

# **BP Finance, Inc.**

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

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

**June 30, 2022 and 2021**

**BP Finance, Inc.**  
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**June 30, 2022 and 2021**

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## Report of Independent Auditors

To the Management of BP Finance, Inc.

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of BP Finance, Inc. (the "Company"), which comprise the balance sheets as of June 30, 2022, and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Company as of June 30, 2022, and 2021, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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, and for 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 the Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *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 opinions. 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 US GAAS and *Government Auditing Standards*, 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 US GAAS and *Government Auditing Standards*, 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 the Company'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 the Company'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.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Company's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance Project for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of Schedule of Expenditures of State Financial Assistance Project for the year ended June 30, 2022, 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. 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 21, 2022, on our consideration of the Company'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 for the year ended June 30, 2022. 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 the Company's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

October 21, 2022

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Balance Sheets**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Restricted cash	\$ 772,711	\$ 761,927
Accounts receivable - State of Florida, net of discount of \$580,787 and \$669,764, respectively	1,419,217	1,330,240
Total current assets	<u>2,191,928</u>	<u>2,092,167</u>
Accounts receivable - State of Florida, net of current portion and discount of \$1,347,291 and \$1,928,078, respectively	8,026,409	9,445,626
Total assets	<u>\$ 10,218,337</u>	<u>\$ 11,537,793</u>
<b>Liabilities and Stockholder's Equity</b>		
Due to Basketball Properties, Ltd.	\$ 478,718	\$ 446,593
Interest payable	52,516	59,673
Current portion of bonds payable	1,401,539	1,313,044
Total current liabilities	<u>1,932,773</u>	<u>1,819,310</u>
Bonds payable	8,234,326	9,635,875
Total liabilities	<u>10,167,099</u>	<u>11,455,185</u>
Stockholder's equity		
Common stock, par value \$.01, 10,000 shares authorized, 100 shares issued and outstanding	1	1
Retained earnings	51,238	82,608
Less: Amount due from stockholder	<u>(1)</u>	<u>(1)</u>
Total stockholder's equity	<u>51,238</u>	<u>82,608</u>
Total liabilities and stockholder's equity	<u>\$ 10,218,337</u>	<u>\$ 11,537,793</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, 2022 and 2021**

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	2022	2021
<b>Revenues</b>		
Investment income	\$ 754	\$ 108
Interest income	669,764	753,123
Total revenues	<u>670,518</u>	<u>753,231</u>
<b>Expenses</b>		
Interest expense	669,764	753,123
General and administrative	32,124	36,375
Total expenses	<u>701,888</u>	<u>789,498</u>
Net loss	<u>\$ (31,370)</u>	<u>\$ (36,267)</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, 2022 and 2021**

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	<b>Common Stock</b>		<b>Retained Earnings</b>	<b>Amount Due From Stockholder</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>			
<b>Balances at June 30, 2020</b>	100	\$ 1	\$ 118,875	\$ (1)	\$ 118,875
Net loss	-	-	(36,267)	-	(36,267)
<b>Balances at June 30, 2021</b>	100	1	82,608	(1)	82,608
Net loss	-	-	(31,370)	-	(31,370)
<b>Balances at June 30, 2022</b>	100	\$ 1	\$ 51,238	\$ (1)	\$ 51,238

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, 2022 and 2021**

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	2022	2021
<b>Cash flows from operating activities</b>		
Net loss	\$ (31,370)	\$ (36,267)
Adjustments to reconcile net loss to net cash provided by operating activities		
Decrease in accounts receivable - State of Florida	1,330,240	1,246,880
Decrease in interest payable	<u>(7,157)</u>	<u>(6,704)</u>
Net cash provided by operating activities	<u>1,291,713</u>	<u>1,203,909</u>
<b>Cash flows from financing activities</b>		
Increase in due to Basketball Properties, Ltd.	32,125	36,375
Principal payments on bonds	<u>(1,313,054)</u>	<u>(1,230,137)</u>
Net cash used in financing activities	<u>(1,280,929)</u>	<u>(1,193,762)</u>
Net change in cash, cash equivalents, and restricted cash	10,784	10,147
<b>Cash, cash equivalents, and restricted cash</b>		
Beginning of year	<u>761,927</u>	<u>751,780</u>
End of year	<u>\$ 772,711</u>	<u>\$ 761,927</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ 676,921	\$ 759,827

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

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Notes to Financial Statements**  
**June 30, 2022 and 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 21, 2022, the date these statements were issued. There were no material subsequent events to report.

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Notes to Financial Statements**  
**June 30, 2022 and 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, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
6.54% Term bonds due 2028	\$ 9,635,865	\$ 10,948,919
Less: Current maturities	<u>(1,401,539)</u>	<u>(1,313,054)</u>
	<u>\$ 8,234,326</u>	<u>\$ 9,635,865</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, 2022 are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2023	\$ 1,401,539
2024	1,495,997
2025	1,596,822
2026	1,704,442
2027	1,819,315
Thereafter	<u>1,617,750</u>
	<u>\$ 9,635,865</u>

**BP Finance, Inc.**  
(A wholly owned subsidiary of Basketball Properties, Inc.)  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**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 \$1,395,082 lower than its fair value at June 30, 2022 and approximately \$1,874,873 lower than its fair value at June 30, 2021, 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 \$1,418,641 lower than its fair value at June 30, 2022 and approximately \$2,116,656 lower than its fair value at June 30, 2021, which was estimated based on present value using current market rates of long-term instruments with similar maturities.

## **Supplemental Information**

**BP Finance, Inc.**

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

**Schedule of Expenditures of State Financial Assistance Project****June 30, 2022**

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<b>Grantor/Program or Project Title</b>	<b>CSFA Number</b>	<b>Contract Term</b>	<b>Award Amount</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>State financial assistance</b>					
Department of revenue					
Facilities for new professional sports, retained professional sports, or retained spring training franchise	73.016	2/1/1998-4/1/2028	<u>\$ 26,281,000</u>	<u>\$ 2,000,004</u>	<u>\$ 1,989,975</u>
Total state financial assistance			<u>\$ 26,281,000</u>	<u>\$ 2,000,004</u>	<u>\$ 1,989,975</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, 2022**

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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, 2022.

#### **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, 2022, 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 the 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. (the "Company"), which comprise the balance sheet as of June 30, 2022, and the related statement of operations, of changes in stockholder's equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated October 21, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing 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 the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company'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 Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

October 21, 2022



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

To the Management of BP Finance, Inc.

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

***Opinion on Each Major Federal Program***

We have audited BP Finance, Inc.'s (the "Company") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the BP Finance, Inc. complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); 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*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state financial project. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Company's financial projects.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an



opinion on the Company's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of each major state financial project as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 federal program 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 a federal program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,



as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the 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, 2022 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 21, 2022, 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 21, 2022

**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, 2022**

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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:

Unqualified

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

**State Financial Assistance Project**

Internal control over major state financial assistance project:

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 state project:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656 for nonprofit and for-profit organization? \_\_\_\_\_ Yes

X  No

Identification of major programs:

CSFA Number

Name of State Financial Assistance Project

73.016

Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training

Dollar threshold used to distinguish between Type A and Type B projects:

\$ 300,000

Auditee qualified as low-risk

Auditee, pursuant to the Uniform Guidance \_\_\_\_\_ Yes

X  Yes \_\_\_\_\_ No

**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, 2022**

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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 noncompliance 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 noncompliance, 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 noncompliance 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.