

**Report of Independent Auditor on Compliance for the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650,
Rules of the Florida Auditor General**

To the Members of the Board of Directors
Enterprise Florida, Inc.
Orlando, Florida:

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Enterprise Florida, Inc. and consolidated entities' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended June 30, 2019. The Organization's major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal program and state financial assistance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Florida Auditor General. Those standards, the Uniform Guidance and Chapter 10.650 Rules of the Florida Auditor General, 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 federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal awards program and each of its state financial assistance projects for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on the major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and each state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or a state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 the 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida
September 26, 2019

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

Agency and Purpose	Grant Period	CFDA Number	CSFA Number	Grant/Contract Number	Expenditures	Pass-Through to Subrecipients
Federal Agency Name:						
U.S. Department of Energy						
<i>Passed through the State of Florida, Executive Office of the Governor, Department of Agriculture and Consumer Services, Department of Energy</i>						
ARRA-State Energy Program	7/1/12-6/30/13	84.041	-	DE-EE0000241/ARS003	\$ 36,089,000	\$ -
Total expenditures of federal awards					\$ 36,089,000	\$ -
State Agency Name:						
Direct projects:						
State of Florida, Department of Economic Opportunity						
E1 Enterprise Florida, Inc. - Operating Support	7/01/18-6/30/19	-	40.040	SO116	7,010,947	-
E2 Enterprise Florida, Inc. - International Programs	7/01/18-6/30/19	-	40.040	SO116	3,101,113	-
E3 Enterprise Florida, Inc. - Florida Export & Diversification Program	7/01/18-6/30/19	-	40.040	SO116	51,855	51,855
E4 Enterprise Florida, Inc. - Foreign Offices	7/01/18-6/30/19	-	40.040	SO116	1,641,521	-
E5 Enterprise Florida, Inc. / Team Florida Marketing operating support	7/01/18-6/30/19	-	40.040	SO116	931,664	-
E2 Enterprise Florida, Inc. - International Programs	7/01/17-6/30/18	-	40.040	SB 18-001	1,046,978	-
E3 Enterprise Florida, Inc. - Florida Export & Diversification Program	7/01/17-6/30/18	-	40.040	SB 18-001	930,439	930,439
E4 Enterprise Florida, Inc. - Foreign Offices	7/01/17-6/30/18	-	40.040	SB 18-001	349,752	-
E3 Florida Export Diversification and Expansion Program	7/1/16-6/30/17	-	40.040	SB 17-001 / S0048	674,806	674,806
E5 Enterprise Florida, Inc. / Team Florida Marketing operating support	7/1/16-6/30/17	-	40.040	SB 17-001 / S0048	643,432	-
F1 Florida Sports Foundation - Sr. Games/SSG	7/1/18-6/30/19	-	40.040	SB18-004	1,198,116	274,535
F2 Florida Sports Foundation - Major/Regional Grants	7/1/18-6/30/19	-	40.040	SB18-004	2,221,788	2,221,788
F3 Florida Sports Foundation - License Plate Project	7/1/18-6/30/19	-	40.040	SB18-004	1,229,201	67,233
DS19 Florida Defense Support Task Force	7/1/18-6/30/19	-	40.040	SB 18-005	1,648,637	247,997
DS18 Florida Defense Support Task Force	7/1/17-6/30/18	-	40.040	SB 18-005	29,722	29,722
DS17 Florida Defense Support Task Force	7/1/16-6/30/17	-	40.040	SB 17-005	513,559	513,559
DS16 Florida Defense Support Task Force	7/1/15-6/30/16	-	40.040	SB-16-001	2,357	2,357
Total CSFA 40.040					<u>23,225,887</u>	<u>5,014,291</u>
E7 Florida International Business Expansion Initiative (FIBEI)	7/1/07-6/30/08	-	31.046	FIBEI	50,000	50,000
Total CSFA 31.046					<u>50,000</u>	<u>50,000</u>
D1 Defense Infrastructure Grants	7/1/14-6/30/15	-	40.003	SB-14-005	179,152	179,152
D2 Defense Infrastructure Grants	7/1/13-6/30/14	-	40.003	SB-14-005	312,988	312,988
D3 Defense Infrastructure Grants	7/1/12-6/30/13	-	40.003	SB-12-005	335,736	335,736
Total CSFA 40.003					<u>827,876</u>	<u>827,876</u>
D4 Defense Infrastructure Grants	7/1/10-6/30/11	-	31.003	OT-11-005	116,311	116,311
E5 Enterprise Florida, Inc. - Rural Strategic Marketing	7/1/06-6/30/07	-	31.003	OT-06-007	97,293	97,293
Total CSFA 31.003/40.003					<u>213,604</u>	<u>213,604</u>
State of Florida Department of Highway Safety and Motor Vehicles						
F4 Florida Sports Foundation - Olympic	7/1/17-6/30/18	-	76.018	SB18-004	43,113	43,113
F5 Florida Sports Foundation - NASCAR	7/1/17-6/30/18	-	76.101	SB18-004	57,591	57,591
F6 Florida Sports Foundation - Tennis	7/1/17-6/30/18	-	76.107	SB18-004	90,650	90,650
Total State of Florida Department of Highway Safety and Motor Vehicles					<u>191,354</u>	<u>191,354</u>
ds15 Florida Defense Support Task Force	7/1/14-6/30/15	-	40.014	SB-14-005	45,698	45,698
Total CSFA 40.014					<u>45,698</u>	<u>45,698</u>
Total expenditures of state financial assistance					\$ 24,554,418	\$ 6,342,822

See notes to schedule of expenditures of federal awards and state financial assistance

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

4. Defined in Section 288.904(2)(b)(4) as cash generated by fees charged for products or services of Enterprise Florida, Inc., and its divisions by sponsorship of events, missions, programs, and publications.
5. Defined in Section 288.904(2)(b)(5) as copayments, stock, warrants, royalties, or other private resources dedicated to Enterprise Florida, Inc., or its divisions. The amount provided is derived from Visit Florida and cash gains received on investments held at the Florida Opportunity Fund. Visit Florida is a direct support organization dedicated solely to the Enterprise Florida, Inc. division of Tourism Marketing so private resources of Visit Florida that are not required for Visit Florida's match are available for Enterprise Florida, Inc.'s match requirements. Visit Florida's financial information is not presented as part of GAAP basis financial reporting for Enterprise Florida, Inc. The Florida Opportunity Fund is a consolidated entity of Enterprise Florida, Inc.
6. The total match required is the budget contracted by the Department of Economic Development to Enterprise Florida, Inc. less any funding that is directed by the legislature to be subcontracted to a specific recipient entity. The total match requirement consists of \$16,000,000 of Enterprise Florida, Inc. operating support, and \$158,934 of Florida Defense Support Task Force administration for year ended June 30, 2019.
7. Excess matching funds do not include Quick Response Training eligible match, the amount of which was not obtained since match requirements have been met without regard to such eligible match.

Note 3 – Indirect Cost Rate

The Organization did not elect to utilize the 10% de minimis indirect cost rate.

Note 4 – Loan Program Outstanding Balance

For purposes of federal awards, the Organization has a loan outstanding from the U.S. Department of Energy totaling \$36,089,000 as of June 30, 2019.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

YEAR ENDED JUNE 30, 2019

Part I Summary of Auditor Results

Financial Statement Section

Type of auditor report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Non-compliance material to financial statements noted? yes x no

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditor report on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) x yes no

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Florida Auditor General yes x no

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor Results (continued)

Federal Awards and State Projects Section (continued)

Identification of major federal programs and state projects:

Federal Programs:

Name of Program or Cluster	CFDA Number
U.S. Department of Energy State Energy Program	81.041

State Projects:

Name of Project	CSFA Number
Florida Department of Economic Opportunity Enterprise Florida, Inc.	40.040

Dollar threshold used to determine Type A programs:

Federal	\$ 750,000
State	\$ 898,882

Auditee qualified as low-risk auditee for federal purposes?

 x yes no

Part II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the consolidated financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

YEAR ENDED JUNE 30, 2019

Part III – Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR section 200.516(a).

U.S. Department of Energy – 81.041 – State Energy Program

Statement of Condition 2019-001: Required quarterly reports were not filed timely with the Florida Department of Agriculture and Consumer Services, Office of Energy ("DACS-OOE"). This finding was noted in the 2018 report and was documented as Condition 2018-001.

Criteria: Under the Florida Energy and Climate Commission Grant Agreement ("Agreement"), each quarter has certain deliverables required to be filed by the Organization. Under the Long Term Program Deliverables section of Attachment A-2 of the Agreement, the Organization is required to file quarterly reports within 3 days of quarter end and annual reports within 30 days of the Agreement's year end. These deadlines were established in section 6 and 7 of the Agreement.

Effect of Condition: Quarterly reports not filed timely could result in actions taken by DACS-OOE as described in section 11 of the Agreement.

Cause of Condition: The Organization was unable to file timely due to the complex nature of the reporting and the stringent deadlines in place for submission. All reports were filed; however, all were late according to the reporting requirements.

Recommendation: DACS-OOE acknowledged that a contract revision is being considered to provide additional time for the Organization to submit the required reports. The Organization should continue to work with DACS-OOE to ensure the contract is amended to allow for more reasonable submission deadlines.

Management's Views: The response from management is presented on the Summary Schedule of Prior Findings and Corrective Action Plan.

Part IV – State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state projects, as required to be reported by Chapter 10.650, Rules of the Florida Auditor General.

There are no items related to state financial assistance required to be reported. Accordingly, a management letter is not required.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

YEAR ENDED JUNE 30, 2019

Summary of Prior Year Findings

Condition 2018-001: Required quarterly reports were not filed timely with the Florida Department of Agriculture and Consumer Services, Office of Energy ("DACS-OOE").

Status: Management recognized that quarterly reports were required to be filed. However, each of the reports was filed after the required deadlines. This finding was repeated in 2019 as Condition 2019-001.



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September 26, 2019

The following information is being prepared in accordance with the Corrective Action Plan requirements outlined in CFDA 81.041 and is in relation to the June 30, 2019 Florida Opportunity Fund (FOF) audit. Enterprise Florida facilitated the creation of FOF, is its sole member and controls its majority voting interest through appointment of its Board of Directors.

Summary of Finding

Under the Florida Energy and Climate Commission Grant Agreement ("Agreement"), each quarter has certain deliverables required to be filed by the Organization. Under the Long Term Program Deliverables section of Attachment A-2 of the Agreement, the Organization is required to file quarterly reports within 3 days of quarter end and annual reports within 30 days of the Agreement's year end. These deadlines were established in section 6 and 7 of the Agreement. If these quarterly reports are not filed timely, certain actions may be taken by DACS-OOE as described in section 11 of the Agreement.

Cause of Finding

FOF was unable to file timely due to the complex and voluminous nature of the reporting and the stringent deadlines in place for submission. All reports were filed; however, all were late according to the reporting requirements.

Corrective Action Plan

FOF is currently engaged in conversations with DACS-OOE, who has acknowledged that a contract revision should be considered to extend the reporting deadlines and allow for a more reasonable submission window. Enterprise Florida has been in discussions throughout the year with a representative from the Florida Department of Agriculture and Consumer Services to discuss a means of amending the existing agreement to extend the reporting deadline. Additionally, EFI is exploring other operational changes to facilitate reporting requirements without incurring an audit Finding. FOF is currently waiting for a formal response from DACS-OOE with finalized contract revisions.

Sincerely,

Robert Schlotman
Chief Operating Officer

Governor Ron DeSantis,
Chairman

Jamal Sowell,
Florida Secretary of Commerce
President & CEO

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