

# **BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

**Financial Statements, Supplemental Information  
and Compliance Reports**

**June 30, 2021 and 2020**

**BP Finance, Inc.**  
**Index**  
**June 30, 2021 and 2020**

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## Report of Independent Auditors

To Management of BP Finance, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of BP Finance, Inc. (the "Company"), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations, of changes in stockholder's equity and of 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 the 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 opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 our 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, we consider internal control relevant to the BP Finance, Inc.'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 BP Finance, Inc.'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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of BP Finance, Inc. as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BP Finance, Inc.'s basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance Project for the year ended June 30, 2021 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance Project for the year ended June 30, 2021 is presented for purposes of additional analysis as required by Florida Department of Banking and Finance Rule 3A-5.003 and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance Project is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of BP Finance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BP Finance, Inc.'s internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

October 28, 2021

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Balance Sheets**  
**June 30, 2021 and 2020**

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Restricted cash   | \$ 761,927           | \$ 751,780           |
| Accounts receivable - State of Florida, net of discount of \$669,764 and \$753,123 respectively                         | 1,330,240            | 1,240,177            |
| Total current assets  | <u>2,092,167</u>     | <u>1,991,957</u>     |
| Accounts receivable - State of Florida, net of current portion and discount of \$1,928,078 and \$2,597,842 respectively | 9,445,626            | 10,782,569           |
| Total assets  | <u>\$ 11,537,793</u> | <u>\$ 12,774,526</u> |
| <b>Liabilities and Stockholder's Equity</b>   |                      |                      |
| Due to Basketball Properties, Ltd.  | \$ 446,593           | \$ 410,218           |
| Interest payable  | 59,673               | 66,377               |
| Current portion of bonds payable  | 1,313,044            | 1,230,137            |
| Total current liabilities   | <u>1,819,310</u>     | <u>1,706,732</u>     |
| Bonds payable   | 9,635,875            | 10,948,919           |
| Total liabilities   | <u>11,455,185</u>    | <u>12,655,651</u>    |
| Stockholder's equity  |                      |                      |
| Common stock, par value \$.01, 10,000 shares authorized, 100 shares issued and outstanding                              | 1                    | 1                    |
| Retained earnings   | 82,608               | 118,875              |
| Less: Amount due from stockholder   | (1)                  | (1)                  |
| Total stockholder's equity  | <u>82,608</u>        | <u>118,875</u>       |
| Total liabilities and stockholder's equity  | <u>\$ 11,537,793</u> | <u>\$ 12,774,526</u> |

The accompanying notes are an integral part of these financial statements.

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Statements of Operations**  
**Years Ended June 30, 2021 and 2020**

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|                            | 2021               | 2020               |
|----------------------------|--------------------|--------------------|
| <b>Revenues</b>            |                    |                    |
| Investment income          | \$ 108             | \$ 6,182           |
| Interest income            | 753,123            | 831,218            |
| Total revenues             | <u>753,231</u>     | <u>837,400</u>     |
| <b>Expenses</b>            |                    |                    |
| Interest expense           | 753,123            | 831,218            |
| General and administrative | 36,375             | 53,000             |
| Total expenses             | <u>789,498</u>     | <u>884,218</u>     |
| Net loss                   | <u>\$ (36,267)</u> | <u>\$ (46,818)</u> |

The accompanying notes are an integral part of these financial statements.

**BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

**Statements of Changes in Stockholder's Equity**

Years Ended June 30, 2021 and 2020

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|                                 | <u>Common Stock</u> |               | <u>Retained Earnings</u> | <u>Amount Due From Stockholder</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------|--------------------------|------------------------------------|--------------|
|                                 | <u>Shares</u>       | <u>Amount</u> |                          |                                    |              |
| <b>Balance at June 30, 2019</b> | 100                 | \$ 1          | \$ 165,693               | \$ (1)                             | \$ 165,693   |
| Net loss                        | -                   | -             | (46,818)                 | -                                  | (46,818)     |
| <b>Balance at June 30, 2020</b> | 100                 | 1             | 118,875                  | (1)                                | 118,875      |
| Net loss                        | -                   | -             | (36,267)                 | -                                  | (36,267)     |
| <b>Balance at June 30, 2021</b> | 100                 | \$ 1          | \$ 82,608                | \$ (1)                             | \$ 82,608    |

The accompanying notes are an integral part of these financial statements.

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

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|  | 2021               | 2020               |
|--|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                    |                    |                    |
| Net loss   | \$ (36,267)        | \$ (46,818)        |
| Adjustments to reconcile net loss to net cash provided by operating activities |                    |                    |
| Decrease in accounts receivable - State of Florida                             | 1,246,880          | 1,168,786          |
| Decrease in interest payable   | <u>(6,704)</u>     | <u>(6,282)</u>     |
| Net cash provided by operating activities                                      | <u>1,203,909</u>   | <u>1,115,686</u>   |
| <b>Cash flows from financing activities</b>                                    |                    |                    |
| Increase in due to Basketball Properties, Ltd.                                 | 36,375             | 53,000             |
| Principal payments on bonds  | <u>(1,230,137)</u> | <u>(1,152,464)</u> |
| Net cash used in financing activities  | <u>(1,193,762)</u> | <u>(1,099,464)</u> |
| Net change in cash, cash equivalents, and restricted cash                      | 10,147             | 16,222             |
| <b>Cash, cash equivalents, and restricted cash</b>                             |                    |                    |
| Beginning of year  | <u>751,780</u>     | <u>735,558</u>     |
| End of year  | <u>\$ 761,927</u>  | <u>\$ 751,780</u>  |
| <b>Supplemental disclosure of cash flow information</b>                        |                    |                    |
| Interest paid  | <u>\$ 759,827</u>  | <u>\$ 837,500</u>  |

The accompanying notes are an integral part of these financial statements.

# **BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

## **Schedule of Expenditures of State Financial Assistance Project Year Ended June 30, 2021**

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### **1. Organization and Summary of Significant Accounting Policies**

#### **Organization**

Formed on December 23, 1997, BP Finance, Inc. ("BPF" or the "Company") is a special purpose entity wholly owned by Basketball Properties, Inc. ("BPI"), a Florida corporation. BPF was established for the purpose of issuing Series 1998 Florida Sales Tax Payments Taxable Revenue Bonds (the "1998 Bonds") to provide a portion of the funds necessary for the design, development, construction, furnishing and equipping of FTX Arena, formerly known as the American Airlines Arena, (the "Arena"). Other than the irrevocable assignment of Sales Tax Revenues to BPF by Basketball Properties, Ltd. ("BPL"), which BPF has irrevocably pledged and assigned to the Depository Trust Company ("Trustee") to secure the 1998 Bonds, BPF has no significant assets and is engaged in no other business activities. BPI is the sole general partner, and the Miami Heat Limited Partnership is the sole limited partner of BPL, a Florida limited partnership.

#### **Restricted Cash**

Restricted cash consists of amounts received from the State of Florida, and earnings thereon, to be used for the payment of principal and interest on the 1998 Bonds (Note 2).

#### **Accounts Receivable**

The State of Florida collects Sales Tax Revenues for the payment of principal and interest on the 1998 Bonds (Note 2). Sales Tax Revenues to be paid by the State of Florida to BPF to pay principal and interest on the 1998 Bonds was recorded by BPF as a receivable from the State of Florida, net of discount representing imputed interest. The discount is amortized, and interest income recognized based on an imputed interest rate of 6.48%.

#### **Income Taxes**

BPF is a wholly owned subsidiary of an S corporation (BPI) and has made an election to be treated as a qualified subchapter S subsidiary. In this case, the subsidiary's assets, liabilities, income, deductions, and credits are treated as those of the parent S corporation. The separate existence of BPF is ignored for tax purposes. When such an election is made, the subsidiary is deemed to have liquidated in a tax-free liquidation under IRS Code Sections 332 and 337 immediately before the election is effective. Accordingly, no provision for income taxes is reflected in these financial statements.

#### **Trust Indenture**

After full payment (or provision for payment) of the 1998 Bonds and discharge of the Trust Indenture; payment of all fees and expenses of the Trustee, BPF and any paying agent; and payment of all other amounts required under the Trust Indenture, all remaining amounts will be paid to BPF to be used for any lawful purpose.

#### **Subsequent Events**

We evaluated subsequent events through October 22, 2021, the date these statements were issued. There were no material subsequent events to report.

The accompanying notes are an integral part of this schedule.

## BP Finance, Inc.

(A wholly owned subsidiary of Basketball Properties, Inc.)

### Schedule of Expenditures of State Financial Assistance Project Year Ended June 30, 2021

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#### 2. Bonds Payable

In February 1998, the Company issued \$26,281,000 of 1998 Bonds (the "Offering") for the purpose of providing BPL with a portion of the funds necessary to construct the Arena. The 1998 Bonds were issued as follows: \$4,457,000 of 6.05% Term Bonds due December 1, 2008, \$3,343,000 of 6.30% Term Bonds due December 1, 2013, and \$18,481,000 of 6.54% Term Bonds due April 1, 2028. All proceeds from the issuance have been paid to BPL.

Bonds payable consisted of the following at June 30, 2021 and 2020:

|                           | 2021                  | 2020                 |
|---------------------------|-----------------------|----------------------|
| 6.54% Term Bonds due 2028 | \$ 10,948,919         | \$ 12,179,056        |
| Less: Current maturities  | <u>\$ (1,313,044)</u> | <u>(1,230,137)</u>   |
|                           | <u>\$ 9,635,875</u>   | <u>\$ 10,948,919</u> |

Proceeds from the Offering were \$25,676,637, net of issuance costs of \$583,726 and discount of \$20,637, which were paid by BPL, and were classified as restricted cash because their use was restricted to construction of the Arena. The 1998 Bonds were issued as fully registered bonds without coupons. The 6.05% Term Bonds were paid in full on December 1, 2008. The 6.30% Term Bonds were paid in full on December 1, 2013. Principal and interest on the 6.54% Term Bonds is payable on the first day of each calendar month, with interest payments commencing April 1, 1998 and amortization of principal through mandatory sinking fund redemptions commencing January 1, 2014.

The sinking fund redemption requires the Company to deposit amounts due on the bonds in cash accounts that are restricted to the payment of principal and interest on the 1998 Bonds. The Sales Tax Revenues and funds on deposit in restricted cash accounts, and the investment earnings thereon, are pledged and assigned as security for payment of the 1998 Bonds.

Term Bonds maturing on April 1, 2028, are subject to mandatory redemption in part (including portions of Term Bonds) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon, without premium, from mandatory amortization installments payable by BPF.

Aggregate principal maturities of bonds payable at June 30, 2021 are as follows:

The accompanying notes are an integral part of this schedule.

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Schedule of Expenditures of State Financial Assistance Project**  
**Year Ended June 30, 2021**

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| Fiscal Year | Amount               |
|-------------|----------------------|
| 2022        | \$ 1,313,044         |
| 2023        | 1,401,539            |
| 2024        | 1,495,997            |
| 2025        | 1,596,822            |
| 2026        | 1,704,442            |
| Thereafter  | <u>3,437,065</u>     |
|             | <u>\$ 10,948,909</u> |

**3. Fair Value of Financial Instruments**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

***Restricted Cash –***

The carrying amount approximates fair value as a result of the short maturity of those instruments.

***Bonds Payable –***

The carrying value of the bonds payable is approximately \$1,874,873 lower than its fair value at June 30, 2021 and approximately \$1,960,373 lower than its fair value at June 30, 2020, which was estimated based on present value using current market rates of long-term instruments with similar maturities.

***Accounts Receivable – State of Florida –***

The carrying value of accounts receivable, net of deferred interest income, is approximately \$2,047,903 lower than its fair value at June 30, 2021 and approximately \$2,116,656 lower than its fair value at June 30, 2020, which was estimated based on present value using current market rates of long-term instruments with similar maturities.

\* \* \* \* \*

The accompanying notes are an integral part of this schedule.

**BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

**Schedule of Expenditures of State Financial Assistance Project**

**Year Ended June 30, 2021**

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| <b>Grantor/Program or Project Title</b>   | <b>CSFA<br/>Number</b> | <b>Contract<br/>Term</b> | <b>Award<br/>Amount</b> | <b>Receipts</b>     | <b>Expenditures</b> |
|---|------------------------|--------------------------|-------------------------|---------------------|---------------------|
| <b>State Financial Assistance</b>   |                        |                          |                         |                     |                     |
| Department of Revenue   |                        |                          |                         |                     |                     |
| Facilities for New Professional Sports, Retained<br>Professional Sports, or Retained Spring<br>Training Franchise |                        |                          |                         |                     |                     |
|   | 73.016                 | 2/1/1998-4/1/2028        | <u>\$ 26,281,000</u>    | <u>\$ 2,000,003</u> | <u>\$ 1,989,964</u> |
| Total State Financial Assistance  |                        |                          | <u>\$ 26,281,000</u>    | <u>\$ 2,000,003</u> | <u>\$ 1,989,964</u> |

The accompanying notes are an integral part of this schedule.

# **BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

## **Notes to Schedule of Expenditures of State Financial Assistance Project**

**June 30, 2021**

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### **1. Summary of Significant Accounting Policies**

The accounting policies and presentation of the Schedule of Expenditures of State Financial Assistance Project (the "Schedule") of BP Finance, Inc. ("BPF") have been designed to conform to accounting principles generally accepted in the United States of America, including the reporting and compliance requirements of the Florida Department of Banking and Finance Rule 3A-5.003 and Chapter 10.650, *Rules of the Auditor General*.

#### **Reporting Entity**

Included on the Schedule of Expenditures of State Financial Assistance Project is assistance received directly from the State of Florida to satisfy requirements of Chapter 10.650, *Rules of the Auditor General*. The Schedule of Expenditures of State Financial Assistance Project has been included to satisfy Florida Department of Banking and Finance Rule 3A-5.003.

There were no federal awards received during the year ended June 30, 2021.

#### **Basis of Accounting**

Basis of accounting refers to when expenditures are recognized in the accounts and reported in the Schedule. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accrual basis of accounting is followed in the Schedule. Receipts represent payments received from the State of Florida to service the 1998 Bonds. Expenditures represent payments of principal and interest on the 1998 Bonds.

### **2. Contingencies**

State funds received and disbursed by BPF are for specific purposes and are subject to review by the State agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, BPF does not believe that such disallowances, if any, would have a material adverse effect on the financial position of BPF. As of June 30, 2021, there were no material questioned or disallowed costs as a result of State audits in process or completed.



**Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To Management of BP Finance, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of BP Finance, Inc., which comprise the balance sheet as of June 30, 2021, and the related statements of operations, of changes in stockholder's equity and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered BP Finance, Inc.'s internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BP Finance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of BP Finance, Inc.'s internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether BP Finance, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

October 28, 2021



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on its Major State Financial Assistance Project**

To Management of BP Finance, Inc.

**Report on Compliance for the Major State Financial Assistance Project**

We have audited BP Finance, Inc.'s compliance with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* that are applicable to BP Finance Inc.'s major state financial assistance project for the year ended June 30, 2021. BP Finance, Inc.'s major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its financial projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of BP Finance, Inc.'s major state financial assistance 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*. Those standards 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 a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about BP Finance, Inc.'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 each major state financial project. However, our audit does not provide a legal determination of BP Finance's compliance.

***Opinion on the Major State Financial Assistance Project***

In our opinion, BP Finance Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state financial project for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of BP Finance, Inc. 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 BP Finance, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state financial project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state financial project and to test and report on internal control



over compliance in accordance with 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 BP Finance, Inc.'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 financial 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 financial 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 state financial 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*. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of BP Finance, Inc. as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise BP Finance, Inc.'s basic financial statements. We have issued our report thereon dated October 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance Project is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance Project is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*PricewaterhouseCoopers LLP*

October 28, 2021

**BP Finance, Inc.**  
 (A wholly owned subsidiary of Basketball Properties, Inc.)  
**Schedule of Findings and Questioned Costs for State Financial Assistance Project**  
**Year Ended June 30, 2021**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

|   |         |                     |
|---|---------|---------------------|
| Material weakness(es) identified?       | ___ Yes | ___ X No            |
| Significant deficiency(ies) identified? | ___ Yes | ___ X None reported |

|   |         |          |
|---|---------|----------|
| Noncompliance material to the financial statements noted? | ___ Yes | ___ X No |
|---|---------|----------|

**Federal Awards and State Projects**

Internal control over major Federal programs or State projects:

|   |         |                     |
|---|---------|---------------------|
| Material weakness(es) identified?       | ___ Yes | ___ X No            |
| Significant deficiency(ies) identified? | ___ Yes | ___ X None reported |

Type of auditor's report issued on compliance for major Federal programs or State projects: Unmodified

|   |         |          |
|---|---------|----------|
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter (10.557 for local government entities or 10.656 for nonprofit and for-profit organizations), Rules of the Auditor General? | ___ Yes | ___ X No |
|---|---------|----------|

Identification of major Federal programs or State projects:

|   |                       |
|---|-----------------------|
| <b>Federal Program or Cluster</b>   | N/A                   |
| <b>State Project</b>  |                       |
| Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training | State CFSA No. 73.016 |

|  |     |
|--|-----|
| Dollar threshold used to distinguish between Type A and Type B Federal programs: | N/A |
|--|-----|

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B state projects: | \$ <u>300,000</u> |
|--|-------------------|

|   |     |
|---|-----|
| Auditee qualified as low-risk auditee pursuant to the Uniform Guidance (Not applicable for State projects)? | N/A |
|---|-----|

## **BP Finance, Inc.**

(A wholly owned subsidiary of Basketball Properties, Inc.)

### **Schedule of Findings and Questioned Costs for State Financial Assistance Project Year Ended June 30, 2021**

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#### **Section II – Financial Statement Findings**

This section identifies the reportable conditions, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No reportable conditions, material weaknesses, and instances of non-compliance related to the general-purpose financial statements were identified. Therefore, a management letter as defined in Chapter 10.654, Rules of Auditor General, was not issued.

#### **Section III – Findings and Questioned Costs Related to Major State Financial Assistance Projects**

This section identifies reportable conditions, material weaknesses, and material instances of non-compliance, including questioned costs – as well as any abuse findings involving state awards that is material to major state financial assistance projects.

No reportable conditions, material weaknesses or other instances of noncompliance, including questioned costs, related to the audit of a major state financial assistance project were identified.

#### **Section IV - Prior Audit Findings Related to State Financial Assistance Projects**

We noted no prior audit findings related to state financial assistance projects.

#### **Section V - Corrective Action Plan**

This section discusses management's corrective action plan relative to reportable conditions, material weaknesses and instances of non-compliance identified in Section III.

No corrective action plan is required as there were no findings required to be reported under the Florida Single Audit Act.