

**LOCKHEED MARTIN
CORPORATION**

**SCHEDULE OF EXPENDITURES OF THE QUICK
ACTION CLOSING FUND AND RELATED
COMPLIANCE REPORTS**

Year Ended December 31, 2018

With Report of Independent Auditor

LOCKHEED MARTIN CORPORATION

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Report of Independent Auditor

Audit Committee
Lockheed Martin Corporation
Clearwater, Florida

We have audited the accompanying Schedule of Expenditures of the Quick Action Closing Fund (the “schedule”) of Lockheed Martin Corporation (“LMC”) for the year ended December 31, 2018, administered at the 3655 Tampa Road, Oldsmar, FL 34677 Clearwater Campus, and the related notes to the schedule.

Management’s Responsibility

Management is responsible for the preparation and fair presentation of this 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on this 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 Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General. Those standards, Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General, 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 auditor’s 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 auditor considers internal control relevant to the entity’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 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 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 the Quick Action Closing Fund of LMC for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.



Orlando, Florida
July 24, 2019

LOCKHEED MARTIN CORPORATION

SCHEDULE OF EXPENDITURES OF THE QUICK ACTION CLOSING FUND

YEAR ENDED DECEMBER 31, 2018

<u>State Agency/State Project</u>	<u>State CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<u>State of Florida Department of Economic Opportunity</u>			
Direct Program:			
Quick Action Closing Fund	40.043	SB13-081	<u>\$ 1,000,000</u>

The accompanying notes are an integral part of this Schedule.

LOCKHEED MARTIN CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF THE QUICK ACTION CLOSING FUND

YEAR ENDED DECEMBER 31, 2018

Notes:

- 1) Scope of Schedule:** The accompanying Schedule of Expenditures of the Quick Action Closing Fund (the "schedule") includes all Florida state grant activity of Lockheed Martin Corporation ("LMC") for the year ended December 31, 2018 that is administered at the 3655 Tampa Road, Oldsmar, FL 34677 Clearwater Campus.
- 2) Basis of Presentation:** The accompanying schedule is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of LMC's basic financial statements.
- 3) Contingency:** The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of LMC. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable state laws and regulations.

**Report of Independent Auditor on Compliance for the Quick Action Closing Fund
and on Internal Control Over Compliance Required by Section 215.97, Florida Statutes,
and Chapter 10.650, Rules of the Auditor General**

Audit Committee
Lockheed Martin Corporation
Clearwater, Florida

Report on Compliance for the Quick Action Closing Fund

We have audited Lockheed Martin Corporation's ("LMC") compliance with the types of compliance requirements described in the State of Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on its Quick Action Closing Fund (the "project") for the year ended December 31, 2018, administered at the 3655 Tampa Road, Oldsmar, FL 34677 Clearwater Campus.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for LMC'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; Section 215.97, Florida Statutes; and Chapter 10.650, Rules of the Auditor General. Those standards, Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General 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 LMC'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 LMC's project. However, our audit does not provide a legal determination of LMC's compliance.

Opinion on the Quick Action Closing Fund

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

Report on Internal Control over Compliance

Management of LMC 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 LMC'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 the project and to test and report on internal control over compliance in accordance with Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General, 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 LMC'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behart CPA". The signature is written in a cursive, flowing style.

Orlando, Florida
July 24, 2019

LOCKHEED MARTIN CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
QUICK ACTION CLOSING FUND

YEAR ENDED DECEMBER 31, 2018

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Awards Section

Internal control over major state projects:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditor's report on compliance for project-specific grant: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General? yes x no

LOCKHEED MARTIN CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
QUICK ACTION CLOSING FUND

YEAR ENDED DECEMBER 31, 2018

Part I - Summary of Auditor's Results (continued)

State Awards Section (continued)

Identification of project-specific grant:

Name of State Project	CSFA Number
State of Florida Department of Economic Opportunity Quick Action Closing Fund	40.043
Dollar threshold used to determine Type A project (used to determine grant subject to project-specific audit):	<u>\$300,000</u>

Part II - Schedule of Financial Statement Findings

The project-specific audit of the Quick Action Closing Fund did not include an audit of LMC's financial statements in accordance with *Government Auditing Standards*. Accordingly, there are no financial statement findings to be reported.

Part III - Quick Action Closing Fund Findings and Questioned Costs

This section identifies the audit findings required to be reported by Section 215.97, Florida Statutes (for example, significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs), as well as any abuse findings that are material to the project-specific grant.

There were no audit findings required to be reported in accordance with Section 215.97, Florida Statutes, and there were no prior year audit findings. Accordingly, neither a management letter or a schedule of prior year audit findings is presented.