

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

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
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JUNE 30, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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 audits. 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.

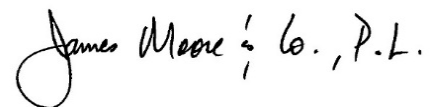
Supplementary Information

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 5, 2024, 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 initial 'J'.

Gainesville, Florida
September 5, 2024

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

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, 2024 which include for comparative purposes the fiscal year ended June 30, 2023. 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.

2024 Financial Highlights

Contract Training: IPTM continued the success of FY23 by conducting 78 contract training programs resulting in over \$1.5 million in revenue. Approximately \$38,000 more revenue than the previous fiscal year. 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 2024. IPTM trained approximately 5,000 students in tuition-based programs with more than \$2.6 million in revenue during the FY. The Institute obtained both an increase in students and revenue over FY23.

Highway Safety Grants: During FY2024, IPTM was awarded 38 projects for a total of \$10,303,113. This is a \$1.2 million increase over the previous grant cycle.

Symposium on Traffic Safety Conference Highlights:#

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

IPTM continues to increase conference growth with over 500 students attending representing 40 states, Puerto Rico, Albania, Brazil, and Canada.

In FY24, the two debt agreements related to the ADT building purchase were:

- 1) *First mortgage.* Lease income of \$1.019 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, 2024.
- 2) *Note payable.* The note with the UNF Foundation, Inc. totaled \$900,206 thousand and related interest payable totaled was zero at June 30, 2024.

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(Continued)**

2024 Institute Investments. The Institute's investments at year end totaled \$2.287 million a net increase of approximately \$1.067 million. The calculated total return for the year was 87.5%.

Net position: In fiscal 2024, net position of \$14.675 million increased in fiscal 2024 by approximately \$1.822 million or 14% over prior year's \$12,852 million. The change in net position represents the net decrease in assets of approximately \$660,000 and a net decrease in liabilities of approximately \$1.593 million.

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.

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.

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JUNE 30, 2024 AND 2023
(Continued)**

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.

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)							
	2024	2023	Increase (decrease)	Change	2022	Increase (decrease)	Change	
Assets								
Current assets	\$ 5,352	\$ 5,467	\$ (115)	-2%	\$ 4,814	\$ 653	14%	
Noncurrent assets:								
Capital assets, net	9,827	10,409	(582)	-6%	10,991	(582)	-5%	
Other	2,468	2,431	37	2%	2,506	(75)	-3%	
Total assets	17,647	18,307	(660)	-6%	18,311	(4)	6%	
Liabilities:								
Current liabilities	1,936	2,630	(694)	-26%	2,406	224	9%	
Noncurrent liabilities	-	900	(900)	-100%	2,250	(1,350)	-60%	
Total liabilities	1,936	3,530	(1,594)	-126%	4,656	(1,126)	-51%	
Deferred inflows of resources	1,037	1,925	(888)	-46%	2,813	(888)	-32%	
Net position:								
Unrestricted net position	5,747	4,692	1,055	22%	3,361	1,331	40%	
Net investment in capital assets	8,927	8,160	767	9%	7,481	679	9%	
Total net position	14,674	12,852	1,822	31%	10,842	2,010	49%	
Total liabilities and net position	\$ 16,610	\$ 16,382	\$ 228	-95%	\$ 15,498	\$ 884	-2%	

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The Statements of Net Position are presented as part of the basic financial statements. For the fiscal year ended June 30, 2024, total net position increased by 31.0% or approximately \$1.822 million. The years' activity included the following:

Current Assets

2024

- During fiscal 2024 current assets totaled approximately \$5.352 million, a decrease of approximately \$115,000 or 2.0%. The decrease represents the net of decrease in cash of approximately \$356,000, grants receivable of approximately \$16,000, prepaid of approximately \$17,300, interest receivable approximately \$6,000 and inventory of approximately \$18,000, offset by increase in accounts receivable of approximately \$194,000, and short term lease receivable of approximately \$104,000.

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.

Non-Current Assets

2024

- *Capital assets.* At June 30, 2024, the TSI Investments, LLC ADT building and land, net capital asset value totalled \$9.827 million. The scheduled depreciation of \$582,025 was recorded.
- *Investments.* The Institute's investments were closed at June 30, 2024.
- *Other non-current assets.* There were no non-currents assets at June 2024.

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.

Current Liabilities

2024

- During fiscal 2024, *current liabilities* decreased approximately \$693,000 or 26.0%. The decrease represents the net of decrease in salary payable of approximately \$2,000, unearned revenue of

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approximately \$52,000, and in current portion of approximately \$450,000 related to the notes payable and accounts payable of approximately \$190,000.

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.

Non-Current Liabilities

2024

- During fiscal 2024, *non-current liabilities* decreased by approximately \$900,000 or 100.0%. The decrease is due to the net loan repayments to the UNF Foundation, Inc. of \$1.349 million and the current portion of \$900,206.

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.

Net Position

The net position at June 30, 2024 increased by approximately \$1.822 million from approximately \$12.852 million in prior year or 31.0%.

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

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include course materials, program fees, etc. Net operating income(loss) represents the amount of operating expenses in excess of operating expenses and does not include non-operating revenue or expenses.

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)							
	2024	2023	Increase (decrease)	Change	2022	Increase (decrease)	Change	
Operating revenues:								
Program fees	\$ 5,363	\$ 5,321	\$ 42	1%	\$ 5,198	\$ 123	2%	
Lease revenue	1,020	1,090	(70)	-6%	1,154	(64)	-6%	
Book sales	294	283	11	4%	250	33	13%	
Miscellaneous income/admin operations	72	430	(358)	-83%	500	(70)	-14%	
Total operating revenues	<u>6,749</u>	<u>7,124</u>	<u>(375)</u>	<u>-84%</u>	<u>7,102</u>	<u>22</u>	<u>-5%</u>	
Less operating expenses	<u>13,175</u>	<u>13,000</u>	<u>175</u>	<u>1%</u>	<u>12,429</u>	<u>571</u>	<u>5%</u>	
Operating income (loss)	<u>(6,426)</u>	<u>(5,876)</u>	<u>(550)</u>	<u>-86%</u>	<u>(5,327)</u>	<u>(549)</u>	<u>-9%</u>	
Non-operating income (expense)								
Grants	8,009	7,803	206	3%	7,374	429	6%	
Miscellaneous Income	-	-	-	0%	141	(141)	100%	
Interest Expense	(74)	(132)	58	-44%	(185)	53	-29%	
Investment Earnings	313	215	98	46%	(47)	262	-557%	
Total non-operating income (expense)	<u>8,248</u>	<u>7,886</u>	<u>362</u>	<u>5%</u>	<u>7,283</u>	<u>603</u>	<u>-480%</u>	
Change in net position	1,822	2,010	(188)	-9%	1,956	54	-489%	
Net position, beginning 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>22%</u>	
Net position, end of year	<u>\$ 14,674</u>	<u>\$ 12,852</u>	<u>\$ 1,822</u>	<u>10%</u>	<u>\$ 10,842</u>	<u>\$ 2,010</u>	<u>-467%</u>	

The statement of Revenues, Expenses, and Changes in Net Position is on page 13 of the basic financial statements. For fiscal year ended June 30, 2024, the Institute's operations resulted in an increase in net position of approximately \$1,822 million or 14.0%. The statements' highlights are as follows:

Operating Revenues and Expenses

2024

- *Operating revenues* decreased by approximately \$375,000 or 5.3%. Decreases primarily occurred in lease revenue of approximately \$70,000 and miscellaneous revenue of approximately of \$358,000. These decreases were offset by an increase in program fees of approximately \$42,000 and books sales of approximately \$11,000.

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- *Operating expenses* decreased by approximately \$550,000 or 9.4%. Decreases primarily occurred in program fees of approximately \$175,000 and grant equipment of approximately \$33,000. The decrease in expenses were offset by increases in consulting fees of approximately of \$43,000, travel expenses of approximately of \$111,000, printing, postage and telephone of approximately \$31,000, educational materials of approximately of \$122,000 and general administrative expenses of approximately \$76,000.

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.

	Years ended June 30						
	(In thousands of dollars)						
	<u>2024</u>	<u>2023</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Change</u>
Non-operating income (expense)							
Grants	\$ 8,009	\$ 7,803	\$ 206	3%	\$ 7,374	\$ 429	6%
Miscellaneous Income	-	-	-	0%	141	(141)	100%
Interest Expense	(74)	(132)	58	-44%	(185)	53	-29%
Investment Earnings	313	215	98	46%	(47)	262	-557%
Total non-operating income(expense)	<u>\$ 8,248</u>	<u>\$ 7,886</u>	<u>\$ 362</u>	<u>5%</u>	<u>\$ 7,283</u>	<u>\$ 603</u>	<u>-480%</u>

Non-Operating Income and Expenses

2024

Non-operating income reflected a total return of approximately \$313,000 in investment activity, as well as grant revenues of approximately \$8.009 million. Non-operating expenses reflected total interest expense of approximately \$74,000.

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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.

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, 2024 AND 2023

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,372,345	\$ 1,728,432
Accounts receivable, net	304,870	110,682
Grants receivable	2,475,751	2,491,443
Prepaid items and other assets	75,161	92,455
Interest receivable	8,072	14,244
Lease receivable - current portion	1,030,250	925,828
Inventory	85,880	104,006
Total current assets	5,352,329	5,467,090
Noncurrent Assets		
Investments	2,287,108	1,219,898
Lease receivable, less current portion	180,606	1,210,856
Capital assets not being depreciated	3,307,556	3,307,556
Capital assets being depreciated, net	6,519,775	7,101,800
Total non-current assets	12,295,045	12,840,110
Total assets	\$ 17,647,374	\$ 18,307,200
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 192,231	\$ 382,009
Salaries payable UNF	58,910	60,904
Unearned revenue	785,152	837,636
Current portion of long-term debt	900,206	1,349,606
Total current liabilities	1,936,499	2,630,155
Noncurrent Liabilities		
Long-term debt	-	900,206
Total liabilities	\$ 1,936,499	\$ 3,530,361
<u>DEFERRED INFLOWS</u>		
Deferred inflows of resources - lease related	\$ 1,036,544	\$ 1,925,011
<u>NET POSITION</u>		
Unrestricted	\$ 5,747,206	\$ 4,692,284
Net investment in capital assets	8,927,125	8,159,544
Total net position	\$ 14,674,331	\$ 12,851,828

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, 2024 AND 2023

	2024	2023
Operating revenues		
Program fees	\$ 5,362,703	\$ 5,321,072
Lease-related revenue	1,019,916	1,090,415
Book sales	294,023	282,953
Miscellaneous income and administrative operations	72,896	430,377
Total operating revenues	6,749,538	7,124,817
Operating expenses		
Program fees	3,068,591	3,243,627
Consultants' fees	3,723,658	3,681,018
Travel	404,519	293,435
Grant equipment	-	33,415
Printing, postage, and telephone	137,748	106,360
Educational materials	589,016	466,985
General administrative	4,669,445	4,593,562
Depreciation	582,025	582,025
Total operating expenses	13,175,002	13,000,427
Operating loss	(6,425,464)	(5,875,610)
Non-operating income (expense)		
Grants	8,008,633	7,803,113
Interest expense	(73,838)	(132,467)
Investment earnings	313,172	214,995
Total non-operating income	8,247,967	7,885,641
Change in net position	1,822,503	2,010,031
Net position, beginning of year	12,851,828	10,841,797
Net position, end of year	\$ 14,674,331	\$ 12,851,828

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, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Received from program fees	\$ 5,168,515	\$ 5,380,727
Other operating revenues	1,377,884	2,022,562
Payments to employees for services	(3,068,591)	(3,243,627)
Payments to suppliers for goods and services	(9,680,738)	(9,376,211)
Net cash used in operating activities	(6,202,930)	(5,216,549)
Cash flows from capital and related financing activities		
Interest paid on notes payable	(73,838)	(132,467)
Principal payments on notes payable	(1,349,606)	(1,260,911)
Net cash used in financing activities	(1,423,444)	(1,393,378)
Cash flows from noncapital and related financing activities		
Received from grant activity	8,024,325	7,370,972
Cash flows from investing activities		
Payments received on note receivable	-	141,011
Interest and dividends, net of fees	151,978	74,422
Proceeds from sale of investments	-	254,328
Purchase of investments	(906,016)	(1,105,639)
Net cash used in investing activities	(754,038)	(635,878)
Net increase (decrease) in cash and cash equivalents	(356,087)	125,167
Cash and cash equivalents, beginning of year	1,728,432	1,603,265
Cash and cash equivalents, end of year	\$ 1,372,345	\$ 1,728,432
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (6,425,464)	\$ (5,875,610)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	582,025	582,025
Changes in assets and liabilities:		
Accounts receivable	(194,188)	59,655
Prepaid items and other assets	17,294	(31,836)
Inventory	18,126	(32,937)
Accounts payable and accrued expenses	(191,772)	(136,663)
Interest receivable	6,172	5,534
Lease receivable	925,828	830,028
Deferred inflow of resources lease related	(888,467)	(888,466)
Unearned revenue	(52,484)	271,721
Net cash used in operating activities	\$ (6,202,930)	\$ (5,216,549)

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, 2024 AND 2023**

(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, 2024 and 2023. Fiscal years ending on or after June 30, 2019 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, 2024 AND 2023**

(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, 2024 and 2023. Should the Institute hold net position that classifies as either restricted or committed, it is the Institute's policy 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 \$12,560 in bad debt expense for the year ended June 30, 2024 and no bad debt expense for the year ended June 30, 2023. Accounts receivable is reported net of an allowance for uncollectible accounts of \$17,172 and \$4,612, at June 30, 2024 and 2023, 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.

(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.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

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 2024 and 2023 was \$6,605,115 and \$6,325,515, 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, grant income, 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**—The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. The Institute's has not currently determined what, if any, impact implementation of the following will have on the Institute's financial statements.

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions in GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of governmental financial statements with essential information about risks related to an entity's vulnerabilities due to certain concentrations or constraints. The provisions in GASB 103 are effective for fiscal years beginning after June 15, 2024.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. The provisions in GASB 103 are effective for fiscal years beginning after June 15, 2025.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(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, 2024, 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, 2024 and 2023, the Institute's cash deposits with a bank were \$2,256,233 and \$1,883,174, 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 \$1,304,504 at June 30, 2024 and \$1,651,460 at June 30, 2023. FL CLASS is rated by S&P Global Ratings. The current rating is 'AAAm.'. The dollar weighted average days to maturity (WAM) of FL CLASS 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 FL CLASS at June 30, 2024 is 81 days.

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 FHLMC'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 States Government or any agency or instrumentality thereof. The Institute's policy prohibits investments in interest only or principal only CMO's, 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.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Investments consist of the following at June 30, 2024 and 2023:

<u>Investment Type</u>	<u>2024</u>	<u>2023</u>
Equity mutual funds	\$ 1,443,474	\$ 780,837
Fixed income mutual funds	843,634	439,061
Total	<u>\$ 2,287,108</u>	<u>\$ 1,219,898</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 equity mutual funds and fixed income mutual funds are as follows:

<u>Investment Type</u>	<u>Quality Rating at June 30, 2024</u>	
	<u>Fair Value</u>	<u>Unrated</u>
Equity mutual funds	\$ 1,443,474	\$ 1,443,474
Fixed income mutual funds	843,634	843,634
Total	<u>\$ 2,287,108</u>	<u>\$ 2,287,108</u>

<u>Investment Type</u>	<u>Quality Rating at June 30, 2023</u>	
	<u>Fair Value</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>\$ 1,219,898</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 4.57 years and 4.79 years, and a weighted average maturity of 6.17 years and 7.43 years for the years ended June 30, 2024 and 2023, respectively.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(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, 2024 and 2023.

	Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 1,443,474	\$ -	\$ -	\$ 1,443,474
Fixed income mutual funds	843,634	-	-	843,634
Total	\$ 2,287,108	\$ -	\$ -	\$ 2,287,108
	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

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(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. Depreciation expense was \$582,025 for the fiscal years ended June 30, 2024 and 2023.

Capital asset activity for the year ended June 30, 2024, 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	(7,448,834)	(582,025)	-	-	(8,030,859)
Total capital assets, being depreciated, net	<u>7,101,800</u>	<u>(582,025)</u>	<u>-</u>	<u>-</u>	<u>6,519,775</u>
Total Capital assets, net	<u>\$ 10,409,356</u>	<u>\$ (582,025)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,827,331</u>

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>

(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 \$116,812 to \$118,982 beginning June 1, 2021 through February 1, 2025.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

A summary of changes in long-term debt activity for the year ended June 30, 2024, 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	\$ 2,249,812	\$ -	\$ (1,349,606)	\$ 900,206	\$ 900,206

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

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>
2025	\$ 900,206	\$ 14,789	\$ 914,995

(6) **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 \$400,643 and \$258,740 for the years ended June 30, 2024 and 2023, respectively.

(7) **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 2024 or 2023.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(7) **Related Party Transactions:** (Continued)

- (b) 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 2024 or 2023.
- (c) 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 \$16,829 and \$3,568 for the years ended June 30, 2024 and 2023, respectively.
- (d) The University provides campus mail, telephone, and other such services to the Institute. Charges for the above services were \$32,449 and \$26,116 for the years ended June 30, 2024 and 2023, respectively, and are included in printing, postage and telephone in the accompanying financial statements.
- (e) The University of North Florida Foundation, Inc. reimburses the Institute for certain Foundation operating costs that are paid by the Institute. There were no reimbursements for the year ended June 30, 2024 and \$316,571 for the year ended June 30, 2023.
- (f) 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 \$31,612 and \$33,152 for the years ended June 30, 2024 and 2023, respectively.
- (g) The Institute has amounts payable to the University of \$58,910 and \$250,243 at June 30, 2024 and 2023, respectively.

(8) **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.

(9) **Concentrations:**

Grants receivable and revenues as of and for the years ended June 30, 2024 and 2023, were derived entirely from the State of Florida. Lease revenue for the years ended June 30, 2024 and 2023, was derived entirely from one tenant.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(10) **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 \$88,982 with a 2.5% annual increase on the first day of every September.

The Institute recognized \$888,466 of lease revenue and \$131,450 of interest revenue, for a total of \$1,019,916 of lease-related revenue for the year ended June 30, 2024.

Future minimum rents under non-cancelable operating leases as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 1,030,250	\$ 59,786	\$ 1,090,036
2026	180,606	1,808	182,414
	<u>\$ 1,210,856</u>	<u>\$ 61,594</u>	<u>\$ 1,272,450</u>

(11) **Segment Information:**

The Institute's financial statements for fiscal years 2024 and 2023 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, 2024.

	<u>The University of North Florida Training & Service Institute, Inc.</u>	<u>UNF TSI Investments, LLC</u>	<u>Total</u>
As of June 30, 2024			
Assets			
Current assets	\$ 5,172,426	\$ 179,903	\$ 5,352,329
Non-current assets	2,287,108	10,007,937	12,295,045
Total assets	<u>\$ 7,459,534</u>	<u>\$ 10,187,840</u>	<u>\$ 17,647,374</u>
Current liabilities	<u>\$ 943,012</u>	<u>\$ 993,487</u>	<u>\$ 1,936,499</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 1,036,544</u>	<u>\$ 1,036,544</u>
Net assets			
Unrestricted net position	\$ 6,516,522	\$ (769,316)	\$ 5,747,206
Net investment in capital assets	-	8,927,125	8,927,125
Total net position	<u>\$ 6,516,522</u>	<u>\$ 8,157,809</u>	<u>\$ 14,674,331</u>
Total liabilities, incl deferred inflows and net position	<u>\$ 7,459,534</u>	<u>\$ 9,151,296</u>	<u>\$ 16,610,830</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(11) **Segment Information:** (Continued)

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>

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2024			
Operating revenue and transfers	\$ 5,729,262	\$ 1,020,276	\$ 6,749,538
Operating expenses and transfers	12,592,833	582,169	13,175,002
Operating income (loss)	(6,863,571)	438,107	(6,425,464)
Non-operating Income (loss)	8,321,805	(73,838)	8,247,967
Change in net position	1,458,234	364,269	1,822,503
Net position, beginning of year	5,058,288	7,793,540	12,851,828
Net position, end of year	<u>\$ 6,516,522</u>	<u>\$ 8,157,809</u>	<u>\$ 14,674,331</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(11) **Segment Information:** (Continued)

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 (loss)	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>

Condensed Statement of Cash Flows for the year ended June 30, 2024.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2024			
Net cash provided by (used in):			
Operating activities	\$ (6,202,930)	\$ -	\$ (6,202,930)
Capital and related financing activities	(73,838)	(1,349,606)	(1,423,444)
Noncapital and related financing activities	8,024,325	-	8,024,325
Investing activities	(754,038)	-	(754,038)
	993,519	(1,349,606)	(356,087)
Cash and cash equivalents, beginning of year	18,753,718	(17,025,286)	1,728,432
Cash and cash equivalents, end of year	<u>\$ 19,747,237</u>	<u>\$ (18,374,892)</u>	<u>\$ 1,372,345</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

(11) **Segment Information:** (Continued)

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
	<u>Inc.</u>	<u>Investments, LLC</u>	<u>Total</u>
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)
	<u>1,386,078</u>	<u>(1,260,911)</u>	<u>125,167</u>
Cash and cash equivalents, beginning of year	<u>17,367,640</u>	<u>(15,764,375)</u>	<u>1,603,265</u>
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			

SUPPLEMENTARY INFORMATION

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 3,184,553
Highways Planning and Construction	20.205	453461-1-82-01	279,675	258,500
Highways Planning and Construction	20.205	453069-1-84-01	558,938	370,926
Total Highway Planning & Construction			<u>4,338,613</u>	<u>3,813,979</u>
Passed through Florida Department of Transportation:				
State and Community Highway Safety	20.600	M5TR-2024-00245	770,000	346,794
State and Community Highway Safety	20.600	MC-2023-00206	71,000	70,400
State and Community Highway Safety	20.600	MC-2024-00356	71,000	58,300
State and Community Highway Safety	20.600	OP-2023-00140	100,000	485
State and Community Highway Safety	20.600	OP-2024-00128	100,000	2,067
State and Community Highway Safety	20.600	PM-2024-00063	1,000,000	654,202
State and Community Highway Safety	20.600	PS-2023-00023	100,000	55,990
State and Community Highway Safety	20.600	PS-2023-00025	236,500	84,975
State and Community Highway Safety	20.600	PS-2023-00202	480,000	116,890
State and Community Highway Safety	20.600	PS-2024-00042	480,000	243,255
State and Community Highway Safety	20.600	PS-2024-00347	100,000	6,514
State and Community Highway Safety	20.600	PS-2024-00354	236,500	68,144
State and Community Highway Safety	20.600	PT-2023-00082	975,000	238,430
State and Community Highway Safety	20.600	PT-2023-00095	36,000	6,265
State and Community Highway Safety	20.600	PT-2023-00096	25,000	2,985
State and Community Highway Safety	20.600	PT-2023-00099	35,000	6,265
State and Community Highway Safety	20.600	PT-2023-00100	40,000	8,745
State and Community Highway Safety	20.600	PT-2023-00101	36,000	1,790
State and Community Highway Safety	20.600	PT-2023-00103	40,000	12,720
State and Community Highway Safety	20.600	PT-2023-00104	35,000	15,215
State and Community Highway Safety	20.600	PT-2023-00138	150,000	113,345
State and Community Highway Safety	20.600	PT-2023-00187	35,000	4,770
State and Community Highway Safety	20.600	PT-2023-00189	100,000	9,000
State and Community Highway Safety	20.600	PT-2023-00097	40,000	14,310
State and Community Highway Safety	20.600	PT-2024-00103	18,000	2,685
State and Community Highway Safety	20.600	PT-2024-00109	40,000	14,310
State and Community Highway Safety	20.600	PT-2024-00110	36,000	16,110
State and Community Highway Safety	20.600	PT-2024-00117	40,000	4,770
State and Community Highway Safety	20.600	PT-2024-00118	36,000	2,685
State and Community Highway Safety	20.600	PT-2024-00120	40,000	10,335
State and Community Highway Safety	20.600	PT-2024-00121	36,000	2,685
State and Community Highway Safety	20.600	PT-2024-00125	20,000	8,055
State and Community Highway Safety	20.600	PT-2024-00126	1,020,000	630,371
State and Community Highway Safety	20.600	PT-2024-00258	36,000	16,695
State and Community Highway Safety	20.600	PT-2024-00259	100,000	20,000
State and Community Highway Safety	20.600	PT-2024-00112	35,000	12,530
National Priority Safety Programs	20.616	FHPE-2023-00027	500,000	158,141
National Priority Safety Programs	20.616	FHTR-2023-00022	357,000	123,449
National Priority Safety Programs	20.616	FHTR-2024-00352	295,000	117,048
National Priority Safety Programs	20.616	M2X-2023-00228	356,000	49,060
National Priority Safety Programs	20.616	M2OP-2024-00357	350,000	242,640
National Priority Safety Programs	20.616	M5TR-2023-00049	75,000	11,475
National Priority Safety Programs	20.616	M5TR-2023-00060	150,000	18,565
National Priority Safety Programs	20.616	M5TR-2023-00071	35,000	11,925
National Priority Safety Programs	20.616	M5TR-2023-00072	45,000	7,140
National Priority Safety Programs	20.616	M5TR-2023-00073	45,000	13,725
National Priority Safety Programs	20.616	M5TR-2023-00074	225,000	39,270
National Priority Safety Programs	20.616	M5TR-2023-00077	17,000	2,925
National Priority Safety Programs	20.616	M5TR-2023-00081	765,000	106,991
National Priority Safety Programs	20.616	M5TR-2023-00086	15,000	4,440
National Priority Safety Programs	20.616	M5TR-2023-00112	30,000	4,740
National Priority Safety Programs	20.616	M5TR-2024-00247	150,000	75,050
National Priority Safety Programs	20.616	M5TR-2024-00248	75,000	12,150
National Priority Safety Programs	20.616	M5TR-2024-00249	35,000	27,825
National Priority Safety Programs	20.616	M5TR-2024-000251	225,000	112,455
National Priority Safety Programs	20.616	M5TR-2024-00252	17,000	5,850
National Priority Safety Programs	20.616	M5TR-2024-00253	45,000	13,725
National Priority Safety Programs	20.616	M5TR-2024-00254	45,000	5,950
National Priority Safety Programs	20.616	M5TR-2024-00255	20,000	7,735
National Priority Safety Programs	20.616	M5TR-2024-00256	15,000	6,105
National Priority Safety Programs	20.616	M5TR-2024-00257	30,000	12,245
National Priority Safety Programs	20.616	MSX-2023-00061	55,000	3,030
National Priority Safety Programs	20.616	MSX-2023-00137	100,000	433
National Priority Safety Programs	20.616	MSX-2024-00355	71,000	58,300
National Priority Safety Programs	20.616	MSX-2024-00129	100,000	45,740
National Priority Safety Programs	20.616	MSX-2024-00246	77,000	6,300
Total Highway Safety Cluster			<u>11,069,000</u>	<u>4,187,514</u>
Passed through Florida Department of Transportation:				
Bus and Bus Facilities Formula & Discretionary Programs	20.526	PT-2023-00092	48,000	7,140
Total Federal Transit Cluster			<u>48,000</u>	<u>7,140</u>
Total Department of Transportation			<u>15,455,613</u>	<u>8,008,633</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,455,613</u>	<u>\$ 8,008,633</u>
Reconciled to cash received from Department of Transportation during the year:				
Total amounts expended				\$ 8,008,633
Less net change in grants receivable in financial statements				15,692
Total cash received from Department of Transportation				<u>\$ 8,024,325</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, 2024**

(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, 2024. 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, 2024, 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,
University of North Florida Training and Services Institute, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of UNF Training and Service Institute, Inc. (the "Institute") as of and for the year ended June 30, 2024, 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 5, 2024.

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.

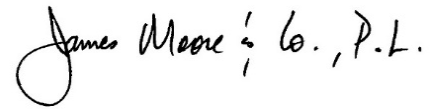
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Gainesville, Florida
September 5, 2024

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, 2024. 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, 2024.

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.

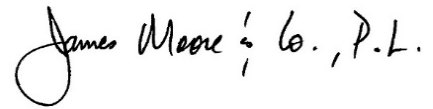
Report on Internal Control Over Compliance

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, circular initial "J" at the beginning.

Gainesville, Florida
September 5, 2024

