

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

**FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**



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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, 2021 and 2020, 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, 2021 and 2020, 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  
March 17, 2022

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,692,053	\$ 1,299,281
Accounts Receivable, Net	104,113	114,593
Grants Receivable	52,654	104,660
Prepaid Expenses	18,506	63,593
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Assets	2,325,751	2,040,552
<b>PROPERTY AND EQUIPMENT, Net</b>	48,398	42,026
<b>OTHER ASSETS</b>		
Deposits	10,128	10,128
Total Assets	\$ 2,384,277	\$ 2,092,706
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 50,325	\$ 31,615
Accrued Expenses	108,532	137,460
Deferred Revenue	458,425	463,685
Total Current Liabilities	617,282	632,760
<b>NET ASSETS</b>		
Without Restrictions:		
Undesignated	1,311,406	1,010,729
Designated	407,191	407,191
Invested in Property and Equipment	48,398	42,026
Total Net Assets	1,766,995	1,459,946
Total Liabilities and Net Assets	\$ 2,384,277	\$ 2,092,706

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>SUPPORT AND REVENUE WITHOUT RESTRICTIONS</b>		
Brevard County Grant	\$ 1,400,050	\$ 1,400,050
Investor Payments	736,576	538,100
Investor Meetings and Functions	33,624	41,689
State Grants	332,853	338,478
Federal Grants	108,269	44,340
Program Sponsorships	49,231	28,435
Publications and Studies	-	3,000
Interest Income	751	3,975
Other Income	-	747
Total Support and Revenues Without Restrictions	2,661,354	2,398,814
<b>EXPENSES</b>		
Program Services Expense:		
Economic Development	1,928,480	1,915,649
Support Services Expense:		
Management and General	425,825	479,703
Total Expenses	2,354,305	2,395,352
<b>OTHER LOSSES</b>		
Loss on Sale of Property and Equipment	-	2,895
Total Other Losses	-	2,895
<b>CHANGE IN NET ASSETS</b>	307,049	567
Net Assets - Beginning of Year	1,459,946	1,459,379
<b>NET ASSETS - END OF YEAR</b>	\$ 1,766,995	\$ 1,459,946

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$ 841,108	\$ 210,277	\$ 1,051,385
Payroll Taxes	52,781	13,195	65,976
Health, Disability, Liability, and Workers' Compensation Insurance	111,430	27,857	139,287
Total Salaries and Related Expenses	<u>1,005,319</u>	<u>251,329</u>	<u>1,256,648</u>
<b>OTHER EXPENSES</b>			
Bad Debt Expense	-	22,875	22,875
Communication and Outreach	145,595	-	145,595
Dues and Subscriptions	13,754	3,439	17,193
Education and Training	1,677	419	2,096
Expenses Under Grants	372,685	-	372,685
Facilities/Occupancy	108,668	27,168	135,836
Meetings and Functions	64,169	-	64,169
Office and Administrative	-	72,233	72,233
Postage	1,082	271	1,353
Professional Fees	84,138	21,034	105,172
Retirement Contributions	98,461	24,615	123,076
Travel and Auto	21,869	-	21,869
Website Maintenance and Enhancement	3,585	896	4,481
Total Other Expenses	<u>915,683</u>	<u>172,950</u>	<u>1,088,633</u>
Total Expenses Before Depreciation	1,921,002	424,279	2,345,281
Depreciation	<u>7,478</u>	<u>1,546</u>	<u>9,024</u>
Total Expenses	<u>\$ 1,928,480</u>	<u>\$ 425,825</u>	<u>\$ 2,354,305</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>
<b>SALARIES AND RELATED EXPENSES</b>			
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>
<b>OTHER EXPENSES</b>			
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.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 307,049	\$ 567
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,024	5,099
Loss on Sale of Property and Equipment	-	2,895
(Increase) Decrease in Assets:		
Accounts Receivable	10,480	(31,355)
Grants Receivable	52,006	9,603
Prepaid Expenses	45,087	(22,907)
Increase (Decrease) in Liabilities:		
Accounts Payable	18,710	(13,630)
Accrued Expenses	(28,928)	(748)
Deferred Revenue	(5,260)	(14,240)
Total Adjustments	101,119	(65,283)
Net Cash Provided (Used) by Operating Activities	408,168	(64,716)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(15,396)	(15,754)
Net Cash Used by Investing Activities	(15,396)	(15,754)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	392,772	(80,470)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,757,706	1,838,176
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 2,150,478	\$ 1,757,706
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash and Cash Equivalents	\$ 1,692,053	\$ 1,299,281
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Cash and Cash Equivalents, Including Restricted Cash	\$ 2,150,478	\$ 1,757,706

See accompanying Notes to Financial Statements.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**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, 2021 and 2020, 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 \$20,000 and \$15,000 allowance for uncollectible accounts and grants at September 30, 2021 and 2020, 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, 2021 AND 2020**

**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 \$-0- and 7,600 at September 30, 2021 and 2020, 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, 2021 and 2020.

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, 2021 AND 2020**

**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 \$922,610 and \$163,667 that have not been recognized as of September 30, 2021 and 2020, 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, 2021 and 2020, approximately \$2,300 and \$23,000, 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 (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.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**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 May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Commission's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Commission's reported revenue.

**Subsequent Events**

The Commission has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 17, 2022, 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, 2021 AND 2020**

**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:

	2021	2020
Cash and Cash Equivalents	\$ 1,692,053	\$ 1,299,281
Accounts Receivable	104,113	114,593
Grants Receivable	52,654	104,660
Total Liquid Financial Assets	1,848,820	1,518,534
Internal Designation:		
Board Designated Reserve	(407,191)	(407,191)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,441,629	\$ 1,111,343

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, 2021, 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, 2021 and 2020, Plan contributions charged to operations were \$123,076 and \$124,491, respectively.

**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 5 DEFERRED REVENUE**

Deferred revenue at September 30, 2021, totaling \$458,425, consisted of grant amounts invoiced in excess of revenue earned at year-end.

Deferred revenue at September 30, 2020, totaling \$463,685 consists 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.

**NOTE 6 PROPERTY AND EQUIPMENT**

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

	2021	2020
Equipment	\$ 23,768	\$ 45,495
Furniture and Fixtures	34,866	19,471
Leasehold Improvements	34,987	34,987
Software	16,925	16,925
Total	<u>110,546</u>	<u>116,878</u>
Less: Accumulated Depreciation and Amortization	62,148	74,852
Total Property and Equipment	<u>\$ 48,398</u>	<u>\$ 42,026</u>

**NOTE 7 LINE OF CREDIT**

The Commission maintains a business line of credit with a financial institution. At September 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, total payments to these entities were \$101,737 and \$128,507, 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, 2021 AND 2020**

**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. The Commission has now gone to a month-to-month lease for their current space.

Rent expense for years ended September 30, 2021 and 2020 was \$120,712 and \$120,684, 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 \$675,000 and \$276,000 subject to this credit risk at September 30, 2021 and 2020, 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, 2021, the Commission's deposits with QPDs totaled \$600,118, 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 \$1,726,965 and \$1,669,374 was received from two organizations, respectively, for the years ended September 30, 2021 and 2020, which represents 70% and 65% 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 the following party:

	<u>2021</u>	<u>2020</u>
Florida Department of Education	-	38%
Florida Department of Economic Opportunity	13 %	-
FloridaMakes	14 %	-



**ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 10 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

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, 2021 and 2020, 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.