



Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Consent

F.18.

5/9/2023

Subject:

Economic Development Commission of Florida's Space Coast, Inc. (hereafter referred to as the "EDC") Annual Audit Report and Bi-Annual Report

Fiscal Impact:

There is no fiscal impact to the Requested Action. However, the County provides the EDC with an annual grant of \$1,400,050 and the grant amount remains unchanged.

Dept/Office:

County Manager's Office

Requested Action:

It is requested that the Board of County Commissioners acknowledge receipt of the EDC's Annual Audit Report for years ended September 30, 2022 and 2021 and the Bi-Annual Report for the period of October 1, 2022 through March 31, 2023.

Summary Explanation and Background:

In accordance with the Grant Agreement, EDC furnishes the County with a copy of their annual audit of the EDC's financial records and operations conducted by a Certified Public Accountant. Additionally, the EDC provides the County with a Bi-Annual Report summarizing their expenditures.

Clerk to the Board Instructions:

Maintain necessary documents for records retention.



May 10, 2023

M E M O R A N D U M

TO: Frank Abbate, County Manager ✓

RE: Item F.18., Economic Development Commission of Florida's Space Coast, Inc. (EDC)
Annual Audit Report and Bi-Annual Report

The Board of County Commissioners, in regular session on May 9, 2023, acknowledge receipt of the EDC's Annual Audit Report for years ended September 30, 2022 and 2021, and the Bi-Annual Report for the period of October 1, 2022, through March 31, 2023.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Kimberly Powell
Kimberly Powell, Clerk to the Board

/tr

cc: Finance ✓
Budget ✓

DATE April 27, 2023

TO: Frank Abbate, Brevard County Manager

FROM: Lynda Weatherman, President & CEO

CC: Karen Conde, Assistant to County Manager

RE: FY22/23 County Grant Agreement Bi-Annual Report

Attached please find the Economic Development Commission of Florida's Space Coast Bi-Annual Report associated with our County Grant Agreement.

Please let me know if you have any questions regarding this information.

Thank you for your continued support.

The Economic Development Commission is pleased to present our Bi-annual report of total amount of County Grant Funds expensed in accordance with Amendment 2. The specific reporting is as follows:

1. Advertising expenses- \$33,153
2. Economic development client projects incentives, including the funding provided to each private and public-sector recipient of funds- None
3. A list of each event held by the EDC including the number of participants per event, and a detailed list of expenditures- None
4. *(No number 4 on contract)*
5. Travel expenditures- None
6. Lobbying organizations - \$18,000
7. A list of all employees by name, and title- See Organizational Chart attached
8. Total compensation paid to all employees- \$379,468.
9. Individual compensation for President & CEO and Exec. VP

Title	Employee Name	Salary Oct-Mar	Bonuses	Stipends/ Allowance
President & CEO	Lynda Weatherman	\$94,687	\$0.00	\$0.00
Executive Vice President	Trudy McCarthy	\$54,832	\$0.00	\$0.00

10. Reimbursements to each board member, respectively, by name and nature of reimbursement- None



October 1, 2022 - March 31, 2023

**Brevard County Grant
Financial Report**

Income/Expense

**FY22/23 YTD
Oct 1 – March 31**

Income

Brevard County Grant

\$700,025

Expense

Marketing and Communications

Advertising and Promo Materials

\$33,153

Partner Events

0

Research Data/Software/IT

\$38,448

Marketing, Communications- Other

0

Total Marketing and Communications

\$71,600

Facilities & Occupancy

\$66,257

General Administration

\$12,464

Personnel

Education & Training

\$1,320

Employee Benefits

\$68,970

Payroll – Taxes - Fees

\$42,002

Salaries

\$379,468

Total Personnel

\$491,760

Professional Services

Consulting Services

\$18,000

Accounting Services and Audit

\$39,944

Legal Expense

0

Total Professional Services

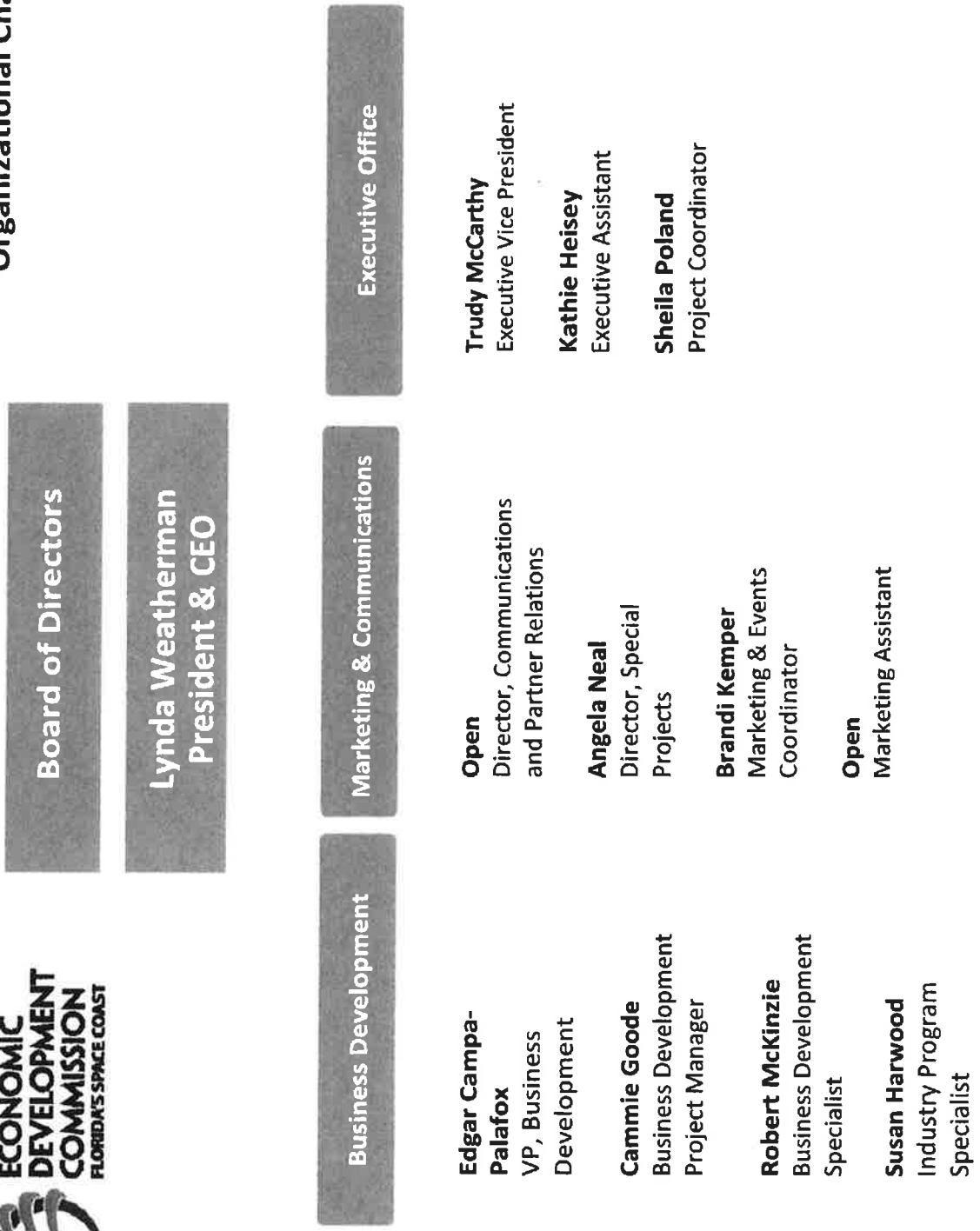
\$57,944

Total Expense

\$700,025



Organizational Chart



As of March 31, 2023

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

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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, 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.



CliftonLarsonAllen LLP

Orlando, Florida
February 22, 2023

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,817,971	\$ 1,692,053
Accounts Receivable, Net	464,074	104,113
Grants Receivable	64,035	52,654
Prepaid Expenses	40,042	18,506
Cash, Restricted for Grant Subrecipients	458,425	458,425
Total Assets	<u>2,844,547</u>	<u>2,325,751</u>
PROPERTY AND EQUIPMENT, Net	44,409	48,398
OTHER ASSETS		
Deposits	<u>10,128</u>	<u>10,128</u>
Total Assets	<u><u>\$ 2,899,084</u></u>	<u><u>\$ 2,384,277</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 75,265	\$ 50,325
Accrued Expenses	108,403	108,532
Deferred Revenue	458,425	458,425
Total Current Liabilities	<u>642,093</u>	<u>617,282</u>
NET ASSETS		
Without Restrictions:		
Undesignated	1,805,165	1,311,406
Designated	407,417	407,191
Invested in Property and Equipment	44,409	48,398
Total Net Assets	<u>2,256,991</u>	<u>1,766,995</u>
Total Liabilities and Net Assets	<u><u>\$ 2,899,084</u></u>	<u><u>\$ 2,384,277</u></u>

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
SUPPORT AND REVENUE WITHOUT RESTRICTIONS		
Brevard County Grant	\$ 1,400,050	\$ 1,400,050
Investor Payments	885,500	736,576
Investor Meetings and Functions	46,446	33,624
State Grants	457,862	332,853
Federal Grants	48,000	108,269
Program Sponsorships	58,050	49,231
Interest Income	215	751
Total Support and Revenues Without Restrictions	<u>2,896,123</u>	<u>2,661,354</u>
SPECIAL EVENTS		
Special Events Revenue	38,649	-
Less: Cost of Direct Benefits to Donors	<u>(38,649)</u>	<u>-</u>
Total Special Events	-	-
EXPENSES		
Program Services Expense:		
Economic Development	1,958,094	1,928,480
Support Services Expense:		
Management and General	<u>448,033</u>	<u>425,825</u>
Total Expenses	<u>2,406,127</u>	<u>2,354,305</u>
CHANGE IN NET ASSETS	489,996	307,049
Net Assets - Beginning of Year	<u>1,766,995</u>	<u>1,459,946</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,256,991</u></u>	<u><u>\$ 1,766,995</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, 2022

	Program Services	Supporting Services	Total
SALARIES AND RELATED EXPENSES			
Salaries	\$ 873,091	\$ 218,273	\$ 1,091,364
Payroll Taxes	52,131	13,033	65,164
Health, Disability, Liability, and Workers' Compensation Insurance	76,423	19,106	95,529
Total Salaries and Related Expenses	<u>1,001,645</u>	<u>250,412</u>	<u>1,252,057</u>
OTHER EXPENSES			
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
Retirement Contributions	119,381	29,845	149,226
Travel and Auto	28,094	-	28,094
Website Maintenance and Enhancement	2,735	684	3,419
Total Other Expenses	<u>948,487</u>	<u>195,766</u>	<u>1,144,253</u>
Total Expenses Before Depreciation and Amortization	1,950,132	446,178	2,396,310
Depreciation	6,120	1,530	7,650
Amortization	<u>1,842</u>	<u>325</u>	<u>2,167</u>
Total Expenses by Function	<u>\$ 1,958,094</u>	<u>\$ 448,033</u>	<u>\$ 2,406,127</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Supporting Services	Total
SALARIES AND RELATED EXPENSES			
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>
OTHER EXPENSES			
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 by Function	<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.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 489,996	\$ 307,049
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	9,817	9,024
(Increase) Decrease in Assets:		
Accounts Receivable	(359,961)	10,480
Grants Receivable	(11,381)	52,006
Prepaid Expenses	(21,536)	45,087
Increase (Decrease) in Liabilities:		
Accounts Payable	24,940	18,710
Accrued Expenses	(129)	(28,928)
Deferred Revenue	-	(5,260)
Total Adjustments	<u>(358,250)</u>	<u>101,119</u>
Net Cash Provided by Operating Activities	<u>131,746</u>	<u>408,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(5,828)</u>	<u>(15,396)</u>
Net Cash Used by Investing Activities	<u>(5,828)</u>	<u>(15,396)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	125,918	392,772
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,150,478</u>	<u>1,757,706</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 2,276,396</u></u>	<u><u>\$ 2,150,478</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash and Cash Equivalents	\$ 1,817,971	\$ 1,692,053
Cash, Restricted for Grant Subrecipients	<u>458,425</u>	<u>458,425</u>
Total Cash and Cash Equivalents, Including Restricted Cash	<u><u>\$ 2,276,396</u></u>	<u><u>\$ 2,150,478</u></u>

See accompanying Notes to Financial Statements.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021, 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 allowance for uncollectible accounts and grants at September 30, 2022 and 2021, 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, 2022 AND 2021

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.

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, 2022 and 2021.

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, 2022 AND 2021

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 \$836,634 and \$922,610 that have not been recognized as of September 30, 2022 and 2021, 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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

The Commission has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 22, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,817,971	\$ 1,692,053
Accounts Receivable	464,074	104,113
Grants Receivable	<u>64,035</u>	<u>52,654</u>
Total Liquid Financial Assets	2,346,080	1,848,820
Internal Designation:		
Board Designated Reserve	<u>(407,417)</u>	<u>(407,191)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,938,663</u>	<u>\$ 1,441,629</u>

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.

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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, 2022, 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, 2022 and 2021, Plan contributions charged to operations were \$149,226 and \$123,076, respectively.

NOTE 5 DEFERRED REVENUE

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

Deferred revenue at September 30, 2021, totaling \$458,425 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:

	2022	2021
Equipment	\$ 29,596	23,768
Furniture and Fixtures	34,866	34,866
Leasehold Improvements	34,987	34,987
Software	16,925	16,925
Total	116,374	110,546
Less: Accumulated Depreciation and Amortization	71,965	62,148
Total Property and Equipment	<u>\$ 44,409</u>	<u>\$ 48,398</u>

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 7 LINE OF CREDIT

The Commission maintains a business line of credit with a financial institution. At September 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, total payments to these entities were \$93,877 and \$101,737, respectively. The transactions were approved and authorized in accordance with the Commission's purchasing policies and procedures.

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 required monthly payments of \$326. The Commission went to a month-to-month lease for the furniture they did not return. The Commission returned the last furniture items being leased in November 2021.

Minimum future lease payments under noncancellable operating leases having remaining terms in excess of one year as of September 30, 2022, for the remaining years and in the aggregate are:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 87,815
2024	90,895
2025	94,077
2026	97,367
2027	8,137
Total	<u>\$ 378,291</u>

ECONOMIC DEVELOPMENT COMMISSION OF FLORIDA'S SPACE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 OPERATING LEASES (CONTINUED)

Rent expense for years ended September 30, 2022 and 2021, was \$126,827 and \$120,712, 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 \$1,012,000 and \$675,000 subject to this credit risk at September 30, 2022 and 2021, 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, 2022, the Commission's deposits with QPDs totaled \$601,369, 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 \$1,905,912 and \$1,726,965 was received from two organizations, respectively, for the years ended September 30, 2022 and 2021, which represents 61% and 70% 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 from two organizations, respectively, for the years ended September 30, 2022 and 2021, which represents 73% and 27% 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, 2022 and 2021, 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.