



Space Exploration Technologies Corp.

AUDIT OF STATE AWARDS PROGRAM

For the year ended December 31, 2023





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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Space Exploration Technologies Corp.

Report on the Audit of the Schedule of Expenditures of State Financial Assistance

Opinion

We have audited the schedule of expenditures of state financial assistance of Space Exploration Technologies Corp. (SpaceX) for the year ended December 31, 2023, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of state financial assistance presents fairly, in all material respects, the expenditures of the state project of SpaceX for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of SpaceX 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 opinion.

Responsibilities of Management for the Schedule

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 and for 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 Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Florida Single Audit Act 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 schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- 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 SpaceX'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 schedule.

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.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
September 27, 2024

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
Space Exploration Technologies Corp.

Report on Compliance for the Major State Project

Opinion on Compliance for the Major State Project

We have audited SpaceX’s compliance with the types of compliance requirements described in the Florida Single Audit Compliance Supplement that could have a direct and material effect on its Spaceport Improvement Program for the year ended December 31, 2023.

In our opinion, SpaceX complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state project for the year ended December 31, 2023.

Basis for Opinion on the Major State Project

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 the Florida Single Audit Act. Our responsibilities under those standards and the Florida Single Audit Act are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SpaceX 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 the major state project. Our audit does not provide a legal determination of SpaceX’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 SpaceX’s state project.

Auditor's 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 SpaceX'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 generally accepted auditing standards, *Government Auditing Standards*, and the Florida Single Audit Act 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 SpaceX's compliance with the requirements of the state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Florida Single Audit Act, 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 SpaceX'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 SpaceX'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 Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of SpaceX'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items IC 2023-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on SpaceX's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. SpaceX's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Florida Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
September 27, 2024

**Space Exploration Technologies Corp.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2023**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

State Project

Internal control over major state programs:

- Material weakness identified? Yes X None noted
- Significant deficiency identified? X Yes None noted

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be Reported in accordance with Chapter 10.650. X Yes None noted

Identification of major state program:

<u>State CSFA Number</u>	<u>State Program or Cluster</u>
55.037	Spaceport Improvement Program

Dollar threshold used to distinguish between type A and B programs was \$565,881 for major state programs.

There are items related to state financial assistance required to be report in a management letter.

**Space Exploration Technologies Corp.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2023**

Section II-State Project Findings and Questioned Costs

IC 2023-001 Quarterly Activity Reports

CSFA 55.037: Spaceport Improvement Program 2023
Florida Department of Transportation passed through Space Florida

Criteria: The grant agreement with Space Florida and Chapter 10.650, *Rules of the Auditor General* require that internal controls are in place to ensure accurate reporting prior to submission.

Statement of Condition: During the duration of the grant, Space X submits a Quarterly Activity Report to their grantor, Space Florida. For the quarter ending December 31, 2023, it was noted that there was no documented support that the Quarterly Activity Report was reviewed or approved before submission to Space Florida.

Statement of Cause: SpaceX has a formal process for approving each Quarterly Activity Report, where the reports are reviewed by a Project Manager before submittal. For the quarter ending December 31, 2023, SpaceX held a virtual meeting between the Project Manager and the Senior Financial Analyst to discuss and approve the report. Since the report was approved during the meeting orally there was no documentation of the approval.

Statement of Effect: Without a documented review, there is no evidence that the report was reviewed or approved by an authorized individual.

Questioned Costs: No questioned costs identified.

Perspective Information: All other deliverables reviewed, including two other Quarterly Activity Reports, had proper documentation of the approval process before submittal to the grantor. CRI reviewed the virtual meeting appointment noting the attendees and the subject of the meeting being "Space Florida Q2 FY 2024 Reports" (noting that the entity is referencing the quarter ending December 31, 2023) which was held on January 9, 2024.

Identification of Repeat Findings: Not a repeat finding

Recommendations: SpaceX should have proper documentation of the approval of all deliverables.

Management Response: SpaceX acknowledges the need for documented evidence of timely review and approval of quarterly report submissions and will prepare and retain contemporaneous documentation of that review and approval going forward. Matthew Chang, Sr. Financial Analyst, is responsible for ensuring review and approval documentation is obtained timely going forward. A more formal process will be implemented in the Quarter ending September 30, 2024.

**Space Exploration Technologies Corp.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2023**

Section III-Other Issues

Summary Schedule of Prior Audit Findings – No Prior Audit Findings.

Space Exploration Technologies Corp.
Schedule of Expenditures of State Financial Assistance
For the year ended December 31, 2023

State Agency, Pass-through Entity, State Program	CSFA No.	Grant/ Contract No.	Expenditures	Transfers to Subrecipients
Florida Department of Transportation				
Passed-through Space Florida				
Spaceport Improvement Program	55.037	C21789	1,886,271	-
Total Expenditures of State Financial Assistance			\$ 1,886,271	\$ -

Note 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the activity of SpaceX under programs of the state government for the year ended December 31, 2023. The information in this Schedule is presented 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 Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of SpaceX, it is not intended to and does not present the equity, net income, or cash flows of SpaceX.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of State Financial Assistance is a summary of SpaceX's state assistance programs presented on the accrual basis of accounting.

Note 3: CONTINGENCIES

Grant monies received and disbursed by SpaceX are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, SpaceX does not believe that such disallowance, if any, would have a material effect on the financial position of SpaceX.



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The Board of Directors
Space Exploration Technologies Corp.

Report on the Schedule

We have audited the schedule of expenditures of state financial assistance of Space Exploration Technologies Corp. (SpaceX) for the year ended December 31, 2023, and the related notes (the schedule) and have issued our report thereon dated September 27, 2024.

Auditor's Responsibility

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; the audit requirements the Single Audit Act Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for a State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 27, 2024, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on state project amounts that are less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 27, 2024



Corrective Action Plan

IC 2023-001 Quarterly Activity Reports

CSFA 55.037: Spaceport Improvement Program 2023
Florida Department of Transportation passed through Space Florida

Recommendation: SpaceX should have proper documentation of the approval of all deliverables.

Management Response: SpaceX acknowledges the need for documented evidence of timely review and approval of quarterly report submissions and will prepare and retain contemporaneous documentation of that review and approval going forward.

Matthew Chang, Sr. Financial Analyst, is responsible for ensuring review and approval documentation is obtained timely going forward.

A more formal process will be implemented in the Quarter ending September 30, 2024.