

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022**

	<u>Page Number(s)</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 12
Basic Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Financial Statements	16 – 29
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Independent Auditors' 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>	32 – 33
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	34 – 36
Schedule of Findings and Questioned Costs	37

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
University of North Florida Training and Services Institute, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of North Florida Training and Services Institute, Inc. (the "Institute"), a direct support organization and component unit of the University of North Florida, as of and for the years then ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 GAAS and GAS 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 GAAS and GAS, 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 Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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 management's discussion and analysis, as listed in the table of contents, 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.

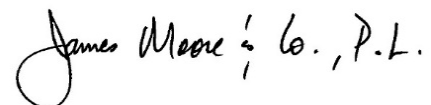
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2023, on our consideration of the Institute'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Gainesville, Florida
September 6, 2023

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Overview of the Financial Statements and Financial Analysis

The University of North Florida Training & Service Institute, Inc. (the Institute) presents its financial statements as of and for the fiscal year ended June 30, 2023 which include for comparative purposes the fiscal year ended June 30, 2022. The Institute is a direct support organization and component unit of the University of North Florida ("UNF" - a governmental agency).

The Institute's financial statements are presented on an accrual basis and includes the recording of depreciation. The statements' presentation includes 1) assets and liabilities as current and non-current; 2) revenues and expenses as operating and non-operating; 3) the use of the direct method for statements of cash flows; and 4) management's discussion and analysis (MD&A) of the financial results.

2023 Financial Highlights

Contract Training: IPTM continued the success of FY22 and negotiated 85 contract training programs resulting in over \$1.4 million in revenue. Approximately \$45,000 more revenue than FY22. As contract training is traditionally cyclical it is important to note that IPTM's brand awareness and reach is strong.

Tuition Training: IPTM continued to develop a proactive outreach plan to stimulate existing and prospective business relationships around the country during 2023. IPTM trained approximately 3,400 students in tuition-based programs with more than \$2.5 million in revenue during the FY. The institute obtained both an increase in students and revenue over FY22.

Highway Safety Grants: During FY2023, IPTM was awarded an additional 3 training programs for Florida officers, 2 of which are being taught online:

- Sobriety Checkpoint Operations (ONLINE)
- DUI SFST Update
- Winning the Florida Driver License Hearing (ONLINE)

Online and Cop Shop Sales: During FY23, IPTM implemented a plan to focus on increasing offerings/items for sale in our online storefront as well as a variety of advertising campaigns designed to increase brand awareness. Online sales reached approximately \$300,000 this year which had not been accomplished since 2008.

Symposium on Traffic Safety Conference Highlights:

- Two Concurrent Tracks:
Crash Investigation & Reconstruction | DUI & Traffic Enforcement
40+ speakers and 80 sessions
- Live, instrumented pedestrian-strike crash testing.
- Exhibit hall, showcasing the latest highway safety products and services.

IPTM continued to grow beyond pre-pandemic levels with 455 students attending representing 41 states, Bermuda, the Bahamas, and Canada.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

In FY23, the two debt agreements related to the ADT building purchase were:

- 1) *First mortgage.* Lease income of \$1.090 million was recorded to recognize the lessee's, LYM TYCI Capital Company, LLC, obligation of principal and interest payments. The maturity date is February 2025. All payments were current at June 30, 2023.
- 2) *Note payable.* The note with the UNF Foundation, Inc. totaled \$2.249 million and related interest payable totaled was zero at June 30, 2023.

2023 Institute Investments. The Institute's investments at year end totaled \$1.219 million a net increase of approximately \$992,000. The calculated total return for the year was 17.6%.

Net position: In fiscal 2023, net position of \$12.852 million increased in fiscal 2023 by approximately \$2.010 million or 19.0% over prior year's \$10,842 million. The change in net position represents the net decrease in assets of approximately \$4,300 and a net decrease in liabilities of approximately \$1.126 million.

2022 Financial Highlights

Contract Training: IPTM was well positioned to work with contractors and other stakeholders to begin the process of rescheduling and rebuilding our contract training opportunities after the national COVID shutdowns. During FY2022 IPTM conducted 82 contract training programs bringing in over \$1.4 million in revenue. This is 36 more courses and approximately \$665,000 more revenue than FY2021.

Tuition Training: Once reopened from COVID shutdowns, IPTM continued to develop a proactive outreach plan to stimulate existing and prospective business relationships around the country. IPTM trained approximately 3,200 students in tuition-based programs with approximately \$2.5 million in revenue during FY2022. This is an increase of over 1,000 students and almost \$850,000 in revenue from FY2021.

Highway Safety Grants: During FY2022, IPTM was awarded an additional 8 training programs for Florida officers, 2 of which are being taught online:

- Drug Recognition Expert (DRE) Preparatory (ONLINE)
- DUI: Roadside to Courtroom
- Crash Data Retrieval (CDR) Tool Technician (ONLINE)
- Energy Methods and Damage Analysis in Traffic Crash Reconstruction
- Event Data Recorder Use in Traffic Crash Reconstruction – Level II
- Investigation of Motorcycle Crashes – Level II
- Pedestrian/Bicycle Crash Investigation – Level II
- Traffic Crash Reconstruction Level II

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

Symposium on Traffic Safety: IPTM's annual Symposium on Traffic Safety is a 4-day intensive learning experience that focuses on the emerging technology and innovative solutions used in both the crash reconstruction and highway safety fields. Students join crash investigation/reconstruction and DUI/traffic enforcement professionals from across the country to expand their knowledge by attending breakout sessions in both tracks. Students also maximize their learning experience with hands-on activities with world-renowned experts and exploring the exhibitor hall for some of the industry's most advanced products and services.

We were forced to cancel our annual Symposium in 2020. The Symposium was put back on the schedule in 2021 and came close to pre-pandemic enrollments of 370 students. During FY2022 IPTM was able to grow beyond pre-pandemic enrollments to 461 students. Demand for training continues to rise.

In FY22, the two debt agreements related to the ADT building purchase were:

- 1) *First mortgage.* Lease income of \$1.153 million was recorded to recognize the lessee's, LYM TYCI Capital Company, LLC, obligation of principal and interest payments. The maturity date is February 2025. All payments were current at June 30, 2022.
- 2) *Note payable.* The note with the UNF Foundation, Inc. totaled \$3.510 million and related interest payable totaled was zero at June 30, 2022.

2022 Institute Investments. The Institute's investments at year end totaled \$228,014 a net decrease of approximately \$52,715. The calculated total return for the year was 18.8%.

Net position. In fiscal 2022, net position of \$10.842 million increased in fiscal 2022 by approximately \$1.956 million or 20.0% over prior year's \$8.856 million. The change in net position represents the net decrease in assets of approximately \$1,752,000 and a net decrease in liabilities of approximately \$2,820,000.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Statement of Net Position

The purpose of the Statement of Net Position is to present the reader with a look at the Institute's financial condition as of the end of the fiscal year. In reading the Statement of Net Position, the reader will be able to determine the Institute's ability to continue operations and how much it owes to vendors and other lending institutions. It provides a snapshot of the net position and the availability for expenditure by the Institute.

	Years ended June 30 (In thousands of dollars)						
	2023	2022	Increase (decrease)	Change	2021	Increase (decrease)	Change
Assets							
Current assets	\$ 5,467	\$ 4,814	\$ 653	14%	\$ 5,140	\$ (326)	-6%
Noncurrent assets:							
Capital assets, net	10,409	10,991	(582)	-5%	11,110	(119)	-1%
Other	2,431	2,506	(75)	-3%	3,814	(1,308)	-34%
Total assets	18,307	18,311	(4)	6%	20,064	(1,753)	-41%
Liabilities:							
Current liabilities	2,630	2,406	224	9%	3,949	(1,543)	-39%
Noncurrent liabilities	900	2,250	(1,350)	-60%	3,527	(1,277)	-36%
Total liabilities	3,530	4,656	(1,126)	-51%	7,476	(2,820)	-75%
Deferred inflows of resources	1,925	2,813	(888)	-32%	3,702	(889)	-24%
Net position:							
Unrestricted net position	4,692	3,361	1,331	40%	2,222	1,139	51%
Net investment in capital assets	8,160	7,481	679	9%	6,664	817	12%
Total net position	12,852	10,842	2,010	19%	8,886	1,956	22%
Total liabilities and net position	\$ 16,382	\$ 15,498	\$ 884	-2%	\$ 16,362	\$ (864)	-12%

The Statements of Net Position are presented as part of the basic financial statements. For the fiscal year ended June 30, 2023, total net position increased by 19.0% or approximately \$2,010 million. The years' activity included the following:

Current Assets

2023

- During fiscal 2023 *current assets* totaled approximately \$5.467 million an increase of approximately \$653,000 or 14.0%. The increase represents the net of increase in cash of approximately \$125,000, grants receivable of approximately \$432,100, short term lease receivable of approximately \$96,000, prepaid of approximately \$32,000 and inventory of approximately \$33,000, offset by decrease in accounts receivable of approximately \$59,600 and interest receivable approximately \$5,500.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

2022

- During fiscal 2022 *current assets* totaled approximately \$4.813 million a decrease of approximately \$327,000 or 6.4%. The decrease represents the net of decrease in accounts receivable of approximately \$16,957, decrease in grants receivable of approximately \$718,367, decrease in prepaid of approximately \$4,116, decrease in interest receivable approximately \$4,948, offset by increase in cash of approximately \$323,627, short term lease receivable of approximately \$87,851 and inventory of approximately \$5,879.

Non-Current Assets

2023

- *Capital assets.* At June 30, 2023, the TSI Investments, LLC ADT building and land, net capital asset value totalled \$10.409 million. The scheduled depreciation of \$582,025 was recorded.
- *Investments.* The Institute's investments were closed at June 30, 2023.
- *Other non-current assets.* There were no non-currents assets at June 2023.

2022

- *Capital assets.* At June 30, 2022, the TSI Investments, LLC ADT building, net capital asset value totalled \$10.991 million. The scheduled depreciation of \$568,525 was recorded.
- *Investments.* The Institute's investments totalled \$228,014 at June 30, 2022 which was a decrease of approximately \$52,715 or 18.8%, from prior year.
- *Other non-current assets.* These assets represented the outstanding \$141,011 of the Foundation indebtedness to TSI for the purchase of the Duval County Research and Development Authority.

Current Liabilities

2023

- During fiscal 2023, *current liabilities* increased approximately \$224,000 or 9.0%. The increase represents the net of increase in salary payable of approximately \$15,000, unearned revenue of approximately \$272,000, and in current portion of approximately \$89,000 related to the notes payable, offset by decrease in accounts payable of approximately \$152,000.

2022

- During fiscal 2022, *current liabilities* decreased approximately \$1,807,000 or 45.8%. The decrease is attributed to the net of 1) decrease in accounts payable and accrued expenses of approximately \$752,000 2) a decrease in interest payable of approximately \$630,000 related to the notes payable 3) decrease unearned revenue of approximately \$41,000; and 4) the approximately \$9,200 increase in salaries payable.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

Non-Current Liabilities

2023

- During fiscal 2023, *non-current liabilities* decreased by approximately \$1.349 million or 60.0%. The decrease is due to the net loan repayments to the UNF Foundation, Inc. of \$88,694 and the current portion of 1.349 million.

2022

- During fiscal 2022, *non-current liabilities* decreased by approximately \$1,277,000 or 36.2.7%. The decrease is due to the net loan repayments to the UNF Foundation, Inc. of \$342,000 and additional payment of 935,000 for the purchase of the land, Duval RDA and the current of 1,260,912.

Net Position

The net position at June 30, 2023 increased by approximately \$2.010 million from approximately \$10,842 million in prior year or 19.0%.

The Net Position section of the Statement of Net Position provides two classifications:

1. The unrestricted net position details the amounts available to the Institute for any purpose in support of the Institute's mission.
2. Net investment in capital assets reflects the cost of the ADT building, net of depreciation, reduced by the outstanding balance of debt incurred for the purchase of the ADT building.

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to provide the details of the Institute's operating and non-operating activity for the fiscal year. This includes the revenues displayed by major source (net of discounts and allowances), expenses, and gains and losses received or expended by the Institute.

Operating revenues are revenues received from services provided (e.g. training courses, radar testing, grants, and computer software installations) to various customers and constituents of the Institute. Operating expenses are those expenses incurred to produce the operating revenues and are detailed by type, which include course materials, program fees, etc. Net operating income(loss) represents the amount of operating expenses in exceeds of operating expenses and does not include non-operating revenue or expenses.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

Non-operating revenue is received from sources for which no service is provided by the Institute (e.g. investments). The change in net position is the result of the excess of revenues over expenses, which is also the change in total net position on the Statement of Net Position.

	Years ended June 30, (In thousands of dollars)				2021	Increase (decrease)		Change
	2023	2022	Increase (decrease)	Change		Increase (decrease)	Change	
Operating revenues:								
Program fees	\$ 5,321	\$ 5,198	\$ 123	2%	\$ 3,458	\$ 1,740	50%	
Lease revenue	1,090	1,154	(64)	-6%	1,187	(33)	-3%	
Book sales	283	250	33	13%	216	34	16%	
Miscellaneous income/admin operations	430	500	(70)	-14%	508	(8)	-2%	
	<u>7,124</u>	<u>7,102</u>	<u>22</u>	<u>3%</u>	<u>5,369</u>	<u>1,733</u>	<u>61%</u>	
Total operating revenues								
Less operating expenses	<u>13,000</u>	<u>12,429</u>	<u>571</u>	<u>5%</u>	<u>18,736</u>	<u>(6,307)</u>	<u>-34%</u>	
Operating income (loss)	<u>(5,876)</u>	<u>(5,327)</u>	<u>(549)</u>	<u>-9%</u>	<u>(13,367)</u>	<u>8,040</u>	<u>95%</u>	
Non-operating income (expense)								
Grants	7,803	7,374	429	6%	15,674	(8,300)	-53%	
Miscellaneous Income	-	141	(141)	-100%	-	141	100%	
Interest Expense	(132)	(185)	53	-29%	(210)	25	-12%	
Investment Earnings	<u>215</u>	<u>(47)</u>	<u>262</u>	<u>-557%</u>	<u>61</u>	<u>(108)</u>	<u>-177%</u>	
Total non-operating income(expense)	<u>7,886</u>	<u>7,283</u>	<u>603</u>	<u>-680%</u>	<u>15,525</u>	<u>(8,242)</u>	<u>-142%</u>	
Change in net position	<u>2,010</u>	<u>1,956</u>	<u>54</u>	<u>3%</u>	<u>2,158</u>	<u>(202)</u>	<u>-47%</u>	
Net position, beginning of year	<u>10,842</u>	<u>8,886</u>	<u>1,956</u>	<u>22%</u>	<u>6,728</u>	<u>2,158</u>	<u>32%</u>	
Net position, end of year	<u>\$12,852</u>	<u>\$ 10,842</u>	<u>\$ 2,010</u>	<u>19%</u>	<u>\$ 8,886</u>	<u>\$ 1,956</u>	<u>-15%</u>	

The statement of Revenues, Expenses, and Changes in Net Position is on page 14 of the basic financial statements. For fiscal year ended June 30, 2023, the Institute's operations resulted in an increase in net position of approximately \$2,010 or 19.0%. The statements' highlights are as follows:

Operating Revenues and Expenses

2023

- *Operating revenues* increased by approximately \$22,000 or 3.0%. Increases primarily occurred in program fees of approximately \$123,000 and books sales of approximately \$33,000. These increases were offset by decrease in lease revenue of approximately \$64,000 and miscellaneous revenue of approximately of \$70,000.
- *Operating expenses* increased by approximately \$571,000 or 5.0%. Increases primarily occurred in program fees of approximately \$220,000, travel expenses of approximately of \$87,000, grant equipment of approximately \$18,500, general administrative expenses of approximately \$414,000. The increase in expenses were offset by decreases in consulting fees of approximately of \$152,000, printing, postage and telephone of approximately \$30,000, depreciation of approximately \$13,5000 and educational materials of approximately of \$326.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

2022

- *Operating revenues* increased by approximately \$1.732 million or 32.3%. Increases primarily occurred in program fees of approximately \$1.740 million and books sales of approximately \$34,000. These increases were offset by decrease in lease revenue of approximately \$33,000. and miscellaneous revenue of approximately of \$9,000.
- *Operating expenses* decreases by approximately \$6.306 million or 33.7%. The decrease were in educational materials of approximately of \$106,000 and general administrative expenses of approximately \$6.817 million. The decreases in expenses were offset by increases program fees of approximately \$157,000, consulting fees of approximately of 370,000, travel expenses of approximately of \$5,100, grant equipment of approximately \$9,800 and printing, postage and telephone of approximately 69,000.

**Years ended June 30
(In thousands of dollars)**

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Change</u>
Non-operating income (expense)							
Grants	\$ 7,803	\$ 7,374	\$ 429	6%	\$ 15,675	\$ (8,300)	-53%
Miscellaneous Income	-	141	(141)	-100%	-	141	100%
Interest Expense	(132)	(185)	53	-29%	(210)	25	-12%
Investment Earnings	215	(47)	262	-557%	61	(108)	-177%
Total non-operating income(expense)	<u>\$ 7,886</u>	<u>\$ 7,283</u>	<u>\$ 603</u>	<u>-680%</u>	<u>\$ 15,525</u>	<u>\$ (8,242)</u>	<u>-142%</u>

Non-Operating Income and Expenses

2023

Non-operating income reflected a total return of approximately \$215,000 in investment activity, as well as grant revenues of approximately \$7.803 million. Non-operating expenses reflected total interest expense of approximately \$132,000.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

2022

Non-operating income reflected a total return of approximately \$47,000 in investment activity, as well as grant revenues of approximately \$7.374 million. Non-operating expenses reflected total interest expense of approximately \$185,000 and miscellaneous revenue of approximately \$141,000.

Statements of Cash Flows

The Statements of Cash Flows shows the cash provided and used for operating and investing activities.

- Operating activities included funds received for services (from program fees, grants, publications, etc.) and payments related to providing these services (for programs, employees' services, and supplies for goods and services).
- Capital and related financing activities included proceeds from a loan and mortgage and mortgage payments made.
- Cash flow from investing activities represented funds used to purchase investments, proceeds from sale of investments, and interest and dividends.

Economic Outlook

The Institute has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

Management believes the Institute's overall financial position is strong. With detailed monitoring of each account, the Institute has sufficient funds to cover its obligations.

Requests for Information

This financial report is designed to provide a general overview of the Institute's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Valerie Stevenson, Controller
University of North Florida
DSO Accounting
Hicks Hall, Suite 2750
1 UNF Drive
Jacksonville, FL 32224-2648
(904) 620-2790

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,728,432	\$ 1,603,265
Accounts receivable, net	110,682	170,337
Grants receivable	2,491,443	2,059,302
Prepaid items and other assets	92,455	60,619
Interest receivable	14,244	19,778
Lease receivable - current portion	925,828	830,029
Inventory	104,006	71,069
Total current assets	5,467,090	4,814,399
Noncurrent Assets		
Investments	1,219,898	228,014
Note receivable	-	141,011
Lease receivable, less current portion	1,210,856	2,136,683
Capital assets not being depreciated	3,307,556	3,307,556
Capital assets being depreciated, net	7,101,800	7,683,825
Total non-current assets	12,840,110	13,497,089
Total assets	\$ 18,307,200	\$ 18,311,488
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 382,009	\$ 533,214
Salaries payable UNF	60,904	46,362
Unearned revenue	837,636	565,915
Current portion of long-term debt	1,349,606	1,260,912
Total current liabilities	2,630,155	2,406,403
Noncurrent Liabilities		
Long-term debt	900,206	2,249,811
Total liabilities	\$ 3,530,361	\$ 4,656,214
<u>DEFERRED INFLOWS</u>		
Deferred inflows of resources - lease related	\$ 1,925,011	\$ 2,813,477
<u>NET POSITION</u>		
Unrestricted	\$ 4,692,284	\$ 3,361,139
Net investment in capital assets	8,159,544	7,480,658
Total net position	\$ 12,851,828	\$ 10,841,797

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

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Program fees	\$ 5,321,072	\$ 5,198,464
Lease-related revenue	1,090,415	1,153,546
Book sales	282,953	250,324
Miscellaneous income and administrative operations	430,377	499,861
Total operating revenues	<u>7,124,817</u>	<u>7,102,195</u>
Operating expenses		
Program fees	3,243,627	3,023,581
Consultants' fees	3,681,018	3,832,793
Travel	293,435	206,493
Grant equipment	33,415	14,869
Printing, postage, and telephone	106,360	136,034
Educational materials	466,985	467,312
General administrative	4,593,562	4,179,766
Depreciation	582,025	568,526
Total operating expenses	<u>13,000,427</u>	<u>12,429,374</u>
Operating loss	<u>(5,875,610)</u>	<u>(5,327,179)</u>
Non-operating income (expense)		
Grants	7,803,113	7,373,922
Miscellaneous income	-	141,011
Interest expense	(132,467)	(184,902)
Investment earnings (losses)	214,995	(47,184)
Total non-operating income	<u>7,885,641</u>	<u>7,282,847</u>
Change in net position	<u>2,010,031</u>	<u>1,955,668</u>
Net position, beginning of year	10,841,797	8,886,129
Net position, end of year	<u>\$ 12,851,828</u>	<u>\$ 10,841,797</u>

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

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Received from program fees	\$ 5,380,727	\$ 5,215,421
Other operating revenues	2,022,562	1,721,347
Payments to employees for services	(3,243,627)	(3,023,581)
Payments to suppliers for goods and services	(9,376,211)	(9,963,754)
Net cash used in operating activities	(5,216,549)	(6,050,567)
Cash flows from capital and related financing activities		
Interest paid on notes payable	(132,467)	(338,312)
Principal payments on notes payable	(1,260,911)	(935,277)
Net cash used in financing activities	(1,393,378)	(1,273,589)
Cash flows from noncapital and related financing activities		
Received from grant activity	7,370,972	8,092,289
Cash flows from investing activities		
Purchase of property and equipment	-	(450,000)
Payments received on note receivable	141,011	-
Interest and dividends	74,422	5,292
Proceeds from sale of investments	254,328	5,381
Purchase of investments	(1,105,639)	(5,142)
Net cash used in investing activities	(635,878)	(444,469)
Net increase in cash and cash equivalents	125,167	323,664
Cash and cash equivalents, beginning of year	1,603,265	1,279,601
Cash and cash equivalents, end of year	\$ 1,728,432	\$ 1,603,265
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (5,875,610)	\$ (5,327,179)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	582,025	568,526
Write off of notes receivable	-	88,318
Changes in assets and liabilities:		
Accounts receivable	59,655	16,957
Prepaid items and other assets	(31,836)	4,116
Inventory	(32,937)	(5,879)
Accounts payable and accrued expenses	(136,663)	(1,213,042)
Interest receivable	5,534	4,948
Lease receivable	830,028	742,178
Deferred inflow of resources lease related	(888,466)	(888,466)
Unearned revenue	271,721	(41,044)
Net cash used in operating activities	\$ (5,216,549)	\$ (6,050,567)
Supplemental disclosure of noncash investing activities		
Note receivable from UNF Foundation for expenses paid by TSI in prior years for the maintenance of First Coast Technology Park land	\$ -	\$ 141,011

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

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—The University of North Florida Training and Services Institute, Inc. (the Institute) is a not-for-profit entity organized to implement and administer unique educational and training programs at the University of North Florida (the University), and at other selected institutions. The Institute is a direct support organization (DSO) and component unit of the University.

The accompanying financial statements include the accounts of the University of North Florida Training and Service Institute, Inc. and UNF TSI Investments, LLC (the LLC), a blended component of the Institute. The LLC was formed in March 2010 by its sole member, the Institute, for the purpose of purchasing the property described in Note 4.

(b) **Basis of accounting**—The financial statements of the Institute have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Institute is considered a special-purpose government engaged only in business-type activities. Accordingly, the Institute prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The net position of the Institute is reported in two categories as follows:

- Unrestricted net position is expendable for any purpose at the discretion of the Institute.
- Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any debt that is attributable to those assets.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Institute's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

(c) **Use of estimates**—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(d) **Income taxes**—The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Institute has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2023 and 2022. Fiscal years ending on or after June 30, 2018 remain subject to examination by federal and state tax authorities.

(e) **Investments**—Investments are stated at fair value based on quoted market prices. The Institute intends to hold its investments for the long term. However, the needs of the organization may require the sale of a portion of these assets on a short-term basis, subject to the approval of the Investment Committee.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Capital assets**—Purchased or constructed additions to capital assets in excess of \$5,000 are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which is 25 years for buildings.

(g) **Net position flow and assumptions**—The Institute had no restricted net position at June 30, 2023. Should the Institute hold net position that classifies as either restricted or committed, it is the Institute to first apply restricted resources, and then committed resources, before using any unrestricted resources.

(h) **Revenue recognition**—The Institute receives payments for certain program services and instruction. Program fees are deemed to be earned and reported as revenue when the related courses of instruction or services are provided. Such amounts received but not yet earned are reported as unearned revenue.

(i) **Grants**—Grant revenue is awarded, but not recognized by the Institute until the funds are used for the designated purpose and a request for reimbursement is filed with the State of Florida. The Institute records revenue from grants when the funds are entitled to be received from the grantor for the reimbursement claims.

(j) **Cash and cash equivalents**—For purposes of the statements of cash flows, the Institute considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(k) **Accounts receivable**—Accounts receivable represents the amounts billed for courses and contracts that remain unpaid at year-end. The allowance for doubtful accounts is based on an evaluation of the periodic aging of accounts receivable. There was no bad debt expense for the year ended June 30, 2023 and \$86,994 for the year ended June 30, 2022. Accounts receivable is reported net of an allowance for uncollectible accounts of \$4,612 and \$8,759, at June 30, 2023 and 2022, respectively.

(l) **Inventory and prepaid items**—Inventory consisting primarily of books and computer software, is stated at cost on a first-in, first-out (FIFO) basis. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

(m) **Deferred inflow of resources lease related**—The Institute is a lessor for a noncancelable lease of a building. 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.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Vacation and sick leave accrual**—Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.305 of the Florida Administrative Code. Employees earn annual and sick leave based on their years of service. For annual leave, however, a maximum of 352 hours can be carried forward from one year to the next or paid upon termination for administrative and professional (A&P) employees and 240 hours can be carried forward from one year to the next or paid upon termination for University support personnel services (USPS) employees. Additionally, employees who have completed at least ten years of service are eligible to receive payment for one fourth of their accrued sick leave hours, upon termination, not to exceed 480 hours. Vacation pay and sick leave payments are expensed as earned by the employee.

Effective July 1, 2018 compensated absences are maintained by the University and no longer held on the Institute's financial statements.

(o) **Contributions to police departments for grant equipment and other items**—The Institute of Police Technology Management (IPTM) unit receives grants to conduct law enforcement training, grant equipment contributions and consultant services. The total cost associated with grant work performed or purchased in 2023 and 2022 was \$6,325,515 and \$5,910,908, respectively.

(p) **Operating income or loss**—Operating revenues and expenses for a proprietary fund are those that result from providing services and producing and delivering goods and or services.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, unrealized gain or loss on investments, and contributions to related parties are considered non-operating. When both restricted and unrestricted resources are available for use, the Institute's policy is to use restricted resources first, then unrestricted resources as needed.

(q) **Recently issued accounting pronouncements**—GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. The Institute evaluated this statement for the year ended June 30, 2023 and determined there was no material impact to the financial statements.

(r) **Reclassifications**—Certain amounts in the prior year financials have been reclassified to conform to the current year presentation. These reclassifications had no effect on total net position.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(2) Cash and Cash Equivalents and Investments:

Investment decisions are made by the Investment Committee of the Institute's Board of Directors and approved by the Board. All deposits and investments are held at the financial institutions in the name of the Institute.

(a) **Cash and cash equivalents**—As of June 30, 2023, cash and cash equivalents included bank demand accounts and money market funds subject to immediate withdrawal. It is the Institute's policy that cash equivalent securities shall be limited to the following: (1) the money market or short term investment fund provided by the fund custodian; (2) direct obligations of the United States Government with a maturity of one year or less; (3) commercial paper with a maturity of 270 days or less that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's; and (4) bankers acceptances issued by the largest 50 banks in the United States (in terms of total assets). The Institute does not have a formal deposit policy for custodial credit risk with regard to cash deposits in banks but adheres to the requirements of FS 280.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Institute's deposits may not be returned to it. At June 30, 2023 and 2022, the Institute's cash deposits with a bank were \$1,883,174 and \$1,900,790, respectively. All of the Institute's cash deposits were insured by the Federal Deposit Insurance Corporation (FDIC). Thus, the Institute's cash deposits are not considered exposed to custodial credit risk.

FL CLASS was included in the Institute's cash deposits with a bank in the amount of \$1,651,460 at June 30, 2023 and \$1,737,038 at June 30, 2022. FL CLASS is rated by S&P Global Ratings. The current rating is 'AAAm.'

The Institute's investments in money market funds are amounts invested to meet regular operations and are included in the investment disclosures below.

(b) **Investments**—The Institute's investment policy requires equity securities be limited to: (1) investments in publicly traded securities on a major stock exchange or NASDAQ; (2) no more than 7% of the market value of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer; and (3) investment in the shares of companies that have been publicly traded for less than one year are limited to no more than 5% of the market value of the total equity portfolio.

For fixed income securities, the investment policy limits investments to: (1) securities rated "A" or higher by Moody's or Standard & Poor's rating services; (2) no more than 10% of the market value of the total portfolio shall be invested in the securities of any single corporate issuer; (3) investments in Collateralized Mortgage Obligations (CMOs) that consist of GNMA's, FNMA's, and FHLMA's, with no more than 20% of the market value of the portfolio in these types of issues and shall be restricted to those issues that are currently paying interest, receiving principal pay-downs and do not contain leverage; (4) investments in securities issued by foreign governments or corporations shall not exceed 25% of the total portfolio and (5) no limit on investments in securities issued directly by the United

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(2) **Cash and Cash Equivalents and Investments:** (Continued)

States Government or any agency or instrumentality thereof. The Institute's policy prohibits investments in interest only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, real estate, venture capital, futures contracts or options contracts in individually managed portfolios. Trading on margin and short selling are also prohibited. The Institute does not have a formal policy on limiting the duration of mid-term and long-term investments.

Investments consist of the following at June 30, 2023 and 2022:

<u>Investment Type</u>	<u>2023</u>	<u>2022</u>
Equity mutual funds	\$ 780,837	\$ 177,338
Fixed income mutual funds	439,061	50,676
Total	<u>\$ 1,219,898</u>	<u>\$ 228,014</u>

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the Institute's debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed income are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating at June 30, 2023</u>	
		<u>AA-A</u>	<u>Unrated</u>
Equity mutual funds	\$ 780,837	\$ -	\$ 780,837
Fixed income mutual funds	439,061	-	439,061
Total	<u>\$ 1,219,898</u>	<u>\$ -</u>	<u>\$ 1,219,898</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating at June 30, 2022</u>	
		<u>AA-A</u>	<u>Unrated</u>
Equity mutual funds	\$ 177,338	\$ -	\$ 177,338
Fixed income mutual funds	50,676	50,676	-
Total	<u>\$ 228,014</u>	<u>\$ 50,676</u>	<u>\$ 177,338</u>

Interest rate risk. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Institute's policy for managing its exposure to fair value loss occurring from increasing interest rates is through using the specific identification method and maintaining diversification of its investments so as to minimize the impact of downturns in the market as stated above. The Institute's fixed income mutual fund portfolios had a weighted average effective duration of 4.79 years and 6.59 years, and a weighted average maturity of 7.43 years and 9.24 years for the years ended June 30, 2023 and 2022, respectively.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(3) Fair Value Measurements:

The Institute has provided additional information about fair value measurements which is based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes the information used to develop these assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 Inputs that are unobservable.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Institute uses the market approach valuation technique to value its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodologies use for assets measured at fair value, Level 1.

The fair value of the mutual funds is based on quoted net asset values of the shares held by the Institute at year-end.

The following tables present the investments carried on the statement of net position by level within the valuation hierarchy as of June 30, 2023 and 2022.

	Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 780,837	\$ -	\$ -	\$ 780,837
Fixed income mutual funds	439,061	-	-	439,061
Total	\$ 1,219,898	\$ -	\$ -	\$ 1,219,898
	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 177,338	\$ -	\$ -	\$ 177,338
Fixed income mutual funds	50,676	-	-	50,676
Total	\$ 228,014	\$ -	\$ -	\$ 228,014

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(4) Capital Assets:

UNF TSI Investments, LLC (the LLC) is a wholly-owned Florida limited liability company formed in March 2010, for which the Institute is the LLC's sole member. In May 2010, the LLC purchased approximately 7.71 acres of land adjacent to UNF and the ADT Building located in Duval County, Florida for \$17,858,190. The building is depreciated based on a 25-year estimated useful life using the straight-line method. During fiscal year, 2023 and 2022, depreciation expense of \$582,025 and \$568,526 was recorded.

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not depreciated					
Land – ADT	\$ 3,307,556	\$ -	\$ -	\$ -	\$ 3,307,556
Capital assets being depreciated					
Building – ADT	14,550,634	-	-	-	14,550,634
Less accumulated depreciation for:					
Building – ADT	(6,866,809)	(582,025)	-	-	(7,448,834)
Total capital assets, being depreciated, net	<u>7,683,825</u>	<u>(582,025)</u>	<u>-</u>	<u>-</u>	<u>7,101,800</u>
Total Capital assets, net	<u>\$10,991,381</u>	<u>\$ (582,025)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,409,356</u>

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not depreciated					
Land – ADT	\$ 3,307,556	\$ -	\$ -	\$ -	\$ 3,307,556
Capital assets being depreciated					
Building – ADT	14,100,634	450,000	-	-	14,550,634
Less accumulated depreciation for:					
Building – ADT	(6,298,283)	(568,526)	-	-	(6,866,809)
Total capital assets, being depreciated, net	<u>7,802,351</u>	<u>(118,526)</u>	<u>-</u>	<u>-</u>	<u>7,683,825</u>
Total Capital assets, net	<u>\$11,109,907</u>	<u>\$(118,526)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,991,381</u>

(5) Long-Term Debt:

In May 2010, the UNF TSI Investments, LLC (the “LLC”) executed the following agreement to purchase the ADT building: *UNF Foundation, Inc. and UNF Training & Services, Inc. and UNF TSI Investments, LLC* entered into a Memorandum of Understanding (MOU). The MOU includes a) loan funding to the LLC in an amount not to exceed \$4,800,000; b) terms for the loan: interest will accrue at the rate of 4.50% per annum, and the principal and all accrued interest on the loan will be payable in full on or in part at any time prior to its due date in May 2025; c) no additional encumbrances or loans may be entered into to afford any party a security interest in or otherwise pledge, collateralize or encumber the ADT Property; and d) no TSI funding of capital projects for as long as any portion of the loan or interest thereon remains unpaid, and TSI will not advance, loan or contribute to UNF or a UNF-related entity any sum for the purpose of funding a UNF capital project. The principal and interest payments on the loan are due on the first day of each month with payments ranging from \$112,629 to \$119,635 beginning June 1, 2021 through February 1, 2025.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(5) **Long-Term Debt:** (Continued)

A summary of changes in long-term debt activity for the year ended June 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note payable - UNF Foundation	\$ 3,510,723	\$ -	\$ (1,260,911)	\$ 2,249,812	\$ 1,349,606

A summary of changes in long-term debt activity for the year ended June 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note payable - UNF Foundation	\$ 4,446,000	\$ -	\$ (925,000)	\$ 3,510,723	\$ 1,260,912

The aggregate maturities of long-term debt long-term debt for future years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,349,606	\$ 73,838	\$ 1,423,444
2025	900,206	14,789	914,995
	<u>\$ 2,249,812</u>	<u>\$ 88,627</u>	<u>\$ 2,338,439</u>

(6) **Note Receivable:**

The Duval County Research and Development Authority has an approved line of credit up to \$600,000 with the Institute. The non-interest-bearing promissory note was approved by the Institute's Board at its May 2010 meeting. During the year ended June 30, 2022, the First Coast Technology Park land was donated to the UNF Foundation. As part of the agreement, the note between the Institute and the Duval County RDA was written off. As part of the agreement, the UNF Foundation assumed responsibility for sums advanced by TSI on behalf of the Foundation for past maintenance of the land. A Memorandum of Understanding (MOU) between TSI and the UNF Foundation was entered into in which the UNF Foundation owed TSI a remaining balance of \$141,011 as of June 30, 2022. This was paid off in full during fiscal year 2023.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(7) **Retirement Benefits:**

The Institute's employees are employed by the University. The Institute does not administer a separate retirement plan for its employees; however, pursuant to law, all salaried employees are members of retirement plans of the State of Florida. The retirement plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits and other related matters are the responsibility of the Florida State Department of Administration, Division of Retirement. Other postemployment benefits (OPEB), primarily subsidized premiums for health insurance, are provided by the University. The complete disclosures for the retirement plan and OPEB can be located in the audited financial statements of the University. Payments made to the University for contributions on behalf of the Institute's employees were \$258,740 and \$234,091 for the years ended June 30, 2023 and 2022, respectively.

(8) **Related Party Transactions:**

- (a) The University provides, as in-kind contributions to the Institute, support services such as office and classroom space, furnishings and fiscal management at no cost. Annually, the Institute's Board of Directors decides what amount, if any, will be remitted to the University as a contribution for faculty development. There was no payment to the University in fiscal year 2023 or 2022.
- (b) The Institute makes contributions to the University for equipment purchases, excluding vehicles. The University maintains title to all such equipment purchases with the Institute having use of all equipment without further charges. Contributions to the University for equipment purchases were \$3,568 and \$2,909 for the years ended June 30, 2023 and 2022, respectively.
- (c) The University provides campus mail, telephone, and other such services to the Institute. Charges for the above services were \$26,116 and \$19,904 for the years ended June 30, 2023 and 2022, respectively, and are included in printing, postage and telephone in the accompanying financial statements.
- (d) The University of North Florida Foundation, Inc. reimburses the Institute for certain Foundation operating costs that are paid by the Institute. These amounts totaled \$316,571 and \$419,672 for the years ended June 30, 2023 and 2022, respectively.
- (e) The University of North Florida Financing Corporation, Inc. reimburses the Institute for certain Financing Corporation operating costs that are paid by the Institute. These amounts totaled \$33,152 and \$41,761 for the years ended June 30, 2023 and 2022, respectively.
- (f) The Institute has amounts payable to the University of \$250,243 and \$183,186 at June 30, 2023 and 2022, respectively.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(9) **Risk Management:**

The Institute has purchased general liability, automobile, errors and omissions and international insurance policies, each with a coverage of \$1,000,000 per occurrence, to reduce the exposure of potential claims associated with selected course activities. The Institute has these commercial insurance policies to cover wrongful acts occurring in the normal course of business. The policy requires a \$5,000 deductible for each loss. Substantially all other insurable risks, which include automobile, general liability, and workers compensation insurance, are covered under the State of Florida's self-insurance fund. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

(10) **Concentrations:**

Grants receivable and revenues as of and for the years ended June 30, 2023 and 2022 were derived entirely from the State of Florida. Lease revenue for the years ended June 30, 2023 and 2022 was derived entirely from one tenant.

(11) **Leases:**

The Institute leases the ADT building to a tenant under a lease with an original expiration date of September 1, 2020. During June 2020, the lease was extended for five years through August 31, 2025. The minimum monthly lease payments are \$86,812 with a 2.5% annual increase on the first day of every September.

The Institute recognized \$888,466 of lease revenue and \$201,949 of interest revenue, for a total of \$1,090,415 of lease-related revenue for the year ended June 30, 2023.

Future minimum rents under non-cancelable operating leases as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	\$ 925,828	\$ 137,622	\$ 1,063,450
2025	1,030,250	59,786	1,090,036
2026	180,606	1,808	182,414
	<u>\$ 2,136,684</u>	<u>\$ 199,216</u>	<u>\$ 2,335,900</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(12) **Segment Information:**

The Institute's financial statements for fiscal years 2023 and 2022 include the accounts of the University of North Florida Training and Service Institute, Inc. and UNF TSI Investments, LLC.

Summary financial information for each entity is presented below as of and for the year ended June 30, 2023.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
As of June 30, 2023			
Assets			
Current assets	\$ 5,021,603	\$ 445,487	\$ 5,467,090
Non-current assets	1,219,898	11,620,212	12,840,110
Total assets	<u>\$ 6,241,501</u>	<u>\$ 12,065,699</u>	<u>\$ 18,307,200</u>
Liabilities			
Current liabilities	\$ 1,183,213	\$ 1,446,942	\$ 2,630,155
Non-current liabilities	-	900,206	900,206
Total liabilities	<u>\$ 1,183,213</u>	<u>\$ 2,347,148</u>	<u>\$ 3,530,361</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 1,925,011</u>	<u>\$ 1,925,011</u>
Net assets			
Unrestricted net position	\$ 5,058,288	\$ (366,004)	\$ 4,692,284
Net investment in capital assets	-	8,159,544	8,159,544
Total net position	<u>\$ 5,058,288</u>	<u>\$ 7,793,540</u>	<u>\$ 12,851,828</u>
Total liabilities, incl deferred inflows and net position	<u>\$ 6,241,501</u>	<u>\$ 12,065,699</u>	<u>\$ 18,307,200</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(12) **Segment Information:** (Continued)

Summary financial information for each entity is presented below as of and for the year ended June 30, 2022.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
As of June 30, 2022			
Assets			
Current assets	\$ 4,194,219	\$ 620,180	\$ 4,814,399
Non-current assets	369,025	13,128,064	13,497,089
Total assets	<u>\$ 4,563,244</u>	<u>\$ 13,748,244</u>	<u>\$ 18,311,488</u>
Liabilities			
Current liabilities	\$ 1,139,562	\$ 1,266,841	\$ 2,406,403
Non-current liabilities	-	2,249,811	2,249,811
Total liabilities	<u>\$ 1,139,562</u>	<u>\$ 3,516,652</u>	<u>\$ 4,656,214</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 2,813,477</u>	<u>\$ 2,813,477</u>
Net assets			
Unrestricted net position	\$ 3,423,682	\$ (62,543)	\$ 3,361,139
Net investment in capital assets	-	7,480,658	7,480,658
Total net position	<u>\$ 3,423,682</u>	<u>\$ 7,418,115</u>	<u>\$ 10,841,797</u>
Total liabilities, incl deferred inflows and net position	<u>\$ 4,563,244</u>	<u>\$ 13,748,244</u>	<u>\$ 18,311,488</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2023			
Operating revenue and transfers	\$ 6,034,102	\$ 1,090,715	\$ 7,124,817
Operating expenses and transfers	12,417,603	582,824	13,000,427
Operating income (loss)	(6,383,501)	507,891	(5,875,610)
Non-operating Income	8,018,107	(132,466)	7,885,641
Change in net position	1,634,606	375,425	2,010,031
Net position, beginning of year	3,423,682	7,418,115	10,841,797
Net position, end of year	<u>\$ 5,058,288</u>	<u>\$ 7,793,540</u>	<u>\$ 12,851,828</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(12) **Segment Information:** (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2022			
Operating revenue and transfers	\$ 5,948,649	\$ 1,153,546	\$ 7,102,195
Operating expenses and transfers	12,330,292	99,082	12,429,374
Operating income (loss)	(6,381,643)	1,054,464	(5,327,179)
Non-operating Income	7,467,749	(184,902)	7,282,847
Change in net position	1,086,106	869,562	1,955,668
Net position, beginning of year	2,337,576	6,548,553	8,886,129
Net position, end of year	<u>\$ 3,423,682</u>	<u>\$ 7,418,115</u>	<u>\$ 10,841,797</u>

Condensed Statement of Cash Flows for the year ended June 30, 2023.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2023			
Net cash provided by (used in):			
Operating activities	\$ (5,216,549)	\$ -	\$ (5,216,549)
Capital and related financing activities	(132,467)	(1,260,911)	(1,393,378)
Noncapital and related financing activities	7,370,972	-	7,370,972
Investing activities	(635,878)	-	(635,878)
	1,386,078	(1,260,911)	125,167
Cash and cash equivalents, beginning of year	17,367,640	(15,764,375)	1,603,265
Cash and cash equivalents, end of year	<u>\$ 18,753,718</u>	<u>\$ (17,025,286)</u>	<u>\$ 1,728,432</u>
For the year ended June 30, 2023			

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(12) **Segment Information:** (Continued)

Condensed Statement of Cash Flows for the year ended June 30, 2022.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
	<u> </u>	<u> </u>	<u> </u>
For the year ended June 30, 2022			
Net cash provided by (used in):			
Operating activities	\$ (6,050,567)	\$ -	\$ (6,050,567)
Capital and related financing activities	(338,312)	(935,277)	(1,273,589)
Noncapital and related financing activities	8,092,289	-	8,092,289
Investing activities	5,531	(450,000)	(444,469)
	<u>1,708,941</u>	<u>(1,385,277)</u>	<u>323,664</u>
Cash and cash equivalents, beginning of year	<u>15,658,699</u>	<u>(14,379,098)</u>	<u>1,279,601</u>
Cash and cash equivalents, end of year	<u>\$ 17,367,640</u>	<u>\$ (15,764,375)</u>	<u>\$ 1,603,265</u>
For the year ended June 30, 2022			

SUPPLEMENTARY INFORMATION

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal/Pass-Through Entity Program Title	ALN	Pass-Through Identifying/ Grant Contract Identification Number	Grant	Expenditures
FEDERAL AGENCY				
Department of Transportation				
Passed through Florida Department of Transportation: Highways Planning and Construction	20.205	433144 -1-8404	\$ 3,500,000	\$ 2,976,200
Total Highway Planning & Construction Cluster			<u>3,500,000</u>	<u>2,976,200</u>
Passed through Florida Department of Transportation:				
State and Community Highway Safety	20.600	MC-2022-00076	71,000	70,400
State and Community Highway Safety	20.600	PS-2022-00085	100,000	16,500
State and Community Highway Safety	20.600	PS-2022-00122	330,000	61,506
State and Community Highway Safety	20.600	PS-2022-00141	587,850	111,822
State and Community Highway Safety	20.600	PS-2023-00023	100,000	8,965
State and Community Highway Safety	20.600	PS-2023-00025	236,500	149,187
State and Community Highway Safety	20.600	PS-2023-00202	480,000	210,289
State and Community Highway Safety	20.600	PT-2022-00065	975,000	238,557
State and Community Highway Safety	20.600	PT-2022-00078	150,000	115,829
State and Community Highway Safety	20.600	PT-2022-00145	40,000	16,335
State and Community Highway Safety	20.600	PT-2022-00149	35,000	7,950
State and Community Highway Safety	20.600	PT-2022-00150	36,000	17,005
State and Community Highway Safety	20.600	PT-2022-00153	25,000	13,685
State and Community Highway Safety	20.600	PT-2022-00163	40,000	6,265
State and Community Highway Safety	20.600	PT-2022-00165	80,000	7,950
State and Community Highway Safety	20.600	PT-2022-00166	40,000	7,160
State and Community Highway Safety	20.600	PT-2023-00082	975,000	685,490
State and Community Highway Safety	20.600	PT-2023-00096	25,000	16,915
State and Community Highway Safety	20.600	PT-2023-00097	40,000	10,335
State and Community Highway Safety	20.600	PT-2023-00099	35,000	12,530
State and Community Highway Safety	20.600	PT-2023-00100	40,000	17,490
State and Community Highway Safety	20.600	PT-2023-00103	40,000	25,440
State and Community Highway Safety	20.600	PT-2023-00138	150,000	7,365
State and Community Highway Safety	20.600	PT-2023-00187	35,000	5,565
State and Community Highway Safety	20.600	PT-2023-00189	100,000	51,750
National Priority Safety Programs	20.616	FHPE-2022-00117	1,200,000	988,629
National Priority Safety Programs	20.616	FHPE-2023-00027	500,000	339,206
National Priority Safety Programs	20.616	FHTR-2022-00114	400,000	103,717
National Priority Safety Programs	20.616	FHTR-2023-00022	357,000	126,883
National Priority Safety Programs	20.616	M1X-2022-00070	356,000	49,060
National Priority Safety Programs	20.616	M2X-2023-00228	356,000	287,177
National Priority Safety Programs	20.616	M5TR-2022-00132	150,000	39,500
National Priority Safety Programs	20.616	M5TR-2022-00144	35,000	4,770
National Priority Safety Programs	20.616	M5TR-2022-00154	75,000	47,250
National Priority Safety Programs	20.616	M5TR-2022-00155	45,000	19,635
National Priority Safety Programs	20.616	M5TR-2022-00156	45,000	15,075
National Priority Safety Programs	20.616	M5TR-2022-00158	225,000	61,880
National Priority Safety Programs	20.616	M5TR-2022-00159	652,000	104,504
National Priority Safety Programs	20.616	M5TR-2022-00162	25,000	2,925
National Priority Safety Programs	20.616	M5TR-2023-00049	75,000	12,150
National Priority Safety Programs	20.616	M5TR-2023-00060	150,000	79,790
National Priority Safety Programs	20.616	M5TR-2023-00071	35,000	23,055
National Priority Safety Programs	20.616	M5TR-2023-00072	45,000	8,330
National Priority Safety Programs	20.616	M5TR-2023-00073	45,000	11,250
National Priority Safety Programs	20.616	M5TR-2023-00074	225,000	126,140
National Priority Safety Programs	20.616	M5TR-2023-00075	20,000	12,495
National Priority Safety Programs	20.616	M5TR-2023-00077	17,000	10,400
National Priority Safety Programs	20.616	M5TR-2023-00081	765,000	278,321
National Priority Safety Programs	20.616	M5TR-2023-00086	15,000	5,550
National Priority Safety Programs	20.616	M5TR-2023-00112	30,000	20,145
National Priority Safety Programs	20.616	M5X-2022-00130	55,000	4,655
National Priority Safety Programs	20.616	M5X-2023-00061	55,000	23,059
National Priority Safety Programs	20.616	M5X-2023-00226	71,000	70,400
National Priority Safety Programs	20.616	M5X-2023-00137	100,000	50,467
National Priority Safety Programs	20.616	OP-2023-00140	100,000	4,045
Total Highway Safety Cluster			<u>10,990,350</u>	<u>4,822,748</u>
Passed through Florida Department of Transportation: Bus and Bus Facilities Formula & Discretionary Programs	20.526	PT-2023-00092	48,000	4,165
Total Federal Transit Cluster			<u>48,000</u>	<u>4,165</u>
Total Department of Transportation			14,538,350	7,803,113
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,538,350	\$ 7,803,113
Reconciled to cash received from Department of Transportation during the year:				
Total amounts expended				\$ 7,803,113
Less net change in grants receivable in financial statements				(432,141)
Total cash received from Department of Transportation				<u>\$ 7,370,972</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2023**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the University of North Florida Training and Services Institute, Inc. (“the Institute”) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate:**

The Institute has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) **Subrecipients:**

During the year ended June 30, 2023, the Institute provided no federal awards to subrecipients.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Institute. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**INDEPENDENT AUDITORS' 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,
UNF Training and Service Institute, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of UNF Training and Service Institute, Inc. (the "Institute") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated September 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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.

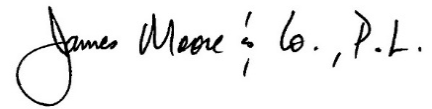
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
September 6, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors,
University of North Florida Training and Services Institute, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of North Florida Training and Services Institute, Inc. (the Institute)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2023. The Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

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

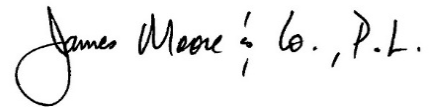
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
September 6, 2023

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards:

Internal control over major Federal programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Type of auditors' report issued on compliance for major Federal programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes <u> X </u> none reported
Auditee qualified as a low-risk auditee?	_____ yes <u> X </u> no
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Identification of major Federal programs:	

ALN	Project Name
20.600 & 20.616	Highway Safety Cluster

- B. Financial Statement Findings:** None.
- C. Federal Award Findings and Questioned Costs:** None.
- D. Summary Schedule of Prior Audit Findings:** None.
- E. Corrective Action Plan:** Not applicable as there are no current year findings.