

FIRES INNOVATION SCIENCE & TECHNOLOGY ACCELERATOR (FISTA)
DEVELOPMENT TRUST AUTHORITY

A Component Unit of the City of Lawton, Oklahoma

Financial Statements
For the Year Ended June 30, 2022

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ROBERT D. TURNER C.P.A.

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Independent Auditor's Report

Board of Trustees
Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority
Lawton, Oklahoma

Opinion

I have audited the accompanying financial statements of the Fires Innovation Science and Technology Accelerator (FISTA) (a component unit of the City of Lawton), which comprise the statement of net position as of June 30, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of FISTA as of June 30, 2022 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of FISTA and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FISTA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 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, including omissions, 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, I:

- 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 FISTA'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FISTA's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This does not affect my opinion on the basic financial statement.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 23, 2022, on my consideration of FISTA's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 FISTA's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
November 23, 2022

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

1. Organization and Reporting Entity

Organization:

On August 25, 2020 the City of Lawton established the Fires Innovation Science and Technology Accelerator (FISTA) Development Trust (the Authority) for the purposes of promoting high quality business development in the City of Lawton, under the provisions of Title 60, Oklahoma Statutes, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act, and other applicable statutes and laws of the State of Oklahoma.

The purposes of this Trust are to plan, establish, develop, construct, enlarge, improve, maintain, equip and make available Fires Innovation Science and Technology Accelerator (FISTA) facilities, appurtenances, and related improvements within the territorial boundaries of the City of Lawton, Oklahoma, that will attract defense contractors, high-technology industry, innovative businesses and the like with capabilities to directly support the Cross-Functional Teams of Long Range Precision Fires (LRPF), Air & Missile Defense (AMD) and Fort Sill's FIRES Center of Excellence (FCoE) in the Army's comprehensive modernization, driving innovation and integrating capabilities to the warfighter.

Reporting Entity:

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Lawton's basic financial statements based on the City's responsibility for the appointment of the Authority members, and their approval of capital programs. As such, the Authority is included in the City's basic financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the Authority only. The Authority is not involved in any joint ventures.

2. Summary of accounting policies

This report is prepared in conformity with U.S. Generally accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, except for the omission of Management's Discussion and Analysis. Those statements establish standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Fires Innovation Science and Technology Accelerator (FISTA)

Development Trust Authority

Statement of Net Position

June 30, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 280,932
Cash and Cash Equivalents, Restricted	2,673,470
Total Cash and Cash Equivalents	<u>2,954,402</u>

Accounts Receivable, City of Lawton	74,961
Accounts Receivable, Tenants	82,363
Leases Receivable, Current	757,484
Prepaid Expenses	8,969
Total Current Assets	<u>3,878,179</u>

Noncurrent Assets:

Capital Assets (net of accumulated depreciation)	2,554,290
Leases Receivable, Non Current	1,519,656
Utility Deposits	375
Total Noncurrent Assets	<u>4,074,321</u>

TOTAL ASSETS	<u>\$ 7,952,500</u>
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LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 701,318
Accounts Payable, Mall	43,502
Payroll Liabilities Payable	15,895
Accrued Interest	35,260
Deferred Tenant Rents	123,552
Tenant Deposits Payable	7,332
Revenue Note, Current	1,145,000
Total Current Liabilities	<u>2,071,859</u>

Noncurrent Liabilities:

Revenue Note, Noncurrent	16,125,000
Total Noncurrent Liabilities	<u>16,125,000</u>
Total Liabilities	<u>\$ 18,196,859</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows From Leases	<u>\$ 2,277,140</u>
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NET POSITION

Investment in Capital Assets	\$ 2,554,720
Restricted Net Position	2,673,470
Unrestricted Net Position	<u>(17,749,689)</u>

TOTAL NET POSITION	<u>\$ (12,521,499)</u>
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See Notes to Financial Statements.

Fires Innovation Science and Technology Accelerator (FISTA)

Development Trust Authority

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ending June 30, 2022

Operating Revenues:

Rent	\$ 2,010,070
Tenant Shared Expense Reimbursement	765,141
H/M Tax Revenue - E/D	30,000
Other Income	17,613
Total Operating Revenues	<u>2,822,824</u>

Operating Expenditures:

Advertising and Marketing	12,779
Bad Debt	11,214
Bank Charges	5,983
Commissions	36,622
Conferences	7,989
Contract Labor	67,404
Depreciation	6,098
Dues and Subscriptions	6,420
Employee Benefits	27,512
Insurance	65,842
Interest Expense	441,357
Management Fees	150,000
Meals and Luncheons	6,721
Office Expense	12,844
Other Expenses	6,641
Professional Fees, Accounting	31,975
Professional Fees, Advertising	148,704
Professional Fees, Legal	20,440
Professional Fees, Other	180,129
Payroll, Wages	659,378
Payroll, Taxes	58,462
Repairs and Maintenance	194,635
Supplies	21,498
Taxes, Ad Valorem	208,017
Telecommunications	8,068
Travel	24,978
Utilities	622,065
Total Operating Expenditures	<u>3,043,775</u>

Operating Income (220,951)

Nonoperating Revenues and (Expenses)

Interest Income	48,569
Total Nonoperating Revenue	<u>48,569</u>

Transfers In (Out)

City of Lawton	1,052,571
Total Transfers In (Out)	<u>1,052,571</u>

Increase (Decrease) in Net Position 880,189

Change in Net Position

Beginning Net Position	(13,401,688)
Ending Net Position	<u>\$ (12,521,499)</u>

See Notes to Financial Statements.

Fires Innovation Science and Technology Accelerator (FISTA)**Development Trust Authority****Statement of Cash Flows****For the Year Ending to June 30, 2022****CASH FLOWS FROM OPERATING ACTIVITIES:**

Rents	\$ 2,073,575
Tenant Shared Reimbursements	765,141
Other Income	163,691
Payments to Employees	(741,952)
Payments to Suppliers	(1,528,348)
Net Cash Provided (Used) Operating Activities	<u>732,107</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Capital Assets	(42,782)
Interest Income	48,569
WIP - Full Build Out	(2,236,770)
Net Cash Provided (Used) From Investing Activities	<u>(2,230,983)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Revenue Note Payments	(1,115,000)
Transfers From City of Lawton	1,052,571
Net Cash Provided (Used) From Financing Activities	<u>(62,429)</u>

Net Increase (Decrease) in Cash	(1,561,305)
Cash Balance - Beginning of the Year	4,515,707
Cash Balance - End of the Year	<u>\$ 2,954,402</u>

**Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) Operating Activities:**

Operating Income (Loss)	\$ (220,951)
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**Adjustment to Reconcile Operating Income
to Net Cash Provided by Operating Activities:**

Depreciation	6,098
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Changes in Assets and Liabilities:

Accounts Receivable City of Lawton	(27,761)
Accounts Receivable, Tenants	2,074
Accounts Receivable, Other	3,200
Grant Receivable, OMSPC	143,839
Prepaid Expenses	16,721
Insurance Refund Receivable	82,353
Utility Deposits	(125)
Accounts Payable	694,208
Accounts Payable. Mall	(26,904)
Payroll Liabilities Payable	3,400
Accrued Interest Payable	(2,276)
Deferred Tenant Rents	63,659
Tenant Deposits Payable	(5,428)
Net Cash Provided (Used) Operating Activities	<u>\$ 732,107</u>

See Notes to Financial Statements.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

2. Summary of accounting policies (continued)

Basis of Accounting -- The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Fund Net Position is a statement of financial activities related to the current reporting period.

Government-wide Financial Statements -- The adopted GASB Statements require that the overall financial condition of the Authority be displayed in three entity-wide financial statements. These are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Fund Net Position; and the Statement of Cash Flows. These include all financial activity of the Authority.

The financial statements are presented using the “business-type activities” approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges. As is required by generally accepted accounting principles, the Authority reports using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method of accounting also distinguishes operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

GASB Statements No. 34 and 63 require that the Statement of Net Position classify net position into three components: net investment in capital assets; restricted, and unrestricted. These classifications are defined as follows.

Net Investment in Capital Assets -- This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the net position component as the unspent proceeds.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

2. Summary of accounting policies (continued)

Restricted Net Position -- This component of net position consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation. When both restricted and unrestricted sources are available for use, generally it is the Authority's policy to restricted resources first. The Authority has restricted cash for construction of the FISTA facility from the Revenue Bond proceeds in the amount of \$2,673,470.

Unrestricted Net Position -- This component of net position consists of those net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Component Unit -- Component units are legally separate organizations for which the officials of the primary entity are financially responsible. In addition, component units can be other organizations which the nature and significance of their relationship with the primary entity are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is a component unit of the City of Lawton.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and net position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents -- The Authority considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents.

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year and an original cost of \$500 or more are recorded as additions to capital assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

<u>Type of Asset</u>	<u>Years</u>
Buildings and improvements	40
Equipment	5
Furniture and Fixtures	7

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

2. Summary of accounting policies (continued)

The Authority has implemented GASB 87 accounting for leases. Under this standard the Authority is required to recognize lease receivable and deferred inflow of resources.

Deferred Inflows -- Lease-related amounts are recognized at the inception of leases in which FISTA is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Leases -- The Authority is a party as lessor in various noncancellable long-term leases of space in the Central Plaza. The corresponding lease receivable is recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate.

Statements of Cash Flows -- In accordance with GASB Statement 34, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.

Income Tax Status -- the Authority qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

3. Deposits and Deposit Risk

The Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2022:

Demand deposits	\$ 283,548
Federated Treasury Funds	<u>2,673,470</u>
Total deposits	<u><u>\$ 2,957,018</u></u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$ 2,957,018 at June 30, 2022. All deposits were insured by depository insurance or in federated treasury funds.

Investment Interest Rate Risk – The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

4. Accounts Receivable

Accounts receivable, tenants are recorded at the amount the Authority expects to collect on balances outstanding at the end of the year. Management uses the allowance method to recognize the uncollectible portion of outstanding accounts receivable, tenants. The accounts receivable allowance for bad debt at June 30, 2022 is \$11,214.

Accounts receivable, City of Lawton are for payments by the City of Lawton in accordance with the funding agreement in note 7.

5. Rental income

The Authority, as operator of the Central Plaza acts as lessor to various businesses operating at the Plaza. Rental revenues are billed and collected monthly. Some tenant's rents are based on sales. For more information on leases, refer to the specific lease agreements.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

6. Capital assets

The Authority's investment in property and equipment at June 30, 2022 and the related activity for the period then ended was as follows:

	Balance 8/25/2021	Increase	Decrease	Balance 09/30/2022
Assets Not Being Depreciated				
Work in Process - Full Build Out	\$ 183,225	\$ 2,236,770	\$	\$ 2,419,995
Total Assets Not Being Depreciated	183,225	2,236,770		2,419,995
Assets Being Depreciated:				
Building & Improvements, FISTA	38,000			38,000
Building & Improvements, Mall	41,359	36,000		77,359
Equipment, FISTA	13,143	909		14,052
Furniture and Fixtures, FISTA	6,233	1,417		7,650
Furniture and Fixtures, Mall		4,456		4,456
Total Assets Being Depreciated	98,735	42,782	-	141,517
Less Accumulated Depreciation				
Building & Improvements, FISTA		950		950
Building & Improvements, Mall	431	1,034		1,465
Equipment, FISTA	619	2,629		3,248
Furniture and Fixtures, FISTA	74	1,008		1,082
Furniture and Fixtures, Mall		477		477
Total Accumulated Depreciation	1,124	6,098	-	7,222
Net Capital Assets	<u>\$ 280,836</u>	<u>\$ 2,273,454</u>	<u>\$ -</u>	<u>\$ 2,554,290</u>

Fixed Assets are presented at cost, or fair market value if donated, while equipment, furniture and fixtures, and vehicles with a life of more than one year are included at cost. Depreciation expense for the period ended June 30, 2022 is \$6,098.

7. Agreement for Funding and Limited Support

The Authority entered into a funding agreement with the City of Lawton. In this agreement the City of Lawton agreed to provide funding up to \$2,268,818 for operations, management, administration, maintenance, and equipping of the FISTA facility during 2021-2022 fiscal period. This agreement expired on June 30, 2022. The Authority received funding of \$1,052,571 under this agreement during fiscal year 2022. The Authority entered into a new funding agreement with the City of Lawton for fiscal year 2022-2023 in the amount of \$4,952,904 to provide continued funding assistance for the 2022-2023 fiscal year.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

8. Leases

On January 5, 2021 the Authority entered into a lease with the City of Lawton. The demised premise was the Central Plaza Lawton. This lease included all land, building structures, and improvements. The lease term is twenty-five years and expires January 4, 2046. Annual lease expense is one hundred dollars.

On March 9, 2021 the Authority entered into a lease with the Lawton Parking Authority. The demised premise was the Central Plaza Lawton parking lot. This lease included all land, building structures, and improvements. The lease term is twenty-five years and expires March 9, 2046. Annual lease expense is one hundred dollars.

This agreement contains a covenant that the Authority will make certain payments in lieu of Ad Valorem Real and Personal Property taxes. The properties are subject to annual Ad Valorem payment obligation in the amount of the Ad Valorem tax.

Some leases require variable payments based on gross sales and are not included in the measurement of lease receivables. Those variable payments are recognized as inflows of resources in the period in which the lessee occupied the space. The amount of the variable revenue for the year ended June 30, 2022 is \$ 752,727.

Future annual lease payments to be received are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 839,651	\$ 39,087
2024	765,817	23,154
2025	451,275	9,820
2026	258,165	3,482
2027	42,191	228
	<u>\$2,357,099</u>	<u>\$ 75,771</u>

9. Sales Tax Revenue Note Federally Taxable Series 2020

On November 2, 2020 the Authority issued a Sales Tax Revenue Note Federally Taxable Series 2020. The purpose of this note is to provide funds to purchase the Plaza property which is to be used for industrial development in support of the Authority's mission. The aggregate principal amount was \$ 18,895,000. This note has an annual interest rate of 2.45%.

**Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority**

Notes to Financial Statements

Annual principal payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>
2023	\$ 1,145,000
2024	1,170,000
2025	1,200,000
2026	1,230,000
2027 to 2035	<u>12,525,000</u>
	<u>\$ 17,270,000</u>

This revenue note is secured on a parity with the Lawton Water Authority Series 2015 Note, the Lawton Industrial Development Authority Series 2017 Note, and the Lawton Industrial Development Authority Series 2019 Note payable from the Sales Tax Revenue, and any other notes or obligations issued pursuant to the provisions of the Indenture and any other obligations issued for the benefit of the City under the Indenture or indentures payable from the Sales Tax Revenue.

10. Related Party Transactions

As discussed in notes 8 and 9, the Authority entered into agreements with the City of Lawton and the Lawton Parking Authority. In addition, the Authority was approved to receive \$ 30,000 in Motel Economic Development funds for the fiscal period ending June 30, 2022.

11. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance, auto, and workers compensation for risk of loss. There have been no settlements in excess of the Authority's coverage.

12. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the period ended June 30, 2022 through November 23, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of disclosure in the financial statements.

ROBERT D. TURNER C.P.A.

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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*

Board of Trustees

Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority
Lawton, Oklahoma

I 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, the financial statements of Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority's basic financial statements, and have issued my report thereon date November 23, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Fires Innovation Science and Technology Accelerator (FISTA) Development Trust 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert D. Turner

Robert D. Turner, CPA
Lawton, OK
November 23, 2022