

SPACE FLORIDA



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

**FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2022**



Space Florida  
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 For the year ended September 30, 2022



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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Space Florida  
Exploration Park, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Space Florida, a component unit of the State of Florida, as of and for the year ended September 30, 2022 and the related notes to the financial statements which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Space Florida as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Space Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As described in Note 8 to the financial statements, in fiscal year 2022, Space Florida adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Space Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Space Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Space Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Space Florida's basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Florida Auditor General is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of travel, business meals and incidental expenses but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, 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

August 30, 2023

## 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, 2022 and 2021.

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, 2022 and 2021 by \$135,770,647 (as restated) and \$141,431,002 (net position), respectively. For the year ended September 20, 2022, changes in this section were primarily related to adjustments as a result of the implementation of GASB No. 87, *Leases*.
- Space Florida's total net position decreased by \$5,660,355 and \$7,070,987 for the years ended September 30, 2022 and 2021, respectively.
- Space Florida's state appropriated revenue for operations for the years ended September 30, 2022 and 2021 was \$18,945,813 and \$18,328,190 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, 2022 and 2021. 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 21-38 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 41 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, 2022 and 2021 by \$135,770,647 and \$141,431,002, respectively. The net position balance decreased by \$5,660,355 and \$7,070,987 for the years ended September 30, 2022 and 2021, respectively.



## Space Florida Management's Discussion and Analysis

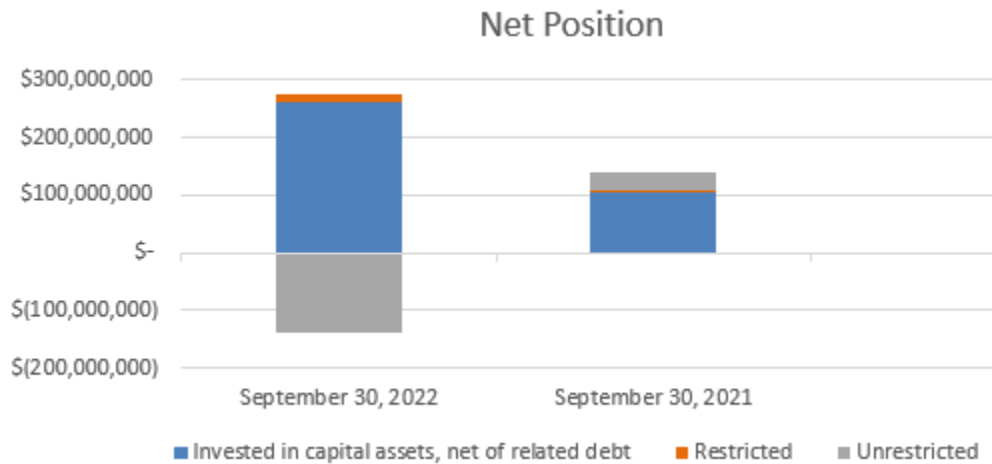
The following table reflects the condensed Statement of Net Position.

### *Space Florida Net Position*

	9/30/2022	9/30/2021*
Cash	\$ 37,814,895	\$ 28,972,213
Receivables	29,122,586	24,640,085
Investments	4,329,800	2,199,660
Lease receivables	18,662,128	19,806,741
Other current assets	1,177,900	1,026,882
Capital assets	296,024,676	309,282,530
Other assets	1,303,486	3,308,217
<b>Total assets</b>	<b>388,435,471</b>	<b>389,236,328</b>
Accounts payable	26,851,516	20,033,032
Payable from restricted assets	5,986,765	1,084,357
Notes payable	1,380,488	4,435,050
Lease liabilities	33,397,213	32,292,765
Financed purchase payable	63,899	123,555
Other liabilities	1,442,580	1,081,049
<b>Total liabilities</b>	<b>69,122,461</b>	<b>59,049,808</b>
Deferred inflows related to leases	183,542,363	188,755,518
Net position:		
Invested in capital assets, net		
of related debt	261,183,076	103,482,382
Restricted	14,667,033	5,720,572
Unrestricted	(140,079,462)	32,228,048
<b>Total net position</b>	<b>\$ 135,770,647</b>	<b>\$ 141,431,002</b>

The largest portion of Space Florida's net position as of September 30, 2022 (192 percent) and as of September 30, 2021 (73 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. As of September 30, 2022, Space Florida was able to report positive balances in two categories of net position. The negative balance in unrestricted is the result of implementation of GASB No. 87, Leases. Prepaid expenses related to donated assets accounted for under previous guidance were removed with the implementation of GASB No. 87. The deficit net position will be recovered as Space Florida recognizes the revenue currently in deferred inflows. As of September 30, 2021, 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, 2022	For the year ended September 30, 2021
<b>Operating revenues:</b>		
Fees and charges for services	\$ 12,930,402	\$ 11,041,910
State appropriated funding	18,945,813	18,328,190
Grant revenue- operating	38,962,209	26,440,916
<b>Total operating revenue</b>	<b>70,838,424</b>	<b>55,811,016</b>
<b>Non-operating revenues:</b>		
Other	540,468	631,517
<b>Total non-operating revenues</b>	<b>540,468</b>	<b>631,517</b>
<b>Total revenues</b>	<b>71,378,892</b>	<b>56,442,533</b>
<b>Operating expenses:</b>		
Business development activities	49,937,808	35,271,886
General, administrative, and depreciation	26,059,272	24,637,491
<b>Total operating expenses</b>	<b>75,997,080</b>	<b>59,909,377</b>
<b>Non-operating expenses</b>		
<b>Total non-operating expenses</b>	<b>1,042,167</b>	<b>1,492,163</b>
<b>Total expenses</b>	<b>77,039,247</b>	<b>61,401,540</b>
Change in net position	(5,660,355)	(4,959,007)
Net position – beginning	143,542,982	148,501,989
Prior period adjustment	(2,111,980)	-
<b>Net position – ending</b>	<b>\$ 135,770,647</b>	<b>\$ 143,542,982</b>

## Space Florida Management's Discussion and Analysis

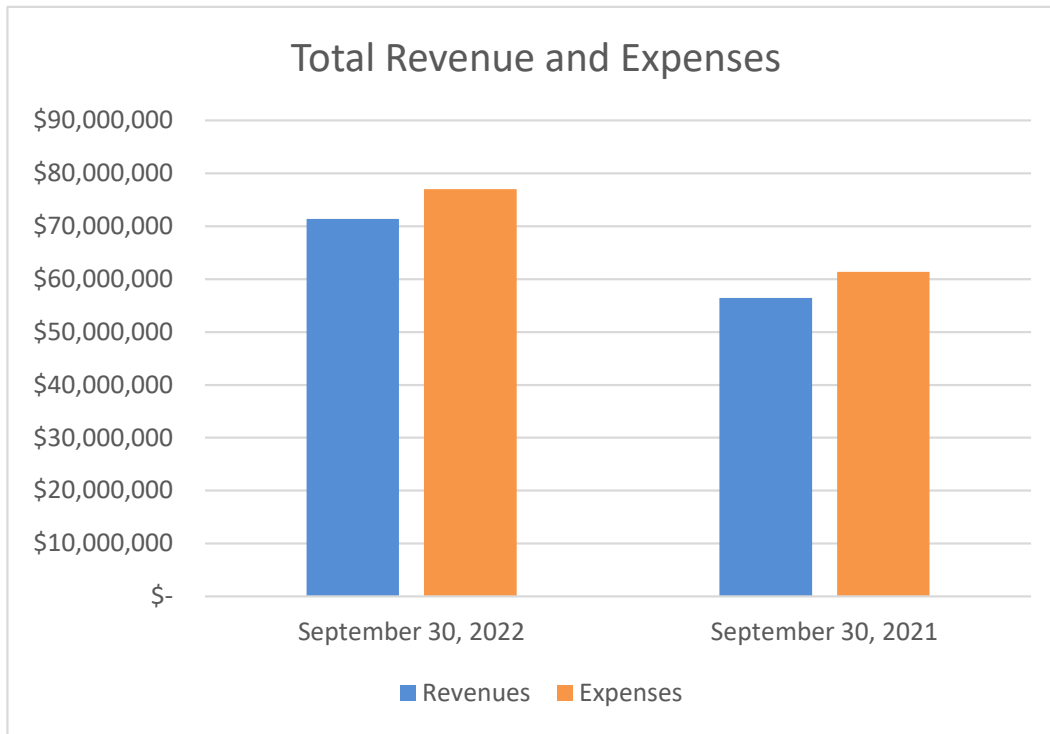
**Contributing to the Changes in Net Position.** For the year ended September 30, 2022, the decrease in net position consisted of a \$5,158,656 net decrease from operating activity with a \$501,699 net decrease from non-operating activity that included \$540,468 in interest income, \$784,434 in interest expense, \$7,873 loss on the disposal of capital assets and \$249,860 in impairment loss. For the year ended September 30, 2021, the decrease in net position consisted of a \$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, \$1,605 from loss on the disposal of capital assets, \$223,143 in interest expense and \$1,269,020 in impairment loss. The above balances as of September 30, 2021, do not reflect restated net position due to GASB No. 87.

Operating revenues totaled \$70,838,424 and \$55,811,016 for the years ended September 30, 2022 and 2021, respectively. Of this amount, 27 percent and 33 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 \$540,468 and \$631,517 for the years ended September 30, 2022 and 2021, respectively. State grant revenue - capital was provided by the spaceport infrastructure development grants from State appropriations.

Operating expenses were \$75,997,080 and \$59,909,377 for the years ended September 30, 2022, and 2021, respectively. Of those totals, 15 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 and amortization totaled \$14,911,585 for the year ended September 30, 2022 and depreciation totaled \$13,453,429 for the year ended September 30, 2021. Amortization in 2022 was related to new GASB No. 87 lease standards.

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, 2022 and 2021, Space Florida expended 66 percent and 59 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, 2022 and 2021, amounted to \$261,183,076 and \$103,482,382 (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, 2022 and 2021 consisted primarily of building design drawings for a facility at Pensacola Technology Park.

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

	9/30/2022	9/30/2021*
Buildings and improvements	\$ 249,073,208	\$ 261,534,934
Furniture, fixtures, vehicles, and equipment	13,609,313	14,771,438
Construction in progress	715,281	683,392
<b>Total</b>	<b>\$ 263,397,802</b>	<b>\$ 276,989,764</b>

*\*As restated for implementation of GASB Statement No. 87*

Additional information on Space Florida capital assets can be found in Note 5 on page 30 of this report.

## Space Florida Management's Discussion and Analysis

**Rights and Access.** Space Florida has agreements with the Cape Canaveral Air Force Station Center for the right to use Space Launch Complex 46 for the development of multi-use vertical launch capabilities related to governmental, educational and commercial initiatives. Space Florida 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 8 on pages 32-36 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.

During fiscal year 2022, Space Florida provided for additional principal payments on the note. The outstanding principal balance as of September 30, 2022 was \$1,380,488. 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 11% of appropriations for the year ending September 30, 2022. Space Florida expects this note to be satisfied by March 2024, before it reaches maturity.

### Space Florida Total Outstanding Debt

		<u>9/30/2022</u>		<u>9/30/2021</u>
Notes payable	\$	1,380,488	\$	4,435,050

### ***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**  
**Statement of Net Position**

September 30, 2022

<b>ASSETS</b>	
<b>Current assets</b>	
Cash:	
Unrestricted	\$ 18,076,874
Restricted	19,738,021
Accounts receivable, net	562,028
Due from other governments	28,560,558
Accrued interest receivable on loans receivable, net	8,935
Lease receivable	1,373,697
Loans receivable, net	1,153,185
Other current assets	1,177,900
Total current assets	70,651,198
 <b>Noncurrent assets</b>	
Accrued interest receivable on lease receivable	141,366
Lease receivable	17,288,431
Investments, net	4,329,800
Capital assets:	
Construction in progress	715,281
Buildings and improvements, net	249,073,208
Furniture, fixtures, vehicles, and equipment, net	13,609,313
Right-to-use lease assets, net	32,626,874
Total noncurrent assets	317,784,273
<b>Total assets</b>	<b>\$ 388,435,471</b>

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



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

September 30,

2022

**LIABILITIES**

**Current liabilities**

Accounts payable and accrued expenses	\$ 26,851,516
Salaries payable	121,184
Unearned revenue	198,090
Compensated absences	177,775
Deposits	181,306
Lease liability, current portion	442,648
Financed purchase, current portion	63,899
Note payable, current portion	1,058,408
Payable from restricted assets	
Contracts payable	915,777
Custodial liability	4,209,720
Customer advances	861,268
Total current liabilities	35,081,591

**Noncurrent liabilities**

Accrued interest	586,002
Compensated absences	178,223
Lease liability, less current portion	32,954,565
Note payable, less current portion	322,080
Total noncurrent liabilities	34,040,870

<b>Total liabilities</b>	<b>69,122,461</b>
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**DEFERRED INFLOWS**

Deferred inflows related to leases	183,542,363
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**NET POSITION**

Net investment in capital assets	261,183,076
Restricted for:	
Special purpose	14,667,033
Unrestricted	(140,079,462)

<b>Total net position</b>	<b>\$ 135,770,647</b>
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*The accompanying notes are an integral part of these financial statements.*

**Space Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**

<i>For the year ended September 30,</i>	<b>2022</b>
<b>Operating revenues</b>	
Fees and charges for services	\$ 12,930,402
State appropriated funding	18,945,813
Other grant revenue - operating	38,962,209
Total operating revenues	<b>70,838,424</b>
<b>Operating expenses</b>	
Business development	49,937,808
General and administrative	11,147,687
Depreciation and amortization	14,911,585
Total operating expenses	<b>75,997,080</b>
<b>Loss from operations</b>	<b>(5,158,656)</b>
<b>Non-operating revenues (expenses)</b>	
Interest income	540,468
Interest expense	(784,434)
Impairment loss on investment	(249,860)
Loss on disposal of capital assets	(7,873)
Total non-operating revenues (expenses)	<b>(501,699)</b>
<b>Change in net position</b>	<b>(5,660,355)</b>
<b>Net position, beginning of year</b>	<b>143,542,982</b>
<b>Prior period adjustment - (See Note 8)</b>	<b>(2,111,980)</b>
<b>Net position, beginning of year, as restated</b>	<b>141,431,002</b>
<b>Net position, end of year</b>	<b>\$ 135,770,647</b>

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

**Space Florida  
Statement of Cash Flows**

*For the year ended September 30,*

**2022**

**Cash flows from operating activities:**

Cash received from customers and users	\$ 13,556,212
Cash paid to suppliers for goods and services	(51,693,107)
Cash payments to employees for services	(5,103,265)
Operating grant receipts	53,720,792
Net cash provided by operating activities	10,480,632

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

Purchase and construction of capital assets	(109,486)
Proceeds from custodial debt	12,480,643
Payments on construction of custodial project	(8,270,923)
Principal paid on note payable	(3,054,562)
Payments on financed purchase	(59,656)
Net cash provided by capital and related financing activities	986,016

**Cash flows from investing activities:**

Interest received	540,468
Interest paid	(784,434)
Purchase of investments	(2,380,000)
Net cash used in investing activities	(2,623,966)

**Net increase in cash** **8,842,682**

**Cash, beginning of year** **28,972,213**

**Cash, end of year** **\$ 37,814,895**

Cash for the purposes of this statement consists of the following

<i>September 30,</i>	<b>2022</b>
Cash	\$ 18,076,874
Restricted cash	19,738,021
Total cash	\$ 37,814,895

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

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

<i>For the year ended September 30,</i>	<b>2022</b>
<b>Reconciliation of loss from operations to net cash provided by operating activities:</b>	
<b>Loss from operations</b>	<b>\$ (5,158,656)</b>
<b>Adjustment to reconcile loss from operations to net cash provided by operating activities</b>	
Depreciation and amortization expense	14,911,585
In-kind payment of rent, increase in unearned revenue	14,361
Bad debt expense	2,226,356
(Increase) decrease in assets:	
Accounts receivable	(295,271)
Due from other governments	(4,187,230)
Accrued interest receivable	(249,654)
Loans receivable	12,968
Other assets	(150,318)
Lease receivables	1,144,613
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	6,818,484
Compensated absences	(27,167)
Salaries payable	32,540
Contracts payable	713,705
Unearned revenue	(285,288)
Deposits	55,444
Customer advances	(21,017)
Accrued interest payable	586,002
Lease liabilities	(447,670)
Deferred inflows related to leases	(5,213,155)
Total adjustments	15,639,288
<b>Net cash provided by operating activities</b>	<b>\$ 10,480,632</b>

<b>Summary of noncash investing activities</b>	<b>2022</b>
Increase in investment impairment	\$ 249,860

<b>Summary of noncash capital financing activities</b>	<b>2022</b>
Right-to-use asset acquired through operating lease	\$ 1,552,118

*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.

***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.

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

***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 \$2,073,175 (see custodial credit risk in Note 2) as of September 30, 2022.

***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 was recorded at September 30, 2022 based on management's estimate of the collectability of outstanding accounts receivable balances.

***Leases Receivable***

Space Florida has multiple commercial lease agreements for buildings and land. Space Florida's commercial lease receivables are measured at the present value of lease payments expected to be received during the lease terms at the treasury bill rate of a period similar to the remaining lease periods at the date of adoption. Subsequently, the lease receivables are reduced by the principal portion of lease payments received over the life of the lease terms. Most leases include increases of a minimum percentage or escalate with CPI or fair value adjustments.

***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***

Other assets consist of deposits and prepaid expenses. Prepaid expenses reflect costs applicable to future accounting periods and is recorded as a prepaid items in the financial statements.

**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.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Space Florida has one (1) item that qualify for reporting as a deferred inflows of resources. The deferred inflows related to leases are associated with amounts owed to Space Florida, as lessor, by entities leasing Space Florida's capital assets.

***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.

***Deposits***

Deposits consist of amounts held for tenants of leased facilities.

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

***Custodial liability***

The custodial liability consists of funds held for an unrelated company.

***Customer advances***

Customer advances consist of assets provided to Space Florida before the related expenses are incurred.

***Long-term obligations***

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position. In accordance with GASB Codification 130: *Interest Costs – Imputation*, debt issuance costs are expensed in the periods 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, 2022 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.

***Adoption of New Accounting Standards***

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contracts. 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 standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Space Florida has adopted the requirements of the guidance effective October 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. Beginning net position was decreased \$2.1M for the implementation of GASB Statement No. 87 to record the impact of recording lease receivables and related deferred inflows of resources.



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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 8.

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 Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

***Future Pronouncements***

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, 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 reporting periods beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

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

***Future Pronouncements (Continued)***

In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 30, 2023. See Note 12 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, 2022 the carrying amount of Space Florida's deposits was \$37,814,895 and the bank balances were \$40,180,485. These deposits consist of demand accounts that are covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. Monies invested in amounts greater than FDIC limits are secured by collateral held by Space Florida's agent, pursuant to the Florida Security for Public Deposits Act (the "Act"). The Act requires that Space Florida maintain deposits only in "qualified public depositories." All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of Space Florida. Therefore, Space Florida's deposits are considered to be fully insured.

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

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

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

Cash consists of the following:

<u>September 30,</u>	<u>2022</u>
Demand deposits	<b>\$ 37,814,895</b>
Classified as:	
Cash	\$ 18,076,874
Restricted cash	19,738,021
Total	<b>\$ 37,814,895</b>

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, 2022 Space Florida had the following cost method investments, net of impairment:

<u>September 30,</u>	<u>2022</u>
Investment 1 - 513,838 shares of class A common stock *	\$ 1,966,800
Investment 2 - 7,000 shares of series A-2 preferred stock	63,000
Investment 3 - 230,000 shares of class A common stock *	2,300,000
Investment 4 - 25,000 shares of common stock	-
Investment 4 - warrants to purchase 25,000 shares of common stock	-
Investment 5 - 20,000 shares of common stock	-
Investment 5 - warrants to purchase 20,000 shares of common stock	-
Total	<b>\$ 4,329,800</b>

\* greater than 5% of total investments

Additionally Space Florida holds warrants in Company 6 received as consideration for a loan more fully described in Note 4. At the time of the receipt of the warrants, Company 6 was involved in an administrative reorganization which would eliminate the equity holders of Company 6. Due to these factors Space Florida values the warrants in Company 6 at \$0

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

Investment 4 common stock is net of an impairment of \$500,000 and investment 4 warrants are net of an impairment of \$699,300 at September 30, 2022. Investment 5 common stock is net of an impairment of \$249,650, and investment 5 warrants are net of an impairment of \$249,650 and September 30, 2022.

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 \$4,329,800 and as of September 30, 2022 are for securities uninsured, unregistered and are held by the individual companies that have issued the stock. Space Florida incurred an impairment loss of \$249,860 and during the year ended September 30, 2022

**Note 3: DUE FROM OTHER GOVERNMENTS**

Due from other governments is comprised of \$28,560,558 of State appropriations and grants for operations and capital improvements at September 30, 2022.

**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 was due in 2022. The Company has requested an extension of their loan beyond the maturity date. Accrued interest at September 30, 2022 was \$8,935. During the year ended September 30, 2022, 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, 2022.

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 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, the value of which is impaired.

## Space Florida Notes to the Financial Statements

### Note 4: LOANS RECEIVABLE (Continued)

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, 2022.

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 note receivable will most likely not be collected and has recorded an allowance of \$400,000 as of September 30, 2022.

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, 2022 was \$179,836. Management has estimated that the note receivable and related accrued interest will most likely not be collected and has recorded an allowance for the entire balance as of September 30, 2022.

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, 2022 was \$179,506. Management has estimated that the note receivable and related accrued interest will most likely not be collected and has recorded an allowance for the entire balance as of September 30, 2022.

Loans receivable are as follows:

<i>September 30,</i>	<b>2022</b>			
Name	Long-term Principal	Accrued Interest	Current Portion	
Company 1	\$ -	\$ 8,935	\$ 1,436,001	
Company 4	-	-	1,004,384	
Company 5	400,000	-	-	
Company 6	-	359,342	4,000,000	
Less allowance	(400,000)	(359,342)	(5,287,200)	
<b>Totals</b>	<b>\$ -</b>	<b>\$ 8,935</b>	<b>\$ 1,153,185</b>	

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

**Note 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022 was as follows:

	Balance September 30, 2021*	Increases	Decreases	Balance September 30, 2022
Capital assets, not being depreciated				
Construction in progress	\$ 683,392	\$ 31,889	\$ -	\$ 715,281
<b>Total capital assets not being depreciated</b>	<b>683,392</b>	<b>31,889</b>	<b>-</b>	<b>715,281</b>
Capital assets, being depreciated:				
Buildings and improvements	330,468,615	-	(10,195)	330,458,420
Furniture, fixtures, vehicles, and equipment	22,301,338	77,598	(728,744)	21,650,192
Right-to-use lease assets:				
Land	32,228,460	1,552,118	-	33,780,578
Machinery and equipment	64,305	-	-	64,305
<b>Total capital assets being depreciated</b>	<b>385,062,718</b>	<b>1,629,716</b>	<b>(738,939)</b>	<b>385,953,495</b>
Less accumulated depreciation for:				
Buildings and improvements	(68,933,681)	(12,453,853)	2,322	(81,385,212)
Furniture, fixtures, vehicles, and equipment	(7,529,900)	(1,239,723)	728,744	(8,040,879)
Right-to-use lease assets:				
Buildings and improvements	-	(1,201,431)	-	(1,201,431)
Machinery and equipment	-	(16,578)	-	(16,578)
<b>Total accumulated depreciation</b>	<b>(76,463,581)</b>	<b>(14,911,585)</b>	<b>731,066</b>	<b>(90,644,100)</b>
Total capital assets, being depreciated, net	308,599,137	(13,281,869)	(7,873)	295,309,395
<b>Capital assets, net</b>	<b>\$ 309,282,529</b>	<b>\$ (13,249,980)</b>	<b>\$ (7,873)</b>	<b>\$ 296,024,676</b>

\* As restated for implementation of GASB Statement No. 87.

**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 and has subsequently been amended multiple times. The various amendments modified the maturity date, repayment terms, and interest rates. The current terms of the note were set forth in an agreement with the bank on June 15, 2020 which defined a maturity date of July 1, 2027, interest accruing at 3.021% per annum and quarterly payments of principal and interest beginning on October 1, 2020.

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

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

During fiscal year 2022, Space Florida provided for additional principal payments on the note. The outstanding principal balance as of September 30, 2022 was \$1,380,488. 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 11% of appropriations for the year ending September 30, 2022.

Future minimum payments at September 30, 2022 are as follows:

<i>For the year ending September 30,</i>	Principal		Interest		Total
2023	\$	1,058,408	\$	21,796	\$ 1,080,204
2024		322,080		396	322,476
<b>Total</b>	<b>\$</b>	<b>1,380,488</b>	<b>\$</b>	<b>22,192</b>	<b>\$ 1,402,680</b>

**Financed Purchase**

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

Future minimum lease payments at September 30, 2022 are as follows:

<i>For the year ending September 30,</i>	Principal		Interest		Total
2023	\$	63,899	\$	4,545	\$ 68,444
<b>Total</b>	<b>\$</b>	<b>63,899</b>	<b>\$</b>	<b>4,545</b>	<b>\$ 68,444</b>

**Changes In Long-Term Liabilities**

Long-term liability activity for the years ended September 30, 2022 is as follows:

	Balance September 30, 2021*	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 4,435,050	\$ -	\$ (3,054,562)	\$ 1,380,488	\$ 1,058,408
Total notes from direct borrowings	4,435,050	-	(3,054,562)	1,380,488	1,058,408
Compensated absences	383,165	406,366	(433,533)	355,998	177,775
Financed purchase	123,555	-	(59,656)	63,899	63,899
Lease liability	32,292,765	1,552,118	(447,670)	33,397,213	442,648
<b>Total</b>	<b>\$ 37,234,535</b>	<b>\$ 1,958,484</b>	<b>\$ (3,995,421)</b>	<b>\$ 35,197,598</b>	<b>\$ 1,742,730</b>

\* As restated for the implementation of GASB Statement No. 87.

**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. Space Florida has concluded that conduit debt does not create a liability for the governmental entity and, therefore, is not reflected on the entity's basic financial statements.

Space Florida has participated in the issuance of conduit debt projects that are not reflected on the statement of net position of its basic financial statements. The conduit debt transactions discussed below are limited obligation debts of Space Florida and are payable solely from the pledged revenues described in the respective debt agreements. Neither the faith nor credit, nor the taxing power of Space Florida, the State of Florida nor any subdivision thereof is pledged for the payment of the debts.

During 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, 2022, the outstanding balance on Space Florida assisted financing was \$196,737,722. The debt will be repaid with proceeds from the lease of the personal property. The loan is collateralized by the lease.

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 \$77,333,770 at September 30, 2022. The debt will be repaid by fees charges by the lessee for usage of the equipment and is secured by the personal property.

During March 2022, Space Florida entered into agreements with a company (the "Guarantor") to provide conduit debt for up to \$70,000,000 related to the construction and lease back of property to the Guarantor. The debt will be repaid by assignment to the debt holder of the fees charges to the Guarantor for usage of the equipment and is secured by the personal property of the Guarantor. The proceeds of the conduit debt are to be used for the construction of the property and the construction project is being managed by Space Florida. As part of the agreement, at September 30, 2022, Space Florida holds \$4,209,720 of cash from the conduit debt for the payment of construction costs.

**Note 8: LEASES**

Space Florida has entered into various lease transactions for the purpose of economic development at various locations throughout the State of Florida. Space Florida enters into these lease transactions as lessee with the intent to sublease the right of use asset to another unrelated entity. A general description of Space Florida's leasing arrangements is as follows:



**Note 8: LEASES (Continued)**

***Engineering & Technology Center***

Space Florida is the lessee of the Engineering & Technology Center (ETC) under an agreement entered into on November 7, 2012, with the Melbourne Airport Authority for the right and intent 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. The lease contains rent escalations based upon a 5 year trailing Consumer Price Index (CPI) calculation. Future rent monthly rent payments range from \$14,226 to \$17,622 and are estimated using the 5 year trailing CPI as of the date of adoption of GASBS No. 87, *Leases*. At September 30, 2022 the lease liability is \$2,200,282.

Space Florida is the lessor and subleases the ETC to an unrelated company under an agreement entered into on September 18, 2014 for period of 20 years. The tenant is responsible for maintenance, operations, and improvements of the facilities. The lease contains rent escalations based upon a 5 year trailing Consumer Price Index (CPI) calculation. Future rent receipts range from \$14,226 to \$17,622 and are estimated using the 5 year trailing CPI as of the date of adoption of GASBS No. 87, *Leases*. The lease receivable at September 30, 2022 is \$2,200,282.

***Commercial Crew and Cargo Processing Facility***

Space Florida is the lessor and subleases 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 under an agreement entered into on April 1, 2015. 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. The lease contains rent escalations based upon the fair market value of the leased property as determined by NASA or an independent appraisal. The lease requires quarterly payments and future rent receipts are \$33,532 a quarter. At September 30, 2022 the lease receivable is \$300,311 and the deferred inflow is \$299,578.

***Exploration Park***

***Exploration Park Phase 1***

Space Florida is the lessee of land from NASA’s John F. Kennedy Space Center for the development of a mixed-use, multi-tenant technology and commerce park referred to as “Exploration Park” under an enhanced use agreement entered into on January 1, 2009. The initial lease term is 30 years with an optional 30 year renewal period. The park is intended to host diverse aerospace-related activities for commercial, civil and military tenants. No cash lease payments are required under the lease agreement until January 1, 2039, however Space Florida recognizes and accrues the related interest expense. Once lease payments begin, 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. Future rent payments , after cash payments begin, range from \$56,102 to \$1,678,359 per year. The lease liability at September 30, 2022 is \$21,563,649.

**Note 8: LEASES (Continued)**

***Exploration Park (Continued)***

*Space Life Sciences Lab at Exploration Park*

Space Florida is the lessee of land from NASA's John F. Kennedy Space Center under a use agreement entered into on February 8, 2001 with an initial term of 30 years and an optional 30 year renewal period. On the leased land, Space Florida constructed and owns the Space Life Sciences Lab (SLSL) at Exploration Park. Space Florida leases space within the SLSL to various tenants, and the use agreement with NASA requires Space Florida to make regular lease payments if NASA is not the primary tenant. During the year ended September 30, 2022, NASA was not the primary tenant and Space Florida does not anticipate NASA to become the primary tenant and has included these lease payment obligations in the consolidated lease disclosures. The lease requires quarterly payments of \$77,750. The lease liability at September 30, 2022 is \$2,703,815.

Space Florida is the lessor and subleases office and laboratory space within the SLSL to a company under an agreement entered into on August 12, 2021. The initial lease term is 2 years with additional negotiable renewal periods. The lease requires regular monthly payments ranging from \$8,161 to \$40,395. The lease receivable at September 30, 2022 is \$418,282 and the deferred inflow is \$337,891.

Space Florida leases other office and laboratory space within the SLSL to various tenants under short term or cancelable lease agreements.

*Exploration Park Phase 1 Building D-F*

Space Florida is the lessor of land and a building to a company under an agreement entered into on April 25, 2017. The terms of the agreement include a contribution of the building constructed by the tenant to Space Florida in exchange for the right to lease the building back and a reduction of future land lease payments. The lease began upon occupancy of the building by the tenant on April 1, 2019 with a term of 20 years and renewal options for up to an additional 15 years via three 5 year lease renewal periods. The agreement also requires payment of quarterly common area maintenance fees and a prepayment for quarterly projected utility usage which are excluded from future rent receivables. The lease requires monthly payments of \$43,537. At September 30, 2022 the lease receivable is \$7,355,352 and the deferred inflow is \$7,286,405.

*Exploration Park Phase 2 Site A*

Space Florida is the lessee of land from NASA's John F. Kennedy Space Center under a use agreement entered into on December 31, 2015. The lease began upon the completion of certain improvements by Space Florida on September 30, 2018 and terminates September 2075 . There are no cash lease payments required until October 1, 2042; however, Space Florida recognizes and accrues the related interest expense. Once cash lease payments begin the rental rate 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. Future rent payments, after cash payments begin, range from \$306,194 to \$412,894 per year. The lease liability at September 30, 2022 is \$6,865,161.

**Note 8: LEASES (Continued)**

***Exploration Park (Continued)***

Space Florida is the lessor of land within Exploration Park Phase 2 Site A to a company under an agreement entered into on December 28, 2019. The lease terminates September 2075. The terms of the agreement include a contribution from the tenant as more fully described below in exchange for leasing the land back to the tenant. The contribution will offset all future lease payments and no cash payments are due. Lease payments are recognized monthly with the remaining balance recognized as a deferred inflow. At September 30, 2022, the lease receivable is \$6,865,161 and the deferred inflow is \$6,744,718.

Space Florida is the lessee of buildings and ancillary support structures within Exploration Park Phase 2 Site A to a company under an agreement entered into on December 28, 2019. The terms of the agreement include a contribution of the buildings and ancillary support structures constructed by the tenant to Space Florida in exchange for leasing the building back to the tenant. The contribution will offset all future lease payments. Lease payments are recognized monthly with the remaining balance recognized as a deferred inflow. The lease term is 50 years expiring December 2068. At September 30, 2022 the deferred inflow is \$46,844,483.

**Exploration Park Phase 2 Site B**

Space Florida is the lessee of buildings and ancillary support structures within Exploration Park Phase 2 Site B to a company under an agreement entered into on February 28, 2020. The terms of the agreement also include an embedded lease-leaseback through the assignment of a lease, excluding future lease payments, from the tenant to Space Florida in exchange for leasing it back to the tenant. Additionally the terms of the lease include a contribution of buildings and ancillary support structures constructed by the tenant to Space Florida in exchange for leasing the building and ancillary support structures back to the tenant. The contribution will offset all future lease payments and no cash payments are due. Lease payments are recognized monthly with the remaining balance recognized as a deferred inflow. The lease term is 50 years expiring November 2070. At September 30, 2022 the deferred inflow is \$118,568,110.

***Shuttle Landing Facility***

Space Florida is the lessee of vehicles for refueling of equipment at the Shuttle Landing Facility (SLF) under an agreement entered into on August 18, 2021. The initial lease term is 1 years with 3 one year renewal periods which are included in the lease liability. The terms of the agreement require no cash payments until February 2023. Once cash payments begin, payments of \$2,200 are due monthly. At September 30, 2022, the lease liability is \$64,306.

Space Florida is the lessor of buildings at the SLF to a company under an agreement entered into on June 15, 2020. The initial lease term expires June 30, 2021 and contains 4, 1 year renewal terms. The terms of the agreement require monthly payments ranging from \$5,673 to \$5,843. At September 30, 2022 the lease receivable is \$52,542 and the deferred inflow is \$51,815.

**Note 8: LEASES (Continued)**

***Launch Complex 20***

Space Florida is the lessor of land, buildings, and infrastructure collectively referred to as Launch Complex 20 (SLC-20) to a company under an agreement entered into on October 11, 2021. The initial lease term is through March 31, 2026 with 3, consecutive 5 year renewal periods. The terms of the agreement require monthly payments ranging from \$8,333 to \$41,667. At September 30, 2022 the lease receivable is \$1,470,198 and the deferred inflow is \$1,214,457.

***Other short-term agreements***

Space Florida has additional agreements with NASA and the Air Force which are cancelable or contain terms of less than 12 months. These short-term agreements consist of short-term leases, access licenses, and rights to use various assets including Launch Complex 20, Launch Complex 46, the Shuttle Landing Facility, and other smaller facilities or parcels of land. These agreements are expensed as incurred.

***Implementation of GASB Statement No. 87***

Upon the adoption of GASBS No. 87, *Leases*, Space Florida recognized the following adjustments to net position:

Net position, September 30, 2021, as previously reported	\$ 143,542,982
Adjust for balances remaining under prior accounting guidance:	
Prepaid rent	(12,474,380)
Deferred rent liability	10,362,400
Lease receivable	187,407,745
Deferred inflow of resources related to leases	(187,407,745)
Right-to-use leased assets	32,292,765
Lease liabilities	(32,292,765)
Net position, September 30, 2021, as restated	\$ 141,431,002

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

**Note 8: LEASES (Continued)**

The following is a schedule of future minimum lease payments from lease agreements at September 30:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 442,648	\$ 69,846	\$ 512,494
2024	460,749	62,643	523,392
2025	483,560	55,805	539,365
2026	473,469	48,774	522,243
2027	480,112	41,722	521,834
2028 - 2032	2,247,621	101,513	2,349,134
2033 - 2037	380,243	2,998,124	3,378,367
2038 - 2042	-	4,103,246	4,103,246
2043 - 2047	-	6,600,215	6,600,215
2048 - 2052	1,665,030	5,651,941	7,316,971
2053 - 2057	4,178,841	3,828,352	8,007,193
2058 - 2062	6,627,151	2,160,964	8,788,115
2063 - 2067	8,565,578	1,106,080	9,671,658
2068 - 2072	5,036,495	343,757	5,380,252
2073 - 2077	1,942,821	121,649	2,064,470
2078 - 2082	412,895	-	412,895
<b>Total</b>	<b>\$ 33,397,213</b>	<b>\$ 27,294,631</b>	<b>\$ 60,691,844</b>

**Note 9: 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 year ended September 30, 2022 was \$814,773 and represented 15% of total eligible employee gross compensation for each period.

**Note 10: COMMITMENTS AND CONTINGENCIES**

Commitments

Contract commitments at September 30, 2022 were \$103,846,572 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 82% of its total revenues from State legislative appropriations and grants during the year ended September 30, 2022.

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 11: 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 12: SUBSEQUENT EVENTS**

During June 2023, Space Florida entered into a \$75 million conduit debt agreement with an unrelated entity and a financial institution. The proceeds from the conduit debt are for the construction of a real estate and equipment.

During June 2023, Space Florida entered into a \$201 million conduit debt agreement with an unrelated entity and a financial institution. The proceeds from the conduit debt are intended to be used by the unrelated entity for the construction of a building.

SUPPLEMENTARY INFORMATION

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**Space Florida**  
**Schedule of Travel, Business Meals and Incidental Expenses**

<i>For the year ended September 30,</i>	<b>2022</b>	2021
<b>Domestic:</b>		
Travel and incidental <sup>(1)</sup>	\$ <b>145,356</b>	\$ 90,443
Conference fees	<b>16,025</b>	3,499
Business meals	<b>29,540</b>	28,486
<b>Total domestic</b>	<b>190,921</b>	122,428
<b>Foreign:</b>		
Travel and incidental <sup>(1)</sup>	<b>23,847</b>	-
Business meals	<b>810</b>	-
<b>Total foreign</b>	<b>24,657</b>	-
<b>Total</b>	<b>\$ 215,578</b>	\$ 122,428

<sup>(1)</sup> 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, 2022 and the related notes to the financial statements, which collectively comprise Space Florida's basic financial statements, and have issued our report thereon dated August 30, 2023.

**Report on 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.

## Report on 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  
August 30, 2023

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE 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**

#### ***Opinion on 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, 2022. Space Florida's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

#### ***Basis for Opinion on Each Major State Project***

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. Our responsibility under those standards and Chapter 10.550 *Rules of the Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Space Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of Space Florida's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Space Florida's state projects.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Space Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550 *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Space Florida's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Space Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Space Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Space Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
August 30, 2023

**Space Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2022**

**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 style="border: none;"> <tr> <td style="text-align: left;"><u>CSFA Number</u></td> <td style="text-align: left;"><u>Federal Program</u></td> </tr> <tr> <td>55.037</td> <td>Spaceport Improvement Program</td> </tr> <tr> <td>40.040</td> <td>Economic Development Partnership</td> </tr> </table> | <u>CSFA Number</u>               | <u>Federal Program</u> | 55.037 | Spaceport Improvement Program | 40.040 | Economic Development Partnership |  |
| <u>CSFA Number</u>   | <u>Federal Program</u>           |                        |        |                               |        |                                  |  |
| 55.037   | Spaceport Improvement Program    |                        |        |                               |        |                                  |  |
| 40.040   | Economic Development Partnership |                        |        |                               |        |                                  |  |
| 5. Dollar threshold used to distinguish between type A and B projects :  | \$1,758,652                      |                        |        |                               |        |                                  |  |



**Space Florida**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended September 30, 2022**

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—State Project Findings and Questioned Costs**

No matters were reported.

**Section IV—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, 2022**

State Agency Pass-through entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<b>Florida Department of Economic Opportunity</b>				
Direct Projects				
Economic Development Partnership, Israel	40.040	SB22-009	\$ 1,000,000	\$ -
Economic Development Partnership, Operations	40.040	SB22-008	8,526,177	-
Economic Development Partnership, Operations	40.040	SB23-008	3,365,400	-
Economic Development Partnership, Financing	40.040	SB22-011	5,683,241	-
Economic Development Partnership, Financing	40.040	SB23-009	370,995	-
Total Florida Department of Economic Opportunity			18,945,813	-
<b>Florida Department of Transportation</b>				
Direct Projects				
Spaceport Improvement Program	55.037	FM#435321-1-94-01	843,747	-
Spaceport Improvement Program	55.037	FM#436863-1-94-04	19,076,559	-
Spaceport Improvement Program	55.037	FM#436863-1-94-05	3,577,063	3,577,063
Spaceport Improvement Program	55.037	FM#437070-1-94-03	450,877	450,877
Spaceport Improvement Program	55.037	FM#435257-1-14-04	1,200,763	-
Spaceport Improvement Program	55.037	FM#435257-1-14-04	1,034,694	-
Spaceport Improvement Program	55.037	FM#437069-1-94-05	11,948,209	11,948,209
Spaceport Improvement Program	55.037	FM#435257-1-14-05	1,544,002	-
Total Florida Department of Transportation			39,675,914	15,976,149
Total Expenditures of State Financial Assistance			\$ 58,621,727	\$ 15,976,149

*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, 2022, and have issued our report thereon dated August 30, 2023.

### **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 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 August 30, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(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(1)(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: 47
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Space Florida's fiscal year as: 2
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. \$ 5,247,572
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. \$ 359,053
- 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

<b>Project name</b>	<b>Budget</b>
Project Upgrade CAE	\$ 10,163,943

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  
August 30, 2023

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## **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, 2022. Management of Space Florida is responsible for Space Florida's compliance with the specified requirements. Our responsibility is to express an opinion on Space Florida's compliance with the specified requirements based on our examination.

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

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

In our opinion, Space Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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  
August 30, 2023