



**BLUE ORIGIN FLORIDA, LLC**  
**Project-Specific Audit of Spaceport Improvement Program**  
**Required by Chapter 10.650, Rules of the Auditor General of the State of Florida**  
**December 31, 2018**  
**With Independent Auditors' Reports**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Blue Origin Florida, LLC:

### Report on Schedule of Expenditures of State Financial Assistance

We have audited the accompanying schedule of expenditures of state financial assistance (the "Schedule") for the Spaceport Improvement Program, passed through Space Florida, of Blue Origin Florida, LLC (the "Company") for the year ended December 31, 2018, and the related notes to the schedule.

### Management's Responsibility for the Schedule of Expenditures of State Financial Assistance

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the Schedule 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 Company'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 Schedule.

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

## Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of state financial assistance under the Spaceport Improvement Program, passed through Space Florida, of the Company for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

September 13, 2019

**Blue Origin Florida, LLC**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended December 31, 2018**

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<u>State Agency, Pass-Through Entity, State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Total Expenditures</u>
Florida Department of Transportation			
Passed through Space Florida			
Spaceport Improvement Program	55.037	FM# 435320-1-94-03	\$ 11,114,213
Spaceport Improvement Program	55.037	FM# 435322-1-94-06	<u>1,537,284</u>
Total CSFA number 55.037			<u>12,651,497</u>
Total Florida Department of Transportation			<u>12,651,497</u>
Total expenditures of state financial assistance			<u>\$ 12,651,497</u>

The Notes to the Schedule of Expenditures of State Financial Assistance are an integral part of this schedule.

**Blue Origin Florida, LLC**  
**Notes to the Schedule of Expenditures of State Financial Assistance**  
**December 31, 2018**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Blue Origin Florida, LLC for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of the Company, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Company.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Florida Single Audit Act wherein certain types of expenditures are unallowable or limited as to reimbursement.

**3. SUBRECIPIENTS**

There were no state awards provided to subrecipients.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors,  
Blue Origin Florida, LLC:

**Report on Compliance for the Spaceport Improvement Program**

We have audited the Blue Origin Florida, LLC's (the "Company") compliance with the types of compliance requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on its Spaceport Improvement Program (the "Project") for the year ended December 31, 2018.

**Management's Responsibility**

Management is responsible for compliance with Florida State Statutes, regulations, and the terms and conditions of contracts applicable to its Project.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Company's Project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650 *Rules of the Auditor General of the State of Florida*. Those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Company's Project. However, our audit does not provide a legal determination of the Company's compliance.

**Opinion**

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Project for the year ended December 31, 2018.

## Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on the Project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its Project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

September 13, 2019

**Blue Origin Florida, LLC**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2018**

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**I. SUMMARY OF AUDITORS' RESULTS**

1. Internal control over each major State project
  - a. Material weaknesses identified? No
  - b. Significant deficiencies identified? None reported
2. The type of auditors' report issued on compliance for each major State project Unmodified
3. Any audit findings that are required to be reported under Chapter 10.650, *Rules of the Auditor General of the State of Florida* No
4. Identification of each major State project:

Spaceport Improvement Program – CSFA #55.037
5. Dollar threshold used to distinguish between Type A and Type B programs, for each major State project \$750,000

**II. OTHER ISSUES**

1. No Management letter is required because there were no findings required to be reported in the management letter.
2. No corrective action plan is required because there were no findings required to be reported under the Florida Single Audit Act.