VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

A Component Unit of the Commonwealth of Virginia

FINANCIAL REPORT

June 30, 2021

BROWNEDWARDS
certified public accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Virginia Commercial Space Flight Authority
Norfolk, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Commercial Space Flight Authority, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Virginia Commercial Space Flight Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specification for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Commercial Space Flight Authority as of June 30, 2021, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The listing of Authority officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the Virginia Commercial Space Flight Authority'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 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 Virginia Commercial Space Flight Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 9, 2021

The management of the Virginia Commercial Space Flight Authority (Authority), offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Virginia Commercial Space Flight Authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and accompanying notes.

Summary of Organization and Business

The Virginia Commercial Space Flight Authority was established as a political subdivision of the Commonwealth of Virginia, by Chapter 758 of the 1995 Acts of Assembly. It operates as an independent entity in accordance with the provisions of the *Code of Virginia, Title 2.2, Chapter 22, Sections 2.2-2201 et.sequence* as amended. The Authority's legislated purpose is to promote industrial and economic development and scientific and technological research and development through the development and promotion of the commercial and government aerospace industry. A Board of Directors, composed of 9 members, manages the Authority.

The Authority is considered a component unit of the Commonwealth of Virginia. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements prepared by the Authority. The MD&A represents management's examination and analysis of the financial performance of the Authority. The financial statements of the Authority are presented using the accrual method of accounting.

The financial statements consist of the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position, the Statement of Cash Flows and Notes to the Financial Statements. The following analysis discusses elements from these statements, as well as on overview of the Authority's activities.

Statement of Net Position

The Statement of Net Position presents the Authority's Assets, Liabilities and Net Position as of the end of the fiscal year. The purpose of this statement is to present readers a fiscal snapshot at June 30, 2021. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the Authority's operations. They are also able to determine how much the Authority owes vendors and creditors.

Statement of Net Position (Continued)

	2021	2020	Change
Assets:			
Current assets	$ 23,797,358	$ 15,921,012	$ 7,876,346
Construction-in-progress	1,962,865	19,857,350	(17,894,485)
Land	550,000	-	550,000
Depreciable capital assets, net	144,985,232	129,885,109	15,100,123
Total assets	$171,295,455	$165,663,471	$ 5,631,984
Liabilities:			
Current liabilities	$ 4,078,049	$ 5,671,340	$ (1,593,291)
Noncurrent liabilities	-	17,346	(17,346)
Total liabilities	$ 4,078,049	$ 5,688,686	$ (1,610,637)
Net Position:			
Net investment in capital assets	$147,482,496	$149,672,131	$ (2,189,635)
Restricted for:			
Mid-Atlantic Regional Spaceport Facilities	10,731,379	4,740,169	5,991,210
Accomack County Regional Airport Hangar	1,000,000	-	1,000,000
Unrestricted	8,003,531	5,562,485	2,441,046
Total net position	$167,217,406	$159,974,785	$ 7,242,621

The increase in current assets of $7,876,346 is associated with an increase in cash of $7,563,767, which is primarily related to the timing of spending the appropriation from the Commonwealth of Virginia, received in fiscal year 2021 for construction of additional facilities at the Mid-Atlantic Regional Spaceport. The Authority received $8,500,000 and as of June 30, 2021, $8,304,521 remains to be spent. The remaining variance in current assets is due to an increase in accounts receivable offset by a decrease in prepaid expenses.

The decrease in construction-in-progress of $17,894,485 is primarily associated with the completion and final capitalization of fixed assets in FY21: $15.5 million for the Pad 0C, $3.3 million for the Integration Control Facility, $130,600 in improvements to Pad 0B, and $229,410 in PPF enhancements. This was offset by the addition of $611,495 for the MARS Port/UAS Dock, $355,660 UAS Enhancements, and $298,430 of miscellaneous asset projects.

The increase in land of $550,000 is land purchased outside of the NASA Wallops Flight Facility which will be used for the location of the construction of the Virginia Space Assembly, Integration and Test (AIT) Facility. The AIT is being constructed for the manufacturing and testing of the Rocket Lab Neutron Launch Vehicle.

The increase in capital assets of $15,100,123 is the result of the completion and capitalization of capital assets noted above offset by depreciation and amortization expense of $7,193,530.

The decrease in current liabilities of $1,593,291 is associated with a $217,214 decrease in accounts payable, primarily associated with completion of the Integrated Control Facility construction. The remaining variance is primarily related to a decrease in unearned revenue of $1,338,696.

(Continued)

Statement of Net Position (Continued)

The decrease in noncurrent liabilities of $17,346 is related to payments made on a software contract.

The increase in unrestricted net position is a result of the change in net position for the fiscal year exclusive of funds restricted for the Mid-Atlantic Regional Spaceport Facilities and the Accomack County Regional Airport Hangar and depreciation charges less further investment in capital assets during the period.

The increase in restricted net position is a result of $11,731,379 remaining to be spent on the $15 million appropriations for the Mid-Atlantic Regional Spaceport Facilities and the $1.0 million for the Accomack County Regional Airport Hangar, offset by utilization of the restriction from FY20.

For more detailed information see the accompanying Statement of Net Position.

Statement of Revenue, Expenses and Changes in Net Position

The Statement of Revenue, Expenses and Changes in Net Position presents a summary of revenue and expense activity that resulted in the change from beginning to ending net position. The purpose of this statement is to present the Authority's operating and nonoperating revenue recognized and expenses incurred and any other revenue, expenses, gains and losses.

Operating revenue and expenses generally represent the activity associated with rocket launch activities, UAS Airfield activities, Payload Processing Facility activities, interest received on our bank balance, cost of overall administration of the Authority and depreciation and amortization of its capital assets. Nonoperating revenue and expenses generally relate to funds received from Commonwealth of Virginia appropriations and both federal and commercial agreements associated with the development of space launch, PPF and UAS capabilities at the Mid-Atlantic Regional Spaceport, Wallops Flight Facility located on the Eastern Shore of Virginia.

The following schedule compares the revenue, expenses and net assets for the current and previous fiscal year.

	2021	2020	Change
Total operating revenue	$ 13,411,178	$ 12,208,195	$ 1,202,983
Total operating expenses	(33,614,199)	(30,222,095)	(3,392,104)
Net operating loss	(20,203,021)	(18,013,900)	(2,189,121)
Total nonoperating revenue	27,445,642	30,450,383	(3,004,741)
Change in net position	7,242,621	12,436,483	(5,193,862)
Total net position, beginning of year	159,974,785	147,538,302	12,436,483
Total net position, end of year	$167,217,406	$159,974,785	$ 7,242,621

The increase in operating revenue of $1,202,983 is primarily due to the net increase in commercial launch fees and launch support revenue of $1,667,351 offset by a decrease in payload processing fees of $340,000 and a decrease in interest related to decreased interest rates due to COVID-19. Operating expenses increased $3,392,104 due to the increase in our labor force associated with specific mission and safety requirements, and additional depreciation associated with the capitalization of Pad 0C and the Integration and Control Facility.

The decrease in nonoperating revenue of $3,004,741 is due to the completion of Federal contracts.

For more detailed information see the accompanying Statement of Revenue, Expenses and Changes in Net Position.

(Continued)

Statement of Cash Flows

The Statement of Cash Flows provides relevant information that aids in assessment of the Authority's ability to generate cash to meet present and future obligations and detailed information reflecting the Authority's sources and uses of cash during the fiscal year. Cash flows from operating activities reflect the uses to support the essential mission and administration of the Authority. The primary sources of operating cash flows are from launch fees, launch support activities, Payload Processing Facility activities and UAS Airfield activities. The primary uses of operating cash flows are payments to personnel, including salaries, wages, and fringe benefits and payments to suppliers and subcontractors. Cash flows from noncapital financing activities reflect the nonoperating noncapital sources and uses of cash. The primary source of noncapital financing activities cash flows is $15,912,996 from the Commonwealth of Virginia's annual appropriation. The primary uses of noncapital financing activities cash flows are to support cash requirements of operations and to support non-capital activities related to MARS facility enhancements. Cash flows from capital financing activities reflect the nonoperating capital sources and uses of cash. The primary source of capital financing cash flows is a $8,500,000 appropriation from the Commonwealth of Virginia for construction of the Launch Team Maintenance Facility and additional UAS facilities as well as the Accomack County Regional Airport Hangar with an additional source from Federal and Commercial contracts for MARS facilities enhancements. The primary uses of cash flows from capital financing activities were for investment in construction in progress and capital assets.

	2021	2020	Change
Cash flows used by operating activities	$ (11,746,184)	$ (8,340,702)	$ (3,405,482)
Cash flows provided by noncapital financing activities	14,477,804	10,336,925	4,140,879
Cash flows provided by capital financing activities	4,832,147	1,789,354	3,042,793
Net change in cash	$ 7,563,767	$ 3,785,577	$ 3,778,190

Capital Assets

The Authority's capital assets consist primarily of Launch Pad 0A, Launch Pad 0B, Launch Pad 0C at the Mid-Atlantic Regional Spaceport, the Integrated Control Facility, UAS Airfield and the Payload Processing Facility, and related support machinery and equipment.

Significant Events

Introduction

The Virginia Commercial Space Flight Authority (VCSFA), also known as "Virginia Space," owns and operates the Mid-Atlantic Regional Spaceport (MARS) located on the National Aeronautics and Space Administration (NASA) Wallops Flight Facility (WFF) at Wallops Island, Virginia. Virginia Space is permitted to use the land for MARS and does business with NASA through a renewable Space Act Agreement. MARS is one of only four spaceports in the United States licensed by the FAA Commercial Space Transportation Office to launch to orbit, allowing it to compete for the venture, small, and medium class launch vehicle market providing access to the Earth's orbit and interplanetary missions.

Significant Events (Continued)

Introduction (Continued)

MARS has three operational pads, Pad 0A, Pad 0B, and Pad 0C, all located within Launch Complex 0. Pad 0A, a Medium Class Launch Facility (MCLF) is comprised of a cryogenic liquid fuel facility with an automated commodities system, fortified launch mount, robust electrical and environmental control systems, and gravity fed freshwater deluge system. Pad 0B, a secure Small Class Launch Facility (SCLF), is comprised of a launch stool, moveable service structure, launch equipment vault, lightning protection system, and environmental control system. Pad 0C, also referred to as LC-2, serves as a Venture Class Launch Facility and supports vehicles of a smaller size. Similar to Pad 0A, Pad 0C includes a cryogenic liquid fuel facility with an automated commodities system, robust electrical and environmental control systems, a gravity fed freshwater deluge system, and adds a rotating, hydraulic launch mount and strong back structure.

Pad 0A currently hosts the Northrop Grumman Antares launch vehicle under contract to deliver cargo to the International Space Station (ISS), with potential for additional significant NASA and United States Department of Defense (DoD) payload business. Pad 0B hosts Northrop Grumman Minotaur class launch vehicles and can also be reconfigured to host nearly any existing small class launch vehicle on the market. Pad 0C hosts Rocket Lab's Electron launch vehicle with the first flight planned for FY22.

At the north end of Wallops Island there are two additional, operational MARS facilities. These include a purpose-built Unmanned Aerial Systems (UAS) Airfield, and a MARS Payload Processing Facility (PPF).

Additionally, Virginia Space has an operational Integration and Control Facility (ICF), located in the Wallops Research Park, which is leased to Rocket Lab.

COVID-19 Impacts

Virginia Space, along with the rest of the world, has adapted to the challenges presented by the COVID-19 pandemic. The Virginia Space COVID-19 response plan utilizes a matrix-oriented team consisting of members from executive leadership, operations, communications, safety, and human resources, and leverages guidelines and recommendations from the CDC, Virginia Department of Health, and NASA. Through careful and considered planning and coordination efforts, Virginia Space has been able to continue mission critical activities at the Spaceport continuously through the pandemic. Despite the unprecedented times, Virginia Space employees have been adaptive, and successfully maintained critical assets while also supporting US national defense and security missions.

Launch Vehicle and Payload Operations

The Antares NG-14 Mission carrying the Cygnus spacecraft launched aboard the Northrop Grumman Antares 230+ rocket on Friday, October 2, 2020, at approximately 9:16 p.m. ET, from MARS Pad-0A at Wallops Island, Virginia. After the nine-minute ascent, the S.S. Kalpana Chawla Cygnus spacecraft, named for the first woman of Indian descent to fly in space, was deployed into orbit. The Cygnus was successfully captured, by Commander Chris Cassidy of NASA, using the International Space Station's robotic Canadarm2 on October 5, 2020, at 5:32 a.m. ET, and installed on the Unity module of the ISS. Carrying approximately 8,000 lbs. of research, supplies, hardware, and experiments, the S.S. Kalpana Chawla Cygnus remained berthed until January 6, 2020. For the fifth time, Cygnus hosted the Spacecraft Fire Experiment-V (Saffire-V) experiment to study the behavior of large-scale fires in microgravity that was performed once the Cygnus spacecraft departed the station. This mission also carried the Northrop Grumman SharkSat payload, an internally developed prototype supporting on-orbit technology demonstrations. Utilizing a streamlined approach, SharkSat will allow engineers to evaluate emerging technologies in the space environment. The Cygnus spacecrafts secondary mission, hosting these two experiments post departure from the ISS, was successfully completed and the NG-14 Cygnus spacecraft completed its mission on January 26, 2021, at 3:23 p.m. ET.

(Continued)

Significant Events (Continued)

Launch Vehicle and Payload Operations (Continued)

The fourth mission under Northrop Grumman's CRS-2 contract with NASA, NG-15, was successfully launched on Saturday, February 20, 2021, at approximately 12:36 p.m. ET, from Pad 0A. Northrop Grumman named the NG-15 spacecraft after NASA mathematician Katherine Johnson, an aerospace pioneer who time and again broke through barriers of gender and race. The S.S. Katherine Johnson Cygnus berthed to the ISS at 7:16 a.m. ET on February 22, 2021. This mission delivered more than 8,200 pounds of cargo to the space station. At 12:32 p.m. ET on June 29, 2021, the Cygnus spacecraft was released by the stations robotic arm carrying more than 8,000 pounds of disposable cargo. Cygnus remained in orbit for 3 days to carry out the secondary phase of the mission. The S.S. Katherine Johnson deployed five CubeSats via two separate CubeSat deployers, Slingshot and Nanoracks. Additionally, 30 ThinSats were launched aboard NG-15 as part of the VCSFA STEM outreach program for grades 4-12.

NG-14/15 were the third and fourth launch of Northrop Grumman's CRS-2 contract. Under the agreement, Northrop Grumman will provide at least six logistics servicing missions carrying over 20,000 kg of cargo to the ISS. At the pre-launch press conference Q&A session, Northrop Grumman stated they intend to fly all six missions out of Wallops Island. NG-14/15 once again used the 24-hour cargo load capability provided by launch pad and cargo loading modifications including the use of a new Mobile Payload Processing Facility (MPPF). This crucial capability was instrumental in Northrop Grumman securing the CRS-2 contract and continues to be utilized on each mission to load critical cargo into Cygnus 24 hours before the scheduled launch time.

MARS Pad 0A remained in good condition following both launches with normal and expected wear and tear. The following major modification was made to Pad 0A in FY21, improving system performance and reliability.

- Helium panel upgrade to provide redundant circuit

MARS Launch Pad 0B was online for operations in FY21 with two different Minotaur Family of Launch Vehicles executing first launch attempt flights. NROL-129 and NROL-111 were the first Minotaur Launches from Launch Pad 0B since 2013.

The NROL-129 mission utilized a Northrop Grumman Minotaur IV launch vehicle. Northrop Grumman integrates, tests, and provides space launch services under the U.S. Air Force Orbital/Suborbital Program-3 (OSP-3) contract. The Minotaur IV utilizes three government-furnished solid rocket motors from decommissioned Peacekeeper ICBMs and a commercial solid rocket upper stage capable of launching payloads up to 1,730 kg (3,814 lb) to low Earth orbit. On July 15, 2020, the first launch attempt for L-129, the MIV Launch Vehicle executed the 27th perfect flight, furthering the 100% flight success rate of the Minotaur Family of Launch Vehicles. Post launch activities included securing the site, damage reports, and general cleanup and storage of the gantry.

The NROL-111 mission flew on a Northrop Grumman Minotaur I Launch Vehicle, a four-stage solid fuel space launch vehicle utilizing Minuteman rocket motors for its first and second stages, reusing motors that have been decommissioned as a result of arms reduction treaties. Minotaur I is capable of launching payloads up to 580 kg (1,278 lb) into low Earth Orbit. To date, Minotaur I has conducted 11 missions with a 100% success rate, delivering 62 satellites into orbit. On June 15, 2021, the first launch attempt for L-111, the MI Launch Vehicle executed a perfect flight, furthering the 100% flight success rate of the Minotaur Family of Launch Vehicles. Post launch activities include securing the site, damage reports, and general cleanup and storage of the gantry.

Significant Events (Continued)

Launch Vehicle and Payload Operations (Continued)

Pad 0C remains ready to support the upcoming Electron launch in FY22. System testing and maintenance is ongoing with plans to conduct full systems launch day testing to keep the team trained and ready for the upcoming initial launch from Pad 0C.

MARS UAS Airfield

Mission Cadence and on-site customer numbers have increased, as well as operational support for Virginia Space's Unmanned Aerial Systems Airfield. The high performance of the Airfield and its operations, with support from the Commonwealth of Virginia, continue to draw visibility from the DoD, Naval Special Warfare Command (NSWC), Helicopter Sea Combat Wing Atlantic (HSCWA) and other high-level military operations groups. The site has developed and succeeded in meeting operational goals and customer requests for UAS and will continue to develop operational capabilities for USVs (Unmanned Surface Vehicles), USSVs (Unmanned Subsurface Vehicles), and UGVs (unmanned Ground Vehicles).

The highlight of Airfield operations for the year was the HSC-22 Squadron out of the HSCWA conducting detachments #4, #5, #6, and #7. These four detachments brought with them one to two MH-60s Seahawk Manned Helicopters, which achieved high training runs with the MQ-8B Fire Scout, further integrating manned and unmanned operations with our military. Each detachment brought with them fifty to seventy sailors for operational support of the aircraft. The training regimens consisted of pilot training, co-pilot training, gunner and ordnance training, and reconnaissance and surveillance training. The NSWC sent multiple Special Operations Teams to the site to integrate with the Fire Scout for training and practice Direct Action operations, Field Medic Operations, and surveillance and air support for the teams during operations. All operations were conducted safely and successfully from the UAS Airfield with continued request for usage for future operations. HSCWA with HSC-22 continues to park the Mobile Mission Control Station at the ramp on the Airfield for future and continued flight operations.

Other UAS operations at the Airfield include NRL (Naval Research Lab) Puma Flight Platform, who plan to come back for additional Helios operations, along with several smaller scale sUAS (small UAS) flights in support of training and STEM outreach programs.

Site upgrades and improvements to support operations include a mobile lavatory, helicopter wash pad and water tank, antenna tower support davit hoist, antenna tower support extension platform, ready service lockers for ordnance and munitions storage, LCS ship deck mockup line striping on runway for landing practice and working in conjunction with NASA for a fiber pathway through the marsh to the main base for high level communications capabilities.

Significant Events (Continued)

Seaport Development

Virginia Space progressed in its development of a multi-purpose seaport adjacent to the MARS UAS Airfield. The project has been designated a Marine Highway Project (MHP) by the US Maritime Administration (MARAD) as a part of the M-95 Marine Highway Route. This designation allowed Virginia Space to apply and be awarded an FY19 MHP grant in the amount of $96,425 for the engineering and design of landside improvements associated with the project. In addition to the MHP grant, Virginia Space has also submitted applications for the DOT's FY20 BUILD, FY21 RAISE, INFRA and PIDP grant programs to fund the pier construction efforts. The landside improvements, pier, and navigational approach channel are all in the design phases and continue towards the project goals of supporting both maritime unmanned testing and providing access for barge services directly to the Spaceport on Wallops Island. In order to satisfy the obligations, set forth in the National Environmental Policy Act of 1969, Virginia Space, in coordination with NASA, has funded an Environmental Assessment (EA) to study the environmental impacts of the proposed project. This work includes several field studies and modeling to ensure compliance with Federal statutes such as the Endangered Species Act, National Historic Preservation Act, and Coastal Zone Management Act. It is anticipated that both the design and environmental work will be complete in Q1 FY22.

ThinSats

The Virginia Space ThinSat program celebrated its second launch aboard Antares on February 20, 2021, launching forty-two student-research focused ThinSats into Extreme Low Earth Orbit. The overall mission objective of delivering the payload to space was successful and involved nearly 500 students nation-wide. Students across the program were able to share the data received via the purpose built, Space Data Dashboard and use that data to prove and expand upon the science they performed on the ground prior to flight.

MARS Payload Processing Facility

The world-class MARS PPF has become an essential asset for the Spaceport, providing the required security, crane, HVAC, cleanliness, and other specialized systems needed for critical national security and scientific missions. Not long after becoming operational, the MARS PPF proved its intended and necessary capabilities for the Spaceport through support for multiple and simultaneous missions within the facility for different customers. Northrop Grumman and their government customers utilized the MARS PPF for both payload and vehicle processing in support of the NROL-129 and NROL-111 missions. Additionally, Rocket Lab delivered their first Electron Launch Vehicle to the US where it arrived at the MARS PPF for integration and processing.

Additional STEM Activities

Despite COVID-19 impacts, Virginia Space continued its internship program in 2020 for the ninth year of the program. A recruitment process brought three technical interns from the Eastern Shore Community College (ESCC) for the twelve-week summer internship program at the Spaceport. Program highlights from the 2020 summer included supporting the NROL-129 Minotaur launch from Pad 0B, assisting in the revamping of the inventory system, AutoCAD work, and building electrical control boxes for Pad 0C. Virginia Space also had an engineering intern for six months from Rensselaer Polytechnic Institute, who assisted with creating an interactive map of Pad 0A for troubleshooting purposes, as well as contributed to an integrated systems schematic for Pad 0C. Students noted they were excited to be a part of the program and get hands-on industry experience.

Significant Events (Continued)

Additional STEM Activities (Continued)

Additional STEM activities involved supporting the Virginia Space Coast Scholars (VSCS), a program under the umbrella of the Virginia Space Grant Consortium, which is a coalition of five Virginia colleges and universities, NASA, state educational agencies, Virginia's Center for Innovative Technology, and other institutions representing diverse aerospace education and research. Through virtual tours of MARS facilities, three groups of highly motivated tenth grade Virginia students, along with science teachers, undergraduate students and staff, received an up-close look at MARS operations and the Virginia Space mission. It was an excellent opportunity to engage with science-focused students while promoting the Spaceport and encourage students to pursue the company's well-established internship program.

Virginia Space annually supports the Virginia Space Flight Academy, a Wallops area non-profit organization that promotes STEM education by providing six weeks of co-ed residential summer camps for youths aged 11-16 years. In the past, Virginia Space has supported the VSFA by providing four scholarships annually and tours of the Mid-Atlantic Regional Spaceport to build enthusiasm and encouragement in science, technology and engineering. However, due to the COVID-19 pandemic, the 2020 summer camp moved to a virtual format, which Virginia Space supported financially and with remote content and tours. This support helped safeguard the camp for future students. The Director of MARS, Sean Mulligan, serves on the Board of Directors for the Academy, providing direct support and guidance from Virginia Space for the space camp.

External Relations

External Relations efforts for FY21 were challenged by COVID-19 restrictions. Trade show and symposium participation was severely curtailed and Wallops Island access was limited to mission-essential personnel only. All tours and outreach activities were cancelled. Launches in FY21 took place with guest operations accommodating fifty persons or less.

The aerospace industry accomplishes extensive outreach and relationship-building during trade shows and symposiums. With the advent of the coronavirus, organizers cancelled in-person gatherings and scrambled to adopt virtual platforms. The 36th Space Symposium and AUVSI Xponential were rescheduled for August 2021 and the Annual Small Payload Ride Share Association Symposium remained a virtual event as did the Annual SmallSat Symposium, Aerospace Days, and the annual Governor's Transportation Conference.

External Relations special events for FY21 included four launches, two Northrop Grumman Minotaur launches from MARS Pad 0B and two Northrop Grumman Antares rocket launches from MARS Pad 0A for cargo resupply to the ISS.

Legislative affairs activity at both the state and federal level encompassed support of virtual launch viewings, and efforts to maintain funding streams despite the challenges presented by COVID-19 interruptions.

On the federal level, congressional staff and members as well as federal agency representatives (FAA, NASA, DoD, etc.) were engaged independently as well as through coalition memberships with the Space Transportation Association and the Commercial Spaceflight Federation. Due to NASA WFF restrictions, Virginia Space was unable to host tours for Congressional staff as in past years but plans to resume tours once the COVID-19 environment allows. VA Space worked closely with NASA WFF and Northrop Grumman to stand up and implement protocols for virtual briefings relevant to Antares and national security launch activity during the year.

Significant Events (Continued)

External Relations (Continued)

Funding was received for the Spaceports Enhancements Program in both the FY21 Senate Defense Appropriations Bill and the FY21 House Defense Appropriations Bill. As in previous years, MARS secured $5M for security and infrastructure enhancements out of the $10M awarded. Another effort includes working with the House Transportation and Infrastructure Committee on drafting a new matching grants pilot program for operational spaceports for future legislative consideration.

The passing of the Governor's Transportation Omnibus Bill HB1414 in 2020 brought structural changes to the FY21 transportation funding system in the Commonwealth. Now, most transportation revenues are directed to the Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund. Based on codified formulas, funds are disbursed to sub funds established to meet the needs of different modes of transportation. Virginia Space received approximately 1% of the Commonwealth Transportation Fund for operational funds. Notwithstanding any other provision of law, two legislated TPOFs were budgeted—one in the amount of $2.5M for construction of a hangar for unmanned vehicle operations and the other for $5M to support the development of an improved launch team maintenance facility complex.

Prior to his retirement on July 31, 2021, CEO and Executive Director Dale Nash led Virginia Space and provided insight and input into both national and international space policy as a subject matter expert on spaceport operations. Representing the interests of commercial spaceports in the United States, Mr. Nash attended meetings of the National Space Council and served on the FAA AST Commercial Space Transportation Advisory Committee (FAA AST COMSTAC). Post retirement, Mr. Nash will continue to serve on COMSTAC as part of the Infrastructure Working Group, providing economic, technical and institutional expertise to develop effective regulations for competitive commercial launch operations.

Contacting the Authority's Financial Management

This financial report is designed to provide our users with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Virginia Commercial Space Flight Authority, 4111 Monarch Way, Suite 303, Norfolk, Virginia 23508-2559.

BASIC FINANCIAL STATMENTS

VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

STATEMENT OF NET POSITION
June 30, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	21,889,387
Accounts receivable		1,501,338
Other current assets, prepaid expenses		406,633
Total current assets		23,797,358
NONDEPRECIABLE CAPITAL ASSETS (Note 3)		
Land		550,000
Construction-in-progress		1,962,865
		2,512,865
DEPRECIABLE CAPITAL ASSETS, NET ACCUMULATED DEPRECIATION (Note 3)		
Launch pad facilities		140,713,614
UAS Airfield		5,984,532
Machinery and equipment		3,001,906
Building		38,224,946
Computer equipment		340,943
Land improvements		175,000
Software		158,945
Office furniture		26,053
		188,625,939
Accumulated depreciation and amortization		(43,640,707)
		144,985,232
	$	171,295,455
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	3,282,448
Unearned revenue		780,000
Software license payable, current portion		15,601
Total current liabilities		4,078,049
NET POSITION		
Net investment in capital assets		147,482,496
Restricted for:		
Mid-Atlantic Regional Spaceport Facilities		10,731,379
Accomack County Regional Airport Hanger		1,000,000
Unrestricted		8,003,531
Total net position		167,217,406
	$	171,295,455

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2021

OPERATING REVENUES		
Launch support revenue - private	$	8,963,489
Commercial launch fees		3,660,000
Payload processing fees		600,000
Federal		85,858
Other		92,609
Interest		9,222
Total operating revenue		13,411,178
OPERATING EXPENSES		
Subcontract services		9,627,194
Administration		12,457,432
Depreciation and amortization		7,193,530
Other		4,336,043
Total operating expenses		33,614,199
Net operating loss		(20,203,021)
NONOPERATING REVENUES (EXPENSES)		
State appropriation		24,412,996
Federal contracts		2,072,524
Private contracts		1,828,830
Expenses related to nonoperating activities		(868,708)
Total nonoperating revenues		27,445,642
Change in net position		7,242,621
Net position, beginning of year		159,974,785
Net position, end of year	$	167,217,406

The Notes to Financial Statements are an integral part of this statement.

VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

OPERATING ACTIVITIES		
Cash received from customers	$	13,497,924
Cash paid to employees		(10,062,450)
Cash paid to suppliers		(15,181,658)
Net cash used by operating activities		(11,746,184)
NONCAPITAL FINANCING ACTIVITIES		
Cash received from state appropriation		15,912,996
Cash received from federal contracts		85,858
Cash paid to employees on nonoperating projects		(443,613)
Cash payments for nonoperating contracts		(1,077,437)
Net cash provided by noncapital financing activities		14,477,804
CAPITAL FINANCING ACTIVITIES		
Cash received from state appropriation		8,500,000
Cash received from federal contracts		970,694
Cash received from private contracts		352,000
Principal payments on software license payable		(54,727)
Investment in construction-in-progress		(1,641,255)
Investment in capital assets		(3,294,565)
Net cash provided by capital financing activities		4,832,147
Net increase in cash		7,563,767
CASH		
Beginning of year		14,325,620
End of year	$	21,889,387
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Net operating loss	$	(20,203,021)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation and amortization		7,193,530
Changes in current assets and liabilities:		
Increase in accounts receivable		(51,388)
Increase in other current assets, prepaid expenses		571,040
Increase in accounts payable and accrued expenses		605,521
Increase in unearned revenue		138,134
Net cash used by operating activities	$	(11,746,184)

The Notes to Financial Statements are an integral part of this statement.

1. Organization and Nature of Activities

Virginia Commercial Space Flight Authority (Authority) was established as a political subdivision of the Commonwealth of Virginia, by Chapter 758 of the 1995 Acts of Assembly. It operates as an independent entity in accordance with the provisions of the *Code of Virginia, Title 2.2, Chapter 22, Sections 2.2-2201 et.sequence* as amended. The Authority's legislated purpose is to promote industrial and economic development and scientific and technological research and development through the development and promotion of the commercial and government aerospace industry. A Board of Directors, composed of 9 members, manages the Authority.

The Authority is considered a component unit of the Commonwealth of Virginia (Commonwealth). The Governor appoints the 9-member board, and there is a potential financial benefit/burden to the primary government. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

2. Summary of Significant Accounting Policies

Financial reporting entity

The activities of the Authority are accounted for in an enterprise fund. The enterprise fund is used to account for governmental operations that are financed and operated in a manner similar to private business enterprises. Enterprise fund accounting is used where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis, including depreciation, be financed or recovered primarily through user charges. All fund accounts of the Authority are presented in total on the financial statements.

Basis of accounting

The Authority's records are maintained on the accrual basis whereby revenue is recognized when earned and expenses are recognized when the liability is incurred.

Credit risk

At June 30, 2021, the entire cash balance of $21,959,598 was covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Concentrations

The primary source of operating revenue is from launch fees and operations support with one commercial customer that has contracted with the Authority. This customer represents 99% of the total of launch support revenue - private and commercial launch fees on the statement of revenue, expenses, and changes in net position.

In addition, the Authority receives significant Federal and State support to maintain and construct infrastructure assets.

2. Summary of Significant Accounting Policies (Continued)

Accounts receivable and allowance for doubtful accounts

Receivables include amounts due from contracts and grants for reimbursable expenditures in excess of receipts at year-end. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenue net of uncollectibles, if any. Allowances are reported when accounts are proven to be uncollectible. At June 30, 2021, management believes all accounts receivable are fully collectible; therefore, there was no allowance for doubtful accounts.

Capital assets

Capital assets are generally defined by the Authority as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Property, plant, and equipment of the Authority are stated at cost and at the time of acquisition are set up in a comprehensive fixed asset system. Depreciation of the cost of property, plant, and equipment is provided on a straight line basis over their estimated useful lives as follows:

Launch pad and UAS airfield facilities	7 - 25 years
Machinery and equipment	4 - 15 years
Computer equipment	5 years
Land improvements	15 years
Software	3 years
Office furniture	5 - 7 years
Building	10 years

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized.

Unearned revenue

Unearned revenue primarily includes contract funds received but not earned due to contract milestones that will be met in fiscal year 2022.

Classification of revenue and expenses

The Authority presents its revenue and expenses as operating or non-operating based on the following criteria:

Operating revenue and expenses generally represent the launch fees and launch support revenue received under private contracts and the cost of the overall administration of the Authority and the depreciation and amortization of its capital assets. Nonoperating revenue and expenses generally relate to funds received from private, state and federal cooperative agreements associated with the development of space launch and UAS capabilities.

Restricted net position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

2. Summary of Significant Accounting Policies (Continued)

Restricted net position (Continued)

During the fiscal year ended June 30, 2021, the Authority received $7,500,000 of appropriations from the Commonwealth of Virginia restricted for the construction of Mid-Atlantic Regional Spaceport (MARS) Facilities ($2.5 million for hangar construction for unmanned vehicle operations and $5 million for development of an improved launch team maintenance facility complex) and an additional $1,000,000 for the Accomack Regional Airport hangar. In addition, restricted funds were carried over from **June 30, 2020**, for improvement of the waterfront facilities and UAS facilities. At June 30, 2021, $1,768,621 was invested in these projects. As the projects were ongoing at year-end, the $11,731,379 of unexpended funds are considered restricted at June 30, 2021 which includes some funds unexpended the from prior years appropriations for the MARS facility.

3. Capital Assets

The schedule below shows the breakdown of capital assets by category:

	Balance July 1, 2020	Acquired Increased	Disposals (Decreased)	Balance June 30, 2021
Nondepreciable capital assets:				
Land	$ -	$ 550,000	$ -	$ 550,000
Construction-in-progress	19,857,350	4,215,513	(22,109,998)	1,962,865
Total nondepreciable capital assets	19,857,350	4,765,513	(22,109,998)	2,512,865
Depreciable capital assets:				
Launch pad facilities	124,755,410	15,958,204	-	140,713,614
UAS Airfield	5,984,532	-	-	5,984,532
Machinery and equipment	2,635,986	375,932	(10,012)	3,001,906
Building	32,370,858	5,854,088	-	38,224,946
Computer equipment	228,838	112,105	-	340,943
Land improvements	175,000	-	-	175,000
Software	158,945	-	-	158,945
Office furniture	26,053	-	-	26,053
Total depreciable capital assets	166,335,622	22,300,329	(10,012)	188,625,939
Accumulated depreciation and amortization:				
Launch pad facilities	34,008,719	5,595,745	-	39,604,464
UAS Airfield	643,381	299,504	-	942,885
Machinery and equipment	1,203,421	310,502	(3,336)	1,510,587
Building	115,376	907,935	-	1,023,311
Computer equipment	198,346	22,209	-	220,555
Land improvements	169,444	3,334	-	172,778
Software	88,303	52,981	-	141,284
Office furniture	23,523	1,320	-	24,843
Total depreciation and amortization	36,450,513	7,193,530	(3,336)	43,640,707
Total depreciable capital assets, net	129,885,109	15,106,799	(6,676)	144,985,232
Capital assets, net	$ 149,742,459	$ 19,872,312	$(22,116,674)	$147,498,097

(Continued)

4. Retirement and Pension Systems

Authority employees receive a fixed contribution of 11 percent of their base salary, which is invested through an Authority sponsored 401(a) Plan. Total Authority contributions to the Plan for 2021 were $790,936, which is included in administration operating expense on the statement of revenue, expenses and changes in net position.

5. Commitments

At June 30, 2021, the Authority occupied office space, an integration control facility, and leased office equipment under various lease agreements with initial periods ranging from two to fifty years through fiscal year 2068.

Estimated future lease commitments for these leases are expected to be as follows:

Years Ending June 30,	
2022	$ 345,391
2023	306,863
2024	316,576
2025	320,103
2026	330,609
2027-2031	1,007,502
2032-2036	25,000
2037-2041	25,000
2042-2046	25,000
2047-2051	25,000
2052-2056	25,000
2057-2061	25,000
2062-2066	25,000
2067-2068	10,000
	$ 2,812,044

Total rent expense for 2021 was $616,753 and is included in administration operating expense on the statement of revenue, expenses and changes in net position.

At June 30, 2021, the Authority has contractual commitments of approximately $4.0 million for work remaining to be performed under outstanding contracts, approximately $2.4 million of which will be reimbursable under separate private and federal contract agreements, and approximately $444,000 of which are funded by the Commonwealth of Virginia.

6. Virginia Commercial Space Flight Authority Risk Management Plan

The Authority is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The employees, directors, and agents of the Authority were insured for these risks under a self-insured liability plan, VaRISK 2, administered by the Commonwealth of Virginia's Department of Treasury, Division of Risk Management with liability limits of $1,000,000 for each occurrence. In addition to the coverage provided by VaRISK 2, the Authority has General Liability coverage through a commercial policy issued by XL Specialty Insurance Company of Exton, PA with an insurance limit of $25,000,000. The Authority also has property insurance through Travelers Insurance Company with coverage in the amount of $1,850,000 for the Norfolk, Wallops Island and Decoy Square offices and the Integration Control Facility. The policy covers the Authority business personal property from perils such as fire, flood, earthquake, windstorms, and equipment breakdown. The Authority also has property insurance through Lexington Insurance Company with coverage in the amount of $28,000,000 for the Payload Processing Facility and $1,000,000 for the UAS Airfield Hangar. The policy covers the Authority business personal property from perils such as fire, flood, earthquake, windstorms, and equipment breakdown. The Authority maintains its own insurance coverage for health and workers compensation; there is no self-insurance.

Orbital Sciences Corporation (Orbital) has also agreed to maintain insurance in amounts set forth in the Federal Aviation Administration (FAA) launch license to cover loss of or damage to U.S. Government and Commonwealth of Virginia facilities or property (including Authority facilities) that arises from licensed launch activities. This insurance includes $50,000,000 minimum coverage for loss or damage arising from licensed launch activities as defined under applicable FAA regulations. The Authority is listed as an additional insured party on such insurance. In addition, Orbital, at no cost to the Authority, has obtained insurance with $100,000,000 coverage for damage to Commonwealth of Virginia facilities and property (including Authority facilities), which loss or damage arises directly from Orbital's performance under the Launch Site Access and Operations Support Agreement, but does not arise from licensed launch activities as defined under applicable FAA regulations. $25,000,000 of the $100,000,000 coverage is dedicated to special hazards coverage, including flooding, named storms and earthquakes. The non-launch property insurance extends through December 31, 2024 on the condition that Orbital continues to launch the Antares vehicle from the Wallops Flight Facility through that date. The Authority is also listed as an additional insured party on such insurance.

7. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statement which is not yet effective. The effective date below is updated based on Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to the COVID-19 pandemic.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

7. New Accounting Standards (Continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT 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 Board of Directors
Virginia Commercial Space Flight Authority
Norfolk, Virginia

We have audited, in accordance with the 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, and the *Specification for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Virginia Commercial Space Flight Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Virginia Commercial Space Flight Authority's basic financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Commercial Space Flight Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Commercial Space Flight Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Commercial Space Flight Authority'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 Virginia Commercial Space Flight Authority's financial statements are free of 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 determination of financial statement amounts. 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 Virginia Commercial Space Flight Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 9, 2021

VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

As more fully described in the Independent Auditor's Report 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*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Conflicts of Interest Act

Uniform Disposition of Unclaimed Property Act

OTHER INFORMATION

VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY

Norfolk, Virginia

AUTHORITY OFFICIALS

BOARD MEMBERS
(through fiscal year ended June 30, 2021)

Jeff Bingham, Chairman

Edward Bolton, Jr.	Mark Flynn
Morris Foster	Marke Gibson
James McArthur, Jr.	Linda Thomas-Glover
Kathryn Thornton	Shannon Valentine

Dale Nash, CEO and Executive Director