Operating Expenses (Excluding Depreciation)</b>	<u><b>\$ 15,377</b></u>
<b>Change in Net Assets Due to Operations</b>	<u><b>\$ (0)</b></u>

# SPACE FLORIDA



## Fiscal Year 2022 and 2023 Budget Comparison

Unaudited

In 000's

	FY22 Budget Total	FY22 Total Actuals & Commitments	FY22 Budget to Actual Variance	FY23 Budget Total	FY22 to FY23 Budget Variance
<b>Operating Revenues</b>					
State Appropriated Revenue - OPS	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
Other Revenue	\$ 3,030	\$ 3,079	\$ (48)	\$ 3,877	\$ (846)
<b>Total Operating Revenues</b>	<b>\$ 14,530</b>	<b>\$ 14,579</b>	<b>\$ (48)</b>	<b>\$ 15,377</b>	<b>\$ (846)</b>
<b>Operating Expenses</b>					
Salaries & Other Related Costs	\$ 7,405	\$ 6,722	\$ 683	\$ 8,963	\$ (1,559)
Contract & Subcontract Services	\$ 1,296	\$ 532	\$ 764	\$ 806	\$ 490
Utilities & Maintenance	\$ 3,523	\$ 3,788	\$ (265)	\$ 3,780	\$ (257)
Travel & Entertainment	\$ 248	\$ 212	\$ 35	\$ 221	\$ 27
Business Recruitment & Investment	\$ 361	\$ 232	\$ 129	\$ 260	\$ 101
General & Administrative	\$ 1,698	\$ 1,174	\$ 524	\$ 1,347	\$ 351
<b>Total Operating Expenses (Excluding Depreciation)</b>	<b>\$ 14,530</b>	<b>\$ 12,662</b>	<b>\$ 1,869</b>	<b>\$ 15,377</b>	<b>\$ (846)</b>
<b>Change in Net Assets Due to Operations</b>	<b>\$ 0</b>	<b>\$ 1,917</b>	<b>\$ (1,917)</b>	<b>\$ (0)</b>	<b>\$ 0</b>

**Space Florida**  
**Fiscal Year 2023 Budget Compared**  
**to Fiscal Year 2022 Budget**  
**Budget Narrative**

**Revenue:**

*State Appropriated Revenue* for Fiscal Year 2023 for Operations will remain the same as compared to Fiscal Year 2022 Budget. Other revenue, which is comprised of Space Florida assisted financing projects and lease revenues, is expected to increase for Fiscal Year 2023 by \$846 thousand as compared to Fiscal Year 2022. This increase is primarily due to an increase in franchise fees, facility, and financing revenue.

**Expenses:**

*Salary & Other Related Costs* for Fiscal Year 2023 is expected to increase by \$1,559 thousand as compared to Fiscal Year 2022 Budget. The increase is primarily due to new staff positions.

*Contract & Subcontract Services* for Fiscal Year 2023 is anticipated to decrease by \$490 thousand as compared to Fiscal Year 2022 Budget. The decrease is primarily due to a decrease in consulting service expenses. Contract & Subcontract Services consist of legal, business development services & project support, facility services, and general operating services.

*Utilities & Maintenance* for Fiscal Year 2023 is expected to increase by approximately \$257 thousand as compared to Fiscal Year 2022 Budget. The increase is primarily due to increase in utility expenses and repair and maintenance costs.

*Travel & Entertainment* for Fiscal Year 2023 is anticipated to decrease by \$27 thousand as compared to Fiscal Year 2022 Budget. The decrease is primarily due to reduction in meals & entertainment related expenses.

*Business Recruitment & Investments* for Fiscal Year 2023 is anticipated to decrease by \$101 thousand as compared to Fiscal Year 2022 Budget. The decrease is primarily due to reduction in promotional related expenses and sponsorships. Expenses included in this category include business recruitment and investment activities, promotional, advertising, and project expenses.

*General & Administrative* for Fiscal Year 2023 is anticipated to decrease by \$351 thousand as compared to Fiscal Year 2022 Budget. The decrease is primarily due to reduction in capital asset expenditures. Expenses included in this category are loan service expenses, rentals & leases, insurance, capital purchases/improvements, and other general operating expenses.

# SPACE FLORIDA



## Fiscal Year 2023 Budget Detail October 1, 2022 to September 30, 2023 In 000's

	FY22 Budget Total	FY22 Total Actuals & Commitments	FY22 Budget to Actual Variance	FY23 Budget Total	FY22 to FY23 Budget Variance
<b>Operating Revenues</b>					
State Appropriated Revenue	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
<b>Facility Revenue</b>					
SLSL	\$ 1,131	\$ 1,448	\$ (317)	\$ 1,694	\$ (563)
RLV Hangar	\$ 25	\$ (6)	\$ 31	\$ -	\$ 25
South Campus	\$ 24	\$ 45	\$ (21)	\$ 51	\$ (26)
Area 57	\$ 247	\$ 252	\$ (5)	\$ 467	\$ (220)
AOS	\$ 522	\$ 601	\$ (79)	\$ 522	\$ -
LC20	\$ -	\$ 99	\$ (99)	\$ 100	\$ (100)
	<b>\$ 1,950</b>	<b>\$ 2,439</b>	<b>\$ (489)</b>	<b>\$ 2,835</b>	<b>\$ (884)</b>
<b>Financing Revenue</b>					
Orion Admin Fee	\$ 300	\$ 300	\$ -	\$ 300	\$ -
Other Admin Fee	\$ -	\$ -	\$ -	\$ 525	\$ (525)
Interest/Dividend Income	\$ 200	\$ 200	\$ (0)	\$ 100	\$ 100
OPF3 Admin Fee	\$ 580	\$ -	\$ 580	\$ -	\$ 580
	<b>\$ 1,080</b>	<b>\$ 500</b>	<b>\$ 580</b>	<b>\$ 925</b>	<b>\$ 155</b>
<b>Other Revenues</b>					
Franchise Fees	\$ -	\$ 90	\$ (90)	\$ 117	\$ (117)
Other SF Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ -	\$ 49	\$ (49)	\$ -	\$ -
	<b>\$ -</b>	<b>\$ 139</b>	<b>\$ (139)</b>	<b>\$ 117</b>	<b>\$ (117)</b>
<b>Total</b>	<b>\$ 14,530</b>	<b>\$ 14,579</b>	<b>\$ (48)</b>	<b>\$ 15,377</b>	<b>\$ (846)</b>



# SPACE FLORIDA



## Fiscal Year 2023 Budget Detail October 1, 2022 to September 30, 2023 In 000's

	FY22 Budget Total	FY22 Total Actuals & Commitments	FY22 Budget to Actual Variance	FY23 Budget Total	FY22 to FY23 Budget Variance
<b>Salary &amp; Other Related Costs</b>					
Salary & Wages	\$ 5,366	\$ 4,938	\$ 428	\$ 6,629	\$ (1,263)
Payroll Taxes	\$ 62	\$ 72	\$ (10)	\$ 95	\$ (34)
Retirement	\$ 826	\$ 799	\$ 28	\$ 1,020	\$ (194)
Life & Health Insurance	\$ 984	\$ 742	\$ 241	\$ 994	\$ (11)
Other	\$ 167	\$ 171	\$ (4)	\$ 225	\$ (58)
	<b>\$ 7,405</b>	<b>\$ 6,722</b>	<b>\$ 683</b>	<b>\$ 8,963</b>	<b>\$ (1,559)</b>
<b>Contract &amp; Subcontract Services</b>					
Legal	\$ 275	\$ 142	\$ 133	\$ 255	\$ 20
Business Development Services & Project Support	\$ 110	\$ 1	\$ 109	\$ -	\$ 110
Facility Services	\$ 75	\$ 40	\$ 35	\$ 90	\$ (15)
General Operations Services	\$ 836	\$ 349	\$ 487	\$ 461	\$ 375
	<b>\$ 1,296</b>	<b>\$ 532</b>	<b>\$ 764</b>	<b>\$ 806</b>	<b>\$ 490</b>
<b>Utilities &amp; Maintenance</b>					
Utilities					
SLSL	\$ 750	\$ 936	\$ (186)	\$ 951	\$ (201)
RLV Hanger	\$ 15	\$ 20	\$ (5)	\$ -	\$ 15
Other	\$ 89	\$ 82	\$ 7	\$ 120	\$ (32)
Repair & Maintenance					
SLSL	\$ 2,500	\$ 2,600	\$ (100)	\$ 2,664	\$ (164)
RLV Hanger	\$ 120	\$ 118	\$ 2	\$ -	\$ 120
Other	\$ 50	\$ 33	\$ 17	\$ 45	\$ 5
	<b>\$ 3,523</b>	<b>\$ 3,788</b>	<b>\$ (265)</b>	<b>\$ 3,780</b>	<b>\$ (257)</b>
<b>Travel &amp; Entertainment</b>					
Travel & Entertainment	\$ 248	\$ 212	\$ 35	\$ 221	\$ 27
	<b>\$ 248</b>	<b>\$ 212</b>	<b>\$ 35</b>	<b>\$ 221</b>	<b>\$ 27</b>
<b>Business Recruitment &amp; Investment</b>					
Promotional & Project Expenses	\$ 154	\$ 78	\$ 76	\$ 105	\$ 49
Sponsorships/Other Grants & Aid	\$ 208	\$ 155	\$ 53	\$ 155	\$ 53
	<b>\$ 361</b>	<b>\$ 232</b>	<b>\$ 129</b>	<b>\$ 260</b>	<b>\$ 101</b>
<b>General &amp; Administrative</b>					
Rental & Leases	\$ 444	\$ 445	\$ (1)	\$ 479	\$ (35)
Insurance	\$ 210	\$ 221	\$ (11)	\$ 255	\$ (45)
Other General Operating Expenses	\$ 450	\$ 360	\$ 90	\$ 411	\$ 39
Capital Purchases/Improvements	\$ 508	\$ 79	\$ 429	\$ 133	\$ 375
Loan Service	\$ 86	\$ 68	\$ 17	\$ 68	\$ 17
	<b>\$ 1,698</b>	<b>\$ 1,174</b>	<b>\$ 524</b>	<b>\$ 1,347</b>	<b>\$ 351</b>
<b>Total</b>	<b>\$ 14,530</b>	<b>\$ 12,661</b>	<b>\$ 1,869</b>	<b>\$ 15,377</b>	<b>\$ (846)</b>

# SPACE FLORIDA



## Travel Profile

### Fiscal Year 2023 Budget

Title	Total Trips	Domestic Travel	International Travel	Annual Travel Budget
President	24	19,728	34,428	54,156
EVP, Treasurer & Chief Investment Officer	3	3,288	-	3,288
Sr Vice President Corporate Development & Capital Programs	18	19,728	-	19,728
VP External Affairs and Workforce Integration	12	13,152	-	13,152
Sr Vice President Spaceports Business Unit	12	13,152	-	13,152
Senior Director Project Portfolio Management	3	3,288	-	3,288
Director Spaceport Business Development	3	3,288	-	3,288
VP Business & Economic Development	18	19,728	-	19,728
Technology and Business Process Manager	1	1,315	-	1,315
VP Research & Innovation	5	3,288	13,771	17,059
Contracts Manager	3	3,288	-	3,288
EVP, CFO, & Corp Admin Officer	3	3,288	-	3,288
VP Corporate Communications	3	3,288	-	3,288
IT Manager	3	3,288	-	3,288
Corporate Development Financial Analyst	3	3,288	-	3,288
Staff Accountant	3	3,288	-	3,288
Sr. Administrative Specialist	3	3,288	-	3,288
Director Project Management	3	3,288	-	3,288
VP Government & External Relations	6	6,576	-	6,576
Director Government Relations & External Affairs	3	3,288	-	3,288
Manager Business Development	3	3,288	-	3,288
Business Development Associate	6	6,576	-	6,576
VP Spaceport Planning and Development	1	1,315	-	1,315
VP Environmental Health & Safety	1	1,315	-	1,315
Facility Assistant	1	1,315	-	1,315
Director Facility Management	2	2,630	-	2,630
Sr. Director Human Resources	3	3,288	-	3,288
<b>Total</b>	<b>151</b>	<b>155,851</b>	<b>48,199</b>	<b>204,050</b>

# SPACE FLORIDA



## Employees

October 01, 2021 - September 30, 2022

Employee Name	Beginning of Period	Added	Attrition	End of Period
Bailey, Gail	1			1
Bargas, Carrie	1			1
Beerman, Theodore	1			1
Bettis, Zachary		1		1
Bonjawo, Jamie	1			1
Bontrager, Mark	1		1	-
Burke, Wilhel	1			1
Cassidy, Connor		1		1
Chesnut, Mathew	1			1
Coates, Roberta	1			1
Cody, Ellen	1			1
Colon, Lillian		1		1
Corder-Jensen, Heidi	1			1
Courtney, Beth	1			1
Daniel, Danielle	1			1
Dean, Tamara		1		1
DiBello, Frank	1			1
Dollarhide, Kelly		1		1
Donoro, Nancy	1			1
Eggert, Peter	1			1
Farrar, Anna		1		1
Farrell, Lauren	1			1
Gannon, Anthony	1			1
Haug, Howard	1			1
Ireland, Terrie	1			1
Jones, Trevor		1		1
Ketcham, Dale	1			1
Kuzma, James	1		1	-
Lau, Ronald	1			1
Loving, Elizabeth	1		1	-
Lyons, Jaime		1		1
Maddox, Anthony		1		1
Mason, Mark				-
Masse, Jacob	1		1	-
Mayfield, Desiree	1			1
McCarthy, Patrick	1			1
Miller, Michael		1		1
Moffitt, James	1			1
Newsham, Emma	1			1
O'Donnell, Annette	1			1
Pierce, Jillianne	1		1	-
Pierce, Lindsay	1			1
Robertson, Ryan	1			1
Romberger, Todd	1			1
Rosa, Rhonda	1			1
Shell, Sara	1		1	-
St. Germain		1		1
Siltman, Erin	1			1
Spratt, Sharon	1		1	-
Sun, Annie	1		1	-
Swanson, Denise	1			1
Szabo, Steve	1			1
Wilkerson, Gene	1			1
Willhardt, Debra	1			1
Williams, Keevin	1		1	-
Wright, Patrick		1		1
Zheng, Ivy	1			1
<b>Total</b>	<b>44</b>	<b>12</b>	<b>9</b>	<b>47</b>

# Financial Audit Solicitation



**Request for Proposals  
For  
Financial and Compliance Audits**

**RFP-SF-01-0-2022**

**Publication Date:** November 4, 2022

**Due Date:** December 2, 2022

**Background:** Space Florida is dedicated to fostering the growth and development of a sustainable and world-leading aerospace industry in the State of Florida. Space Florida promotes aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. Space Florida is an independent special district and a subdivision of the State of Florida and is governed by Part II of Chapter 331 of the Florida Statutes.

Pursuant to subsection 218.391(2) of the Florida Statutes, the Space Florida Board of Directors has selected and established an Auditor Selection Committee (the “Selection Committee”). The Selection Committee is responsible for, among other things, the review and evaluation of proposals submitted in accordance with the criteria outlined in this RFP.

Space Florida’s fiscal year begins on October 1 and ends on September 30. Copies of Space Florida’s fiscal year audited reports are available for review on the Space Florida website at [www.spaceflorida.gov](http://www.spaceflorida.gov).

**Purpose:** The Selection Committee is soliciting written proposals for audit services to be provided by a certified public accounting firm duly licensed under Chapter 473 of the Florida Statutes and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. The selected firm will audit the Space Florida financial statements for a term of three years beginning with the fiscal year ending September 30, 2022.

**AUDITOR REQUIREMENTS**

All of the following information must be confirmed, addressed and included in the auditor’s proposal:

- a. The auditor must be an approved contractor under Florida state contract 84111600-20-1, Financial and Performance Audits. Pricing must be based on pricing agreed to under the state contract.
- b. The auditor and all assigned key professional staff must be properly licensed to practice as a certified public accountant in the State of Florida.
- c. The auditor must be independent of Space Florida as defined by generally accepted auditing standards.



- d. The auditor shall have no obligations or interests that conflict with the best interest of Space Florida.
- e. The auditor must have experience with independent special districts and other local governments within the last five years.
- f. The size of the auditing firm, the size of the firm's governmental audit staff, and the location of the office from which the engagement is to be performed. Resumes should be provided for the partner and manager who would be in charge of the audit.
- g. A copy of the report on the firm's most recent peer review, the letter of comments, and a statement as to whether any governmental engagements were included.
- h. Any disciplinary actions that have been instituted or proposed during the last three calendar years against the firm or any of the firm's professionals to be assigned to Space Florida.
- i. Describe the results of any state or federal reviews during the past three calendar years of the firm's governmental client audit work.
- j. Willingness and ability to complete the audit within the time constraints, considering the auditing firm's current and projected workload.

### **STATEMENT OF WORK**

#### **1. General:** Space Florida desires the auditor to:

- a. Express an opinion on the fair presentation of Space Florida's financial statements in conformity with generally accepted accounting principles.
- b. Determine the effectiveness of the design and operation of existing Space Florida financial controls.
- c. Conduct a single 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 Auditor General of the State of Florida, and include tests of the accounting records of Space Florida and other procedures considered necessary to enable the auditor to express an opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on Space Florida's compliance with laws and regulations and its internal controls as required for a single audit.
- d. Demonstrate the appropriate experience to provide the expertise outlined in the Space Florida introductory PowerPoint in Attachment A. Provide a summary of the firm's experience that aligns with Space Florida, demonstrate experience with enterprise fund type entities, specifically, an independent special district, a body politic and corporate, and a subdivision of the state.

#### **2. Reporting:** Following the completion of the audit of each fiscal year financial statements, the auditor shall issue, at a minimum, the following reports to Space Florida:

- a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.



- b. A report on compliance and on the internal control structure based on the audit of the financial statements performed in accordance with government auditing standards.
- c. A report on compliance and internal control over compliance applicable to each major State funded project.
- d. An opinion on the supplementary schedule of expenditures of State financial assistance.
- e. If Space Florida issues debt, for which the official statement in connection with the debt contains basic financial statements and the report of independent accounts, the auditor shall be required to issue a “consent and citation of expertise” as auditor and any necessary “comfort letters” at no additional cost to Space Florida.
- f. Any other required reports and schedules applicable to Space Florida or required by the Federal and State Single Audit Acts.
- g. Auditors will attend, via telecom or in person, any meetings with the Space Florida Board of Directors or committees as directed by the Board or Space Florida.
- h. Auditors will assure themselves that the Space Florida Board of Directors is informed of each of the following:
  - 1. The auditor's responsibility under generally accepted auditing standards.
  - 2. Significant accounting policies.
  - 3. Management judgments and accounting estimates.
  - 4. Significant audit adjustments.
  - 5. Other information in documents containing audited financial statements.
  - 6. Disagreements with management.
  - 7. Management consultation with other accountants.
  - 8. Major issues discussed with management prior to retention.
  - 9. Difficulties encountered in performing the audit.
  - 10. Other reports and/or certifications mandated by the Florida Statutes and/or the Florida Administrative Code.

**3. Other Services:** Space Florida may find a need for accounting advisory services in particular areas. Examples of services that may be needed would include agreed upon procedures in support of projects, discussion on the implementation of new GASB statements, or specific tax questions. The Auditor should demonstrate the appropriate experience to provide expertise outlined in the Space Florida introductory PowerPoint in Attachment A.

**Records Retention:** All working papers and reports must be retained, at the auditor’s expense, for a minimum of three years after the end of the contract, unless the auditor is notified in writing by Space Florida of the need to extend the retention period.

The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Space Florida and its Board
- U.S. General Accounting Office (GAO)
- Parties designated by the Federal or State governments or by Space Florida



In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**The Contract:** This solicitation will result in a three-year fixed price contract for auditing services for Space Florida fiscal year-end for 2022, 2023 and 2024 with the possibility of up to five three-year renewal periods. The options for renewal shall be contingent upon Space Florida's favorable evaluation of the performance of the services. The contract shall contain, at a minimum, the requirements in Subsection 218.391(7) of the Florida Statutes.

### **TENTATIVE SCHEDULE**

Legal Notice Sent to Florida Today	October 31, 2022	N/A
RFP Posted to Space Florida Website and DemandStar	November 4, 2022	N/A
Question Submission Deadline	November 10, 2022	1:00 p.m.
Question Responses Posted to Space Florida Website and DemandStar	No later than November 16, 2022	N/A
Proposals Due	December 2, 2022	1:00 p.m.
Proposals Evaluated by Evaluation Committee	No later than January 6, 2023	N/A
Space Florida Audit & Accountability Committee Meeting	January XX, 2023	
Space Florida Board of Directors Meeting	January 27, 2023	1:30 p.m.
Notice of Intent to Negotiate Posted to Space Florida Website and DemandStar	TBD	N/A
Notice of Intent to Award Posted to Space Florida Website and DemandStar	TBD	N/A

### **COMMUNICATIONS AND QUESTIONS**

1. Prospective firms and representatives thereof shall not contact, communicate with, or discuss any matter relating in any way to this RFP with any Space Florida employee, board or committee member, or any non-employee appointed by Space Florida to evaluate or to recommend selection of a firm under this RFP. Any such may result in disqualification from consideration for award of this RFP.





2. Questions may be asked regarding the RFP. Submission of all questions through e-mail to the Director of Contracts is required. Questions should be emailed to Annette O'Donnell at [aodonnell@spaceflorida.gov](mailto:aodonnell@spaceflorida.gov). No answers given in response to questions submitted shall be binding upon this solicitation process unless released in writing on Space Florida's website. **The deadline for the Space Florida Director of Contracts to receive questions is on or before November 10, 2022 at 1:00 p.m.**

### **SUBMITTAL INSTRUCTIONS**

**ALL PROPOSAL PACKAGES MUST BE SUBMITTED ELECTRONICALLY TO [AODONNELL@SPACEFLORIDA.GOV](mailto:AODONNELL@SPACEFLORIDA.GOV). Hard copies will not be accepted. Proposals are due via email November 16, 2022 by 1:00 pm. Packages shall be submitted as an Adobe PDF file.**

The responsibility for delivering the qualifications package to Space Florida on or before the stated time and date is solely the responsibility of the firm. Space Florida is not responsible for delays.

Under no circumstances will late proposals be scored.

Each firm should ensure that they have received and read any/all addenda and amendments to this RFP before submitting its proposal. All questions/answers and addenda are issued through Space Florida's website and posting on DemandStar.

The proposal is limited to 20 one-sided pages.

**A firm's proposal shall specifically identify, address and include the following:**

1. A brief description of the firm's organization and a detailed description of the organization's technical qualifications. Include, if appropriate, whether the auditor is a small or minority owned business, and names, address, contact person, and telephone numbers of a minimum of three previous clients within the last 5 years.
2. Résumés of the proposed audit leader and other key members of the audit team that will be assigned to this audit.
3. Brief description of the firm's understanding of work to be performed, including audit procedures and other pertinent information.
4. A Budget to show the estimated number of hours for each staff person to be involved in the audit, hourly rate to be charged for that staff person's time, any other costs that will affect the contract, and an estimated full cost for completion of the audit in accordance with this RFP.
5. Information to address the "Auditor Requirements" section listed above.
6. Information to address the "Representation and Authorization" section listed below.



## **MISCELLANEOUS**

**Property of Space Florida:** All information submitted by a firm will become part of the project file and, unless otherwise exempt or confidential in accordance with Florida law, will become a public record. All proposals and accompanying documentation will become the property of Space Florida and will not be returned.

**Trade Secrets and Information Confidential and Exempt from the Public Records Act:** Trade secrets and information confidential and exempt from Subsection 119.07(1) of the Florida Statutes and Subsection 24(a) of Article I of the Florida Constitution, is not solicited nor desired, as information to be submitted with proposals. The Florida Statutes and the State Constitution govern whether information in a proposal is confidential or exempt from the Public Records Act. If information is submitted in the proposal which the firm deems to be a trade secret or confidential and exempt from the Public Records Act, the information shall be submitted with the proposal in a **separate, clearly marked email referencing the specific statutory citation for such exemption.**

Submitted proposals which are marked “confidential” (or other similar language) in its entirety or those in which a significant portion of the submitted proposal is marked “confidential” may be deemed non-responsive by Space Florida. Space Florida is not obligated to agree with the firm’s claim of an exemption and, by submitting a reply or other submission, the firm agrees to be responsible for defending its claim that each and every portion of the separately marked information is exempt from inspection and copying under the Public Records Act.

The firm agrees that it shall protect, defend, and indemnify, including attorney’s fees and costs, Space Florida for any and all claims and litigation (including litigation initiated by Space Florida) arising from or relating to firm’s claim that the separately marked portions of its proposal are not subject to disclosure. If the firm fails to separately mark portions of its proposal, or mark its proposal “confidential” (or other similar language) in its entirety, Space Florida is authorized to produce the entire document, data or record submitted by the firm in responding to a public records request.

**Compliance with Laws:** The auditor and its firm shall comply with all laws, rules, codes, ordinances, licensing and bonding requirements that are applicable to this RFP and the conduct of firm’s business, including those of Federal, State, and local agencies having jurisdiction and authority. By way of non-exhaustive example, the firm shall comply with the Florida Sunshine Law and Public Records Act, Immigration and Nationality Act, the Americans with Disabilities Act, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran’s status. The selected firm understands and will comply with subsection 20.055(5) of the Florida Statutes.

**Convicted Vendors:** The firm affirms that it is aware of the provisions of Section 287.133(2)(a) of the Florida Statutes and that at no time has the firm been convicted of a public entity crime.



**Discriminatory Vendors:** The firm affirms that it is aware of the provisions of Section 287.134(2)(a) of the Florida Statutes, and that at no time has the firm been placed on the discriminatory vendor list.

**Representation and Authorization:** In submitting a proposal, the firm understands, represents, and acknowledges the following (if the firm cannot so certify to any of following, the firm shall submit with its proposal a written explanation).

1. The firm is not currently under suspension or debarment by the State or any other governmental authority.
2. The firm, its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten years been convicted or found liable for any act prohibited by law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.
3. The firm has no delinquent obligations to the State, including a claim by the State for liquidated damages under any other contract.
4. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any other firm or person to submit a complementary or other noncompetitive proposal.
5. The prices and amounts in the proposal have been arrived at independently and without consultation, communication, or agreement with any other auditing firm or potential firm; neither the prices nor amounts, actual or approximate, have been disclosed to any firm or potential firm, and they will not be disclosed before the opening of the proposals.
6. Neither the firm nor any person associated with it in the capacity of owner, partner, director, officer, principal, investigator, project director, manager, auditor, or position involving the administration of federal funds:
  - a. Has within the preceding three years been convicted of or had a civil judgment rendered against them or is presently indicted for or otherwise criminally or civilly charged for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, State, or local government transaction or public contract; violation of Federal or State antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; or
  - b. Has within the preceding three years of this certification had one or more Federal, State, or local government contracts terminated for cause or default.



**Cost to Develop Proposal:** Costs for developing proposals responsive to this RFP are entirely the obligations of the firm and shall not be chargeable in any manner to Space Florida.

## **SELECTION**

**Proposal Evaluation – Proposals will be rated and ranked based on the following criteria.**

Firm's technical qualifications (10 points)

Firm's roll in similar audits (20 points)

Qualifications of staff to be assigned (30 points)

Understanding of work to be performed (30 points)

Compensation (10 points)

Total points available 100

**Ranking Proposals and Award:** The Selection Committee shall recommend to the Space Florida Board of Directors for approval the highest-ranked qualified firm based on the evaluation factors set forth above. If for some reason the Selection Committee does not select the highest-ranked qualified firm, the Selection Committee shall document in its public records the reason for not selecting the highest-ranked qualified firm.

In the unlikely event of a tie in the rankings, the firm that has the highest ranking and least expensive compensation shall be declared the top ranked firm.

If the Space Florida Board of Directors selects a firm, Space Florida management will conduct negotiations with the selected firm on behalf of the Board of Directors.

Space Florida reserves the right to request more information from any or all respondents regarding their proposal.

**Notice of Intent to Award:** The Notice of Intent to Award will be posted on the Space Florida and DemandStar websites.

**Disputes:** Failure to file a protest within the time prescribed in subsection 120.57(3) of the Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under chapter 120 of the Florida Statutes.

**Right to Reject:** Space Florida reserves the right to make an award it determines to be in its best interests or to reject any and all proposals. Further, Space Florida, in making its award decision, retains the authority to waive what it considers to be minor irregularities in the proposal or to seek clarification on certain issues from any firm submitting a proposal. Failure to provide requested information may result in the rejection of the proposal.



Should Space Florida be unable to negotiate a satisfactory contract with the first ranked auditor, at a price Space Florida determines to be fair, competitive, and reasonable, Space Florida shall formally terminate negotiations, and negotiate with the second ranked auditor, and so on, until an agreement is reached with a firm, or at any time may terminate negotiations and undertake a new solicitation.

DRAFT



## **Attachment A**

### **Introduction to Space Florida**

DRAFT

# Introduction to Space Florida

SPACE FLORIDA





# Space Florida Structure & Role

## Public Corporation & Independent Special District

### Spaceport Authority

Develop  
Infrastructure

Statewide Planning

Build, Own, Lease, &  
Operate Facilities

Multi-Tenant Developments  
SLC-46  
Exploration Park  
Launch & Landing Facility

### Industry Development Role

Unique Financial &  
Infrastructure Tools

Conduit Lease  
Financing

Access to Capital  
Markets

Tax Efficiencies

Bonding Authority

Mission:  
Expand and Diversify  
Florida's Aerospace  
Industry



# About Space Florida



1 hour from Daytona Beach, Orlando,  
and Melbourne

Space Life Sciences Building (SLSL)  
at Kennedy Space Center, FL



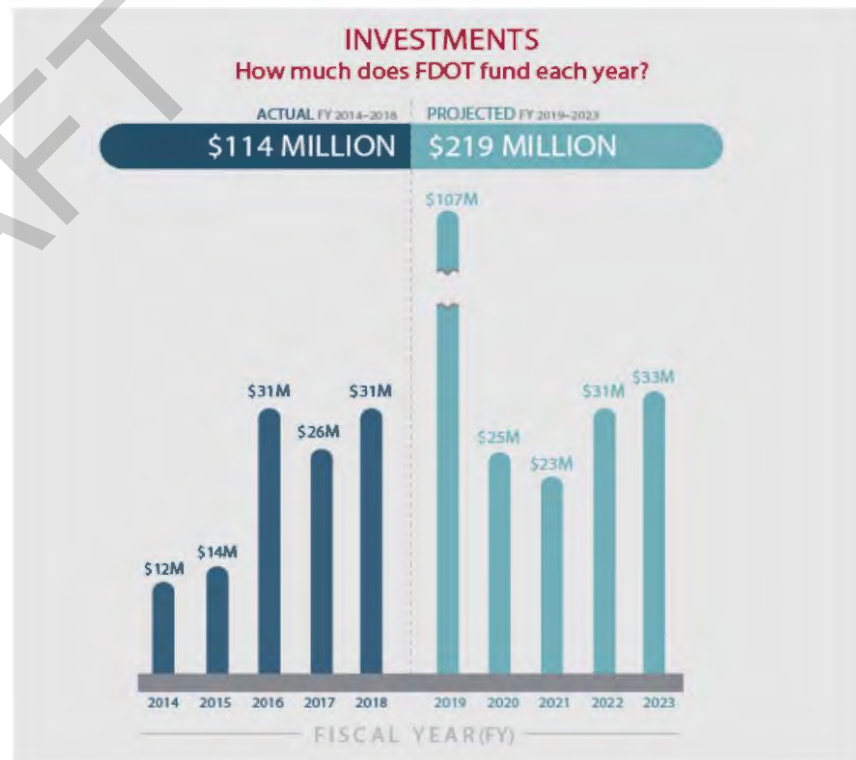


# Space Florida's Toolkit

## 1. Florida Department of Transportation (FDOT) Funds for common use infrastructure



1. **Blue Origin-Orbital Launch Vehicle Manufacturing Facility**  
First-ever rocket manufacturing in Florida
2. **Launch Complex 39A**  
Expanding heavy-lift capacity for commercial launches
3. **Space Florida-Shuttle Landing Facility**  
Creating space logistics hub for horizontal launch and landing opportunities
4. **Oneworld Satellites-Spacecraft Integration Facility**  
High volume satellite manufacturing in Florida
5. **Space Florida-Launch Complex 46**  
First upgrading small launch vehicle capacity to meet user needs





# Space Florida's Toolkit

## 2. Access to unique property and facilities throughout the spaceport



Exploration Park



Launch and Landing Facility (LLF)

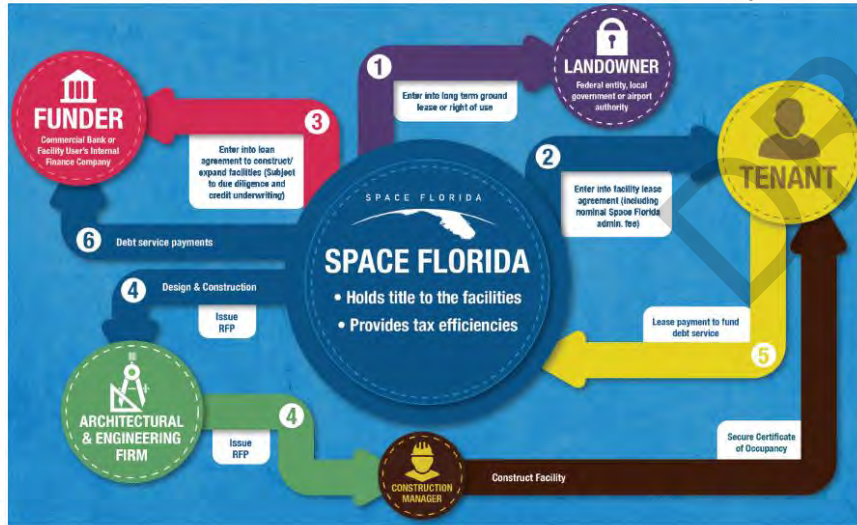


SLC-46

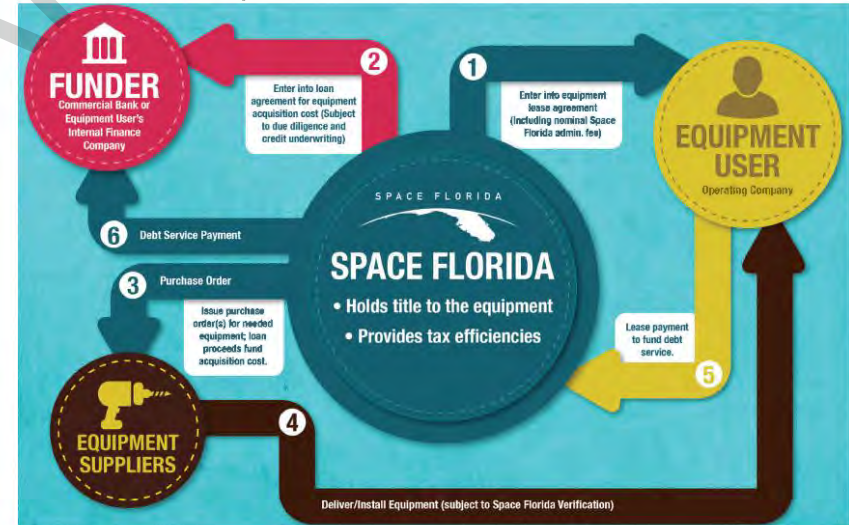
# Space Florida's Toolkit

## 3. Conduit Financing/Synthetic Leasing with real property and personal property

- Defer upfront CapEx on Facilities & Equipment
- Achieve synthetic lease structure- FAR recoverable
- Gain tax efficiencies (sales & ad valorem)



Facilities



Equipment



# Tax Efficiencies Created by Space Florida Ownership

- No **sales tax** on equipment & construction materials purchased by SF
- Companies may apply for permanent exemption from **Ad Valorem Tax (AVT)** on leasehold interest(s) provided that:
  - SF is legal and equitable owner of asset(s)
  - Lessee performing aerospace activities consistent w/ SF charter
  - Statutory References:

196.199(1)(b) All property **of this state** which is used for **governmental purposes** shall be exempt from ad valorem taxation except as otherwise provided by law.

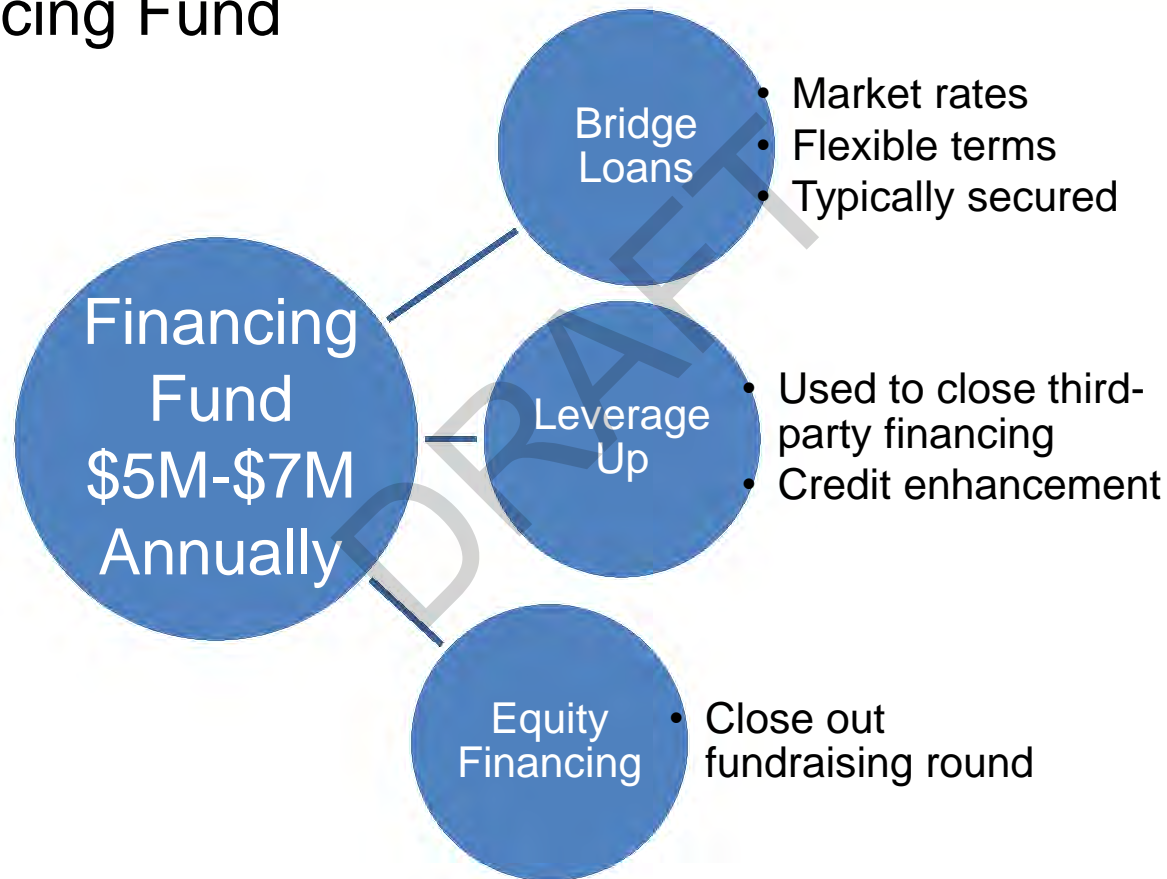
196.012(6) [...] The term “governmental purpose” also includes a direct use of property on federal lands in connection with the Federal Government’s Space Exploration Program or **spaceport activities** as defined in s. 212.02(22).

212.02(22) “Spaceport activities” means activities **directed or sponsored by Space Florida on spaceport territory** pursuant to its powers and responsibilities under the Space Florida Act.



# Space Florida's Toolkit

## 4. Financing Fund







# Space Florida's Toolkit

## Space Florida & Florida Venture Forum Capital Acceleration Programs

- Partners on the Florida Aerospace Capital Forum and the Early Stage Capital Conference
- Present to angel and early-stage investors from around the state and the country
- Space Florida-supported capital accelerators have attracted \$223M+ million in funding and investments for participating companies



## Florida – Israel Innovation Partnership

- Supports research, development, and commercialization of aerospace and technology projects that benefit both Israel and Florida
- \$2M joint fund (Israel \$1M & Florida \$1M) established in 2013
- Florida and Israeli companies are invited to form teams and submit joint applications
- ~\$12M has been invested towards R&D projects with both sets of winners

SPACE FLORIDA



רשות החדשנות  
Israel Innovation  
Authority

# Space Florida Structure & Role

## Public Corporation & Independent Special District

### Spaceport Authority

Develop  
Infrastructure

Statewide Planning

Build, Own, Lease, &  
Operate Facilities

Multi-Tenant Developments  
SLC-46  
Exploration Park  
Launch & Landing Facility

### Industry Development Role

Unique Financial &  
Infrastructure Tools

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Financing

Access to Capital  
Markets

Tax Efficiencies

Bonding Authority

Mission:  
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