



Space Florida Board of Directors Meeting Agenda

November 14, 2022
3:00 p.m. – 4:00 p.m. (EST)

Call-in Number: 855-758-1310 Meeting ID: 82192563020 Passcode: 836681	Teleconference
BUSINESS BEFORE THE BOARD	
Call to Order	Lt. Gov. Nuñez
Roll Call	Terrie Ireland
Welcome and Introductions	Lt. Gov. Nuñez
Public Comments	Lt. Gov. Nuñez
<ol style="list-style-type: none"> 1. APPROVAL OF MINUTES <ul style="list-style-type: none"> • July 28, 2022 2. COMMITTEE APPOINTMENTS AND REPORTS <ul style="list-style-type: none"> ➤ Committee Appointments ➤ Audit & Accountability Committee <ul style="list-style-type: none"> • Audited Financial Statements September 30, 2021 & Required Communications • June 30, 2022 Interim Financials • Fiscal Year 2023 Budget ➤ Governance and Compensation Committee ➤ Marketing Committee ➤ Investment Committee <ul style="list-style-type: none"> • Investment Policies and Procedures • Space Florida Strategic Roadmap 3. PROJECT AND CONTRACT ACTIVITIES <ul style="list-style-type: none"> • Project Davinci • Project Constitution • Space Life Sciences Laboratory-DEFERRED • LLF East Area Development • 2021 FDOT Spaceport Program and Project Services Contractors • 2023 Facilities and Subleases 4. EXECUTIVE BRIEFINGS <ul style="list-style-type: none"> • Introduction of New Senior Leadership • Company Business Volume Statistics • Economic Impact • Communication Strategies • Upcoming Events & Closing Comments 	<p>Lt. Gov. Nuñez</p> <p>Lt. Gov. Nuñez Denise Swanson</p> <p>Rodney Cruise Sonya Dean-Hartley Mori Hosseini</p> <p>Frank DiBello and Howard Haug</p> <p>Frank DiBello</p>
Closing Remarks / Adjournment	Lt. Gov. Nuñez

Minutes July 28, 2022



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

A Regular Meeting of the Space Florida Board of Directors was held on July 28, 2022, at the Hyatt International Airport Orlando, FL

BOARD MEMBERS PRESENT:

Lieutenant Governor & Space Florida Chair, Jeanette Nuñez
Anthony Barbar
Rodney Cruise
Barbara Essenwine
Danny Gaekwad
Mori Hosseini
Scott Ross

SPACE FLORIDA SENIOR MANAGEMENT PRESENT:

Frank DiBello
Howard Haug
Ron Lau
Todd Romberger
Denise Swanson

WELCOME & INTRODUCTIONS:

A quorum being present, Lieutenant Governor Jeanette Nuñez, called the Meeting to order at 1:35 p.m. (EDT), and welcomed Board members. The Chair welcomed Anthony Barbar to his first in person board meeting and appointed Mr. Barbar to the Audit and Accountability Committee.

There were no Public Comments.

1. APPROVAL OF MINUTES:

- *Mori Hosseini made a motion to approve the May 5, 2022, Board Meeting minutes as well as the June 27, 2022, Special Board Meeting minutes, which was seconded by Barbara Essenwine and approved unanimously.*

2. COMMITTEE REPORTS:

Audit and Accountability Committee Report - Was presented by Barbara Essenwine and included the June 23, 2022 Audit and Accountability meeting activities with a review and recommendation for approval of the March 31, 2022 Interim Financials.

- *Anthony Barbar made a motion to approve the issuance of Space Florida's quarterly interim financial statements for the period ended March 31, 2022 which was seconded by Mori Hosseini and approved unanimously.*

Governance & Compensation Committee Report - Was presented by Rodney Cruise and included the June 21, 2022, Governance and Compensation Committee Meeting activities. The committee had three items of significance for the board.



The first item was the committee's recommendation for the Board to adopt the Board of Directors and Committee Meeting Schedule through fall of 2024.

- ***Barbara Essenwine made a motion to approve to adopt the Space Florida Board of Directors and Committee Meeting Schedule through fall of 2024 which was seconded by Mori Hosseini and approved unanimously.***

The second item was the committee's recommendation to return to a three-year performance review cycle for the President & CEO and EVP, Treasurer, & Chief Investment Officer. There were no objections from the board and the performance review cycle for the President & CEO and EVP, Treasurer & Chief Investment Officer will be done on a three-year performance review cycle. The third item was vetting of proposed governance actions by the committee resulting from the January 26, 2022 Board Workshop prior to presentation to the full board for review and action.

Marketing Committee Report - Was presented by Howard Haug and included a brief overview of the outcomes of the June 7, 2022, Marketing Committee Workshop. At the request of the Board Chair the full report was deferred until the next in-person board meeting.

Investment Committee Report - Was presented by Mori Hosseini and included the July 18, 2022, Investment Committee Meeting activities. The committee had three items of significance for the board. The first item was a review by the committee of the project and contract items for Board action where committee member comments and recommendations were incorporated. The second item was a review of the Space Florida Investment Policies and Procedures for Board feedback. The third item was an update on the progress of the Space Florida Strategic Roadmap.

3. BUSINESS BEFORE THE BOARD ITEMS:

Project and Contracts Activities provided to the Board in advance were briefed by Howard Haug and Frank DiBello. The following items were recommended for approval:

1. **Project Comet:** Management requests approval for authority to negotiate and enter a Sublease Agreement with the Company for approximately twenty-eight (28) acres of property at the Launch and Landing Facility. The Company intends to invest up to One Hundred Twenty Million Dollars (\$120,000,000) in the project and create at least fifty (50) jobs by 2025. Comet will be responsible for all costs and fees associated with the property including any ground lease fees. Additionally, the company will be responsible for construction, repairs, renovations, maintenance, utilities, applicable taxes, assessments, and all operations associated with the premises. Any improvements made by the company to the premises will be the property of Space Florida and subleased to the Company.

After a brief discussion, Danny Gaekwad made a motion to authorize Space Florida Management to complete negotiations and enter the Agreements as described



regarding Project Comet activities. The motion was seconded by Mori Hosseini and approved unanimously.

2. **Neoverde Holdings, LLC:** Management requests approval for authority to negotiate and enter agreement with Neoverde Holdings, LLC., in the amount of up to Three Million Six Hundred Thousand Dollars (\$3,600,000) for the purchase of fifteen (15) wetland mitigation credits required for needed development of parcels at the Launch and Landing Facility.

Anthony Barbar made a motion to authorize Space Florida Management to complete negotiations and enter purchase agreement with Neoverde Holdings, LLC., in the amount of up to Three Million Six Hundred Thousand Dollars (\$3,600,000) as described. The motion was seconded by Rodney Cruise and approved unanimously.

3. **Project Limestone II:** Management requests approval for authority to negotiate and enter reimbursement agreement with Project Limestone II in the amount of up to Four Million Dollars (\$4,000,000) in conjunction with Area 57 West Common Use Improvements.

Barbara Essenwine made a motion to authorize Space Florida Management to complete negotiations and enter reimbursement agreement with Project Limestone II client in the amount of up to Four Million Dollars (\$4,000,000) as described. The motion was seconded by Mori Hosseini and approved unanimously.

4. **Project Beverly:** Management requests approval for authority to negotiate and amend agreements for Project Beverly by and between Space Florida, Stonebriar and Project Beverly dated September 8, 2020, to authorize the total aggregate borrowing amount of up to, but not to exceed, One Hundred Ten Million Dollars (\$110,000,000); approval of Resolution No. 22-42 supplementing Resolution No. 20-32; and the entering of agreements necessary to finalize the increase equipment lease financing for Project Beverly.

Mori Hosseini made a motion to authorize Space Florida Management to complete negotiations and enter the Supplemental Resolution 22-42 and all other actions necessary to increase the lease financing for a total not to exceed aggregate amount of up to One Hundred Ten Million Dollars (\$110,000,000) for Project Beverly as described. The motion was seconded by Anthony Barbar and approved unanimously.

5. **Department of Economic Opportunity:** Management requests approval for authority to negotiate and enter contract activities with the Department of Economic Opportunity for Space Florida's performance and program



funding agreements for the 2023 state fiscal year for the period of July 1, 2022, through June 30, 2023, as follows:

Item A: Space Florida Operations	\$11,500,000
Item B: Space Florida Aerospace Industry Financing, Business Development and Infrastructure	\$ 6,000,000
Item C: Space Florida and Israel Collaborative Efforts	\$ 1,000,000

Scott Ross made a motion to authorize Space Florida Management to complete negotiations and enter contract activities with the Department of Economic Opportunity as described. The motion was seconded by Rodney Cruise and approved unanimously.

6. **2023 Florida-Israel Innovation Partnership Awards:** Management requests approval for authority to negotiate and enter contracts in the amount of up to One Million Dollars (\$1,000,000) for the to be determined via competitive process selected awards for the 2023 Florida-Israel Innovation Partnership.

Anthony Barbar made a motion to authorize Space Florida Management to negotiate and enter agreements the agreements in the amount of up to One Million Dollars (\$1,000,000) for the to be determined 2023 Florida Israel Innovation Partnership awards. The motion was seconded by Barbara Essenwine and approved unanimously.

4. **PRESIDENT'S REPORT:**

Frank DiBello presented the President's Report which included a review of recent activities including:

- Where we've come from
 - Industry and Space Florida
- Where we are now
- Changing market environment
 - Implications for Space Florida
- Business Unit Reports
 - Todd Romberger – Spaceport Business Unit
 - Ron Lau – Corporate Development and Capital Programs
- Space Florida Challenges & Future Outlook
- Upcoming Events

Frank thanked the Board for the approval of action items and reminded the Board of upcoming events.



CLOSING REMARKS & ADJOURNMENT

Lieutenant Governor Jeanette Nunez requested any further questions or comments from the public or Board Members. There being none, the Chair thanked the Board for the discussion and involvement and adjourned the meeting at 3:23 p.m. (EDT)

Lieutenant Governor Jeanette Nuñez, Chair

DRAFT



BOARD OF DIRECTORS MEETING

July 28, 2022

I, Frank DiBello, the undersigned President of Space Florida, do certify and declare that the attached is an accurate copy of the Minutes as approved by the Board of Directors of Space Florida in accordance with the Space Florida Governance Policies, and recorded in the Minutes of the Meeting of the Board of Directors held on July 28, 2022, and not subsequently amended or modified.

Frank A. DiBello, President

Audited Financial Statements
September 30, 2021 and
2020

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
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For the years ended September 30, 2021 and 2020



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**Additional Elements Required by *Government Auditing Standards*
and the Rules of the Auditor General**

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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, Rigg & 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

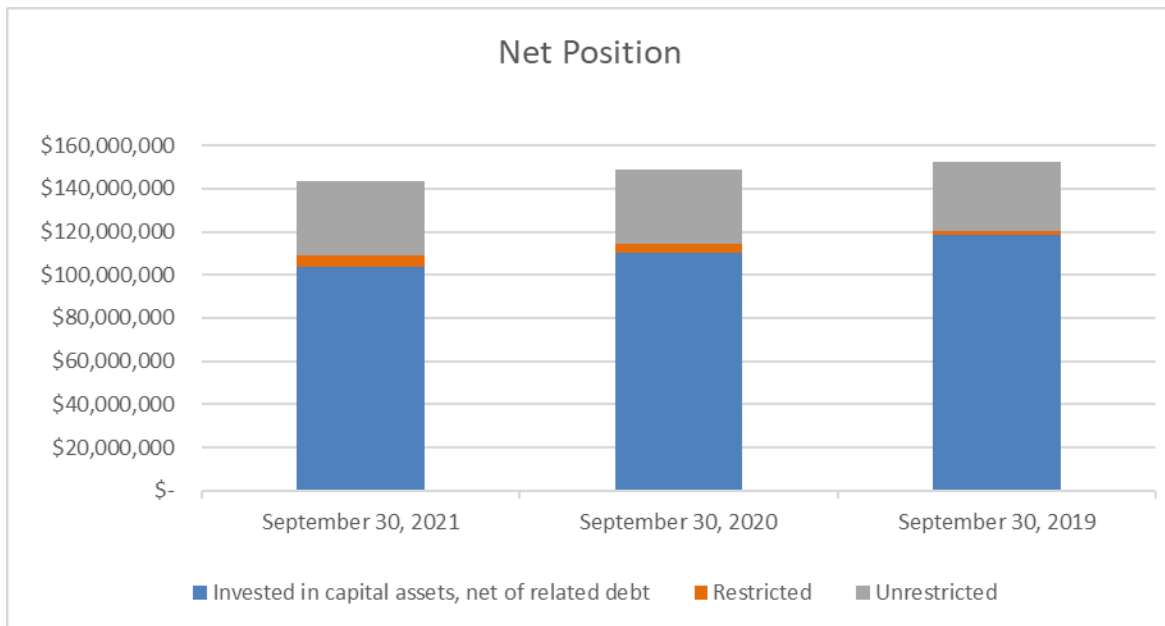
	9/30/2021	9/30/2020	9/30/2019
Cash	\$ 28,972,213	\$ 28,516,601	\$ 30,019,974
Receivables	24,640,085	38,226,765	28,541,543
Investments	2,199,660	3,825,675	3,696,595
Other current assets	1,026,882	902,400	891,844
Capital assets	276,989,765	241,365,926	252,892,467
Prepaid rent	12,474,380	13,269,906	4,878,573
Other assets	3,308,217	3,188,852	3,230,477
Total assets	349,611,202	329,296,125	324,151,473
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
Total liabilities	206,068,220	180,794,136	171,883,670
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
Total net position	\$ 143,542,982	\$ 148,501,989	\$ 152,267,803

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.

	Space Florida Changes in Net Position		
	For the year ended September 30, 2021	For the year ended September 30, 2020	For the year ended September 30, 2019
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
Total operating revenue	55,811,016	67,363,544	48,220,551
Non-operating revenues:			
Other	633,122	413,893	221,554
Grant revenue- capital	-	-	2,173,755
Capital contributions	-	999,000	11,996,674
Total non-operating revenues	633,122	1,412,893	14,391,983
Total revenues	56,444,138	68,776,437	62,612,534
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
Total operating expenses	59,909,377	70,195,545	52,116,179
Non-operating expenses			
Total non-operating expenses	1,493,768	2,346,706	626,147
Total expenses	61,403,145	72,542,251	52,742,326
Change in net position	(4,959,007)	(3,765,814)	9,870,208
Net position – beginning	148,501,989	152,267,803	142,397,595
Net position – ending	\$ 143,542,982	\$ 148,501,989	\$ 152,267,803

Space Florida Management's Discussion and Analysis

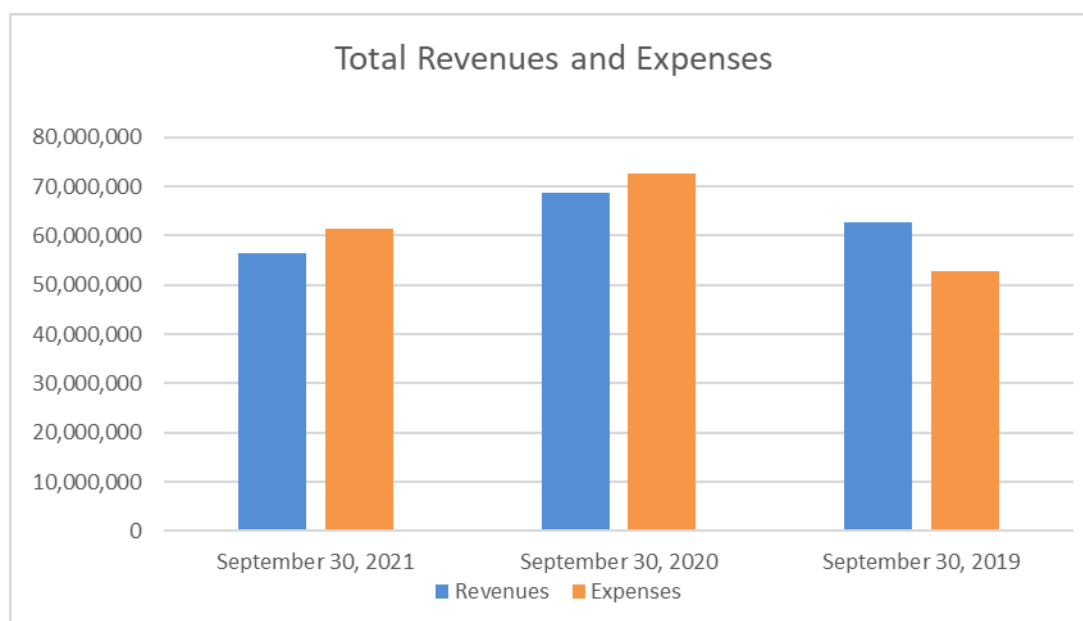
Changes in Net Position. The net position balance decreased by \$4,959,007 and \$3,765,814 for the years ended September 30, 2021 and 2020, respectively, and increased by \$9,870,208 for the year ended September 30, 2019. For the year ended September 30, 2021, the decrease in net position consisted of \$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
Total	\$ 276,989,765	\$ 241,365,926	\$ 252,892,467

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>	2021	2020
ASSETS		
Current assets		
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
Total current assets	58,625,325	68,470,142
Noncurrent assets		
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
Total noncurrent assets	290,985,877	260,825,983
Total assets	\$ 349,611,202	\$ 329,296,125

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
Total current liabilities	26,623,862	42,473,295

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
Total noncurrent liabilities	179,444,358	138,320,841

Total liabilities	206,068,220	180,794,136
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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

Total net position	\$ 143,542,982	\$ 148,501,989
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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>	2021	2020
Operating revenues		
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
Operating expenses		
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
Loss from operations	(4,098,361)	(2,832,001)
Non-operating revenues (expenses)		
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)	(860,646)	(933,813)
Change in net position	(4,959,007)	(3,765,814)
Net position, beginning of year	148,501,989	152,267,803
Net position, end of year	\$ 143,542,982	\$ 148,501,989

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	3,083,391	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	(3,474,753)	(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	846,974	(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>	2021	2020
Cash	\$ 22,369,356	\$ 22,067,569
Restricted cash	6,602,857	6,449,032
Total cash	\$ 28,972,213	\$ 28,516,601

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:**

Loss from operations	\$ (4,098,361)	\$ (2,832,001)
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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
Net cash provided by operating activities	\$ 3,083,391	\$ 31,812

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>	2021	2020
Demand deposits	\$28,972,213	\$28,516,601
Classified as:		
Cash	\$22,369,356	\$22,067,569
Restricted cash	6,602,857	6,449,032
Total	\$28,972,213	\$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>	2021	2020
Investment 1 - 25,000 shares of common stock	\$ 50,000	\$ 400,000
Investment 1 - warrants to purchase 25,000 shares of common stock	69,930	559,440
Investment 2 - 20,000 shares of common stock	24,965	199,720
Investment 2 - warrants to purchase 20,000 shares of common stock	24,965	199,720
Investment 3 - 60,000 shares of common stock *	1,966,800	1,966,800
Investment 4 - 55,555 shares of series A preferred stock	63,000	499,995
Total	\$ 2,199,660	\$ 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>	2021			2020	
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>	2021		2020	
Equipment at cost	\$	299,691	\$	299,691
Less: accumulated depreciation		(149,846)		(89,907)
Total	\$	149,845	\$	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
Total	\$ 7,934,829	\$ 369,980	\$ (3,363,039)	\$ 4,941,770	\$ 1,272,404

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

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>	2021	2020
Domestic:		
Travel and incidental (1)	\$ 90,443	\$ 119,319
Conference fees	3,499	-
Business meals	28,486	14,272
Total domestic	122,428	133,591
Foreign:		
Travel and incidental (1)	-	13,456
Business meals	-	232
Total foreign	-	13,688
Total	\$ 122,428	\$ 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, Riggs & 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
Florida Department of Economic Opportunity				
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	-
Florida Department of Transportation				
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 | 44 |
| b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Space Florida's fiscal year as | 1 |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. | \$ 4,874,889 |
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. | \$ 6,000 |
| 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 | below |

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)
CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Board of Directors
Space Florida

We have examined Space Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 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

Required Communications



Required Communications



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

321.255.0088
321.259.8648 (fax)
CRlcpa.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.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Yvonne Clayborne", is written over a faint, light blue circular background.

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>Auditors' responsibility under Generally Accepted Auditing Standards, <i>Government Auditing Standards</i> and Chapter 10.550, Rules of the Auditor General.</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>Client's responsibility</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>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <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>Potential effect on the financial statements of any significant risks and exposures <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>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</p> <ul style="list-style-type: none"> <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> <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> 	<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>Significant difficulties encountered in the audit <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>Disagreements with management <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
Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance.</i>	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None noted.
Corrected and uncorrected misstatements <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.
Major issues discussed with management prior to retention <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.
Consultations with other accountants <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.
Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i>	See "Management Representation Letter" section.
Fraud and illegal acts <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.
Other information in documents containing audited financial statements <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"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact.



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Required Supplementary Information <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>Supplementary Information in relation to the financial statements as a whole <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: _____

June 30, 2022 Interim Financials

SPACE FLORIDA



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

	Total Budget	Q1 Actual	Q2 Actual	Q3 Actual	Committed	Total Actual and Committed	Budget Remaining
Operating Revenues							
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)
Total Operating Revenues	\$ 14,530	\$ 3,738	\$ 3,762	\$ 3,636	\$ 3,443	\$ 14,579	\$ (48)
Operating Expenses							
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
Total Operating Expenses (Excluding Depreciation)	\$ 14,530	\$ 2,851	\$ 3,119	\$ 3,166	\$ 3,525	\$ 12,662	\$ 1,869
Change in Net Assets Due to Operations	\$ -	\$ 887	\$ 643	\$ 470	\$ (82)	\$ 1,917	

Fiscal Year 2023 Budget

SPACE FLORIDA



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

	<u>Total Budget</u>
Operating Revenues	
State Appropriated Revenue - OPS	\$ 11,500
Other Revenue	\$ 3,877
Total Operating Revenues	<u>\$ 15,377</u>
Operating Expenses	
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
Total Operating Expenses (Excluding Depreciation)	<u>\$ 15,377</u>
Change in Net Assets Due to Operations	<u>\$ (0)</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
Operating Revenues					
State Appropriated Revenue - OPS	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
Other Revenue	\$ 3,030	\$ 3,079	\$ (48)	\$ 3,877	\$ (846)
Total Operating Revenues	\$ 14,530	\$ 14,579	\$ (48)	\$ 15,377	\$ (846)
Operating Expenses					
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
Total Operating Expenses (Excluding Depreciation)	\$ 14,530	\$ 12,662	\$ 1,869	\$ 15,377	\$ (846)
Change in Net Assets Due to Operations	\$ 0	\$ 1,917	\$ (1,917)	\$ (0)	\$ 0

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
Operating Revenues					
State Appropriated Revenue	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
Facility Revenue					
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)
	\$ 1,950	\$ 2,439	\$ (489)	\$ 2,835	\$ (884)
Financing Revenue					
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
	\$ 1,080	\$ 500	\$ 580	\$ 925	\$ 155
Other Revenues					
Franchise Fees	\$ -	\$ 90	\$ (90)	\$ 117	\$ (117)
Other SF Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ -	\$ 49	\$ (49)	\$ -	\$ -
	\$ -	\$ 139	\$ (139)	\$ 117	\$ (117)
Total	\$ 14,530	\$ 14,579	\$ (48)	\$ 15,377	\$ (846)

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
Salary & Other Related Costs					
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)
	\$ 7,405	\$ 6,722	\$ 683	\$ 8,963	\$ (1,559)
Contract & Subcontract Services					
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
	\$ 1,296	\$ 532	\$ 764	\$ 806	\$ 490
Utilities & Maintenance					
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
	\$ 3,523	\$ 3,788	\$ (265)	\$ 3,780	\$ (257)
Travel & Entertainment					
Travel & Entertainment	\$ 248	\$ 212	\$ 35	\$ 221	\$ 27
	\$ 248	\$ 212	\$ 35	\$ 221	\$ 27
Business Recruitment & Investment					
Promotional & Project Expenses	\$ 154	\$ 78	\$ 76	\$ 105	\$ 49
Sponsorships/Other Grants & Aid	\$ 208	\$ 155	\$ 53	\$ 155	\$ 53
	\$ 361	\$ 232	\$ 129	\$ 260	\$ 101
General & Administrative					
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
	\$ 1,698	\$ 1,174	\$ 524	\$ 1,347	\$ 351
Total	\$ 14,530	\$ 12,661	\$ 1,869	\$ 15,377	\$ (846)

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
Total	151	155,851	48,199	204,050

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
Total	44	12	9	47

Investment Policies and Procedures



Space Florida Investment Policies and Procedures

Purpose

This document provides guidance regarding investment criteria and portfolio management of Space Florida's investments. The objective of Space Florida's investment criteria and portfolio management policies are to maintain focus on Space Florida's mandate and mission to drive growth of the aerospace industry and to provide a framework that reduces or eliminates deviations or decisions driven by emotional or political factors.

This document establishes governance, return and risk objectives, types of investments, and risk management by Space Florida for the purpose of executing its government mission. In doing so the policy defines:

- 1) The delegation of duties and responsibilities concerning the management of Space Florida investments.
- 2) The criteria for investment and performance.

Through the definition of these elements, the policy serves to inform the Board, staff, clients, stakeholders, and other interested parties that may have an interest in the execution and management of Space Florida's investments. This policy also serves as a review document to guide the ongoing oversight of the management of the organizations' investments procedures and processes.

1) Delegation of Responsibilities

The Board of Directors via its Investment Committee has a direct oversight role regarding all decisions that impact Space Florida's investments. The Board has delegated supervisory responsibility for the management of Space Florida's investments to its' Investment Committee. Specific responsibilities of the various bodies and individuals responsible for the management of investments are set forth below:

Responsibilities of the Board:

The Board shall ensure its responsibilities concerning the management of Space Florida's Investments are fulfilled through appropriate investment structure and management consistent with its policies and procedures. Based on the advice and recommendations of the Investment Committee, the Board shall:

- Select, appoint, and remove members of the Investment Committee.
- Approve investment policies and objectives that reflect the long-term investment-risk orientation of Space Florida's Mission.

Responsibilities of the Investment Committee:

Members of the Investment Committee are held accountable for adherence to procedural prudence, or the process by which decisions are made in respect to the Investment. Members of the Investment Committee are not held accountable for the outcome of specific investments including less than desirable outcomes. In consideration of the foregoing, the Investment Committee is responsible for the development, recommendation, implementation, and maintenance of all policies relative to Space Florida's Investments and shall:



- a) Develop and/or propose policy recommendations to the Board regarding the management of all Space Florida investments.
- b) Review and recommend to the Board Project and Contract Activities proposed by management.
- b)c) Recommend long-term and short-term investment policies and objectives, including the study and selection of asset classes, determining asset allocation ranges, and setting performance objectives.
- d)d) Ensure that investments are prudently and effectively managed with the assistance of Space Florida management and any necessary investment consultants and/or other outside service professionals, if any.
- d)e) Monitor and evaluate the performance of Space Florida management and staff responsible for the management of investments.
- e)f) Convene regularly to evaluate whether this policy, investment activities, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of investments.

Responsibilities of Management:

Management shall be responsible for day-to-day administration and implementation of policies established by the Board and/or the Investment Committee concerning the management of Space Florida's Investments. Specifically, management shall:

- a) Oversee day-to-day operational activities of all investments subject to policies established by the Board and/or the Investment Committee.
- b) Propose Project and Contract Activities to the Committee for review, vetting, and recommendation for Board action.
- b)c) Regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook, and investment strategies; monitor asset allocation and rebalance assets, as directed by the Investment Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and tend to all other matters deemed to be consistent with due diligence with respect to prudent management of Space Florida's investments.
- d)d) Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments.
- d)e) Prepare and issue periodic status reports to the Board and the Investment Committee.
Specifically periodic reports that address:
 - i.) Total quantities and overall quality of investment opportunities.
 - ii.) Assessment of "Qualities of Value" of proposed investment. Disclosing qualities NOT met.
 - iii.) Status of Work-In-Process.

2) Investment Considerations

In accordance with Florida Statutes 331.305 (5) & (6), 331.310(1d) and Space Florida's Vision, Mission, Objectives, Strategies and Tactics (VMOST), the Investment Committee must consider the purposes of managing and investing for Space Florida. ***Space Florida investment assets are held because of its mission activities and not primarily for the purpose of income or profit.*** All individuals responsible for managing and investing must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to investment, the following



qualities of value within an investment opportunity should be considered and subject to due diligence. Due diligence meaning investigation, audit, and review to confirm facts, details of a matter, and representations made that a reasonable businessperson would normally expect to take place before entering into an agreement.

Qualities of Value in Considering Investment Opportunities:

- Skilled entrepreneur with team and industry experience (business/company history) (Organizes and operates a business taking on greater than normal risk to do so)
- Clear and achievable Mission or Vision for the entity (helps define and direct the timeline and core competencies and capabilities the entity must develop and hone)
- Problem solving experience (the demonstrated ability to solve, not just debate, real business and technical problems)
- Feasible and effective business model
- Large addressable market with favorable market conditions
- Fair valuation of the entity based on industry and market benchmarks
- Experience and demonstrated ability to handle rejections and keep the business going
- Investors with industry expertise
- Established and effective safety nets and viable exit plan (including a doomsday plan)
- Established and beneficial relationships in the company's niche
- Low competition / high barrier to entry (uniqueness of the entity or offering)
- Detailed business and operations plan with focus on fundamental resources available to an entity (i.e., those resources an entity can fully manage, manipulate, or control) including Human, Information, Financial, Material, and Time
- Time in business (meaning the amount of time a company has engaged (1) in the identification and satisfaction of the desires of its customers, by (2) way of planned and coordinated efforts of employees and team for (3) a reasonable profit available to owners)
- Monthly revenue as indication of a Going Concern; meaning to have the resources to continue making enough money with no immediate concern of liquidation or remain active for the foreseeable future until a show of evidence to the contrary.
- Credit score as an indication of creditworthiness; meaning whether a lender considers an entity willing, able, and responsive enough to make loan payments as agreed until loan is repaid
- Availability and quality of collateral (for leverage)
- Evaluation of the purpose of loan/investment (e.g., use of funds)
- Evaluation of source and use of funds needed to accomplish objectives
- Evaluation of personal information of key individuals including credit history, criminal history, employment roles and responsibilities, professional certificates, citizenship, and other factors
- Evaluation of outstanding loans/debts/obligations of key individuals (personal guarantees or other guarantees)

Guidelines for Investing:

Good investments have a "high probability" of success. Success for Space Florida is achievement of the organizational Vision, Mission, and Objectives as defined in Space Florida's VMOST. Qualities for successful investment that Space Florida intends to demonstrate are: Contrary Thinking, Patience, Composure, Flexibility, and Decisiveness. Successful investment constraints that Space Florida must consistently address are time, risk tolerance, economic conditions; and the ongoing capabilities and



competencies of the target entities' technology, business model, and management (e.g., governance, management team).

Performance Measurements Standards:

The benchmarks to be used to evaluate the performance of the investments will be first and foremost to demonstrate that the investment is enabling Space Florida to fulfill its mission to grow and diversify the aerospace industry in Florida, and, secondarily to meet the performance target of 1.5 times greater than cost (to be determined with the Investment Committee). It is the responsibility of the Investment Committee of the Board of Directors to regularly review the performance of the investments and investment policy guidelines, and report to the Board of Directors annually with updates and recommendations as needed.

Reserve Investment Fund:

The Board of Directors and the Investment Committee are responsible for the establishment of a Reserve Investment Fund (RIF) to: (a) ensure that over the medium-to-long term, sufficient investment return shall be redeemed and reinvested to preserve and grow the RIF as a priority; and (b) provide funds for the annual operating budget in an amount as recommended by the Investment Committee to the full Board for approval. Space Florida may make investments under this policy using a combination of funds from the RIF to leverage up aerospace financing appropriations with the goal of achieving at least a ratio of 1:10 (to be determined by the Investment Committee).

Annually, Space Florida is authorized to withdraw up to 10% (to be determined by the Investment Committee) of the total Fair Value per Governmental Accounting Standards Board (GASB) Statement No. 72 of the RIF for the organization's organic growth purposes. The withdraw percentage is applied to the trailing thirty-six-month Fair Value to smooth fluctuations that may occur in total Fair Value. The dollar amount and timing of any distribution(s) from the investment account will be the responsibility of the Chief Executive Officer and the Treasurer.

Space Florida Strategic Roadmap

GOALS

Grow Space Florida's Infrastructure/Investment Portfolio from \$2B to \$10B by 2030

MEASURED BY

Portfolio Value
2021 2022
 +2.7B → +4B

Move Florida's Rank Among States for Aerospace/Space Workforce from 7th Place to 4th or Better

MEASURED BY

Aerospace/Space Workforce State Ranking
 (Employment - BLS)
2021 2022
 7th → 6th

Drive/Achieve Both Market Perception and Reality of Florida as an Aerospace Capital Center (Significantly Expanded Capital Base)

MEASURED BY

Marketplace Ranking for Aerospace Attractiveness
 (PWC)
2021 2022
 8 8

-- LEGEND --

IMPROVING

DECLINING

NO CHANGE

2021-2022 Example Data



SPACE FLORIDA STRATEGIC ROADMAP

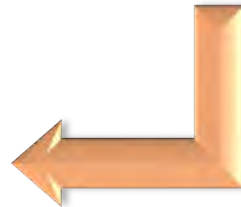
❖ Governance:

- Board Member Representation
 - ✓ Capacity and Capabilities
- Control Systems and Compliance
 - ✓ Compliant, Reliable, Useful



❖ Brand and Messaging:

- Stakeholder Engagement Plan(s)
 - ✓ Engagement Activities
- Space Florida Brand Identity
 - ✓ Brand Awareness
- Business and Political Messaging
 - ✓ Effectiveness and Efficiency to Produce Action



❖ Business Operations:

- Strategic Staffing/Succession Planning
 - ✓ Management Plans/Board Grades
- Resources/Funding Streams
 - ✓ Management Plans/Board Grades
- Collaborative Stakeholder Goals
 - ✓ Management Reports/Board Grades

-- LEGEND --

- ❖ Category
- Objective
- ✓ Index of Performance



Grow Space Florida's Infrastructure/Investment Portfolio from \$2B to \$10B by 2030 Move Florida's rank among States for aerospace/space workforce from 7th place to 4th place or better Drive/Achieve both market perception and reality of Florida as an Aerospace Capital Center (Significantly Expanded Capital Base)				
Category	Objective	Implementation	Assessment	Roadmap Index of Performance
Governance: The exercise of authority with responsibility to direct and control an organization in order to ensure its purpose is achieved.	1. Board member representation and engagement with capacity and capabilities to direct the business	Refine roles and responsibilities of the board of directors and committees: <ul style="list-style-type: none"> - Enhance board and committee responsibilities for active input/direction into strategies - Develop matrix of director skills, experience and board tenure - Annually conduct multi-step director evaluations including one on one director peer evaluations, self evaluations, Space Florida activity participation attendance and engagement with stakeholders 	Self Assessment & Evaluations	Capacity and capabilities
	2. Financial and internal control systems; Ethics and Regulatory Compliance	Enterprise Risk Management responsibilities for board and management: <ul style="list-style-type: none"> - Rules and policies review/updates (including insurance, safety, compliance, and contingency) 	Professional independent and internal examinations & reviews	Compliant Reliable Useful
Brand and Messaging: Activities and processes for creating, communicating, delivering, and exchanging offerings and information that have value for clients, stakeholders and Florida at large. Brand: Product, services, and mission provided by Space Florida for Florida. Messaging: Communications to trigger action.	1. Stakeholder Engagement Plan(s)	Determine exactness as to engagement with stakeholders for public dialogue participation that promote mission and industry growth: <ul style="list-style-type: none"> - Develop communication strategy for internal and external stakeholder engagement/activities 	Combination Of: <ul style="list-style-type: none"> - Independent Professional Evaluation - Customer Satisfaction Survey 	Engagement activities
	2. Space Florida Brand Identity	Differentiate Space Florida brand/roles/mission positions and objectives	Annual report	Brand awareness
	3. Business and Political Messaging	Communication Objectives: <ul style="list-style-type: none"> - Monthly newsletters content and distribution - Enhance website and web blog related efforts - Raise awareness and disseminate public policy positions 	In-bound/out-bound marketing activities	Effectiveness and efficiency to produce action
Business Operations: Harvesting of value from organizational assets.	1. Strategic staffing/expansion of professional staff and succession planning	Human resources stewardship: <ul style="list-style-type: none"> - Expand and accelerate talent acquisition - Board and staff succession plan 	Organization chart and succession plan	Management plans/Board grades
	2. Organizational resources including funding streams	Determine and prioritize business operational resources. <ul style="list-style-type: none"> - Define services, products and deal structure roles - Refine synchronization of internal communications - Secure funding/revenue streams/capital access - Secure and procure TBD resources (software, professional and contractor support) 	VMO of VMOST, annual performance metrics and benchmarking	Management plans/Board grades
	3. Ability to work together for foreseeable future towards common goals (Collaborative Stakeholder Goals)	Identify synergetic goals for Florida's aerospace industry. <ul style="list-style-type: none"> - Clients - Strategic Sources 	Governance & Statutes (connection to state/competitive advantage)	Board grades

Project and Contract Activities



Space Florida Board of Directors Meeting

November 14, 2022

Project and Contract Activities

(Florida Statutes: 331.305; 331.3051; 331.310; 331.312; 331.323; 331.324; 331.331, 331.354; 331.360 and 331.371)

1. **Project Davinci:** Management requests approval for authority to negotiate and enter the following agreements for Project Davinci related activities:

Item A: Solicitation Award for RFQ-SF-01-0-2022 for Architectural, Engineering and Construction Administration for Project Davinci facilities.

Item B: Solicitation Award for RFQ-SF-03-0-2022 for Construction Manager to construct Project Davinci facilities.

Selected Contractors and award amounts are anticipated to be determined prior to the board meeting.

2. **Project Constitution:** Management requests approval for authority to negotiate and enter Estoppel and Consent Agreement, subject to certain consent approvals, with Airbus OneWeb Satellites Florida, LLC., and Airbus US Space & Defense, Inc., for the assignment of Sublease #17-024 from Airbus OneWeb Satellites Florida, LLC., to Airbus US Space & Defense, Inc., for Project Constitution and related sub-sublease activities.
3. **Space Life Sciences Laboratory (SLSL):** Management requests approval for authority to negotiate and enter a Term Sheet with the University of Florida (UF) regarding the Parties' intentions to: (i) seek extension of the NASA Real Property Use Permit governing the SLSL (ii) enter a Sublease Agreement in which Space Florida will sublease the SLSL Parcel to UF, (iii) convey the SLSL from Space Florida to UF, (iv) assign existing tenant leases from Space Florida to UF as Landlord, (v) enter a Sublease Agreement for Space Florida's use of certain office space in the Facility, and (vi) enter an agreement governing ongoing obligations, marketing, branding, promoting, and maximizing use of the Facility.
4. **LLF East Area Development:** Management requests approval for authority to negotiate, enter, update, and allocate up to Fifty-Eight Million Eight Hundred Thousand Dollars (\$58,800,000) to The Middlesex Corporation, BRPH Engineers Architects, Inc., Michael Baker International, Inc., RUSH Construction, Inc., and Neoverde Holdings, LLC., as related to vendor and contractor agreements associated with the Launch and Landing Facility (LLF) East Area Development project and activities.
5. **2021 FDOT Spaceport Program and Project Services Contractors:** Management requests approval for authority to negotiate, enter, update and allocate the following as related to Fiscal Year 2021 FDOT Spaceport Program and Project Services contractor agreements in the amount of Six Million Nine Hundred Ten Thousand Eight Hundred and Nineteen Dollars (\$6,910,819) as follows:

SPACE FLORIDA



\$2,000,000	Volkert, Inc., for Space Commerce Way activities
2,511,819	AECOM/BRPH/RS&H, for Spaceport Program and Project Services
569,000	Florida City Gas, for Natural Gas Pipeline Study & Design
500,000	Titusville Cocoa Airport Authority, for Space Coast Regional Master Plan and Test Stand Design and Permitting
<u>1,330,000</u>	AECOM/BRPH/RS&H for Consulting Planning, Engineering Services and Spaceport Program and Project Services
\$6,910,819	TOTAL

6. **2023 Facilities and Subleases:** In conjunction with the operations of Exploration Park, the Space Life Sciences Lab, the RLV Hangar and Launch and Landing Facility, Launch Complex 20, Launch Complex 46, Area 57, South Campus office, and the Camp Blanding Rocket Motor Storage Facility, management requests authority for approval for management to negotiate and enter agreements for the following:

Item A: For facility and property management activities for premises fees, operations and maintenance, information technology, utilities, insurance, property management and service commodity needs at market terms for Fiscal Year 2023 in the budgeted amount of up Six Million Five Hundred Thousand Dollars (\$6,500,000). (Primary Vendors/Contracts include but are not limited to: The State of Florida Armory Board [through the Department of Military Affairs], the Air Force, NASA, Eastern Aviation Fuels, Inc., [DBA Titan Aviation Fuels], Aviation Systems Engineering Company, Inc., Apogee Systems, Florida Municipal Insurance Trust, RUSH Facilities, LLC., Consolidated Safety Services, Inc., The Washington Consulting Group, Inc., Brevard Achievement Center, AT&T, DC Lawn Care, Mechanical Services of Central Florida, Travis Plumbing, Waste Management Inc of Florida, W.W. Gay Mechanical Contractor, Inc, W.W. Gay Fire & Integrated Systems, Inc, Presidio Technology Capital, LLC., Level 3 Telecom Holding, LLC [DBA CenturyLink], Florida High Speed Internet, Host Dime, Cummins Power South, Advance Security & Communications, Advance Disposal, Alachua Fire Extinguisher, AmeriLec, Florida Pest Control, Board of Bradford County Commissioners, and Comp-Air Service Co.)

Item B: Fiscal Year 2023 Subleases for the above referenced facilities at Space Florida's established market rates.

Introduction of New Leadership



Anna Alexopoulos Farrar

Vice President, Corporate Communications
Space Florida

Anna Alexopoulos Farrar is a seasoned communications professional who brings senior oversight, energy and focus to every project. Anna leads all communications and branding at Space Florida and is charged with amplifying the brand through comprehensive communications strategies. She has more than 15 years of communications experience in the public, private, and nonprofit sectors. Anna most recently served as the global communications lead at a publicly traded company. Prior to this role, she served in senior-level positions at the Florida Department of Financial Services, working with two Florida chief financial officers, served as a vice president of accounts for a full-service public relations firm, and handled media relations for a nonprofit. She has extensive experience in developing and executing full-scale branded communications campaigns, message development, brand architecture creation, and crisis communications.

Anna received a B.A. in Political Science and Social Sciences from Florida Atlantic University (FAU) and a M.S. in Communications from Purdue University. She is frequently asked to speak on communications best practices, including presenting at her alma mater, FAU, and at Boston University.

Mike Miller is the VP of External Affairs and Workforce Integration. He plays a vital role in advocating for the mission of Space Florida both in Tallahassee and Washington, DC. Mike is also tasked with guiding the organization to access and enhance the skilled labor force in Florida through partnerships with the Department of Education and companies seeking to relocate to Florida or expand their current operations in the state.

Mr. Miller has a long career in public service, spanning nearly 30 years. Before joining FLVS in 2019, he was a State Representative for the Florida House of Representatives and worked with local leaders in both parties on issues to better the community. While in the Florida House he served on various committees, including Commerce and K-12 education, as well as Health Quality and Transportation. Mike advocated for victims of crimes or trauma, supported affordable housing for seniors and families, and fought to curtail youth homelessness.

He currently serves on the boards for Goodwill Industries of Central Florida, the North and Central Florida Chapter of the Alzheimer's Association, AMI Kids Orlando (an afterschool programs for at-risk kids), and the Florida Network (a statewide association representing 29 agencies that serve homeless, runaways, and troubled youth ages six and older and their families).

Mr. Miller has a bachelor's degree in American History from the University of Florida, and an MBA from the Crummer Graduate School of Business at Rollins College.