

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH
AND EDUCATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2025

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN’S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
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JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Finance and Audit Committee of the Board of Directors of,
The Florida International University Children's Alliance for Research and Education, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Florida International University Children's Alliance for Research and Education, Inc. (FIU CARE), a component unit of Florida International University for the period February 21, 2025 (inception) to June 30, 2025, and the related notes to the financial statements, which collectively comprise FIU CARE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of FIU CARE as of June 30, 2025, and the changes in financial position and its cash flows for the period February 21, 2025 (inception) to June 30, 2025, 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 FIU CARE 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.

Emphasis of Matter – Inception of Operations

As discussed in Note 1 to the financial statements, FIU CARE was incorporated on February 21, 2025, and these are FIU CARE's first financial statements covering the period from inception to June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

FIU CARE'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 FIU CARE'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 FIU CARE'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 FIU CARE'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.

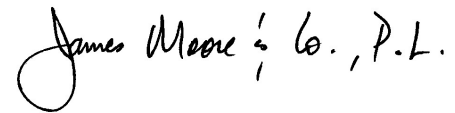
Required Supplementary Information

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 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 September 22, 2025, on our consideration of FIU CARE'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 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 FIU CARE'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" and a stylized "M".

Gainesville, Florida
September 22, 2025

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN’S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The Management’s Discussion and Analysis (MD&A) report provides an overview of the financial position and activities of The Florida International University Children’s Alliance for Research and Education, Inc. (FIU CARE or CARE) for the fiscal year ended June 30, 2025, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto, are the responsibility of management.

BACKGROUND

FIU CARE is a not-for-profit, university health services support organization, affiliated with Florida International University (FIU) and its Herbert Wertheim College of Medicine (HWCOM). CARE was established to facilitate the academic, research, and clinical objectives of FIU’s pediatric programs outlined in the Comprehensive Pediatric Agreement with Nicklaus Children’s Health System (NCHS).

The agreement was initially executed on March 7, 2025, and amended on March 20, 2025, reflecting the intention of the Parties to increase pediatric education, research and clinical program activities.

FIU CARE will manage activities that serve as a catalyst for elevating the standard of pediatric care in South Florida by recruiting and retaining high-caliber faculty who are leaders and innovators in pediatric medicine and creating a contemporary educational ecosystem and culture of research and innovation in alignment with clinical areas of strength. Fiscal year 2025 was FIU CARE’s first year of operations and results largely reflect initial funding positioning the entity for future programmatic expansion.

FINANCIAL HIGHLIGHTS

Fiscal year 2025 marked FIU CARE’s first year of operations, with results primarily reflecting the initial funding organizational expenses.

- Annual Unrestricted Mission Support (“AMS”): As of June 30th, 2025, CARE recorded revenues of \$5 million, of which \$3.42 million was received in March 2025 and \$1.82 million was received in July 2025.
- Operating expenses of \$1.20 million, generating net non-operating income of \$3.81 million, including \$14 thousand investment income.
- CARE ended its inaugural fiscal year with an unrestricted net position of \$3.81 million.
- Cash position at year-end totaled \$2.56 million, reflecting the initial unrestricted AMS received.
- Annual Strategic Reserve Pool: On July 7, 2025, CARE received \$5.42 million, not reflected in the financial statements for the fiscal year ended, June 30, 2025.

Statement of Net Position

CARE reported \$4.13 million in current assets, consisting primarily of cash at \$2.55 million and receivables from programmatic support at \$1.58 million. Current liabilities were \$320 thousand, reflecting principally amounts due to FIU for support. CARE’s net position of \$3.81 million is classified as unrestricted at year-end, with restricted balances expected to materialize in fiscal year 2026 upon receipt of Strategic Reserve Pool contribution.

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN’S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)**

Statement of Revenues, Expenses, and Changes in Net Position

Revenues for fiscal year 2025 were \$5 million, representing the portion of AMS earned under the Comprehensive Pediatric Agreement through June 30, 2025. Other nonoperating revenues include \$14 thousand from interest earnings.

Expenses totaled \$1.20 million, comprised of contracted professional services, primarily related to reimbursements for FIU provided support for programmatic initiatives. During the course of operations, CARE participates in physician supplemental payment programs administered by AHCA. Under Medicaid regulations, only public entities may serve as “IGT providers”. Accordingly, FIU, in its capacity as a public institution, advances the required funds to AHCA on behalf of CARE. These transfers are then used by AHCA to generate the federal match and to make supplemental payments to participating hospitals and medical schools. CARE records such amounts as due to FIU, since FIU acts as the transfer provider while CARE retains the underlying economic obligation.

Overall, net position totaled \$3.81 million at fiscal year-end, representing the organization’s initial accumulation of resources since inception.

FUTURE OUTLOOK

CARE is positioned for significant growth in fiscal year 2026 as AMS receipts accelerate under Amendment No. 2. The anticipated December 2025 installment of \$23.78 million, coupled with initial AMS installment payments will materially expand CARE’s assets and programmatic capacity. These funds will support FIU’s pediatric education and research missions, while the establishment of the Strategic Reserve Pool provides a foundation for long-term investment in joint pediatric programs that enhance and advance both institutions’ regional and national reputation.

Management anticipates that future financial statements will reflect higher expenditures as CARE scales initiatives, while maintaining fiscal stewardship.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of FIU CARE’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance and Administration Department, The Florida International University Children’s Alliance for Research and Education, Inc., 11200 SW 8th Street, Miami, Florida 33199.

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current assets

Cash and cash equivalents	\$ 2,554,585
Affiliate programmatic support receivable	<u>1,580,000</u>
Total current assets	<u><u>\$ 4,134,585</u></u>

LIABILITIES

Current liabilities

Due to Florida International University	\$ 302,523
Accounts payable	<u>20,000</u>
Total current liabilities	<u><u>\$ 322,523</u></u>

NET POSITION

Net position

Unrestricted	<u><u>\$ 3,812,062</u></u>
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The accompanying notes are an integral part
of this financial statement.

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE PERIOD FEBRUARY 21, 2025 TO JUNE 30, 2025**

Operating revenues	\$ <u> -</u>
Operating expenses	
Professional services	1,202,286
Total operating expenses	<u>1,202,286</u>
Operating loss	<u>(1,202,286)</u>
Nonoperating income	
Affiliate programmatic support	5,000,000
Investment income	14,348
Total nonoperating income	<u>5,014,348</u>
Change in net position	<u>3,812,062</u>
Net position, beginning of year	-
Net position, end of year	<u><u>\$ 3,812,062</u></u>

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

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FEBRUARY 21, 2025 TO JUNE 30, 2025**

Cash flows from operating activities	
Payments to suppliers for goods and services	\$ (879,763)
Net cash and cash equivalents used in operating activities	<u>(879,763)</u>
Cash flows from investing activities	
Interest income received	14,348
Net cash and cash equivalents provided by investing activities	<u>14,348</u>
Cash flows from noncapital financing activities	
Receipts from affiliate programmatic support	3,420,000
Net cash and cash equivalents provided by noncapital financing activities	<u>3,420,000</u>
Net change in cash and cash equivalents	<u>2,554,585</u>
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	<u><u>\$ 2,554,585</u></u>
Reconciliation of operating loss to net cash and cash equivalents used in operating activities:	
Operating loss	\$ (1,202,286)
Change in assets and liabilities:	
Due to Florida International University	302,523
Accounts payable	20,000
Net cash and cash equivalents used in operating activities	<u><u>\$ (879,763)</u></u>

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

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN’S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

(a) **Reporting entity**—The Florida International University Children’s Alliance for Research and Education, Inc. (“FIU CARE”) is organized: (i) as a not-for-profit corporation pursuant to Chapter 617, Florida Statutes; (ii) as a university health services support organization pursuant to Sections 1004.29 and 1004.30, Florida Statutes; (iii) pursuant to Board of Governors Regulations 9.011 and 9.017; and (iv) pursuant to all other applicable state of Florida laws and Florida International University Board of Trustees regulations. FIU CARE shall possess all of the powers and authority as are now or may hereafter be granted to not-for-profit corporations and university health services support organizations in the State of Florida. FIU CARE is organized and shall be operated exclusively for charitable, scientific, and educational purposes and not for pecuniary profit, and for the support and benefit of the Florida International University (the “University” or “FIU”) and its Herbert Wertheim College of Medicine (HWCOME), pursuant to Florida Board of Governors Regulation 9.017. FIU CARE is an affiliated organization and component unit of Florida International University (“FIU”) and is included by discrete presentation in FIU’s financial statements.

(b) **Basis of presentation**—The financial statements of FIU CARE have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. FIU CARE reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of FIU CARE’s governing body by one or more state or local governments.

In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, FIU CARE met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of FIU CARE are maintained in accordance with the principles of fund accounting.

(i) **Restricted**—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by creditors, grantors, contributors, or law.

(ii) **Unrestricted**—Represents funds that are available without restriction for carrying out FIU CARE’s objectives.

If both restricted and unrestricted assets are available for use for a certain purpose, it is FIU CARE’s policy to use restricted assets first, then use unrestricted assets as needed.

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

(c) **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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(d) **Cash and cash equivalents**—FIU CARE considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral.

In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

(e) **Operating revenue and expenses**—FIU CARE's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues, and expenses. Operating expenses include programmatic services and other expenses that are passed through to stakeholders. There were no operating revenues for the period ended June 30, 2025.

(f) **Affiliate programmatic revenue**—Affiliate programmatic revenues are earned under the terms of the agreement with Nicklaus Children's Health System (NCHS) and consist of an annual base mission support contribution of \$5 million. Revenue is recognized as eligibility requirements are met.

(g) **Income taxes**—FIU CARE is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for unrelated business income. FIU CARE intends to file its application for recognition under Section 501(c)(3) of the Internal Revenue Code and that process is currently underway. Upon approval, the exemption will be retroactive to the date of incorporation. There were no income taxes resulting from unrelated business income during the period ended June 30, 2025. Management is not aware of any activities that would jeopardize FIU CARE tax exempt status. FIU CARE is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years for the past three years remain subject to examination by taxing authorities.

(h) **Pronouncements issued**—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. FIU CARE has not currently determined what, if any, impact the implementation of the following will have on FIU CARE's financial statements.

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.

**THE FLORIDA INTERNATIONAL UNIVERSITY
CHILDREN'S ALLIANCE FOR RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

(2) **Pediatric Agreement:**

Effective March 7, 2025, an agreement was executed by the FIU Board of Trustees, HWCOR, and FIU CARE with NCHS to use their collective resources and expertise to establish a Comprehensive Pediatric Program that advances the standard of care for children in South Florida through integrated clinical care, physician training, and pediatric research. The agreement is effective through March 2045 with one automatic extension of ten years.

For the period ended June 30, 2025, total revenues earned under the terms of the agreement were \$5,000,000 in academic mission support. These are reported as non-operating revenues in the statement of revenues, expenses, and changes in net position.

(3) **Related Party Transactions:**

As of June 30, 2025, \$302,523 was owed to FIU for expenses incurred in the ordinary course of business and is included in current liabilities on the statement of net position.

(4) **Commitments and Contingencies:**

Healthcare industry—The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare participation requirements, reimbursement for patient services, Medicare fraud and abuse and under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that FIU CARE is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

COMPLIANCE SECTION

**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 Finance and Audit Committee of the Board of Directors of,
The Florida International University Children's Alliance for Research and Education, 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, the financial statements of The Florida International University Children's Alliance for Research and Education, Inc. (FIU CARE) as of and for the period ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FIU CARE's internal control over financial reporting (internal control) as a basis for designing the 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 FIU CARE's internal control. Accordingly, we do not express an opinion on the effectiveness of FIU CARE'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.

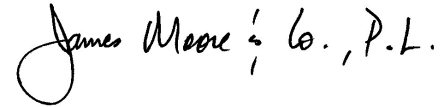
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FIU CARE’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 style with a large, looped initial "J".

Gainesville, Florida
September 22, 2025