

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

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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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 Financial Statements

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
January 28, 2021

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,299,281	\$ 1,379,751
Accounts Receivable, Net	114,593	83,238
Grants Receivable	104,660	114,263
Prepaid Expenses	63,593	40,686
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Assets	2,040,552	2,076,363
PROPERTY AND EQUIPMENT, Net	42,026	34,266
OTHER ASSETS		
Deposits	10,128	10,128
Total Assets	\$ 2,092,706	\$ 2,120,757
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 31,615	\$ 45,245
Accrued Expenses	137,460	138,208
Deferred Revenue	463,685	477,925
Total Current Liabilities	632,760	661,378
NET ASSETS		
Without Restrictions:		
Undesignated	1,010,729	1,018,172
Designated	407,191	406,941
Invested in Property and Equipment	42,026	34,266
Total Net Assets	1,459,946	1,459,379
Total Liabilities and Net Assets	\$ 2,092,706	\$ 2,120,757

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE WITHOUT RESTRICTIONS		
Brevard County Grant	\$ 1,400,050	\$ 1,400,050
Investor Payments	538,100	510,635
Investor Meetings and Functions	41,689	60,265
State Grants	338,478	1,177,900
Federal Grants	44,340	22,170
Program Sponsorships	28,435	10,824
Publications and Studies	3,000	-
Interest Income	3,975	5,503
Other Income	747	2,332
Total Support and Revenues Without Restrictions	<u>2,398,814</u>	<u>3,189,679</u>
EXPENSES		
Program Services Expense:		
Economic Development	1,915,649	2,663,133
Support Services Expense:		
Management and General	479,703	441,751
Total Expenses	<u>2,395,352</u>	<u>3,104,884</u>
OTHER LOSSES		
Loss on Sale of Property and Equipment	2,895	-
Total Other Losses	<u>2,895</u>	<u>-</u>
CHANGE IN NET ASSETS	567	84,795
Net Assets - Beginning of Year	<u>1,459,379</u>	<u>1,374,584</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,459,946</u></u>	<u><u>\$ 1,459,379</u></u>

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
Salaries	\$ 839,633	\$ 223,194	\$ 1,062,827
Payroll Taxes	51,275	13,630	64,905
Health, Disability, Liability, and Workers' Compensation Insurance	105,371	28,013	133,384
Total Salaries and Related Expenses	<u>996,279</u>	<u>264,837</u>	<u>1,261,116</u>
OTHER EXPENSES			
Association Dues	3,490	-	3,490
Bad Debt Expense	-	29,125	29,125
Communication and Outreach	215,491	-	215,491
Data and Research Services	17,666	-	17,666
Education and Training	3,301	877	4,178
Expenses Under Grants	375,775	-	375,775
Facilities/Occupancy	91,357	30,452	121,809
Meetings and Functions	32,614	-	32,614
Office and Administrative	-	76,278	76,278
Postage	730	243	973
Professional Fees	58,819	47,871	106,690
Retirement Contributions	98,348	26,143	124,491
Telephone	6,988	2,329	9,317
Travel and Auto	3,408	-	3,408
Website Maintenance and Enhancement	7,049	783	7,832
Total Other Expenses	<u>915,036</u>	<u>214,101</u>	<u>1,129,137</u>
Total Expenses Before Depreciation	1,911,315	478,938	2,390,253
Depreciation	<u>4,334</u>	<u>765</u>	<u>5,099</u>
Total Expenses	<u>\$ 1,915,649</u>	<u>\$ 479,703</u>	<u>\$ 2,395,352</u>

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
Salaries	\$ 865,694	\$ 230,121	\$ 1,095,815
Payroll Taxes	54,175	14,401	68,576
Health, Disability, Liability, and Workers' Compensation Insurance	<u>96,852</u>	<u>25,745</u>	<u>122,597</u>
Total Salaries and Related Expenses	1,016,721	270,267	1,286,988
OTHER EXPENSES			
Association Dues	5,327	-	5,327
Bad Debt Expense	-	12,250	12,250
Communication and Outreach	141,670	-	141,670
Data and Research Services	17,808	-	17,808
Education and Training	4,222	1,122	5,344
Expenses Under Grants	1,129,461	-	1,129,461
Facilities/Occupancy	90,918	30,306	121,224
Meetings and Functions	63,140	-	63,140
Office and Administrative	-	43,193	43,193
Postage	1,179	393	1,572
Professional Fees	30,258	47,871	78,129
Retirement Contributions	111,416	29,617	141,033
Telephone	8,178	2,727	10,905
Travel and Auto	10,407	-	10,407
Website Maintenance and Enhancement	<u>26,286</u>	<u>2,921</u>	<u>29,207</u>
Total Other Expenses	<u>1,640,270</u>	<u>170,400</u>	<u>1,810,670</u>
Total Expenses Before Depreciation	2,656,991	440,667	3,097,658
Depreciation	<u>6,142</u>	<u>1,084</u>	<u>7,226</u>
Total Expenses	<u>\$ 2,663,133</u>	<u>\$ 441,751</u>	<u>\$ 3,104,884</u>

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 567	\$ 84,795
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	5,099	7,226
Loss on Sale of Property and Equipment	2,895	-
(Increase) Decrease in Assets:		
Accounts Receivable	(31,355)	41,887
Grants Receivable	9,603	(46,827)
Prepaid Expenses	(22,907)	(31,070)
Increase (Decrease) in Liabilities:		
Accounts Payable	(13,630)	22,281
Accrued Expenses	(748)	4,888
Deferred Revenue	(14,240)	(701,270)
Total Adjustments	(65,283)	(702,885)
Net Cash Used by Operating Activities	(64,716)	(618,090)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,754)	-
Net Cash Used by Investing Activities	(15,754)	-
 NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(80,470)	(618,090)
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,838,176	2,456,266
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 1,757,706	\$ 1,838,176
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash and Cash Equivalents	\$ 1,299,281	\$ 1,379,751
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Cash and Cash Equivalents, Including Restricted Cash	\$ 1,757,706	\$ 1,838,176

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019, 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 \$15,000 allowance for uncollectible accounts and grants at September 30, 2020 and 2019. 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, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Rent

The Commission accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$7,600 and 10,626 at September 30, 2020 and 2019, respectively. Deferred rent is included in accrued expenses on the statements of financial position.

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, 2020 and 2019.

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 statement of activities as Net Assets Released from Restrictions.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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 statement of financial position and disclosed in Note 5. The Commission received cost-reimbursable grants of \$163,667 and \$345,121 that have not been recognized as of September 30, 2020 and 2019, 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.

Contributed Services and Other Support

Contributed services and materials are reflected in the financial statements at the fair value of the services and materials received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended September 30, 2020 and 2019, approximately \$23,000 and \$21,000, respectively, have been recognized as donated revenue, primarily for investor payments, and expenses, primarily in program services.

Income Taxes

The Commission is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. 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.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Advertising

The Commission expenses advertising costs in the period in which they are incurred.

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.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Commission's financial statements reflect adoption of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Commission's reported revenue.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230) *Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

Subsequent Events

The Commission has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 28, 2021, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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 of the following:

	2020	2019
Cash and Cash Equivalents	\$ 1,299,281	\$ 1,379,751
Accounts Receivable	114,593	83,238
Grants Receivable	104,660	114,263
Total Liquid Financial Assets	1,518,534	1,577,252
Internal Designation:		
Board Designated Reserve	(407,191)	(406,941)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,111,343	\$ 1,170,311

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, 2020, 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 Internal Revenue Code (IRC) limitations. The Commission contributes 15% of eligible employees' federally taxable wages, with certain exclusions. During the years ended September 30, 2020 and 2019, Plan contributions charged to operations were \$124,491 and \$141,033, respectively.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5 DEFERRED REVENUE

Deferred revenue at September 30, 2020, totaling \$463,685, consisted of \$458,425 grant amounts invoiced in excess of revenue earned at year-end and \$5,260 sponsorships received in advance of the annual meeting to be held in the subsequent fiscal year.

Deferred revenue at September 30, 2019, totaling \$477,925 consists of \$468,425 grant amounts invoiced in excess of revenue earned at year-end and \$9,500 sponsorships received in advance of the annual meeting.

NOTE 6 PROPERTY AND EQUIPMENT

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

	2020	2019
Equipment	\$ 45,495	\$ 56,209
Furniture and Fixtures	19,471	20,057
Leasehold Improvements	34,987	34,987
Software	16,925	24,413
Total	116,878	135,666
Less: Accumulated Depreciation and Amortization	74,852	101,400
Total Property and Equipment	\$ 42,026	\$ 34,266

NOTE 7 LINE OF CREDIT

The Commission maintains a business line of credit with a financial institution. At September 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, total payments to these entities were \$128,507 and \$172,707, 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, 2020 AND 2019

NOTE 9 OPERATING LEASES

In May 2016, the Commission executed a lease for a suite of offices in Rockledge, Florida, which they occupied beginning in November 2016. The lease has a term of 60 months, from November 2016 through October 2021, with the option for two five-year renewal terms. The Commission exercised the first renewal option early, extending the lease term for 60 months from November 2021 through October 2026. The original lease requires monthly rent payments of \$9,485, with stipulated annual increases ranging from 3.6% to 5%. The lease extension requires monthly rent payments of \$7,090, with stipulated annual increases of 3.5%. Lease payments include taxes, certain utilities, and janitorial services.

In October 2017, the Commission executed a lease for office furniture. The lease has a term of 60 months, from October 2016 through September 2021 and requires monthly payments of \$326.

Minimum future lease payments under noncancelable operating leases having remaining terms in excess of one year as of September 30, 2020, for the remaining years and in the aggregate are:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 125,115
2022	91,522
2023	91,223
2024	94,303
2025	97,484
Thereafter	<u>100,775</u>
Total	<u><u>\$ 600,421</u></u>

Rent expense for years ended September 30, 2020 and 2019 was \$120,684 and \$120,234, respectively.

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 \$276,000 and \$429,000 subject to this credit risk at September 30, 2020 and 2019, 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, 2020, the Commission's deposits with QPDs totaled \$599,170, of which \$458,425 is held for future payments related to a state grant.

The Commission receives money from public sources, primarily from the Board of County Commissioners of Brevard County, Florida, and various grantors, as well as from private sources, primarily investors.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 10 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

There is a concentration of credit risk with respect to the volume of support the Commission receives from certain funding sources. The Commission received 58% and 45%, of its support and revenues from the Board of County Commissioners of Brevard County, Florida, for the years ended September 30, 2020 and 2019, respectively. In addition, the Commission recognized revenue totaling 4% and 13%, respectively, of its support and revenues under grant agreements with the Florida Department of Economic Opportunity for the years ended September 30, 2020 and 2019. Additionally, the Commission recognized revenue totaling 11% and -0%, respectively, of its support and revenues under grant agreements with the Florida Department of Education for the years ended September 30, 2020 and 2019.

In addition, there is a significant concentration of risk associated with account and grant receivables from the following party:

	2020	2019
Florida Department of Education	38%	39 %

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 of \$-0- and \$698,000 has been recognized in the years ended September 30, 2020 and 2019, 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.

NOTE 12 RISK AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Commission, COVID-19 may impact various parts of its future operations and financial results, including investor contributions. Management believes the Commission is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.