

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S  
SPACE COAST, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**



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**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Economic Development Commission of Florida's Space Coast, Inc.  
Rockledge, Florida

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

#### ***Opinion***

We have audited the accompanying financial statements of Economic Development Commission of Florida's Space Coast, Inc. (the Commission), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Development Commission of Florida's Space Coast, Inc., as of September 30, 2023 and 2022, and the changes in their net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2023 the Commission adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Economic Development Commission of Florida's Space Coast, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Economic Development Commission of Florida's Space Coast, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***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 GAAS 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 GAAS 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 Economic Development Commission of Florida's Space Coast, Inc.'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 Economic Development Commission of Florida's Space Coast, Inc.'s ability to continue as a going concern for a reasonable period of time.

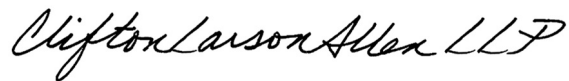
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of the Commission'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 the Commission'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 the Commission's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Orlando, Florida  
May 13, 2024

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,683,550	\$ 1,817,971
Accounts Receivable, Net	149,638	464,074
Grants Receivable	137,638	64,035
Prepaid Expenses	35,177	40,042
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Current Assets	3,464,428	2,844,547
<b>NONCURRENT ASSETS</b>		
Property and Equipment, Net	34,537	44,409
Right-of-Use Assets - Operating, Net	268,178	-
Deposits	10,128	10,128
Total Noncurrent Assets	312,843	54,537
Total Assets	\$ 3,777,271	\$ 2,899,084
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 39,893	\$ 75,265
Accrued Expenses	115,035	108,403
Deferred Revenue	458,425	458,425
Lease Liability - Operating, Current Portion	81,959	-
Total Current Liabilities	695,312	642,093
<b>LONG-TERM LIABILITIES</b>		
Lease Liability - Operating, Net of Current Portion	191,047	-
Total Long-Term Liabilities	191,047	-
Total Liabilities	886,359	642,093
<b>NET ASSETS</b>		
Without Restrictions:		
Undesignated	2,405,257	1,805,165
Designated	451,118	407,417
Invested in Property and Equipment	34,537	44,409
Total Net Assets	2,890,912	2,256,991
Total Liabilities and Net Assets	\$ 3,777,271	\$ 2,899,084

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>SUPPORT AND REVENUE WITHOUT RESTRICTIONS</b>		
Brevard County Grant	\$ 1,400,050	\$ 1,400,050
Investor Payments	1,019,500	885,500
Investor Meetings and Functions	71,861	46,446
State Grants	755,203	457,862
Federal Grants	-	48,000
Program Sponsorships	41,250	58,050
Contributions, Donated Goods and Services	7,290	-
Interest Income	36,039	215
Total Support and Revenue Without Restrictions	3,331,193	2,896,123
<b>SPECIAL EVENTS</b>		
Special Events Revenue	-	38,649
Less: Cost of Direct Benefits to Donors	-	(38,649)
Total Special Events	-	-
<b>EXPENSES</b>		
Program Services Expense:		
Economic Development	2,229,679	1,958,094
Support Services Expense:		
Management and General	467,593	448,033
Total Expenses	2,697,272	2,406,127
<b>CHANGE IN NET ASSETS</b>	633,921	489,996
Net Assets - Beginning of Year	2,256,991	1,766,995
<b>NET ASSETS - END OF YEAR</b>	\$ 2,890,912	\$ 2,256,991

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services	Supporting Services	Total
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$ 838,290	\$ 222,837	\$ 1,061,127
Payroll Taxes	49,840	13,249	63,089
Retirement Contributions	109,055	28,989	138,044
Health, Disability, Liability, and Workers' Compensation Insurance	83,025	22,070	105,095
Total Salaries and Related Expenses	1,080,210	287,145	1,367,355
<b>OTHER EXPENSES</b>			
Miscellaneous	-	200	200
Bad Debt Expense	-	15,950	15,950
Communication and Outreach	68,445	-	68,445
Dues and Subscriptions	24,114	4,255	28,369
Education and Training	2,665	708	3,373
Expenses Under Grants	673,050	-	673,050
Facilities/Occupancy	120,315	33,935	154,250
Meetings and Functions	165,600	-	165,600
Office and Administrative	-	75,715	75,715
Postage	435	123	558
Professional Fees	58,547	47,871	106,418
Travel and Auto	26,019	-	26,019
Website Maintenance and Enhancement	1,888	210	2,098
Total Other Expenses	1,141,078	178,967	1,320,045
 Total Expenses Before Depreciation and Amortization	 2,221,288	 466,112	 2,687,400
 Depreciation	 7,163	 1,264	 8,427
Amortization	1,228	217	1,445
 Total Expenses by Function	 \$ 2,229,679	 \$ 467,593	 \$ 2,697,272

See accompanying Notes to Financial Statements.



**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Program Services	Supporting Services	Total
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$ 873,091	\$ 218,273	\$ 1,091,364
Payroll Taxes	52,131	13,033	65,164
Retirement Contributions	119,381	29,845	149,226
Health, Disability, Liability, and Workers' Compensation Insurance	76,423	19,106	95,529
Total Salaries and Related Expenses	1,121,026	280,257	1,401,283
<b>OTHER EXPENSES</b>			
Miscellaneous	-	75	75
Bad Debt Expense	-	27,985	27,985
Communication and Outreach	31,671	-	31,671
Dues and Subscriptions	7,325	1,831	9,156
Education and Training	3,468	867	4,335
Expenses Under Grants	413,072	-	413,072
Facilities/Occupancy	113,280	28,320	141,600
Meetings and Functions	149,288	-	149,288
Office and Administrative	-	86,116	86,116
Postage	550	137	687
Professional Fees	79,623	19,906	99,529
Travel and Auto	28,094	-	28,094
Website Maintenance and Enhancement	2,735	684	3,419
Total Other Expenses	829,106	165,921	995,027
 Total Expenses Before Depreciation and Amortization	 1,950,132	 446,178	 2,396,310
 Depreciation	 6,120	 1,530	 7,650
Amortization	1,842	325	2,167
 Total Expenses by Function	 \$ 1,958,094	 \$ 448,033	 \$ 2,406,127

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 633,921	\$ 489,996
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9,872	9,817
Change in Operating Right-of-Use Assets and Lease Liabilities	4,828	-
(Increase) Decrease in Assets:		
Accounts Receivable	314,436	(359,961)
Grants Receivable	(73,603)	(11,381)
Prepaid Expenses	4,865	(21,536)
Increase (Decrease) in Liabilities:		
Accounts Payable	(35,372)	24,940
Accrued Expenses	6,632	(129)
Total Adjustments	231,658	(358,250)
Net Cash Provided by Operating Activities	865,579	131,746
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	-	(5,828)
Net Cash Used by Investing Activities	-	(5,828)
 <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	865,579	125,918
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,276,396	2,150,478
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 3,141,975	\$ 2,276,396
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash and Cash Equivalents	\$ 2,683,550	\$ 1,817,971
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Cash and Cash Equivalents, Including Restricted Cash	\$ 3,141,975	\$ 2,276,396
 Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 349,696	\$ -

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies and practices of Economic Development Commission of Florida's Space Coast, Inc. (the Commission), which affect significant elements of the accompanying financial statements:

**Commission and Purpose**

The Commission was incorporated May 4, 1989, and operates as a nonprofit organization. The Commission was organized to promote a common interest in economic and industrial development in Brevard County. The Commission is committed to enhancing the quality of life in Brevard County and advancing the welfare and economic interests of the region and its citizens through proactive economic development. It is the lead agency in Brevard County for the recruitment and retention of value-added manufacturing and technology-focused companies and is supported primarily through contracts, grants, and investor payments.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. For the years ended September 30, 2023 and 2022, all net assets were classified as without restrictions.

**Cash and Cash Equivalents**

For the purpose of reporting cash flows, cash and cash equivalents includes cash on hand, amounts in demand deposits, and short-term investments with an original maturity date of 90 days or less.

**Accounts and Grants Receivable**

The Commission records accounts receivable when incurred and grants receivable when entitled to reimbursement at reporting intervals established in grant agreements. Management reviews receivables monthly for past due accounts, with balances over 90 days subject to review and follow-up by the president/CEO. Past due notices are sent to investors with balances exceeding 60 days and accounts greater than 120 days old are generally written off.

The Commission has established a \$21,700 and \$20,000 allowance for uncollectible accounts and grants at September 30, 2023 and 2022, respectively. Provision for uncollectible accounts is made based on several factors, including aging analysis and past experience.

**Property and Equipment**

The Commission capitalizes all expenditures for equipment with a value in excess of \$5,000 and a useful life greater than one year. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Commission determines if an arrangement is a lease at inception. Operating leases are included in Right-of-Use Assets – Operating and Lease Liability – Operating, and finance leases are included in Right-of-Use Assets – Financing and Lease Liability – Financing in the statements of financial position.

Right-of-use (ROU) assets represent the Commission's right to use an underlying asset for the lease term and lease liabilities represent the Commission's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Commission will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Commission has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Commission has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Commission has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Accrued Leave**

The Commission compensates its employees for unused vacation to a maximum of 20 days and sick leave up to six weeks paid at a rate of 50% upon termination of employment. The amount of change in accrued vacation and sick leave for all employees from one year to the next is recorded in personnel expense during the current year. Accrued leave is reported as Accrued Expenses on the accompanying statements of financial position.

**Deferred Revenue**

The Commission records certain contract receipts as deferred revenue until it is expended for the purpose of the contract, at which time it is recognized as revenue.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Commission had no net assets with donor restrictions as of September 30, 2023 and 2022.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Contributed Services and Materials**

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Commission received contributed services of \$7,290 and \$-0- during the years ended September 30, 2023 and 2022, respectively, for various marketing services and event space, which are included in in-kind contributions and the expense categories to which they relate in the statements of activities.

The Commission estimates the fair value of in-kinds on the basis of estimates of the current market rates for similar marketing services and event space in the Commission's market. Professional services are valued and reported at the estimated fair value based on current rates for similar services.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Commission receives substantially all of its grant and contract revenue from federal, state, and local agencies. The Commission recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses, dependent upon the contract.

For the portion of the Commission's revenue derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the commission has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenue in the statements of financial position and disclosed in Note 5. The Commission received cost-reimbursable grants of \$1,254,787 and \$836,634 that have not been recognized as of September 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

The Commission also receives support from private and public organizations. Support from public sector members is recognized as revenue when the funds are appropriated. Private sector support, including investor payments, is recognized as revenue when received by the Commission due to the discretionary nature. The Commission can receive contributions from investors as well as promises to give. Contributions are recorded when assets are received or when an unconditional promise to give is received.

**Income Taxes**

The Commission is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes has been made in the accompanying financial statements. The Commission files income tax returns in the U.S. federal jurisdiction. The Commission's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Commission has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations have been made based on considerations of time and space usage. Although the methods of allocation used are considered reasonable, other methods could be used that would provide different results.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

The Commission has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 13, 2024, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**Adoption of Accounting Pronouncement**

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Commission adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Commission has elected to adopt the package of practical expedients available in the year of adoption. The Commission has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Commission's ROU assets.

Lease disclosures for the year ended September 30, 2022, are made under prior lease guidance in FASB ASC 840.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Commission monitors liquidity regularly through the monthly financial package provided to the board. The Commission's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 2,683,550	\$ 1,817,971
Accounts Receivable	149,638	464,074
Grants Receivable	137,638	64,035
Total Liquid Financial Assets	2,970,826	2,346,080
Internal Designation:		
Board Designated Reserve	(451,118)	(407,417)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,519,708	\$ 1,938,663

Funds without donor restrictions have been designated by the board of directors as an operational reserve. The Commission has an operating reserve policy to ensure financial stability. The policy defines a target amount for funding the reserve, which is to be determined annually based on operating costs.

**NOTE 3 MATCHING REQUIREMENTS**

The Commission receives a portion of its support through grants and contracts. Certain grants and contracts require the Commission to provide specified amounts of matching revenue. For each grant or contract, where applicable, the Commission has met all matching requirements. Also, for each grant contract that ended on or before September 30, 2023, no obligation remains outstanding to the funding source.

**NOTE 4 RETIREMENT PLAN**

The Commission has a defined contribution retirement plan that Employees are eligible for participation in the Plan upon completion of one year of full-time, contemporary service; employer contributions to the plan were equal to 15% of each eligible employee's salary. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Commission contributes 15% of eligible employees' federally taxable wages, with certain exclusions. During the years ended September 30, 2023 and 2022, Plan contributions charged to operations were \$138,044 and \$149,226, respectively.



**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 DEFERRED REVENUE**

Deferred revenue as of September 30, 2023 and 2022, totaling \$458,425, respectively, consisted of grant amounts invoiced in excess of revenue earned at year-end.

**NOTE 6 PROPERTY AND EQUIPMENT**

As of September 30, property and equipment consisted of the following:

	2023	2022
Equipment	\$ 18,161	\$ 29,596
Furniture and Fixtures	34,866	34,866
Leasehold Improvements	34,987	34,987
Software	16,925	16,925
Total	104,939	116,374
Less: Accumulated Depreciation and Amortization	70,402	71,965
Total Property and Equipment	\$ 34,537	\$ 44,409

**NOTE 7 LINE OF CREDIT**

The Commission maintains a business line of credit with a financial institution. At September 30, 2023 and 2022, the line had a principal amount of \$200,000, available for borrowing. The line of credit bears interest at 5.00%. Principal is due on demand and interest is due monthly. The line is secured with a Commercial Security Agreement which defines collateral to include all assets, personal property, and accounts receivable. At September 30, 2023 and 2022, there was no principal amount outstanding.

**NOTE 8 RELATED PARTIES**

The board of directors includes representation of both the private and public service industries as required by Florida statutes. The Commission had transactions with entities related to certain board members for the purpose of membership, marketing, operational, and professional services. During the years ended September 30, 2023 and 2022, total payments to these entities were \$114,189 and \$93,877, respectively. The transactions were approved and authorized in accordance with the Commission's purchasing policies and procedures.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 9 LEASES**

**Lease Agreements – ASC 842**

The Commission leases office facilities under a long-term, noncancelable lease agreement. The lease expires in October 2026.

The following tables provide quantitative information concerning the Commission's lease.

Lease Cost:

Operating Lease Cost	\$ 92,643
Total Lease Cost	<u>\$ 92,643</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 87,815
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 349,696
Weighted Average Remaining Lease Term - Operating Leases	3
Weighted-Average Discount Rate - Operating Leases	3.9%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023, is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2024	\$ 90,895
2025	94,076
2026	96,480
2027	8,137
Total Lease Payments	<u>289,588</u>
Less: Imputed Interest	<u>16,582</u>
Present Value of Lease Liabilities	<u>\$ 273,006</u>

**Lease Agreements – ASC 840**

The Commission elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Commission is obligated under an operating lease for office space which expires in October 2026, with an option to extend for five-year renewal. Total rent expense for the year ended September 30, 2022, was \$126,827.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 10 CONCENTRATIONS OF CREDIT RISK**

The Commission maintains cash in banks in amounts that are from time to time in excess of federally insured limits of \$250,000 per bank. The Commission had approximately \$1,962,362 and \$1,012,000 subject to this credit risk at September 30, 2023 and 2022, respectively.

In addition, the Commission has established an account with a financial institution that is certified as "Qualified Public Depositories" (QPDs), as required under the Florida Public Deposits Act. This law requires every qualified public depository to deposit with the state treasurer eligible collateral equal to or in excess of an amount to be determined by the state treasurer and requires the state treasurer to ensure that funds are entirely collateralized throughout the fiscal year. As of September 30, 2023, the Commission's deposits with QPDs totaled \$460,062, of which \$458,425 is held for future payments related to a state grant.

The Commission receives money from public sources, various grantors, and from private sources. There is a concentration of credit risk with respect to the volume of support the Commission receives from these funding sources. Cost-reimbursable grant funding totaling \$2,019,288 and \$1,905,912 was received from two organizations, respectively, for the years ended September 30, 2023 and 2022, which represents 61% and 61% of total public support. Should these support levels decrease, the Commission may be adversely affected.

In addition, there is a significant concentration of risk associated with account and grant receivables from one and two organizations, respectively, for the years ended September 30, 2023 and 2022, which represents 45% and 73% of total receivables.

Effective July 1, 2012, the Commission was awarded a \$10,000,000 grant from the Florida Department of Economic Opportunity to fund and implement an innovative economic development program, including commercialization of research and development, economic diversification, and job creation. Grant revenue was not recognized in the years ended September 30, 2023 and 2022, respectively. The full amount of the grant has been awarded to the Commission by the state, and amounts remaining in deferred revenue related to this grant contract will be recognized as revenue in future fiscal years as earning criteria are met.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

Certain contracts and grants received by the Commission are subject to review by grantor agencies. As a result of these reviews, the Commission may be required to repay a portion of grant funds received. To date, reviews performed have not resulted in any request for repayment.



**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**

Board of Directors  
Economic Development Commission of Florida's Space Coast, Inc.  
Rockledge, 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 the Economic Development Commission of Florida's Space Coast, Inc. (the Commission), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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.

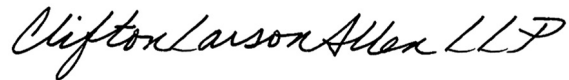
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness, as described in the accompanying schedule of findings and questioned costs as item 2023 – 001.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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 financial statements. 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.



**CliftonLarsonAllen LLP**

Orlando, Florida  
May 13, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL**

Board of Directors  
Economic Development Commission of Florida's Space Coast, Inc.  
Rockledge, Florida

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited Economic Development Commission of Florida's Space Coast, Inc.'s (the Commission) compliance with the types of compliance requirements described in the *State Projects Compliance Supplement* that could have a direct and material effect on each of the Commission's major state projects for the year ended September 30, 2023. The Commission'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, the Commission complied, in all material respects, with the 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, 2023.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission 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 the Commission'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 the Commission'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 the Commission'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 GAAS, *Government Auditing Standards*, and Chapter 10.650, 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 the Commission's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, 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 the Commission'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 the Commission'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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**

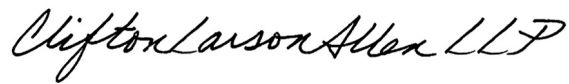
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Board of Directors  
Economic Development Commission of Florida's Space Coast, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency, as described in the accompanying schedule of findings and questioned costs as item 2023 – 002.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Orlando, Florida  
May 13, 2024



**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2023**

<u>State Agency/Project Title</u>	<u>CSFA Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b>Department of Commerce</b>			
Local Economic Development Initiatives	40.012	\$ 422,853	\$ 124,675
Defense Task Force	40.014	200,000	-
Economic Development Partnerships	40.040	<u>131,600</u>	<u>-</u>
Total Department of Commerce		<u>754,453</u>	<u>124,675</u>
Total Expenditures of State Financial Assistance		<u><u>\$ 754,453</u></u>	<u><u>\$ 124,675</u></u>

*See accompanying Notes to Schedule of Expenditures of State Financial Assistance.*

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state project activity of the Economic Development Commission of Florida's Space Coast, Inc. (the Commission) for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Rules of the Auditor General, Chapter 10.650, Florida Single Audit Act Audits – *Nonprofit and For-Profit Organizations*, issued by the Auditor General of the state of Florida. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Commission.

**NOTE 2 BASIS OF ACCOUNTING**

Expenditures reported in the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED SEPTEMBER 30, 2023**

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**Section I – Summary of Independent Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified?     x     yes            no
  - Significant deficiency identified?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

**State Financial Assistance**

1. Internal control over major projects:
- Material weakness identified?            yes     x     no
  - Significant deficiency identified?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major projects: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General* of the State of Florida?            yes     x     no

**Identification of Major Projects**

**CSFA Number**

40.012

**Name of State Projects**

Local Economic Development Initiatives

Dollar threshold used to distinguish between Type A and Type B projects:

\$     300,000

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2023**

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***Section II – Financial Statement Findings***

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**2023 – 001**

**Type of Finding:** Material weakness

**Condition:** The Organization did not have an adequate internal control system in place for preparing and reviewing the Schedule of Expenditures of State Financial Assistance (SEFA). We consider this deficiency in internal controls over accounting and financial reporting to be a material weakness.

**Criteria:** The Organization is a recipient of state financial assistance whereby is required to prepare a SEFA for the period covered by the Organization's financial statements to accurately reflect state financial assistance expended for individual state projects.

**Effect:** The Organization's SEFA omitted expenditures, which were identified during the auditor's review of the SEFA. As a result, the Organization was unaware that total state expenditures for the fiscal year ended September 30, 2023 exceeded the \$750,000 state single audit threshold.

**Cause:** The Organization's internal control system over the preparation and review of the SEFA did not identify a new category of grant expenditures required to be included in the SEFA.

**Recommendation:** We recommend the Organization review its current internal control procedures over preparing and reviewing the SEFA to ensure all state financial assistance expenditures are reported on the SEFA.

**Views of responsible officials:** We agree that a Single audit was required as the Organization was over the \$750,000 state single audit threshold by \$4,453; however, the Organization does have internal controls in place to prepare and review the SEFA. As stated in the comment above, a new category of grant was received and expended in the amount of \$13,160 and the Organization inadvertently missed moving those state grant expenditures to the line that accounts for state grants in its general ledger causing the preparation and review process to miss this new revenue source, thus requiring the Single Audit. An additional procedure has been put in place to ensure this issue does not occur again.

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***Section III – State Financial Assistance Findings***

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**2023 – 002**

Agency: Department of Justice

Program Name: Local Economic Development Initiatives

CSFA Number: 40.012

Award Period: 7/1/2022 – 6/30/2023; 7/1/2023 – 6/30/2024

Type of Finding:

- Significant Deficiency, Noncompliance

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2023**

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***Section III – State Financial Assistance Findings (Continued)***

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**2023 – 002 (Continued)**

**Criteria or specific requirement:** The Organization administers state projects through a subrecipient, whereby is responsible for establishing a monitoring process to identify and communicate the subaward elements to the subrecipient. Effective internal controls should include adequate subrecipient notification.

**Condition:** The Organization has not communicated key subaward details to the subrecipient (i.e. Agency, Program Name, CSFA Number, Award Period, Period of Performance) and does not inform the subrecipient of the passing through of state financial assistance funds.

**Questioned costs:** There were no questioned costs.

**Context:** Auditor reviewed the Organization's subrecipient agreement and identified condition.

**Cause:** Subaward details were not considered in preparation of subrecipient agreement due to unfamiliarity of subrecipient monitoring requirements.

**Effect:** Failure to adequately notify subrecipient of award elements may result in subrecipients not properly administering the state projects in accordance with laws, regulations and the grant agreement. Further, finding could result in subrecipient being unaware of Single Audit requirements or specific compliance requirements.

**Repeat Finding:** No

**Recommendation:** We recommend that subrecipient agreements include all required information to describe the state financial award being passed through to the subrecipient and that the Organization established a monitoring process to communicate the subaward elements to the subrecipient.

**Views of responsible officials:** Management agrees with the finding and will ensure agreements include notification of sub-recipient grant requirements.



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