

**GATORCARE HEALTH MANAGEMENT
CORPORATION**

FINANCIAL STATEMENTS

JUNE 30, 2024

GATORCARE HEALTH MANAGEMENT CORPORATION
TABLE OF CONTENTS
JUNE 30, 2024

	Page(s)
Independent Auditors' Report	1 – 3
Required Supplementary Information	
Management's Discussion and Analysis	4 – 6
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Statement of Fiduciary Net Position	10
Statement of Changes in Fiduciary Net Position	11
Notes to Financial Statements	12 – 17
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>	18 – 19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
GatorCare Health Management Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and aggregate remaining fund information of GatorCare Health Management Corporation ("GatorCare"), a direct support organization and component unit of the University of Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise GatorCare'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 respective financial position of the business-type activities and the aggregate remaining fund information of GatorCare as of June 30, 2024, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 GatorCare 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

GatorCare's 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 GatorCare'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 GatorCare'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 GatorCare's ability to continue as a going concern for a reasonable period of time.

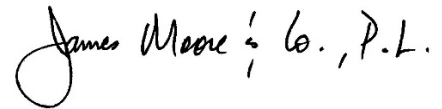
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024, on our consideration of GatorCare'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 GatorCare'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, flowing style.

Gainesville, Florida
October 7, 2024

GATORCARE HEALTH MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Introduction

GatorCare Health Management Corporation ("GatorCare") was incorporated on October 12, 2012, and began operations on January 1, 2013.

The purpose of GatorCare is to coordinate and facilitate the management of the self-insured health insurance plan (the "Plan") of The University of Florida and its participating affiliated employers, provided that such affiliated employers are organizations exempt from tax under Section 501(a) of the Internal Revenue Code of 1986 and are described in Section 501(c)(3) of the Internal Revenue Code, in such areas as contracting with third-party administrators and network providers, collection of employer and employee contributions, payment of health and pharmacy claims and administrative expenses, fiscal accounting, claims and quality analysis, and other matters to support the orderly administration and management of the Plan.

This section of GatorCare's annual financial report presents GatorCare's analysis of its financial performance as of and for the year ended June 30, 2024, with comparative information as of and for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and related note disclosures.

Overview of the Financial Statements

Along with management's discussion and analysis, the annual financial report includes the independent auditors' report and the basic financial statements of GatorCare. The basic financial statements also include notes that explain in more detail some of the information in the basic financial statements. By referring to the accompanying notes to the financial statements, a broader understanding of issues impacting financial performance can be realized.

GatorCare recognizes revenues and expenses on the statement of revenues, expenses and changes in net position solely for amounts received from participating employers that relate to the administrative functions of GatorCare. All other amounts received from participating employers (disclosed as contributions from participating employers in the statement of fiduciary net position) are considered funds held on behalf of the participating employers to be used to pay health and pharmacy claims, certain third-party administrative expenses, and other working capital needs. As such, these amounts are not recognized as revenues and expenses in the accompanying statement of revenues, expenses and changes in net position, but are recorded as custodial funds, with the assets and liabilities associated therewith being reflected on the statement of fiduciary net position.

Statements of Net Position

The condensed statements of net position present the financial position of GatorCare as of June 30, 2024 and 2023, and include all assets and liabilities of GatorCare. Assets and liabilities are generally measured using current values. The net position is one indicator of the current financial condition of GatorCare. Changes in net position are an indicator of whether the overall financial condition of the organization has improved or worsened over a period of time.

GATORCARE HEALTH MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(Continued)

The following table presents GatorCare's condensed statements of net position as of June 30, 2024 and 2023:

<i>(Amounts in thousands)</i>	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 420	\$ -
Short-term investments	4,852	4,084
Other current assets	59	93
Capital assets, net	2	2
Total assets	<u>5,333</u>	<u>4,179</u>
Liabilities		
Current liabilities	568	1,428
Total liabilities	<u>568</u>	<u>1,428</u>
Net position		
Net investment in capital assets	2	2
Unrestricted	4,763	2,749
Total net position	<u>\$ 4,765</u>	<u>\$ 2,751</u>

Short-term investments increased by \$0.8 million due to \$1.9 million in interest income earned and reinvested in the Special Purpose Investment Account ("SPIA") and FL CLASS. Other current assets decreased by \$0.03 million due to a decrease in the interest receivable on the SPIA investment. Administrative expenses payable decreased by \$0.9 million. Total net position increased by \$2.01 million due to an operating income of \$0.08 million and nonoperating revenues of \$1.9 million.

Statements of Revenues, Expenses and Changes in Net Position

The following table presents GatorCare's condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023:

<i>(Amounts in thousands)</i>	<u>2024</u>	<u>2023</u>
Management fee revenue	\$ 1,721	\$ 1,649
Administrative expenses, net of reimbursements	1,638	1,637
Operating income	83	12
Nonoperating revenues, net	1,931	537
Increase in net position	2,014	549
Net position		
Beginning of year	2,751	2,202
End of year	<u>\$ 4,765</u>	<u>\$ 2,751</u>

GATORCARE HEALTH MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(Continued)

Management fee revenue increased by \$0.07 million. Administrative expenses remained consistent with prior year. Nonoperating revenues increased by \$1.4 million due to an increase in interest income.

Membership Volumes

The following table reflects the membership volumes within each benefit plan as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Prime Plus	19,813	17,849
Prime Exclusive Provider Organization (EPO)	9,152	9,307
Premium Preferred Provider Organization (PPO)	8,438	8,561
Gator GradCare	3,785	3,839
Premium Plus	3,147	2,937
Healthy Rewards Health Reimbursement Account (HRA)	1,224	1,106
GatorCare Options	708	689
Healthy Rewards Health Savings Account (HSA)	576	598
Premium Out-of-Area (OOA)	500	454
Total	<u>47,343</u>	<u>45,340</u>

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 419,502
Short-term investments	4,852,396
Other current assets	59,681
Total current assets	<u>5,331,579</u>

Capital assets, net	1,551
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Total Assets	<u>5,333,130</u>
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LIABILITIES

Current liabilities

Administrative expenses payable	568,036
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Total Liabilities	<u>568,036</u>
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NET POSITION

Net position

Net investment in capital assets	1,551
Unrestricted	4,763,543

Total Net Position	<u>\$ 4,765,094</u>
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The accompanying notes to financial statements
are an integral part of this statement.

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Operating revenues	
Management fee revenue	\$ 1,720,743
Operating expenses	
Administrative expenses, net of reimbursements of \$310,000	1,637,800
Operating income	<u>82,943</u>
Nonoperating revenues	
Net investment income	<u>1,931,080</u>
Total nonoperating revenues	<u>1,931,080</u>
Increase in net position	2,014,023
Net position, beginning of year	2,751,071
Net position, end of year	<u><u>\$ 4,765,094</u></u>

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities

Cash received from participating employers	\$ 1,720,743
Administrative expense rebate received from Florida Blue	310,000
Administrative expenses paid	(2,822,293)
Net cash used in operating activities	<u>(791,550)</u>

Cash flows from investing activities

Proceeds from sale of short-term investments	1,194,010
Interest income received	17,042
Net cash provided by investing activities	<u>1,211,052</u>

Net increase in cash and cash equivalents 419,502

Cash and cash equivalents

Beginning of year	-
End of year	<u>\$ 419,502</u>

**Reconciliation of operating income to net cash
from operating activities**

Operating income	\$ 82,943
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	286
Changes in:	
Other current assets	(15,262)
Administrative expenses payable	(859,517)
Total adjustments	<u>(874,493)</u>
Net cash used in operating activities	<u>\$ (791,550)</u>

Supplemental disclosure of noncash investing activities

Interest income reinvested in short-term investments	\$ 1,962,333
Prior year interest receivable received in current year and reinvested	58,809
Interest income receivable on short-term investments	10,514

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 753,199
Short-term investments	59,815,001
Other current assets	15,782,665
Total current assets	<u>76,350,865</u>
Assets whose use is restricted	<u>1,185,000</u>
Total Assets	<u><u>77,535,865</u></u>
<u>LIABILITIES</u>	
Current liabilities	
Claims payable and amounts due to participating employers	17,792,731
Incurred but not reported (IBNR) claims allowance	14,586,592
Total current liabilities	<u>32,379,323</u>
Total Liabilities	<u><u>32,379,323</u></u>
<u>NET POSITION</u>	
Fiduciary net position	
Restricted for participating employers	<u><u>\$ 45,156,542</u></u>

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds
Additions	
Contributions from participating employers	\$ 268,863,587
Change in fair value of investments	1,086,497
Total additions	<u>269,950,084</u>
Deductions	
Health and pharmacy claim expenses, net of rebates	<u>260,939,455</u>
Total deductions	<u>260,939,455</u>
Increase in fiduciary net position	9,010,629
Net position , beginning of year	<u>36,145,913</u>
Net position , end of year	<u><u>\$ 45,156,542</u></u>

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

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of GatorCare Health Management Corporation, which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—GatorCare Health Management Corporation (“GatorCare”) is a not-for-profit entity that commenced business January 1, 2013, to coordinate and facilitate the management of the self-insured health insurance plan (the “Plan”) of the University of Florida (the “University”) and its participating affiliated employers, in such areas as contracting with third-party administrators and network providers, collection of employer and employee contributions, payment of health and pharmacy claims and administrative expenses, fiscal accounting, claims and quality analysis, and other matters to support the orderly administration and management of the Plan. GatorCare does not bear any risk of loss with respect to the Plan. GatorCare functions as a direct support organization of the University and is a component unit (for accounting purposes only) of the University.

For financial reporting purposes, GatorCare is considered a special-purpose government engaged only in business-type activities. Accordingly, GatorCare prepares its financial statements on 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. GatorCare’s accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The basic financial statements of GatorCare have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under these methods, revenues are recorded when earned and expenses are recognized when they are incurred.

GatorCare distinguishes operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated from the primary administrative operations of GatorCare. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the administrative operations of GatorCare. All other expenses are reported as nonoperating expenses.

GatorCare recognizes operating revenues and expenses on the statement of revenues, expenses and changes in net position solely for the amounts received from participating employers that relate to the administrative functions of GatorCare.

Contributions received from participating employers are considered funds held on behalf of the participating employers to be used to pay health and pharmacy claims, certain third-party administrative expenses, and other working capital needs and are disclosed in the statement of changes in fiduciary net position. Contributions from participating employers are recognized when premium revenue is earned. The statement of fiduciary net position discloses assets and liabilities that are held on behalf of the participating employers.

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

GatorCare follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, which establishes financial reporting standards for state and local governments, including states, cities, towns, villages, and special-purpose governments such as school districts and public utilities. GatorCare also follows GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, an amendment to GASB Statement No. 34 for public colleges and universities to allow the use of the guidance for special-purpose governments engaged only in business-type activities, engaged only in government activities, or engaged in both governmental and business-type activities in their separately issued reports.

(c) **Cash and cash equivalents**—Cash and cash equivalents consist of cash held in a demand deposit account with a national bank. Demand deposits are secured up to FDIC limits of \$250,000.

As of June 30, 2024, demand deposits of \$1,209,689 were available for payments of health and pharmacy claims of the participating employers and administrative functions of GatorCare.

(d) **Short-term investments and fair value measurements**—GatorCare investments primarily consist of the Special Purpose Investment Account (“SPIA”) within the Florida Treasury Investment Pool (“FTIP”), a pool of investments whereby GatorCare owns a share of the pool, not the underlying securities, and FLCLASS, a short-term pooled investment program for government entities.

Investments are recorded at fair value. Direct funds invested in the SPIA and FLCLASS are included as short-term investments on the statement of fiduciary net position. Reinvested funds in the SPIA and FLCLASS are included in short-term investments on the statement of net position. Unrealized gains/losses are included as deductions or additions on the statement of changes in fiduciary net position. Interest, dividends, and realized gains/losses are included in investment income on the statement of revenues, expenses and changes in net position.

GatorCare categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (see Note 2).

(e) **Assets whose use is restricted**—GatorCare entered into an agreement with White Rock USA Protected Cell 43 to provide stop-loss insurance coverage for health claims in excess of certain policy limits. The agreement stipulates that a portion of the premium may be held by GatorCare and segregated in a notional funds withheld account. As of June 30, 2024, GatorCare has withheld \$1,185,000 in premiums under this agreement. These funds are reported as assets whose use is restricted in the statement of fiduciary net position.

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

(f) **Amounts due from participating employers**—Included in amounts due from participating employers are accrued receivables of contributions from participating employers disclosed in the statement of fiduciary net position. There were no amounts due from participating employers as of June 30, 2024.

(g) **Other current assets**—Included in other current assets in GatorCare's statement of net position are interest receivable. Included in other current assets in the statement of fiduciary net position are accrued receivables primarily comprised of earned rebates from third-party administrators. Rebate accruals from third party-administrators are estimated based on rebate terms and historical payments received. An estimated rebate receivable of \$7,573,805 was included in other current assets as of June 30, 2023. Actual rebates received subsequent to June 30, 2023, but related to claims incurred as of and for the year then ended, were \$8,699,622.

(h) **Capital assets**—Each capital item with an individual purchase price of \$2,000 or more and a useful life of at least two years is considered to be a capital asset. Capital assets are recorded at historical cost at date of purchase. Routine maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related depreciable assets. The useful life of furniture is 15 years.

(i) **Claims payable**—Claims payable included in the statement of fiduciary net position reflects liabilities of the organization for which invoices have been received from third-party administrators for claims activity incurred and reported.

(j) **Claims incurred but not reported ("IBNR")**—The IBNR claims reserve included in the statement of fiduciary net position represents management's best estimate of the amount of future health and pharmacy claims related to services provided in the current accounting period. The IBNR claims reserve model projects claims based upon average historical claims activity, average time to pay claims, certain high cost claims data, and certain studies of the participating employers' historical claims data. Considerable amount of uncertainty and variability are inherent in this accounting estimate, and accordingly, the subsequent development of these reserves may not conform to the assumptions inherent in the determination. The ultimate liability could be significantly in excess of or less than the amount indicated in the basic financial statements, and it is at least reasonably possible that changes in the estimate in the near term would be material to the basic financial statements.

(k) **Restricted net position for participating employers**—Restricted net position for participating employers included in the statement of fiduciary net position represents the cumulative amount of contributions from participating employers received or earned from the participating employers in excess of health and pharmacy claims and administrative expenses paid or incurred. Each employer's share of the restricted net position for participating employers is adjusted for funding credits approved for each participating employer, and the surplus (deficit) of contributions from participating employers over health and pharmacy claims and certain administrative expenses which is allocated to the participating employers based on the employer's percentage share of membership in GatorCare.

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

(l) **Income taxes**—On March 13, 2015, GatorCare received approval of tax exempt status from the Internal Revenue Service making the organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. GatorCare files informational tax returns in the U.S. federal jurisdiction. GatorCare's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination. GatorCare has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and has determined that there are no uncertain tax positions that would have a material impact on the financial statements of GatorCare.

(m) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) **Short-term Investments:**

Short-term investments are comprised of funds invested in the SPIA within the FTIP and FLCLASS. Funds invested in SPIA and FLCLASS are subject to various risks including credit risk and interest rate risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk can be evaluated based on the rating assigned to an issuer or other counterparty by an independent rating agency. Interest rate risk is the risk that arises for holders of fixed income securities due to fluctuations in interest rates. This risk increases as the time to maturity or duration of these securities increase. SPIA and FLCLASS are not exposed to foreign currency risk as State law does not authorize the pools to purchase investments in foreign currencies.

Short-term investments in FLCLASS at fair value totaled \$62,247,844 at June 30, 2024, representing a short-term pooled investment program for government entities. FL CLASS is rated by S&P Global Ratings. The current rating is 'AAAm.' The dollar weighted average days to maturity (WAM) of FLCLASS at June 30, 2024 is 26 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of FLCLASS at June 30, 2024 is 81 days.

Short-term investments in SPIA at fair value totaled \$3,604,552 at June 30, 2024, representing ownership of a share of the pool, not the underlying securities. Of the total SPIA at fair value, \$3,619,755 is included in the statement of net position and represents accumulated interest income and \$15,203 accumulated unrealized loss on fair value of the SPIA. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. As of June 30, 2024, the SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.23 years and a fair value factor of 0.9958.

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(2) **Short-term Investments:** (Continued)

Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. GatorCare relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool.

Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

The fair value of GatorCare's investments in the SPIA and FLCLASS are measured on a recurring basis, which is valued based on GatorCare's share of the pool, using significant unobservable inputs (Level 3), as of June 30, 2024.

(3) **Management Fee:**

GatorCare bills and receives management fee revenue from participating employers to fund the administrative functions of GatorCare. Management fee revenue recognized during the year ended June 30, 2024 was \$1,720,743 and is included in the statement of revenues, expenses and changes in net position.

(4) **Administrative Expenses:**

The University and UF Health Shands perform various administrative functions on behalf of GatorCare, and GatorCare is billed for the related costs from these entities. For the year ended June 30, 2024, total administrative expenses, net of reimbursements, with the University and UF Health Shands was \$1,637,800. As of June 30, 2024, approximately \$533,353 was due to UF Health Shands, and is included in administrative expenses payable in the statement of net position.

(5) **Contributions from Participating Employers:**

GatorCare bills and receives contributions from its participating employers in conjunction with their payroll cycles. These amounts represent the equivalent of funding required to support self-funded plans and equal the sum of estimated health and pharmacy claims, certain third-party administrative costs and changes in the reserve for IBNR claims. GatorCare uses an actuary to determine the adequacy of the contributions from participating employers on an annual basis. Contributions from participating employers, net of funding credits, recognized during the year ended June 30, 2024 totaled \$268,863,587 and is included in the statement of changes in fiduciary net position. Funding credits of \$15,585,000 were provided to the participating affiliated employers during the year ended June 30, 2024.

GATORCARE HEALTH MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(5) Contributions from Participating Employers: (Continued)

Contributions from participating employers received during the year ended June 30, 2024, were derived from GatorCare's agreements with the following participating affiliated employers:

- The University,
- Shands Teaching Hospital and Clinics, Inc. ("UF Health Shands"),
- Shands Jacksonville HealthCare, Inc. ("UF Health Jacksonville"),
- Central Florida Health, Inc. ("UF Health Central Florida"),
- The University of Florida Jacksonville Physicians, Inc.,
- University of Florida Investment Corporation, and
- University of Florida Proton Therapy Institute.

All of these organizations are direct support organizations or affiliates of the University. The University employee groups include: employees with domestic partners, College of Medicine – Gainesville, College of Medicine – Jacksonville, post doctorates, College of Dentistry, College of Veterinary Medicine residents and interns and graduate assistants.

For the year ended June 30, 2024, contributions from UF Health Shands and UF Health Jacksonville represent approximately 43% and 18%, respectively, of total contributions from participating employers received.

(6) Health and Pharmacy Claims Paid:

GatorCare contracts with third-party administrators for processing of health and pharmacy claims. For the year ended June 30, 2024, health and pharmacy claims paid to third-party administrators totaled \$260,939,455. Health and pharmacy claim expenses are funded by contributions from participating employers.

**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,
GatorCare Health Management Corporation:

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, the financial statements of the business-type activities and the aggregate remaining fund information of GatorCare Health Management Corporation ("GatorCare"), a direct support organization and component unit of the University of Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise GatorCare's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

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

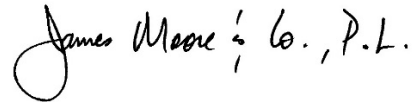
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 7, 2024