



Virginia Commercial Space Flight Authority

(A Component Unit of the Commonwealth of Virginia)

Financial Report

June 30, 2025

Virginia Commercial Space Flight Authority

Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis – (Unaudited)	4a

Basic Financial Statements

Statement of Net Position	5
Statement of Revenue, Expenses, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8

Compliance Section

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 <i>Government Auditing Standards</i>	17
Summary of Compliance Matters	19
Schedule of Findings and Responses.....	20

Other Information

Authority Officials	21
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Independent Auditor's Report

To the Board of Directors of
Virginia Commercial Space Flight Authority
(A Component Unit of the Commonwealth of Virginia)
Norfolk, Virginia

Report on the Audit of the Financial Statements

Opinion

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, 2025, 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.

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, 2025, 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.

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 *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Virginia Commercial Space Flight Authority 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2025, the Virginia Commercial Space Flight Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, 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 Virginia Commercial Space Flight Authority'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.

Auditor's 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 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 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 generally accepted auditing standards 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 Virginia Commercial Space Flight Authority'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 Virginia Commercial Space Flight Authority'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.

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 is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the listing of Authority officials but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2025, 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 the effectiveness of the Virginia Commercial Space Flight Authority's 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.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 9, 2025

Virginia Commercial Space Flight Authority

Management's Discussion and Analysis – (Unaudited)

June 30, 2025

The management of the Virginia Commercial Space Flight Authority (the “Authority” or “VSA”), 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, 2025. 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 an 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, 2025. 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.

	2025	2024, as restated	Change
Assets:			
Current assets	\$ 47,479,521	\$ 84,310,920	\$ (36,831,399)
Capital assets	222,263,626	176,739,865	45,523,761
Other noncurrent assets	4,039,462	759,844	3,279,168
Total assets	<u>273,782,609</u>	<u>261,810,629</u>	<u>11,971,980</u>
Liabilities:			
Current liabilities	9,592,566	19,929,094	(10,336,528)
Noncurrent liabilities	2,709,648	2,791,855	(82,207)
Total liabilities	<u>\$ 12,302,214</u>	<u>\$ 22,720,949</u>	<u>\$ (10,418,735)</u>
Deferred inflows of resources	<u>\$ 4,073,929</u>	<u>\$ 788,000</u>	<u>\$ 3,285,929</u>

Virginia Commercial Space Flight Authority
Management's Discussion and Analysis – (Unaudited)
June 30, 2025

	2025	2024, as restated	Change
Net position:			
Net investment in capital assets	\$ 217,441,241	\$ 168,517,997	\$ 48,923,244
Restricted	20,431,132	46,823,447	(26,392,315)
Unrestricted	19,534,093	22,960,236	(3,426,143)
Total net position	<u>\$ 257,406,466</u>	<u>\$ 238,301,680</u>	<u>\$ 19,104,786</u>

The \$36,831,399 decrease in current assets was primarily attributable to lower cash balances and a decline in the Authority's accounts receivable balance. In the prior year, cash was elevated due to the receipt of a \$20,000,000 appropriation for the Launch Pad OA modification project and a \$11,000,000 Transportation Partnership Opportunity Fund (TPOF) grant designated for the acquisition of real property on Wallops Island. During fiscal year 2025, the real property acquisition was completed as intended, and funds have been actively disbursed throughout the year to support supplier and contractor activities associated with the Pad OA modification project. In addition, the timing of customer payments lead to a lower accounts receivable balance than reported in the prior fiscal year.

The \$45,523,761 increase in capital assets is primarily due to several significant capital projects currently in progress and significant acquisitions made during fiscal year 2025, including the real estate purchase and the Pad OA modifications noted previously. These initiatives are centered around key facility upgrades and expansions, which are essential to ongoing efforts to enhance and modernize the Authority's spaceport infrastructure.

During fiscal year 2025 the Authority entered into a new long term lease with Rocket Lab for the Assembly Integration and Test Facility (AIT). The new lease significantly increased the long term lease receivable balance by \$3,279,168.

In fiscal year 2025, the Authority saw a decline of \$10,418,735 in its total liabilities. The decrease was primarily driven by reductions in accounts payable and deferred revenue. Accounts payable balances were higher at the end of the prior fiscal year due to the volume of invoices associated with ongoing capital projects. While these projects are not yet fully complete, substantial progress has been made, and invoice activity was lower at the current fiscal year-end. In addition, deferred revenue decreased following recognition of the \$11,000,000 Transportation Partnership Opportunity Fund (TPOF) grant. The grant was received near the prior year-end and initially recorded as deferred revenue; during the current fiscal year, the designated land acquisition was completed, and the grant revenue was accordingly recognized, relieving the liability. The decline related to the grant was offset by funding received from the National Reconnaissance Office towards the end of the fiscal year.

Total net position increased by \$19,104,786 in fiscal year 2025. The largest driver was a \$48,923,244 increase in net investment in capital assets, reflecting \$45,523,761 of construction-in-progress and \$3,279,168 of additional noncurrent asset acquisitions.

Restricted net position decreased by \$26,392,315 primarily due to the planned use of appropriated funds for major capital projects, including the \$20,000,000 million Launch Pad OA modification and \$30,000,000 for construction of Launch Pad OD.

Unrestricted net position decreased by \$3,426,143, largely due to the timing of revenues and expenses not tied to specific capital or restricted activities, as well as the recognition of depreciation and other operating expenditures during the year.

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

Virginia Commercial Space Flight Authority

Management's Discussion and Analysis – (Unaudited)

June 30, 2025

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.

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

	2025	2024, as restated	Change
Total operating revenue	\$ 6,375,483	\$ 5,704,558	\$ 670,925
Total operating expenses	(36,927,067)	(35,410,621)	(1,516,446)
Net operating loss	(30,551,584)	(29,706,063)	(845,521)
Total nonoperating revenue	49,656,370	66,342,861	(16,686,491)
Change in net position	19,104,786	36,636,798	(17,532,012)
Net position, beginning of year	238,301,680	201,664,882	36,636,798
Total net position, end of year	<u><u>\$ 257,406,466</u></u>	<u><u>\$ 238,301,680</u></u>	<u><u>\$ 19,104,786</u></u>

Operating revenues increased by \$670,925 in fiscal year 2025. This change reflects the absence of Antares launch activity, which reduced launch fee revenues compared to the prior year, offset by higher revenues from both the Payload Processing Facility (PPF) and the Unmanned Aerial Systems (UAS) facility. Facility bookings at both locations increased significantly in fiscal year 2025, driving the overall revenue growth.

Operating expenses increased in fiscal year 2025 by \$1,516,446, primarily due to a rise in labor and related fringe benefit costs. This was due to an increase in headcount to support both the growing number of capital projects and the anticipated increase in launch demand from Wallops.

Nonoperating revenues decreased by \$16,686,491 in fiscal year 2025, primarily due to lower restricted appropriations compared to the prior year. In fiscal year 2024, the Authority received a \$20,000,000 appropriation to fund the Launch Pad OA modification project, which has been executed throughout the current year. In contrast, fiscal year 2025 included only a \$1,000,000 appropriation to support a smaller project in Accomack County.

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

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, PPF 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 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 Mid-Atlantic Regional Spaceport (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

Virginia Commercial Space Flight Authority

Management's Discussion and Analysis – (Unaudited)

June 30, 2025

from an appropriation from the Commonwealth of Virginia for MARS facilities enhancements. The primary uses of cash flows from capital financing activities were for investment in construction in progress and capital assets.

	2025	2024	Change
Cash flows used by operating activities	\$ (22,499,551)	\$ (21,055,425)	\$ (1,444,126)
Cash flows provided by noncapital financing activities	22,340,145	21,536,917	803,228
Cash flows provided (used) by capital financing activities	(33,095,915)	23,039,096	(56,135,011)
Net change in cash	<u>\$ (33,255,321)</u>	<u>\$ 23,520,588</u>	<u>\$ (56,775,909)</u>

Cash flows used by operating activities increased \$1,444,126 due to an increase in labor related expenses that increased the cash paid to employees and increased payments to contractors.

Cash flows provided by noncapital financing activities increased \$803,228 as a result of an increase in our regular Commonwealth appropriation.

Cash flows provided (used) by capital financing activities decreased by \$56,135,011 in fiscal year 2025, reflecting payments associated with the execution of multiple major capital projects. The most significant projects included the construction of Launch Pad OD, the modification of Launch Pad OA, and the ongoing construction of the Assembly Integration and Test Facility (AIT).

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

The following schedule compares the capital assets for the current and previous fiscal year.

	2025	2024	Change
Capital assets:			
Construction-in-progress	\$ 72,713,877	\$ 40,927,179	\$ 31,786,698
Land	11,627,609	550,000	11,077,609
Depreciable capital assets, net	137,922,140	135,262,686	2,659,454
Total capital assets	<u>\$ 222,263,626</u>	<u>\$ 176,739,865</u>	<u>\$ 45,523,761</u>

Total capital assets increased by \$45,523,761 in fiscal year 2025. Construction-in-progress rose by \$31,786,698, reflecting continued execution of major projects, most notably the Launch Pad OD construction, the Launch Pad OA modification, and the Assembly Integration and Test Facility, which remained under development at year-end.

Land increased by \$11,077,609 due to the acquisition of three parcels on Wallops Island, financed through the Transportation Partnership Opportunity Fund (TPOF). The acquisitions were for the purpose of creating a buffer zone around the Spaceport to prevent encroachment and to allow for future development of the complex.

Depreciable capital assets, net, increased by \$2,659,454 as several projects were completed and placed into service, along with the procurement of bulk storage commodity tanks.

In addition, VSA continued the development of Launch Pads OA and OD along with the finalization of the Assembly, Integration and Test (AIT) facility in FY2025. All work is expected to be completed by the end of FY2026.

Virginia Commercial Space Flight Authority
Management's Discussion and Analysis – (Unaudited)
June 30, 2025

Long-Term Financing Activity

In June 2024, VSA purchased the MARSCOM building and property for \$3,000,000. MARSCOM serves as VSA's central launch control operations facility. This secure office building, located directly outside the NASA Wallops Flight Facility, includes a spaceport control center, large meeting rooms, and segregated/dedicated customer space. VSA had previously been leasing the facility. To finance the acquisition, VSA secured a 15-year mortgage agreement with Truist Bank in the amount of \$2,250,000. The mortgage is collateralized by the property.

Currently Known Facts, Decisions or Conditions

During FY25, VSA entered into negotiations with NASA to create an Enhanced Use Lease (EUL) Agreement for the real property located at the Goddard Space Flight Center at Wallops Island. In the past, agreements for use of the federally owned property have been in the form of licenses, facility use agreements and general permits as allowed under the Reimbursable Space Act Agreement between NASA and VSA. These agreements will be terminated once the EUL is completed. It is anticipated that the EUL will be executed in the first half of FY 26.

VSA was alerted at the start of FY 26 that under the One Big Beautiful Bill Act (OBBBA), \$60,000,000 was appropriated to fund further development of the Spaceport complex. The funding will be disbursed from the Department of Defense.

In early FY 26 VSA was awarded \$7,125,000 from the Department of Defense under the Spaceport Enhancement Program (SEP). The funds are to be used for future development of the Spaceport complex and to develop a master plan of the recently purchased real estate.

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 Statements

Virginia Commercial Space Flight Authority

Statement of Net Position

June 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$ 44,702,540
Accounts receivable	2,560,456
Current portion of lease receivable (Note 3)	165,539
Other current assets, prepaid expenses	50,986
Total current assets	<u>47,479,521</u>

CAPITAL ASSETS (Note 4)

Nondepreciable	84,341,486
Depreciable, net accumulated depreciation and amortization	137,922,140
Total capital assets	<u>222,263,626</u>

OTHER NONCURRENT ASSETS

Lease receivable, less current portion (Note 3)	4,039,462
	<u><u>\$ 273,782,609</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,940,878
Unearned revenue	3,689,581
Current portion of long-term debt (Note 7)	89,521
Current portion of subscription liability (Note 8)	39,974
Current portion of compensated absences (Note 9)	1,606,733
Current portion of lease liabilities (Note 6)	225,879
Total current liabilities	<u>9,592,566</u>

NONCURRENT LIABILITIES

Long-term debt, less current portion (Note 7)	2,085,979
Subscription liability, less current portion (Note 8)	41,914
Compensated absences, less current portion (Note 9)	273,168
Lease liabilities, less current portion (Note 6)	308,587
Total liabilities	<u>12,302,214</u>

DEFERRED INFLOWS OF RESOURCES

Deferred lease receivable (Note 3)	<u>4,073,929</u>
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NET POSITION

Net investment in capital assets	217,441,241
Restricted for:	
Mid-Atlantic Regional Spaceport Facilities	18,569,455
Accomack County Regional Airport Hanger	1,861,677
Unrestricted	19,534,093
Total net position	<u>257,406,466</u>
	<u><u>\$ 273,782,609</u></u>

Virginia Commercial Space Flight Authority

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

OPERATING REVENUES

Launch support revenue - private	\$ 3,914,193
Commercial launch fees	190,368
Payload processing fees	1,138,333
Other	1,132,589
Total operating revenue	<u>6,375,483</u>

OPERATING EXPENSES

Subcontract services	5,147,647
Administration	19,266,340
Depreciation and amortization	8,326,841
Other	4,186,239
Total operating expenses	<u>36,927,067</u>
Net operating loss	<u>(30,551,584)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriation	24,581,389
State grants	14,272,424
Federal contracts	7,974,915
Private contracts	2,405,551
Interest income	1,866,082
Interest expense	(181,615)
Expenses related to nonoperating activities	(1,262,376)
Total nonoperating revenues	<u>49,656,370</u>
Change in net position	<u>19,104,786</u>

NET POSITION

Beginning of year, as restated (Note 12)	<u>238,301,680</u>
End of year	<u><u>\$ 257,406,466</u></u>

Virginia Commercial Space Flight Authority

Statement of Cash Flows

Year Ended June 30, 2025

OPERATING ACTIVITIES

Cash received from customers	\$ 5,731,453
Cash paid to employees	(16,434,363)
Cash paid to suppliers	(11,796,641)
Net cash used by operating activities	<u>(22,499,551)</u>

NONCAPITAL FINANCING ACTIVITIES

Cash received from state appropriation	23,581,389
Cash paid to employees on nonoperating projects	(1,241,244)
Net cash provided by noncapital financing activities	<u>22,340,145</u>

CAPITAL FINANCING ACTIVITIES

Cash received from state appropriation	1,000,000
Cash received from state grant	7,286,274
Cash received from federal contracts	11,662,748
Cash received from private contracts	2,520,681
Cash payments for subscription liabilities	(38,124)
Cash payments for lease liabilities	(210,762)
Cash payments for long-term debt	(74,500)
Interest received	1,866,082
Interest paid	(181,615)
Investment in construction-in-progress	(42,034,789)
Investment in capital assets	(14,891,910)
Net cash used by capital financing activities	<u>(33,095,915)</u>
Net decrease in cash	<u>(33,255,321)</u>

CASH

Beginning of year	77,957,861
End of year	<u><u>\$ 44,702,540</u></u>

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Net operating loss	\$ (30,551,584)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation and amortization	8,326,841
Lease revenue non-cash adjustment	(50,491)
Changes in current assets and liabilities:	
Increase in accounts receivable	(582,399)
Decrease in other current assets, prepaid expenses	86,299
Decrease in unearned revenue	(11,140)
Increase in accounts payable and accrued expenses	282,923
Net cash used by operating activities	<u><u>\$ (22,499,551)</u></u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Accounts payable - acquisition of property and equipment	<u><u>\$ 3,076,097</u></u>
Acquisition of lease receivable	<u><u>\$ 3,455,432</u></u>

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

Note 1 – Organization and Nature of Activities

Virginia Commercial Space Flight Authority (the “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 (the “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.

Note 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 an accrual basis whereby revenue is recognized when earned and expenses are recognized when the liability is incurred.

Credit Risk

At June 30, 2025, the entire bank deposit balance of \$44,705,147 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.

Leases

The Authority is a lessee for noncancellable leases of office space and warehouse space. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position related to these agreements.

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, if any. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

The Authority is a lessor for noncancellable leases of business and storage space. The Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position related to these agreements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments/receipts to present value, (2) lease term, and (3) lease payments/receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease assets are reported with depreciable capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscription Assets and Liabilities

The Authority recognizes a right-of-use asset and a subscription liability in the statement of net position for information technology subscription arrangements. At the commencement of a subscription arrangement, the Authority initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the commencement date, plus certain initial direct costs, if any. Subsequently, the subscription asset is amortized on a straight-line basis over the life of the arrangement. The key estimates and judgments related to subscription arrangements are the same in nature as those described above related to leases.

Concentrations

The primary source of operating revenue is from launch fees and operations support with two commercial customers that have contracted with the Authority. These two customers represent 100% of the total 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.

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

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, 2025, management believes all accounts receivable are fully collectible; therefore, there was no allowance for doubtful accounts.

Deferred Inflows

In addition to liabilities, the financial statements will sometimes provide a separate section for deferred inflows of resources which represent an acquisition of net assets that apply to future periods and will not be recognized as revenue until that time. Deferred inflows of resources are reported for amounts related to leases. Deferred lease amounts are amortized over the lives of the related lease on a straight-line basis.

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
Building	10 years
Machinery and equipment	4 – 15 years
Computer equipment	5 years
Land improvements	15 years
Software	3 years
Office furniture	5 – 7 years
Office and warehouse space, leased	term of lease
Software subscription asset	term of arrangement

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 state and federal funds received but not expended in fiscal year 2025.

Compensated Absences

The Authority permits employees to accrue annual leave each pay period at amounts based on years of service and this is accounted for as a compensated absence liability. Employees are allowed to carry over and accrue leave up to a maximum cap of 1,040 hours determined annually at the end of the calendar year. A liability is recognized for the amount of leave that has been earned for services already rendered and is estimated to be used or taken, at current pay rates at year-end, plus salary-related payments such as the employer share of Social Security and Medicare taxes and the employer fixed contribution to the Authority sponsored 401(a) plan.

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

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 activity associated with rocket launch activities, Unmanned Aerial Systems (UAS) Airfield activities, Payload Processing Facility (PPF) activities, cost of overall administration of the Authority and depreciation and amortization of its capital assets. Nonoperating revenue and expenses generally relate to interest received on our bank balance, 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.

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.

During the year ended June 30, 2025, the Authority received \$1,000,000 for the Accomack Regional Airport hangar. In addition, restricted funds continue to be carried over from previous years for improvement of the waterfront facilities and UAS facilities, construction of the MARS Facilities, and the Accomack Regional Airport hangar. At June 30, 2025, \$44,068,868 was invested in these projects. As the projects were ongoing at year-end, the unexpended funds, included in cash on the statement of net position, totaling \$20,431,132 are considered restricted at June 30, 2025.

Adoption of New Accounting Standard

Effective July 1, 2024, the Authority adopted GASB Statement No. 101, *Compensated Absences*. Statement No. 101 provides guidance on the recognition and measurement guidance for compensated absences. The implementation of this pronouncement had the effect of restating previously reported amounts. Further information on this restatement is provided in Note 12, and additional details on the Authority's compensated absences can be found in Note 9.

Note 3 – Lease Receivable/Deferred Inflow of Resources

The Authority is a lessor for noncancellable leases of business and storage space with Rocket Lab USA, Inc. ("Rocket Lab"). The Authority has a lease receivable with an outstanding balance of \$4,205,001 of which \$165,539 is current, and deferred inflow of resources of \$4,073,929, as of June 30, 2025. During 2025, the Authority recognized lease revenue of \$194,503 and interest revenue of \$112,601, using discount rates between 3.25% and 7.5%, which are included in other operating revenues and interest income, respectively, on the statement of revenue, expenses, and changes in net position.

Future maturities of the lease receivable are as follows:

	Principal	Interest	Total
2026	\$ 165,539	\$ 279,823	\$ 445,362
2027	189,193	271,757	460,950
2028	214,850	262,233	477,083
2029	242,664	251,117	493,781
2030	272,801	238,262	511,063
2031-2035	1,040,689	985,200	2,025,889
2036-2040	1,833,369	475,630	2,308,999
2041-2045	245,896	5,407	251,303
	<u>\$ 4,205,001</u>	<u>\$ 2,769,429</u>	<u>\$ 6,974,430</u>

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

Note 4 – Capital Assets

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

	Balance at July 1, 2024	Acquisitions (Increases)	Disposals (Decreases)	Balance at June 30, 2025
Nondepreciable and nonamortizable capital assets:				
Land	\$ 550,000	\$ 11,077,609	\$ -	\$ 11,627,609
Construction-in-progress	40,927,179	40,676,041	(8,889,343)	72,713,877
Total nondepreciable and nonamortizable capital assets	41,477,179	51,753,650	(8,889,343)	84,341,486
Depreciable and amortizable capital assets:				
Launch pad facilities	147,542,104	1,978,546	-	149,520,650
UAS Airfield	5,984,532	-	-	5,984,532
Machinery and equipment	4,989,527	5,957,620	(36,010)	10,911,137
Building	41,884,331	3,010,669	-	44,895,000
Computer equipment	631,670	-	(24,418)	607,252
Land improvements	175,000	-	-	175,000
Software	158,945	-	(158,945)	-
Office furniture	250,401	39,460	(17,392)	272,469
Office and warehouse space, leased	1,215,142	-	-	1,215,142
Software subscription asset	199,532	-	-	199,532
Total depreciable and amortizable capital assets	203,031,184	10,986,295	(236,765)	213,780,714
Accumulated depreciation and amortization:				
Launch pad facilities	57,679,187	5,856,498	-	63,535,685
UAS Airfield	1,841,396	299,504	-	2,140,900
Machinery and equipment	2,681,365	627,542	(36,010)	3,272,897
Building	4,268,094	1,178,748	-	5,446,842
Computer equipment	331,097	81,491	(24,418)	388,170
Land improvements	175,000	-	-	175,000
Software	158,945	-	(158,945)	-
Office furniture	37,718	33,534	(17,392)	53,860
Office and warehouse space, leased	515,884	209,618	-	725,502
Software subscription asset	79,812	39,906	-	119,718
Total accumulated depreciation and amortization	67,768,498	8,326,841	(236,765)	75,858,574
Total depreciable and amortizable capital assets, net	135,262,686	2,659,454	-	137,922,140
Capital assets, net	<u>\$ 176,739,865</u>	<u>\$ 54,413,104</u>	<u>\$ (8,899,343)</u>	<u>\$ 222,263,626</u>

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

Note 5 – 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 2025 were \$1,303,941, which is included in administration operating expense on the statement of revenue, expenses, and changes in net position.

Note 6 – Right-to-Use Lease Assets and Lease Liabilities

The Authority is a lessee for noncancellable leases of office space and warehouse space, for which the Authority has recognized lease assets and lease liabilities discounted between 3.25% and 8.5%. During 2025, the Authority recognized lease amortization and interest expense of \$209,618 and \$26,048, respectively, which is included in the statement of revenues, expenses, and changes in net position in operating expenses and nonoperating expenses, respectively. The following is a summary of changes in lease liabilities reported in the statement of net position for the fiscal year ended June 30, 2025:

Lease liabilities - July 1, 2024	\$	745,228
Additions		-
Subtractions		(210,762)
Balance - June 30, 2025		534,466
Less current portion		(225,879)
Long-term lease liabilities - June 30, 2025	\$	<u><u>308,587</u></u>

Future maturities are as follows:

	Principal	Interest	Total
2026	\$ 225,879	\$ 18,012	\$ 243,891
2027	128,845	10,268	139,113
2028	68,233	4,651	72,884
2029	1,321	3,679	5,000
2030	1,365	3,635	5,000
2031-2035	7,531	17,469	25,000
2036-2040	8,858	16,142	25,000
2041-2045	10,419	14,581	25,000
2046-2050	12,255	12,745	25,000
2051-2055	14,414	10,586	25,000
2056-2060	16,953	8,047	25,000
2061-2065	19,940	5,060	25,000
2066-2070	18,453	1,547	20,000
	<u><u>\$ 534,466</u></u>	<u><u>\$ 126,422</u></u>	<u><u>\$ 660,888</u></u>

Note 7 – Long-Term Debt

Long-term debt consists of the following at June 30, 2025:

Mortgage loan payable due in monthly installments of \$20,539, including principal and interest at approximately 7.25%, matures June 2039, secured by the property, with debt terms that include events of default and termination events with finance- related consequences.

\$ 2,175,500

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

Activity in long-term debt accounts was as follows:

	Balance at July 1, 2024	Increase	Decrease	Balance at June 30, 2025	Amount Due Within One Year
Mortgage loan	<u>\$ 2,250,000</u>	<u>\$ -</u>	<u>\$ (74,500)</u>	<u>\$ 2,175,500</u>	<u>\$ 89,521</u>

Future principal and interest obligations related to long-term debt are as follows:

	Principal	Interest	Total
2026	\$ 89,521	\$ 156,952	\$ 246,473
2027	96,327	150,146	246,473
2028	103,257	143,216	246,473
2029	111,503	134,970	246,473
2030	119,981	126,492	246,473
2031-2035	751,064	481,300	1,232,364
2036-2039	903,847	152,266	1,056,113
	<u>\$ 2,175,500</u>	<u>\$ 1,345,342</u>	<u>\$ 3,520,842</u>

Note 8 – Subscription-Based Information Technology Arrangements

The Authority has a subscription-based information technology arrangement for communication software for which the Authority has recognized a subscription asset and subscription liability, discounted at 4.75%, in the statement of net position. During 2025, the Authority recognized subscription amortization and interest expense of \$39,906 and \$4,133, respectively, which are included in the statement of revenues, expenses, and changes in net position in operating expenses and nonoperating expenses. The following is a summary of changes in subscription liabilities reported in the statement of net position for the fiscal year ended June 30, 2025:

Subscription liability - July 1, 2024	\$ 120,012
Additions	-
Subtractions	(38,124)
Balance - June 30, 2025	81,888
Less current portion	(39,974)
Long-term subscription liability - June 30, 2025	<u>\$ 41,914</u>

Future maturities are as follows:

	Principal	Interest	Total
2026	\$ 39,974	\$ 3,976	\$ 43,950
2027	41,914	2,036	43,950
	<u>\$ 81,888</u>	<u>\$ 6,012</u>	<u>\$ 87,900</u>

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

Note 9 – Compensated Absences

Authority employees are granted paid time off in varying amounts based on length of service. They may accumulate, subject to certain limitations, unused paid time off and upon separation may be compensated for certain amounts at their then current rates of pay. The Authority adopted GASB Statement No. 101, *Compensated Absences* in fiscal year 2025 and previously reported amounts were restated. Restated balances are provided in Note 12 and below. The following is a summary of changes in compensated absences reported in the statement of net position for the fiscal year ended June 30, 2025:

Compensated absences - July 1, 2024 (as restated)	\$ 1,858,480
Net change	21,421
Balance - June 30, 2025	1,879,901
Less current portion	(1,606,733)
Long-term compensated absences - June 30, 2025	<u>\$ 273,168</u>

Note 10 – Commitments

At June 30, 2025, the Authority has contractual commitments of approximately \$19.9 million for work remaining to be performed under outstanding contracts, approximately \$6.5 million of which will be reimbursable under separate private and federal contract agreements, and approximately \$7.7 million of which are funded by the Commonwealth of Virginia.

Note 11 – 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 Chubb/Ace Property and Casualty Insurance Company of Philadelphia, PA with an insurance limit of \$25,000,000.

The Authority has Public Entity Liability/Employment Practice Liability Insurance through Chubb/Ace Property and Casualty Insurance Company in the amount of \$1,000,000. The policy provides coverage for a loss caused by a wrongful act committed while conducting duties by or on behalf of a public entity and covers the Authority against claims by workers that their legal rights as employees of the company have been violated.

The Authority has Fiduciary Liability insurance provided through Chubb/Federal Insurance Company with an aggregate limit of \$1,000,000 that protects the Authority from claims of mismanagement and the legal liability related to serving as a fiduciary.

The Authority has Cyber Liability insurance with Coalition Insurance with limits of \$1,000,000 that covers liability for data breaches involving sensitive customer information.

The Authority has property insurance through Travelers Insurance Company with coverage in the amount of \$3,412,800 for the Norfolk office, the Wallops Island location, and the Addison Warehouse. The coverage amount at the Integration Control Facility is \$4,410,000. The policy covers the Authority business personal property from perils such as fire, flood, earthquake, windstorms, and equipment breakdown.

Virginia Commercial Space Flight Authority

Notes to Financial Statements

June 30, 2025

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, 2025, 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.

Beginning in fiscal year 2022, Rocket Lab 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. The amount of insurance obtained by Rocket Lab is no less than the FAA-established maximum probable loss amount set forth in the FAA Launch License. In addition, Rocket Lab, at no cost to the Authority, has obtained commercial general liability insurance in a minimum amount of \$10 million coverage for activities other than licensed launch activities and \$16 million of property coverage with respects to MARS site facilities and U.S. Government facilities, with the Authority named as an additional insured.

Note 12 – Restatement

During fiscal year 2025, the change in accounting principle for the implementation of GASB Statement No. 101 resulted in the restatement of net position as of June 30, 2024, as follows:

	Net Position
June 30, 2024, as previously reported	\$ 238,547,523
Change in accounting principle	(245,843)
June 30, 2024, as restated	<u><u>\$ 238,301,680</u></u>

This implementation of GASB Statement No. 101 has been applied retrospectively, and prior year comparative numbers have been restated accordingly.



Compliance Section

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 of
Virginia Commercial Space Flight Authority
(A Component Unit of the Commonwealth of Virginia)
Norfolk, Virginia

We have audited, in accordance with the 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, the financial statements of Virginia Commercial Space Flight Authority as of and for the year ended June 30, 2025, 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, 2025.

Report on 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 opinion 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 or significant deficiencies may exist that have not been identified.**

Report on 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described as VA-2025-001 in the accompany schedule of finding and responses.**

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit as described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 9, 2025

Virginia Commercial Space Flight Authority

Summary of Compliance Matters

June 30, 2025

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

Virginia Commercial Space Flight Authority

Schedule of Findings and Responses

June 30, 2025

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements
2. No material weaknesses and no significant deficiencies relating to the audit of the financial statements were reported 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*.
3. No instances of noncompliance material to the financial statements were disclosed.

B – Findings – Financial Statement Audit

None

C – Findings – Commonwealth of Virginia

VA-2025-001: *Conflicts of Interest*

Condition Two out of nine conflicts of interest forms were not filed by the February 1, 2025, deadline.

Recommendation We recommend that applicable Board members be contacted prior to the deadline to ensure forms are filed in a timely manner.

View of Responsible Officials Management agrees with this finding and will work to ensure all forms are received by the deadline in the future.



Other Information



Virginia Commercial Space Flight Authority
Norfolk, Virginia
Authority Officials

Board Members

(As of June 30, 2025)

James McArthur, Jr., Board Chair

Carol Chang

Robert Kehler

Christine Daines

Greg Campbell

John Curtis

The Honorable W. Sheppard Miller III

Robert Hinson

Michael Wettlaufer

Roosevelt Mercer, Jr., CEO and Executive Director