

**ENTERPRISE FLORIDA, INC.
AND CONSOLIDATED ENTITIES
(A COMPONENT UNIT OF THE STATE
OF FLORIDA)**

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

And Report of Independent Auditor

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

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Report of Independent Auditor

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Enterprise Florida, Inc. and consolidated entities (the "Organization"), a component unit of the State of Florida, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles general accepted in the United States of America.

Emphasis-of-matters

As discussed in Note 1 and Note 6, the consolidated financial statements include investments in venture capital partnerships and direct investments valued at \$21,288,870 and \$51,363,549, respectively, representing 29% of net assets at June 30, 2020, whose values have been estimated by the Organization in the absence of readily determinable market values. The Organization's estimates are based on information provided by the venture capital partnerships, the fund manager of the direct investments and a third party valuation specialist. Due to the inherent uncertainty of these estimates, these values may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and schedule of activities by consolidated entity listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Florida Auditor General, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 23, 2020 on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.



Orlando, Florida
September 23, 2020

CONSOLIDATED FINANCIAL STATEMENTS

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Cash:		
Operating	\$	22,177,898
Limited as to use		100,012,055
Due from State of Florida		11,872,008
Accounts and loans receivable, net		5,825,256
Loans receivable under the State Small Business Credit Initiative, net		34,704,298
Interest receivable and other assets		2,604,615
Leaseholds, furniture and equipment, net		190,738
Enterprise Florida investments under the Small Business Technology Growth Fund		487,500
Florida Opportunity Fund investments in venture capital partnerships		21,288,870
Florida Opportunity Fund direct investments:		
Fund-of-Fund Program		503,100
Clean Energy Investment Program		14,155,362
Florida Venture Capital Program		36,705,087
		<hr/>
Total Assets	\$	250,526,787
		<hr/> <hr/>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts and grants payable	\$	2,323,052
Accrued payroll and related liabilities		957,874
Escrow payable		42,455,735
Fund manager fees payable		2,105,491
Deferred revenue		90,475
Loss reserve on loan guarantees		39,967
Due to State of Florida		4,786,826
		<hr/>
Total Liabilities		52,759,420
		<hr/>

Net Assets:

Without donor restrictions		25,917,902
With donor restrictions		171,849,465
		<hr/>
Total Net Assets		197,767,367
		<hr/>

Total Liabilities and Net Assets	\$	250,526,787
		<hr/> <hr/>

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
State operating assistance	\$ 15,513,205	\$ 7,920,107	\$ 23,433,312
Private investment contributions	1,000,000	255,000	1,255,000
Event revenue	950,677	66,755	1,017,432
In-kind contributions	298,071	-	298,071
Management and administration fees	72,000	-	72,000
Net appreciation in fair value of investments	(322,988)	318,812	(4,176)
Other income	591,456	2,011,575	2,603,031
Net assets released from restrictions	13,032,344	(13,032,344)	-
Total Revenues	<u>31,134,765</u>	<u>(2,460,095)</u>	<u>28,674,670</u>
Expenses:			
Program services	20,687,772	-	20,687,772
Supporting services			
General & Administration	6,138,273	-	6,138,273
Fundraising	161,719	-	161,719
Total supporting services	<u>6,299,992</u>	<u>-</u>	<u>6,299,992</u>
Total Expenses	<u>26,987,764</u>	<u>-</u>	<u>26,987,764</u>
Change in Net Assets Before Income			
Tax Expense	4,147,001	(2,460,095)	1,686,906
Income tax expense	<u>8,266</u>	<u>-</u>	<u>8,266</u>
Change in Net Assets	4,138,735	(2,460,095)	1,678,640
Net Assets, Beginning of Year	<u>21,779,167</u>	<u>174,309,560</u>	<u>196,088,727</u>
Net Assets, End of Year	<u>\$ 25,917,902</u>	<u>\$ 171,849,465</u>	<u>\$ 197,767,367</u>

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities:	
Increase in net assets	\$ 1,678,640
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	160,620
Change in value of investments	4,176
Changes in:	
Due from State of Florida	(2,629,894)
Accounts and loans receivable	342,742
Interest receivable and other assets	(509,578)
Accounts and grants payable	(663,313)
Accrued liabilities	127,426
Escrow payable	(19,340,190)
Fund manager fees payable	306,764
Due to State of Florida	(134,552)
Loss reserve on loan guarantees	24,490
Deferred revenue	(763,263)
Net Cash Used in Operating Activities	<u>(21,395,932)</u>
Cash Flows From Investing Activities:	
Proceeds from investment distributions	5,765,148
Proceeds from loan distributions	132,411
Purchases of equipment	(8,972)
Funding of loans receivable	749,774
Funding of fund of funds investments in venture capital partnerships	(1,418,887)
Funding of direct investments	(499,999)
Net Cash Provided by Investing Activities	<u>4,719,475</u>
Net Decrease in Cash	(16,676,457)
Cash, Beginning of Year	<u>138,866,410</u>
Cash, End of Year	<u>\$ 122,189,953</u>
Classified in Consolidated Statement of Financial Position:	
Cash - operating	\$ 22,177,898
Cash - limited as to use	100,012,055
Cash, End of Year	<u>\$ 122,189,953</u>
Supplemental schedule of noncash investing activities:	
Conversion of accrued interest to loan	\$ 579,677

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies

Organization

Enterprise Florida, Inc. ("Enterprise Florida") is a not-for-profit corporation created by Chapter 288, Florida Statutes and incorporated on February 18, 1993 as a public-private partnership responsible for leading Florida's statewide economic development efforts. Its mission is to facilitate job growth for Florida's businesses and citizens leading to a vibrant statewide economy. Enterprise Florida is a discretely presented component unit of the State of Florida (the "State"), included in state-wide financial statements, as it is legally separate but has a significant relationship with the State of Florida. All revenues in excess of expenditures remain committed to further the purpose of Enterprise Florida.

The accompanying consolidated financial statements include the accounts of Enterprise Florida and organizations controlled by Enterprise Florida (collectively, the "Organization"), including Florida Sports Foundation Inc. (the "Foundation"), Team Florida Marketing Partnership, LLC ("Team Florida") and Florida Opportunity Fund (comprised of Florida Opportunity Fund, Inc. ("FOF") and its wholly-owned subsidiary, FOF PA II, Inc.). All significant intercompany accounts and transactions have been eliminated.

The Foundation promotes and develops sports related industries, amateur sports activities, and physical fitness programs. This non-profit corporation merged into the Organization on August 29, 2011 pursuant to legislation contained in Florida Statute 288.901, and now comprises the Sports Development unit of Enterprise Florida. Enterprise Florida is the Foundation's sole member.

FOF was created on July 13, 2007 by Enterprise Florida pursuant to the Florida Capital Formation Act under Florida Statutes 288.9621-288.9625. Enterprise Florida facilitated the creation of FOF, is its sole member and controls its majority voting interest through appointment of its Board of Directors. Enterprise Florida also provided FOF's initial capital through funds appropriated by the State of Florida. FOF is not a public corporation or instrumentality of the State.

FOF's initial purpose was to provide seed capital and early stage venture equity capital for emerging companies in the State, including, without limitation, enterprises in life sciences, information technology, advanced manufacturing processes, aviation and aerospace, and homeland security and defense, as well as other strategic technologies. Subsequent to initial capital funding, FOF has also been empowered by the Statute to make direct investments, including loans, in individual businesses and infrastructure projects. FOF receives and invests capital for the Clean Energy Investment Program and for the Florida Venture Capital Program under the State Small Business Credit Initiative.

FOF PA II, Inc. was incorporated on August 23, 2012 as a for-profit corporation for which FOF is the sole shareholder. FOF PA II, Inc. was established to hold an investment in the Florida Venture Capital Program for which income is passed to the investor.

Team Florida was established as a separate Limited Liability Company (LLC) on February 23, 2015, with separate legislative grant funding to create marketing programs that promote the State of Florida for trade and investment. Enterprise Florida is Team Florida's sole member.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

In accordance with 2011 legislation, Enterprise Florida also has operating relationships with Visit Florida, through contracting for tourism-related marketing services and governing board appointments, and with Space Florida, where governmentally appointed members of Enterprise Florida's Board of Directors also serve as Directors of Space Florida.

Enterprise Florida operates through the following units:

- **Administration** – Provides all administrative services to the Organization such as the executive office, human resources, contracts and compliance, information technology and accounting. It administers special capital programs such as those of FOF and the State Small Business Credit Initiative.
- **Business Development** – Responsible for coordinating national and international business development by managing projects to increase capital investment and jobs in Florida. It facilitates the most effective use of business incentives and assists existing businesses in expanding both jobs and capital investment.
- **International Trade and Development** – Focuses on international trade programs to expand the number of Florida companies exporting Florida products and services. It also manages key international relationships to improve Florida's international business and global reputation in the following countries: Brazil, Canada, China, Czech Republic, Germany, Israel, Japan, Mexico, France, South Africa, Spain, and the United Kingdom.
- **Information and Communications** – Manages all corporate communications and coordinates events for marketing and promotion of Florida for trade and investment.
- **Marketing and Branding** – Establishes and builds a pro-business image for the state by identifying and marketing Florida to targeted industry decision makers and business leaders. It develops, coordinates, and implements a statewide strategic plan for Florida brand recognition.
- **Sports Development** – Works to strengthen the economic impact of sports events through grants as well as identifying business expansion or development opportunities linked to sports related activities. It also develops, fosters and coordinates services and programs for amateur sports through the Sunshine State Games and the Florida Senior Games State Championships.
- **Strategic Partnerships** – Maintains and enhances relationships with primary partners and stakeholders to strengthen support of economic development initiatives and increase job growth. It maintains and expands investor support and Board participation. It assists communities by increasing their competitiveness when vying for job creation projects. It retains and maximizes opportunities to enhance the Department of Defense investment in Florida through management of defense grant programs and the Florida Defense Support Task Force activities.
- **Tourism Marketing** – Works to promote travel and drive visitation to and within Florida. This role is contracted with Visit Florida, which serves as the sole statewide destination marketing organization representing the entire Florida tourism industry.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as net assets with donor restrictions (see Note 10) or net assets without donor restrictions. In addition, net assets of consolidated subsidiaries which are more limited than the broad scope of the consolidated entity are presented as net assets without donor restrictions.

Cash

Cash includes the operating accounts of Enterprise Florida and cash limited as to use. The Organization places its cash on deposit with financial institutions in the United States, primarily through interest bearing repurchase agreements. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. As of June 30, 2020, the Organization had \$120,479,813 which exceeded these insured amounts; \$43,972,574 of which was FOF deposits. Bank deposits include \$42,464,516 held for the State of Florida. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Organization has not experienced any losses on such accounts.

Cash Limited as to Use

In order to ensure compliance with grant documents and/or performance contracts, Enterprise Florida has limitations on funds held in escrow and for grant funds received in advance of expenditure. Certain program guidelines require that funds be deposited into separate bank accounts, including the Microfinance Loan Guarantee Program, SSBCI Program, and escrow agreements with the State of Florida. In addition, cash for FOF, the Foundation, and Team Florida are limited for specific use by each entity in accordance with their designated purpose and contractual arrangements.

Loans Receivable

Management assesses the potential for loan loss reserves and contingencies based on quarterly reporting provided by the financial institution responsible for collecting payments, reporting interest, and handling defaults related to the loans and guarantees. The quarterly reporting provides information to management on the remaining loan and guarantees outstanding and any delinquent accounts, if applicable, at each quarter's end.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Leaseholds, Furniture and Equipment

Leaseholds, furniture and equipment are stated at cost, if purchased, or estimated market value at date of receipt, if acquired by gift. Depreciation is provided using the straight-line method over the estimated economic useful lives of the related assets as follows:

Leasehold improvements	5-7 years
Office furniture	5-7 years
Office equipment	5 years
Computers and software	3-5 years

Additions or improvements in excess of \$500 for the Foundation and \$1,000 for the other consolidated entities, with an estimated useful life exceeding a year, are capitalized. Repairs and maintenance costs are charged to expense as incurred.

Investments in Venture Capital Partnerships

FOF has investments in eight venture capital funds, which in turn directly invest in business enterprises. These investments are stated at estimated fair value based on net asset value information received from the limited partnerships.

The Small Business Technology Growth Fund has an investment in an investment group, which in turn directly invests in business enterprises. This investment is stated at fair value based on information received from the investment group.

Direct Investments

Enterprise Florida's direct investments from the Small Business Technology Growth Fund and FOF's direct investments from the Fund of Funds Program, the Clean Energy Investment Program and from the Florida Venture Capital Program are presented in the accompanying consolidated financial statements at estimated fair value, as determined by management based on information provided by the investment fund manager and an independent valuation firm. The values assigned to direct investments are based on available information and do not necessarily represent amounts that might ultimately be realized. Such amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. Direct investments are in two privately held companies of the Small Business Technology Growth Fund, in one privately-held company of the Fund of Funds Program, in five privately-held companies of the Clean Energy Investment Program and in fifteen privately-held companies of the Florida Venture Capital Program. The nature of these investments provides the potential for risk of loss due to most being in early stages of operations. Fair values of direct investments are initially based on the price paid for the direct investments by FOF, adjusted as appropriate for indications of change in fair value, such as subsequent changes in prices paid for company stock, significant changes in company performance from that expected, estimated liquidation values considering preferred liquidation preferences and changes in industry comparable data, such as revenue multiples of similar companies and prices paid for similar companies through mergers and acquisitions.

Compensated Absences

Vacation pay is accrued as earned by employees. Unused accumulated vacation pay, for which \$444,963 is included in accrued payroll and related liabilities on the consolidated statement of financial position at June 30, 2020, is paid upon an employee's separation from service, up to a maximum of 320 hours.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Revenue

Enterprise Florida records deferred revenue associated with advance receipts for sponsored events. Deferred revenue was \$90,475 at June 30, 2020.

State Operating Assistance Revenue

State operating assistance revenue represents State appropriations for the Organization's operating funds, consisting of the following: unconditional promises to give that are available for unrestricted use; unconditional promises to give that are temporarily restricted for program use; and pass-through grants administered by Enterprise Florida that are recognized as revenue and expense when pass-through sub-recipients incur associated costs. State operating assistance revenue with restriction is presented as released to without restriction upon satisfaction of the restriction.

State Small Business Credit Initiative Revenue

During fiscal year 2012, Enterprise Florida began to receive funding under an agreement (the "DEO Agreement") with the Florida Department of Economic Opportunity ("DEO") for the State Small Business Credit Initiative ("SSBCI"). The SSBCI facilitates institutional lending and venture capital investing benefiting small businesses, so long as the proposed activities are consistent with the purpose of the funding. The SSBCI is directly funded by the DEO in total appropriations of \$97,662,349 from a contract awarded by DEO through Title III of the Small Business Jobs Act of 2010. Of this amount, \$89,119,107 has been allocated to Enterprise Florida, including \$45,436,207 to fund the Small Business Loan Program administered by Enterprise Florida, \$41,907,900 passed through to FOF for the Florida Venture Capital Program and \$1,775,000 in administrative funding.

SSBCI revenue represents restricted use funding received through the SSBCI funding agreement to support investing and loan activity and administrative costs.

Beginning in January of 2017, Enterprise Florida and the DEO entered into a series of agreements to terminate the DEO Agreement, effective September 30, 2020, which would transfer control of Enterprise Florida-administered SSBCI programs to the DEO. Should such termination occur, Enterprise Florida must return to the DEO all SSBCI funds disbursed by the DEO to Enterprise Florida that have not been expended on any venture capital investment, including but not limited to program income and returns of capital. Management believes the termination date will be extended beyond September 30, 2020, as Enterprise Florida, FOF, and the DEO are in discussions to continue Enterprise Florida's involvement with the Florida Venture Capital Program.

Private Investment Contributions

Private investment contributions provided to Enterprise Florida are recognized as revenues in the period received. Private investment contributions provided to Enterprise Florida are generally available for use without restriction by Enterprise Florida.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

In-kind Contributions

Donated goods and services are recorded at their fair value at the date of receipt by the Organization. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributions of those services not meeting specified criteria are not recorded in the consolidated financial statements. In-kind contributions recognized in the consolidated statement of activities for the year ended June 30, 2020 consisted primarily of office spaces, advertising and publications used for promoting business and sports development in the State.

Advertising Costs

Advertising costs are expensed when incurred and totaled \$1,823,653 for the year ended June 30, 2020. Advertising costs are included in program and supporting expenses in the consolidated statement of activities.

Income Tax Status

Enterprise Florida, Florida Sports Foundation, and FOF are recognized by the Internal Revenue Service ("IRS") as exempt from federal income tax on related income under Internal Revenue Code ("IRC") Section 501(a), consisting of organizations described in Section 501(c)(3). Team Florida Marketing Partnership, LLC, as a single member LLC, is a disregarded entity for tax purposes. These entities are also exempt from state income taxes on related income pursuant to Chapter 220.13 of the Florida Statutes. Therefore, a provision for income taxes has not been included for these entities in the accompanying consolidated financial statements except for FOF, which includes a tax provision for FOF PA II as noted in the subsequent paragraph.

FOF PA II, Inc. is a for-profit corporation subject to income tax related to investments in pass-through entities and, accordingly, is responsible for income tax on investee taxable income based on its ownership percentage. Income tax expense of \$8,266 has been recognized in the consolidated statement of activities for the year ended June 30, 2020 for tax on pass-through income from the partnership interest. Income tax expense has not been recognized for appreciation on the value of this investment due to an option agreement that provides FOF the ability to purchase the partnership interest from FOF PA II at cost.

The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2020 and, accordingly, no liability has been accrued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported time period. Actual results could differ from those estimates.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 2 - Cash Limited as to Use

The Organization's cash limited as to use consist of the following as of June 30, 2020:

Enterprise Florida Escrow	\$ 42,464,516
Programs administered by Enterprise Florida	
State Small Business Credit Support Initiative	978,806
Microfinance Loan Guarantee	4,837,268
FL Defense Support Task Force	1,001,493
Florida Export Diversification and Expansion	402,471
Florida International Business Expansion Initiative	367,759
Military Base Protection	27,890
Small Business Technology Growth Fund	22,938
Pass through grants administered by Enterprise Florida	
Funds restricted for grants programs	28,973
Total Enterprise Florida	<u>50,132,114</u>
Florida Opportunity Fund, Inc.	44,472,574
Florida Sports Foundation, Inc.	4,200,853
Team Florida Marketing Partnership, LLC	1,206,514
	<u>\$ 100,012,055</u>

Note 3 - Due From State of Florida

Amounts due from State of Florida consist of \$11,872,008 at June 30, 2020 under various contracts administered by the DEO, including \$6,575,654 receivable under the SSBCI programs.

Note 4 - Accounts and Loans Receivable

Accounts and loans receivable, which are presented at cost, include \$213,321 of accounts receivable, net \$50,000 of reserves, and loans receivable of \$5,513,452 and \$98,483 under the Clean Energy Investment Program and the Florida Venture Capital Program, respectively. The Organization also has loans receivable of \$34,704,298, net \$338,416 of reserves, under its SSBCI Program, which generally have repayment terms ranging from 6 months to 3 years.

Interest income is recorded on the accrual basis based on applicable interest rates and principal outstanding and included in other income for the year ended June 30, 2020.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 4 - Accounts and Loans Receivable (continued)

Reserves for Losses

Management has evaluated all accounts and loans receivable for potential losses and all guarantees for the potential of recording an associated loss reserve based on the contingency of ultimate payment being more likely than not. Based on this analysis, management has determined that a loss reserve as detailed in the following table is appropriate at June 30, 2020:

Accounts and loans receivable	\$	50,000
SSBCI Loan Participation Program		338,416
Micro Loan Guarantee Program		39,967
Total Loss Reserve as of June 30, 2020	\$	<u>428,383</u>

Note 5 - Leaseholds, Furniture and Equipment

Leaseholds, furniture and equipment consist of the following as of June 30, 2020:

Leasehold improvements	\$	216,506
Office furniture		415,035
Computers and equipment		1,118,185
		<u>1,749,726</u>
Less: accumulated depreciation		(1,558,988)
	\$	<u>190,738</u>

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6 - Investments in Venture Capital Partnerships and Direct Investments

Investments in venture capital partnerships and direct investments are provided through three programs administered through FOF, including a Fund of Funds program and two direct investment programs.

Investments in Venture Capital Partnerships

The Fund of Funds Program, with \$41,840,903 of net assets, includes \$21,288,870 of investments in venture capital partnerships and \$503,100 in direct investments at June 30, 2020, all initially funded by \$29,500,000 of State appropriations subject to Florida Statute 288.9624 (the "Statute"). FOF may invest Fund of Funds Program proceeds in seed and early stage venture capital/angel funds, as well as direct investments, including loans, in individual businesses and infrastructure projects, focusing on opportunities in Florida.

FOF investments in venture capital partnerships consist of eight limited partnerships as presented in the accompanying consolidated financial statements at estimated fair value based on net asset value per share. Each of the venture capital partnership investments made under the FOF's Fund-of-Funds Program are limited life limited partnerships (or other limited liability vehicles) that provide minimal redemption opportunities. Liquidity is achieved from the partnership through distributions in the form of cash and stock.

The term of each limited partnership is stated in its limited partnership agreement, as amended, and ranges from approximately 9 to 12 years, including any provisions for extensions. As of June 30, 2020, the Fund-of-Funds venture capital partnership investments range in age from approximately 2 to 11 years and the estimated remaining life of such investments range from approximately 3 months to 8 years. Each venture capital partnership investment term and estimated remaining life has been calculated based on its limited partnership agreement, including any term extensions effective as of June 30, 2020. A Fund-of-Funds limited partnership investment may liquidate before its stated termination date or may require additional term extensions to complete its liquidation in an orderly manner; investment term extensions are implemented in accordance with the respective limited partnership agreement for each investment.

As permitted, fair value for each Fund-of-Funds investment is determined by FOF based on its proportionate share of the underlying fair value of the net assets of the limited funds, derived from FOF's ownership percentage and audited financial statements provided by each investee. The audited financial statements provided by each investee are reviewed by the fund manager and adjustments to net asset values provided by the fund manager are approved quarterly by management.

Direct Investments

Fund of Funds Program

In 2018 the Fund of Funds Program made its first direct investment in a company. For the year ended June 30, 2020, expenses included annual fund manager fees of \$524,214 for the investment manager fees related to venture capital/angle funds. The program accrues a fund manager fee for direct investments of (0.5% per quarter of the amount invested) beginning the quarter after the payment of funds for any given investments. FOF also incurs a deal by deal fund manager success fee equal to 30% of the cumulative distributions that exceed invested capital for any direct investment.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6 - Investments in Venture Capital Partnerships and Direct Investments (continued)

The Clean Energy Investment Program

FOF entered into an agreement (the "Clean Energy Agreement") with the Florida Department of Agriculture and Consumer Services, Office of Energy ("DACS-OOE"), successor to the Florida Energy and Climate Commission, for the Clean Energy Investment Program. The Clean Energy Investment Program was created during fiscal 2010 and targets qualified Florida businesses with direct investments in three primary areas of focus: 1) facility and equipment improvement with energy-efficient and renewable energy products, 2) acquisition or demonstration of renewable energy products and 3) process improvement of existing production, manufacturing, assembly or distribution of operations to increase energy efficiency or reduce consumption. The direct investments may consist of debt and other instruments. The Clean Energy Investment Program is funded through a grant by the State of Florida, as sub-recipient to the United States Department of Energy, in the amount of \$36,089,000. All of these funds have been received and recorded as capital contributions revenue since inception by FOF. The Clean Energy Investment Program has \$31,909,182 of net assets, including \$14,155,362 of direct investments in five privately held companies, at June 30, 2020.

Clean Energy Investment Program expenses include annual fund manager fees of \$1,082,670 (3% of program funding), which are accrued until program returns are available to pay accrued fees. FOF also incurs a deal by deal fund manager success fee equal to 30% of the cumulative distributions that exceed invested capital for any investment, amounting to \$131,119 for the year ended June 30, 2020, of which \$83,171 is payable.

The Clean Energy Agreement is set to terminate on March 31, 2025; however, DACS-OOE has the option to renew on the same terms and conditions for an additional five year term.

Florida Venture Capital Program

Enterprise Florida has an agreement (the "DEO Agreement") with the Florida Department of Economic Opportunity (the "DEO") for the State Small Business Credit Initiative ("SSBCI"). The SSBCI was created by Congress, and funds were appropriated to the United States Department of the Treasury to be allocated and disbursed to States that have created capital programs for small businesses. The United States Department of the Treasury allocated funds to the State of Florida which then funded the Florida Venture Capital Program through the DEO as an agency of the State of Florida. The Florida Venture Capital Program utilizes SSBCI to provide direct investments in Florida businesses. Enterprise Florida has passed through \$41,907,900 of SSBCI funding to FOF. Net assets of the Florida Venture Capital Program amounted to \$48,371,602, of which \$36,705,087 consisted of direct investments in fifteen privately held companies at June 30, 2020.

Florida Venture Capital Program program services expenses include legal, accounting, insurance, other necessary expenses and an annual fund manager fee of \$1,257,237 (3% of program funding), which are accrued until program returns are available to pay accrued fees. FOF also incurs a deal by deal fund manager success fee equal to 30% of the cumulative distributions that exceed invested capital for any investment, amounting to \$7,797 for the year ended June 30, 2020, which, in addition to \$64,621 from prior years, is payable.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6 - Investments in Venture Capital Partnerships and Direct Investments (continued)

Fair Value Hierarchy

The fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, provides three levels of inputs used to measure fair value. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and differences could be material.

The organization classifies its investments into a hierarchical disclosure framework as follows:

Level I - Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level II - Securities not traded on an active market but for which observable market inputs are readily available or Level I securities where there is a contractual restriction as of the reporting date.

Level III - Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The cost basis of the Organization's Fund of Funds limited partnerships, Fund of Funds direct investments, Clean Energy direct investments, Florida Venture Capital Fund direct investments, and Small Business Technology Growth Fund direct investments was \$15,821,203, \$2,000,000, \$14,246,747 and \$25,331,621, and \$900,000, respectively, as of June 30, 2020. The following table summarizes the valuation of the Organization's investments, measured at fair value as of June 30, 2020, based on the level of input utilized to measure fair value:

	<u>Fair Value</u>
Level I	\$ -
Level II	-
Level III	<u>51,851,049</u>
Total investments at fair value	51,851,049
Investments measured at NAV	21,288,870
Total investments	<u>\$ 73,139,919</u>

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6 - Investments in Venture Capital Partnerships and Direct Investments (continued)

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level III):

	SBTGF Investments	Fund of Funds Direct Investments	Clean Energy Direct Investments	FLVCP Direct Investments
Opening Balance at 7/1/2019	\$ 900,000	\$ 2,528,953	\$ 16,261,059	\$ 30,723,221
Unrealized gains or losses included in changes in net assets	(412,500)	(2,025,853)	(3,022,421)	3,753,733
Purchases	-	-	-	499,999
Conversion of loan	-	-	1,353,786	1,769,109
Sales proceeds	-	-	(437,062)	(40,975)
Ending Balance at 6/30/2020	<u>\$ 487,500</u>	<u>\$ 503,100</u>	<u>\$ 14,155,362</u>	<u>\$ 36,705,087</u>
The amount of total gains (losses) for the year included in changes in net assets attributable to assets still held at the reporting date	<u>\$ (412,500)</u>	<u>\$ (2,025,853)</u>	<u>\$ (3,022,421)</u>	<u>\$ 3,753,733</u>

The Organization relies on the fund manager and an independent valuation firm to assess the fair value of the Organization's Level III direct investments. Although management is responsible for overseeing the Organization's valuation processes and procedures, the fund manager and the independent valuation firm are responsible for conducting periodic reviews of fair value for each direct investment and for presenting results of fair value assessments to management.

Level III direct investment valuations determined by the Organization, with assistance of the fund manager and the independent valuation firm, are required to be supported by market data, industry accepted third-party valuation models, prior company financing or other methods deemed appropriate.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6 - Investments in Venture Capital Partnerships and Direct Investments (continued)

When quantitative unobservable inputs are used in the valuation of Level III investments, the valuation technique, the unobservable input, and the quantitative amount used in the valuation require disclosure. The Organization had one investment in the Fund of Funds Program, three investments in the Clean Energy Investment Program and eleven investments in the Florida Venture Capital Program for which quantitative unobservable inputs were used in measuring the fair value at June 30, 2020, as follows:

Asset	Fair Value	Valuation Technique	Unobservable Input(s)	Valuation Multiple(s)
Fund of Funds - Direct Investment	\$ 503,100	Market Approach	Revenue/EBITDA	1.2x/7.5x
CEIP - Direct Investment	\$ 5,269,400	Market Approach	Revenue/EBITDA	1.2x/8.5x
CEIP - Direct Investment	\$ 4,471,500	Market Approach	Revenue/EBITDA	8.5x/30.0x
CEIP - Direct Investment	\$ 3,538,700	Market Approach	Revenue	3.0x
FLVCP - Direct Investment	\$ 2,324,500	Market Approach	Revenue/EBITDA	8.5x/30.0x
FLVCP - Direct Investment	\$ 1,214,100	Market Approach	Revenue/EBITDA	3.0x/17.0x
FLVCP - Direct Investment	\$ 6,934,000	Market Approach	Revenue/EBITDA	6.5x/40.0x
FLVCP - Direct Investment	\$ 219,719	Market Approach	Revenue	5.5x
FLVCP - Direct Investment	\$ 4,984,600	Market Approach	Revenue	8.0x
FLVCP - Direct Investment	\$ 679,199	Market Approach	Revenue	6.0x
FLVCP - Direct Investment	\$ 3,500,000	Market Approach	Revenue/EBITDA	1.5x/9.0x
FLVCP - Direct Investment	\$ 1,140,000	Market Approach	Revenue/EBITDA	1.75x/10.0x
FLVCP - Direct Investment	\$ 2,849,000	Market Approach	Revenue	9.0x
FLVCP - Direct Investment	\$ 3,413,000	Market Approach	Revenue	5.5x
FLVCP - Direct Investment	\$ 9,166,000	Market Approach	Revenue/EBITDA	4.0x/15.0x

In cases where both a revenue multiple and an EBITDA multiple are listed above, the fair value is determined by applying equal weighting to both valuation inputs. The significant unobservable inputs noted above for fair value measurement of the Organization's investments are utilized to determine the underlying asset's enterprise value, which provides a measurement of fair value. Therefore, significant increases (decreases) in revenue or EBITDA, or related multiples, used would result in a higher (lower) fair value measurement.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 7 – Accrued Annual Fund Manager Fees

The Fund of Funds Program

The Fund of Funds Program annual fund manager fee was initiated on September 16, 2008, totaling \$4,976,606 through June 30, 2020, of which \$4,252,908 has been paid and \$723,698 is payable at June 30, 2020. Fund manager success fees for the Fund of Funds Program's direct investment have not been accrued on the financial statements, since such fees are contingent on future gains to be realized, which are not estimable and are dependent on future transactions. The contingent obligation for fund manager success fees, calculated as if the direct investment was sold at estimated fair value at June 30, 2020, is \$0 for the Fund of Funds Program.

The Clean Energy Investment Program

The Clean Energy Investment Program annual fund manager fee of 3% was initiated on May 3, 2010, totaling \$11,097,369 through June 30, 2020, of which \$10,556,031 has been paid and \$541,338 is payable, based on the allowable cap specified in the Clean Energy Agreement and the closeout of investments that had cumulative distributions in excess of invested capital. Fund manager success fees for other investments have not been accrued on the consolidated financial statements, since such fees are contingent on future gains to be realized, which are not estimable and are dependent on future transactions. The contingent obligation for fund manager success fees, calculated as if all investments were sold at estimated fair value at June 30, 2020, is \$2,404,477 for the Clean Energy Investment Program.

Florida Venture Capital Program

The Florida Venture Capital Program annual fund manager fee was initiated on November 18, 2011, totaling \$10,834,626 through June 30, 2020, of which \$10,149,760 had been paid and \$684,866 is payable through quarterly installments and proceeds from cumulative distributions that exceeded invested capital. Fund manager success fees for other investments have not been accrued on the consolidated financial statements if contingent on future gains to be realized, which are not estimable and are dependent on future transactions. The contingent obligation for fund manager success fees, calculated as if all investments were sold at estimated fair value at June 30, 2020, is \$6,473,456 for the Florida Venture Capital Program.

Note 8 – Escrow Payable

The State has awarded a total of \$225,566,527 to eighty-eight companies under the State's incentive programs through June 30, 2020. These awards were intended to fund business projects to further job creation. DEO, along with the consent of these companies, appointed Enterprise Florida as the escrow agent to hold these funds for disbursement to the companies in accordance with the State's incentive programs.

Through June 30, 2020, Enterprise Florida paid \$120,185,005 to eighty-eight companies that certified to DEO they had met their contract requirements under the program. Enterprise Florida has returned \$62,925,787 to DEO for thirty-seven companies that were not able to complete their program requirements. Enterprise Florida recorded the remaining \$42,455,735 as an escrow payable at June 30, 2020.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 9 – Due to State of Florida

Due to State of Florida includes \$9,016 of interest on restricted cash that contractual arrangements require to be paid back to the State and \$4,777,810 of funding due to the State under the Microfinance Guarantee Program.

During fiscal 2015, the Florida Department of Economic Opportunity (the “DEO”) was directed by the Florida Legislature through the Florida Microfinance Act to create the Microfinance Guarantee Program (the “Microfinance Program”). As directed under Florida Statute 288.9935, the DEO contracted with Enterprise Florida to administer the Microfinance Program, and Enterprise Florida received \$4,825,000 in funding from the DEO. Of this amount, \$25,000 is to be used to promote the Microfinance Program, while the remaining \$4,800,000 is to be maintained by Enterprise Florida to issue loan guarantees.

As Enterprise Florida is administering the Microfinance Program as an independent contractor of the DEO, funding for the program is payable back to the DEO upon termination of the program.

Note 10 – Net Assets with Donor Restrictions

The Organization classifies Enterprise Florida net assets as donor restricted, subject to expenditure for special purpose of passage of time based on agreements with the State, wherein funding may not be utilized for the general purpose of Enterprise Florida, and classifies net assets of FOF, the Foundation, and Team Florida as donor restricted, subject to expenditure for special purpose of passage of time, since their use is specifically limited for the purposes of those consolidating entities. Net assets with donor restrictions consist of the following as of June 30, 2020:

Enterprise Florida:

State Small Business Credit Initiative	\$ 42,237,839
Florida Defense Support Task Force	1,982,278
Florida Export Diversification and Expansion	635,234
Small Business Technology Growth Fund	486,688
Florida International Business Expansion Initiative	370,459
Military Base Protection	27,890
Total Enterprise Florida Net Assets with Donor Restrictions	<u>45,740,388</u>

Florida Opportunity Fund, Inc.	122,121,687
Florida Sports Foundation, Inc.	2,888,291
Team Florida Marketing Partnership, LLC	1,099,099
Total Net Assets with Donor Restrictions	<u>\$ 171,849,465</u>

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 11 – State Operating Assistance Revenue

Performance contracts and pass-through grants with the state of Florida for the year ended June 30, 2020 are as follows:

Operating funds provided to Enterprise Florida, Inc.	\$ 15,000,000
Pass-through grants administered by Enterprise Florida, Inc:	
Visit Florida	30,638,555
Defense Infrastructure and Defense Reinvestment	513,205
Total Pass-through grants	<u>31,151,760</u>
Less: Pass-through grants not presented as activities	<u>(30,638,555)</u>
Total unrestricted state operating assistance	<u>15,513,205</u>
Other programs administered by Enterprise Florida, Inc.:	
Florida Export Diversification and Expansion Program	1,000,000
Florida Defense Support Task Force - Administration	199,173
Florida Defense Support Task Force - Programs	1,782,039
	<u>2,981,212</u>
Florida Sports Foundation, Inc. - Programs	1,700,000
Florida Sports Foundation, Inc. - Tag Revenue	3,238,895
	<u>4,938,895</u>
Total Net Assets with Donor Restriction Subject to Expenditure for Specified Purpose or Passage of Time	<u>7,920,107</u>
Total State operating assistance revenue	<u>\$ 23,433,312</u>

Pass-through grants amounting to \$36,955,524 have been excluded from recognition in the consolidated statement of activities because they represent agency transactions which have been line item appropriated in the State budget. Other pass-through grants amounting to \$513,205 are reflected as both revenues and expenses in the consolidated statement of activities, as they require administrative oversight and meet the criteria for recognition as activities.

The contract with the state of Florida requires Enterprise Florida to return all interest income earned on state pass-throughs and grant funds to the state of Florida. As these funds must be returned to the State, Enterprise Florida does not record the revenue associated with these earnings. Instead, a liability to the State is recorded as interest is earned.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 12 - Retirement Plans

Enterprise Florida sponsors a 401(K) defined contribution retirement plan (the "Plan") covering all its employees that are age 21 or older. It is subject to the provisions of the Employee Retirement Security Act of 1974 ("ERISA").

Participants may contribute up to 100% of compensation, as defined in the Plan, but may not exceed the maximum amount allowable by the Internal Revenue Code ("IRC"), which is currently \$19,500. Enterprise Florida's contributions to the Plan beyond the 3% safe harbor are discretionary. Currently Enterprise Florida matches 25% of the first 4% of wages the employee contributes and makes an additional contribution equal to 10% of employee wages (3% of which is designated as safe harbor and is not discretionary). Investments of contribution are self-directed by participants within investments provided for by the Plan.

Participants are immediately vested in their contributions and earnings thereon. Vesting in Enterprise Florida's contributions is based on years of service. A participant vests at 33.33% annually until fully vested upon completion of three years of credited service. Any participant employed at the date of total and permanent disability, death or the attainment of normal retirement age, as defined, is deemed to be 100% vested. Contributions made toward the safe harbor are immediately vested.

Enterprise Florida contributed a total of \$441,858 to the Plan and all expenses related to the Plan were paid from forfeitures during the year ended June 30, 2020.

The Foundation has a defined contribution money purchase pension plan covering all of the full-time employees it had prior to the merger with Enterprise Florida. On the date of merger, all Foundation employees became employees of Enterprise Florida and members of the Enterprise Florida Plan. No further contributions have been made to the Foundation's defined contribution money purchase pension plan since the date of merger. Investments are self-directed by participants and accounts vest over a six year period.

Note 13 - Related Party Transactions

The Organization has considerable activity with the State and Visit Florida, as presented on the consolidated financial statements and throughout the notes to the consolidated financial statements.

The Organization recorded \$1,255,000 of contributions from entities that had employees on the Board of Directors during the year ended June 30, 2020.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 14 - Commitments and Contingencies

Operating Lease Commitments

The Organization is obligated under noncancelable operating leases for office facilities and equipment. At June 30, 2020 future minimum lease payments under noncancelable operating leases are as follows for the years ending June 30:

2021	\$	984,326
2022		628,059
2023		458,901
2024		438,648
2025		450,306
Thereafter		1,632,898
	\$	<u>4,593,138</u>

The Organization's rental expenses totaled \$1,168,253 for the year ended June 30, 2020.

Capital Investment Commitments

FOF has committed \$28,000,000 to eight limited partnerships in fund of funds investments, of which \$1,513,890 remains subject to additional capital calls as of June 30, 2020. For the Clean Energy Investment Program, FOF has committed \$32,436,727 in direct investments and loans to nine privately-held companies, of which \$3,326,523 remains subject to investment in the respective companies. For the Florida Venture Capital Program, FOF has committed \$43,148,210 in direct investments and loans to fourteen privately-held companies, of which \$12,658,979 remains subject to investment in the respective companies.

Grants and Contracts Contingency

Grants and contracts require the fulfillment of certain conditions set forth in the agreements, including certain match requirements which may be subject to audit and adjustment by grantor/contracting agencies. In the opinion of management, any such adjustments would not be material to the Organization's consolidated financial statements.

Fund Manager Fees Contingency

The Organization is committed for fund manager fees under its amended Investment Management Agreement, dated September 16, 2008. The agreement has an initial term of ten years and a five year extension provision, subject to terms defined in the Investment Management Agreement. Quarterly fund manager fee commitments are \$81,125 plus 1.5% of funds available for direct investment and 2% of funds invested in direct investment, \$270,668 and \$314,309 for the Fund of Funds, Clean Energy Investment Program and the Florida Venture Capital Program, respectively, throughout the remaining term of the agreement. Additional provisions of the agreement commit the Organization to a deal by deal fund manager success fees equal to 30% to the extent dispositions and cumulative distributions exceed invested capital for any investment, as more fully described in Note 7.

The Organization's ability to pay fund manager fees is dependent on provisions in agreements with its funding sources, DACS-OOE and DEO, to allow such payments.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 15 – Functional Expenses

Program and Supporting Services Expenses – The following program and supporting service expense are included in the accompanying consolidated financial statements:

Business Development – Expenses related to coordinating national and international business development by managing projects to increase capital investments and jobs in Florida.

Capital Programs – Expenses related to providing small businesses with access to financial assistance thru partnerships with qualifying lenders.

Strategic Partnerships – Expenses related to maintaining and enhancing relationships with primary partners and stakeholders to strengthen support of economic development initiatives and increase job growth.

International Trade & Development – Expenses related to international trade programs that expand the number of Florida companies exporting products and services. It also manages key international relationships to improve Florida's international business and global reputation.

Team Florida Marketing – Expenses related to cooperative marketing programs benefiting Florida partners and promotional events.

Florida Opportunity Fund – Expenses related to increasing the availability of seed capital and early stage venture equity capital for emerging companies in Florida, including, without limitation, enterprises in life sciences, information technology, advanced manufacturing processes, aviation and aerospace, and homeland security and defense, as well as other strategic technologies.

General & Administrative – Identifies the functions as necessary to ensure an adequate working environment and costs not identifiable with a single program or function. It includes expenses related to the executive office, marketing and advertising, human resources, contracts and compliance, information technology and accounting.

Fundraising – Expenses related to generating private investment contributions.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements on activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated amount program services and supporting services benefited.

Such allocations are determined by management on an equitable basis. Expenses that are allocated consisted primarily of facility costs have been allocated based on square footage.

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 15 – Functional Expenses (continued)

The Organization’s activities include numerous functions, summarized as follows:

	Program Services							Supporting Services			Total Expenses	
	Business Development	Capital Programs	Strategic Partnerships	International Trade & Development	Team Florida Marketing	Sports Development	Florida Opportunity Fund	Total	General & Administration	Fundraising		Total
Grants to sub-recipients	-	-	2,639,644	1,427,718	-	2,042,559	-	6,109,921	-	-	-	6,109,921
Marketing & promotion	-	-	18,724	-	7,500	1,601,523	-	1,627,747	1,814,121	-	1,814,121	3,441,868
Salaries and wages	993,331	-	269,331	1,561,474	-	565,501	-	3,389,637	2,084,688	93,375	2,178,063	5,567,700
Rents	166,222	-	-	377,941	-	72,000	-	616,163	520,627	31,463	552,090	1,168,253
Depreciation	48,600	-	-	20,828	-	21,764	-	91,192	69,428	-	69,428	160,620
Sponsorship	41,000	-	-	119,051	-	-	-	160,051	25,500	-	25,500	185,551
Employee benefits	295,074	-	102,975	509,980	-	120,256	-	1,028,285	671,355	29,702	701,057	1,729,342
Professional fees	-	77,620	-	2,059,166	-	53,813	3,294,455	5,485,054	376,725	-	376,725	5,861,779
Board meeting	-	-	-	-	-	36,115	-	36,115	116,759	-	116,759	152,874
Event & business travel	158,998	-	5,944	1,160,017	93,380	94,296	-	1,512,635	78,485	5,840	84,325	1,596,960
Other expenses	245,218	-	-	231,001	-	111,707	43,046	630,972	380,585	1,339	381,924	1,012,896
TOTAL	\$ 1,948,443	\$ 77,620	\$ 3,036,618	\$ 7,467,176	\$ 100,880	\$ 4,719,534	\$ 3,337,501	\$ 20,687,772	\$ 6,138,273	\$ 161,719	\$ 6,299,992	\$ 26,987,764

ENTERPRISE FLORIDA, INC. AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 16 – Liquidity

The following table reflects the Organization's financial assets as of June 30 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

	<u>2020</u>
Cash and cash equivalents	\$ 122,189,953
Due from State of Florida	11,872,008
Accounts and loans receivable, net	5,825,256
Loans receivable under State Small Business Credit Initiative, net	34,704,298
Interest receivable and other assets	2,604,615
Investments, at fair value	<u>73,139,919</u>
Fiscal assets at end of year	250,336,049
Less: assets unavailable for general expenditures within one year:	
Assets with donor restrictions	<u>(171,849,465)</u>
Fiscal assets available to meet cash needs for general expenditures within one year	<u>\$ 78,486,584</u>

As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures. Management is of the opinion that sufficient liquidity exists to meet its current obligations.

Note 17 – Concentrations

For the year ended June 30, 2020, the Organization received approximately 82% of its revenue from the State of Florida for the Organization's operations and various programs which the Organization administers.

Note 18 – Subsequent Events

Subsequent events have been evaluated through September 23, 2020, which is the date the consolidated financial statements were available to be issued.