

**THE FLORIDA INTERNATIONAL UNIVERSITY
HEALTH CARE NETWORK, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2025

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
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INDEPENDENT AUDITORS' REPORT

To the Finance and Audit Committee of the Board of Directors of
The Florida International University Health Care Network, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Florida International University Health Care Network, Inc. (FIU Health), a component unit of Florida International University as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise FIU Health'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 Health as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

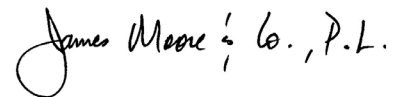
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 October 14, 2025, on our consideration of FIU Health'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 Health'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
October 14, 2025

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, 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 Health Care Network, Inc. (FIU Health or HCN) for the fiscal years ended June 30, 2025, and 2024, 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.

FINANCIAL HIGHLIGHTS

- Total net position as of June 30, 2025, was \$29.56 million.
- The change in net position increased by \$11.39 million.
- At year-end, current assets were at \$32.35 million.

BACKGROUND

In fiscal year 2024, the FIU HealthCare Network entered a long-term Affiliation Agreement with Baptist Health South Florida to advance clinical care, research, and medical education across South Florida. The agreement formalized a shared commitment to building a premier academic health center and established a strategic partnership governed by a joint steering committee structure. Through this affiliation, Baptist commits to provide stable and recurring funding to support key academic initiatives. This includes annual Academic Mission Support and Research Support, funding for the development and expansion of the Graduate Medical Education (GME) program, and financial backing for clinical services and reimbursable Professional Services Agreements. Together, these integrated funding mechanisms are strategically structured to align institutional priorities, focus and advance investments to achieve designated financial outcomes, and significantly amplify the impact, quality, and geographic reach of FIU's academic medicine mission across South Florida.

Fiscal year 2025 underscored a period of significant progress in HCN's evolution under the Baptist Health South Florida (BHSF) affiliation agreement, completing its first full year of operations under the new funding model. As part of this transformative phase, HCN redesigned its organizational structure into four strategic business units, aligning clinical and academic operations with this affiliation framework. This restructuring enabled a more integrated and strategic approach to faculty recruitment and research expansion, facilitating the launch of major initiatives.

During the year, HCN supported the recruitment of two strategic hires under Professional Services Agreement (PSA), establishing a structured framework that supports the ongoing recruitment of distinguished faculty. This serves to strengthen the academic and clinical capabilities of both institutions by bringing two recognized experts and advancing the development of specialized research and clinical programs for the benefit of FIU students and the South Florida community.

Fiscal year 2025 also represented a foundational year for the GME program, with key infrastructure established to support the launch of residency training. The inaugural cohort of residents commenced in July 2025 and includes approximately 68 residents and fellows across eight residency programs.

The year also concluded with the transition of clinic operations to Baptist Health South Florida, effective July 1, 2025. This transition extended the PSA framework to encompass the full complement of clinical faculty physicians who will continue to advance the clinical enterprise, academic training and institutional goals.

OVERVIEW OF FINANCIAL STATEMENTS

FIU Health's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

Statement of Net Position

The statement of net position reflects the assets and liabilities of FIU Health, using the accrual basis of accounting, and presents the financial position of FIU Health at a specified time. The difference between total assets and total liabilities, net position, is one indicator of FIU Health's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in FIU Health's financial condition.

The following summarizes FIU Health's assets, liabilities, and net position as of June 30:

Condensed Statements of Net Position as of June 30 (In Thousands)

	<u>2025</u>	<u>2024</u>
Current assets		
Cash and Investments	\$ 26,757	\$ 15,947
Due From Florida International University	231	2,119
Other Receivables	5,366	2,540
Other Current Assets	-	20
Total Current assets	<u>32,354</u>	<u>20,626</u>
Non-Current Assets		
Lease Receivables, net long term	3,792	4,155
Depreciable and Non Dep Capital Assets, net	1,510	1,461
Total Non-Current Assets	<u>5,302</u>	<u>5,616</u>
Total Assets	<u>\$ 37,656</u>	<u>\$ 26,242</u>
Current Liabilities		
Accounts Payable	403	97
Accounts Payable, FIU	1,446	3,632
Unearned Revenue	2,295	-
Total Current Liabilities	<u>4,144</u>	<u>3,729</u>
Noncurrent Liabilities		
Deposits Payable	54	54
Total Noncurrent Liabilities	<u>54</u>	<u>54</u>
Deferred Inflows	<u>3,889</u>	<u>4,288</u>
Total Liabilities and Deferred Inflows	<u>\$ 8,087</u>	<u>\$ 8,071</u>
Net Position		
Net Investment in capital assets	\$ 1,510	\$ 1,461
Restricted expendable	9,623	5,000
Unrestricted	18,436	11,710
Total Net Position	<u>29,569</u>	<u>18,171</u>
Total Liabilities and Net Position	<u>\$ 37,656</u>	<u>\$ 26,242</u>

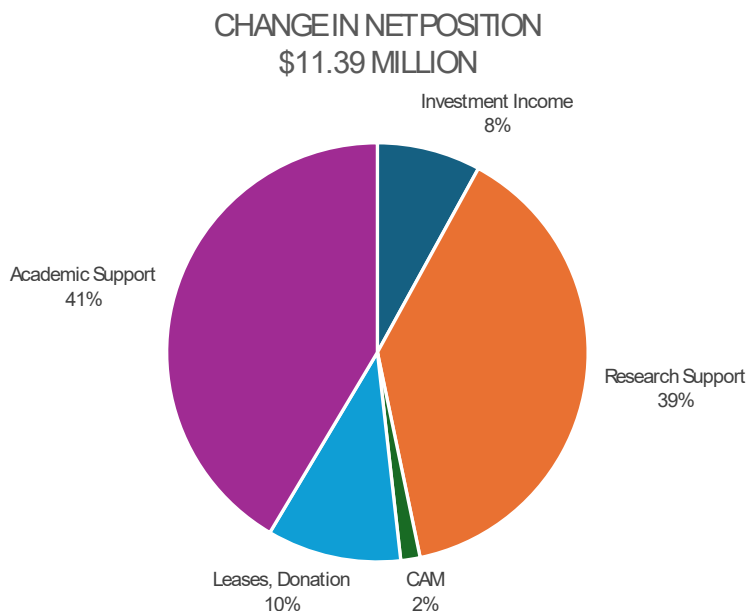
THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

In fiscal year 2025 total assets increased by approximately \$11.41 million from June 30, 2024. This is primarily driven by an increase in cash and investment holdings associated with the affiliation agreement, which is expected to support ongoing programmatic initiatives and capital needs.

Total liabilities remained stable relative to the prior year, although its composition shifted, reflecting a \$2.18 million decrease due to Florida International University resulting from the settlement of clinical operating expenses, which was offset by a \$2.29 million increase in unearned revenues tied to GME programmatic funding. Accounts payable increased by \$306 thousand, attributable to costs incurred under the affiliation to support initiatives such as consulting and laboratory services, with related expenses shared between Baptist Health and FIU Health. Deferred inflows of resources decreased by \$399 thousand, consistent with the systematic recognition of lease revenues under GASB 87 for lease obligations related to space leased within the Ambulatory Care Center.

Total Net Position ended at 29.56 million dollars, representing an increase of \$11.39 million compared to the prior fiscal year. This growth was primarily driven by approximately \$4.42 million in inflows that are restricted for research support and \$4.73 million in unrestricted inflows designated for academic mission support. Both are part of recurring funding commitments under the Baptist affiliation. The increase in research support is largely due to timing, as some costs were delayed while HCN advanced faculty recruitment and prepared for planned capital investments. Similarly, the increase in academic mission support reflects planned expenditures aligned with strategic planning, with related spending expected to phase in over future years to support long-term financial sustainability. An additional \$1.17 million is attributed to a combination of lease revenues, management fees, a scholarship donation to be awarded in academic year 2026, and remodeling funds received for a condominium space held in South Miami. Finally, investment income increased by \$910 thousand as a result of higher cash holdings from timing-related expenditure shifts.

The following chart provides a visual representation of the change in net position and related proportion by source:



THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position outlines FIU Health's financial activity, distinguishing operating from non-operating components. Operating revenues primarily include management fees, affiliate programmatic support for academic and research initiatives, and income from leases, CAM (common area maintenance), and clinical services. Additionally, reimbursable expenses from the GME Program, the PSA, and a Neuropathology Lab are recognized as part of operating activity, reflecting external support aligned with FIU Health's academic and clinical mission.

Revenues and expenses are recognized when earned or incurred.

The following summarizes the FIU Health's activity for the fiscal years ended June 30:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	2025	2024
Operating revenues	\$ 21,480	\$ 16,599
Operating expenses	<u>11,095</u>	<u>4,364</u>
Operating Gain	10,385	12,235
Non-operating revenue and expenses – net	<u>1,013</u>	<u>513</u>
Change in Net Position	11,398	12,748
Net Position, beginning of year	<u>18,171</u>	<u>5,423</u>
Net Position, end of year	<u>\$ 29,569</u>	<u>\$ 18,171</u>

Operating Revenues

The following summarizes by source, the operating revenues that were used to fund operating activities during the fiscal year ended June 30.

Operating Revenues (In Thousands)

	2025	2024	Change
Management fees	\$ 3,093	\$ 2,198	\$ 895
Affiliate Programmatic Support	12,278	10,000	2,278
Contributions	214	1,360	(1,146)
Other - Leases and CAM	912	884	28
Other - Reimbursement	<u>4,983</u>	<u>2,157</u>	<u>2,826</u>
Total Operating Revenues	<u>\$ 21,480</u>	<u>\$ 16,599</u>	<u>\$ 4,881</u>

Operating revenues totaled \$21.48 million, an increase of \$4.88 million from the prior fiscal year.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

FIU Health generates management fee revenues through its oversight of the Herbert Wertheim College of Medicine (HWCOM) clinics, where faculty physicians provide clinical services to the local community. These services include Family Medicine, Internal Medicine, Gynecology, Dermatology, Clinical Oncology, Psychiatry, and Behavioral Health, all delivered at the Ambulatory Care Center (ACC) located on the Modesto A. Maidique Campus. FIU holds major contractual agreements related to these services and collects net patient revenues, which are subsequently transferred to FIU Health as management fees. Additional revenue is derived from the management of the Student Health Clinic under the Division of Academic & Student Affairs (DASA) through a service agreement. The \$895 thousand increase in revenue is primarily attributed to higher patient service revenues and newly generated overhead fees stemming from the management of the GME and PSA programs.

Affiliate programmatic support refers to funding streams aligned with mission-driven activities, including GME, academic mission support, and research support initiatives. These revenues are primarily supported by long-term commitments from Baptist Health South Florida under the master affiliation agreement. Program revenue increase is due to \$1.63 million in new GME funding and \$600 thousand tied to the launch of a Neuropathology Research Laboratory's start-up package. Funding included an additional \$50 thousand award in support of basic neuroscience research initiatives.

Lease revenues are earned from agreements for rental of the Ambulatory Care Center (ACC) to Gastro Health and Nicklaus Children's Hospital on the second floor operating as an Ambulatory Surgical Center which opened in April 2015. The CAM portion of rent received from Nicklaus Children's Hospital is recognized as revenue and designated for future CAM costs. The increase is relative to the CPI rate increase. The proceeds from the CAM are set aside as reserves for future CAM expenses.

Other reimbursements include both clinical faculty PSAs and reimbursable clinical losses. The \$2.83 million increase in 2025 is primarily driven by a \$1.58 million rise in reimbursable clinical losses, reflecting a full year of operations compared to seven months in 2024, along with \$1.24 million of the increase associated with the launch of the new PSA hires.

Operating Expenses

FIU Health categorizes expenses as operating or non-operating. The Governmental Accounting Standards Board (GASB) gives financial reporting the choice of reporting operating expenses in the functional or natural classifications. FIU Health has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30.

Operating Expenses (In Thousands)

	2025	2024	Change
Contractual personnel services	\$ 8,258	\$ 3,276	\$ 4,982
Contracted professional services	865	222	643
Shared Service fee	359	234	125
Common area maintenance expenses	49	45	4
Software licensing fees	243	320	(77)
Other operating	731	38	693
Depreciation	11	10	1
Supplies - medical	190	147	43
Utilities	41	37	4
Repairs and maintenance	259	15	244
Advertising and promotion	27	13	14
Supplies - other	62	7	55
Total Operating Expenses	<u>\$ 11,095</u>	<u>\$ 4,364</u>	<u>\$ 6,731</u>

Fiscal year 2025 operating expenses totaled approximately \$11.09 million, an increase of \$6.73 million from the previous fiscal year.

The \$4.98 million increase in contracted personnel services is primarily driven by staffing costs tied to several new programs. These include \$1.37 million for GME, \$1.21 million related to the PSA, and \$580 thousand in support for a Neuropathology Lab and staff for a Protocol Laboratory and Biospecimen Repository Facility at Baptist Health South Florida (BHSF). Additionally, \$1.69 million corresponds to clinic personnel costs now reflecting a full year of operations under the Baptist affiliation agreement, compared to only seven months in the prior fiscal year.

Contracted professional services also increased by \$640 thousand. The rise in contracted services is primarily due to strategic consulting engagements undertaken in 2025. These includes costs associated with consulting services to support strategic planning and sustainability of research initiatives, and others to perform a comprehensive clinical compensation analysis. Additionally, a financial reporting project with agreed-upon procedures was launched to align with Baptist Health-sponsored initiatives. These consulting efforts collectively contributed to a significant increase in external contracted service expenditures

Other operating expenses rose by \$690 thousand, primarily due to: \$250 thousand in capital outlays for FIU laboratory equipment; \$110 thousand linked to medical insurance liabilities (SIP insurance); and \$333 thousand in new costs associated with the GME program, PSA agreement, neuropathology lab, and research initiatives.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

Repairs and maintenance expenses increased by \$240 thousand, primarily driven by remodeling and new signage associated with the transition of clinical operations to Baptist Health South Florida.

The shared services fee charged by FIU, calculated as a percentage of actual expenses for eligible funding sources, increased by \$130 thousand as a result of the higher clinic costs.

Non-Operating Expenses

Non-operating revenues and expenses primarily consist of net earnings from investments held with the State Treasury’s Special Purpose Investment Account (SPIA), as well as interest income from bank deposits and money market funds. Additionally, the organization received \$104 thousand in remodeling construction-in-progress assets from FIU for improvements made at the South Miami condominium,

The following summarizes the FIU Health’s non-operating expenses for the fiscal years ended June 30:

Non Operating Revenues (Expenses) (In Thousands)

	2025	2024
Investment Income, net	\$ 907	\$ 513
Support from FIU	104	-
Gain on disposal; of capital asset	1	-
Total Non Operating Revenues	\$ 1,012	\$ 513

Investment earnings increased primarily due to the accumulation of long-term recurring cash from Academic Mission Support and Research Support. As noted earlier, these funds experienced delays in expenditure (particularly in relation to ongoing faculty recruitment and capital initiatives) resulting in higher short-term investment returns during the period.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Over the next several years, HCN and FIU anticipate continued growth under the affiliation as residency programs expand, PSA-supported faculty deepen clinical and teaching capacity, and research capability scales. A centerpiece of this expansion is the Clinical Partnership Medical Center, a planned 100,000-square-foot outpatient academic facility on the Modesto A. Maidique Campus. Targeted for opening around 2028, the center will house specialty practices, diagnostic imaging and laboratories, ambulatory surgery, and dedicated space for interdisciplinary training. It will serve as a physical anchor for clinical faculty across multiple specialties and better align research activity with real-world patient care. In addition, the transition of Baptist Hospital to a statutory teaching hospital will support growth in FIU College of Medicine residency programs by increasing available positions and deepening clinical rotations.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of FIU Health'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 Health Care Network, Inc., 11200 SW 8th Street, Miami, Florida 33199.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 3,674,926
Due from Florida International University	231,282
Contracted clinical services receivable	4,259,533
Affiliate programmatic support receivable	704,973
Current portion of lease receivable	350,957
Lease-related interest receivable	11,901
Other current receivables	37,615
Investments	23,082,333
Total current assets	32,353,520

Noncurrent assets

Lease receivable, less current portion	3,791,960
Nondepreciable capital assets	1,499,009
Depreciable capital assets, net	11,104
Total noncurrent assets	5,302,073

Total assets

\$ 37,655,593

LIABILITIES

Current liabilities

Accounts payable	\$ 402,633
Due to Florida International University	1,446,584
Unearned revenue	2,294,823
Total current liabilities	4,144,040

Noncurrent liabilities

Deposits payable	53,635
Total noncurrent liabilities	53,635

Total liabilities

\$ 4,197,675

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - lease-related	\$ 3,888,813
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NET POSITION

Net position

Net investment in capital assets	\$ 1,510,113
Restricted expendable	9,622,749
Unrestricted (see note 8)	18,436,243

Total net position

\$ 29,569,105

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

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues	
Management fee revenue	\$ 3,092,842
Contracted clinical services	4,983,477
Affiliate programmatic support	12,277,934
Lease-related revenue	912,391
Contributions	213,690
Total operating revenues	<u>21,480,334</u>
Operating expenses	
Contractual personnel services	8,258,027
Contracted professional consulting services	864,686
Shared services fee	358,802
Repairs and maintenance	258,652
Software licensing fees	243,161
Other operating	731,089
Supplies - medical	189,643
Supplies - other	62,388
Common area maintenance expenses	49,324
Utilities	40,661
Advertising and promotion	27,104
Depreciation	11,397
Total operating expenses	<u>11,094,934</u>
Operating income	<u>10,385,400</u>
Nonoperating income (expenses)	
Investment income, net	906,813
Support from Florida International University	103,995
Gain on disposal of capital asset	1,411
Total nonoperating income (expenses)	<u>1,012,219</u>
Change in net position	<u>11,397,619</u>
Net position, beginning of year	18,171,486
Net position, end of year	<u><u>\$ 29,569,105</u></u>

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

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities	
Receipts from management fee revenue	\$ 4,980,400
Receipts from affiliate programmatic support	14,081,474
Receipts from contractual clinical services	2,881,325
Receipts from lease-related revenue	860,044
Payments to suppliers for goods and services	<u>(12,944,432)</u>
Net cash and cash equivalents provided by operating activities	<u>9,858,811</u>
 Cash flows from capital and related financing activities	
Proceeds from sale of fixed assets	<u>45,000</u>
Net cash and cash equivalents provided by noncapital financing activities	<u>45,000</u>
 Cash flows from investing activities	
Purchase of investments	(8,712,703)
Interest income received	<u>856,908</u>
Net cash and cash equivalents used in investing activities	<u>(7,855,795)</u>
 Net change in cash and cash equivalents	 <u>2,048,016</u>
 Cash and cash equivalents, beginning of year	 1,626,910
 Cash and cash equivalents, end of year	 <u>\$ 3,674,926</u>
 Reconciliation of operating income to net cash and cash equivalents provided by operating activities:	
Operating income	\$ 10,385,400
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:	
Depreciation	11,397
Change in operating assets and liabilities:	
(Increase) decrease in:	
Contracted clinical services receivable	(2,102,152)
Affiliate programmatic support receivable	(704,973)
Lease receivable	349,162
Lease-related interest receivable	1,003
Due from Florida International University	1,887,558
Other current receivables	15,965
Increase (decrease) in:	
Deferred inflow of resources	(398,853)
Unearned revenue	2,294,823
Due to Florida International University	(2,185,511)
Accounts payable	<u>304,992</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 9,858,811</u>

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

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

(a) **Reporting entity**—The Florida International University Health Care Network, Inc. (“FIU Health”) 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 Health 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 Health 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 (HWCOM), pursuant to Florida Board of Governors Regulation 9.017. FIU Health is an affiliated organization and component unit of Florida International University (“FIU”) and is included by discrete presentation in FIU’s financial statements.

FIU Health was organized in the State of Florida on February 21, 2008, and on August 9, 2012, FIU Health changed its name from The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. to The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. On April 27, 2023, FIU Health changed its name to The Florida International University Health Care Network, Inc.

(b) **Basis of presentation**—The financial statements of FIU Health 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 Health 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 Health’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 Health 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 Health are maintained in accordance with the principles of fund accounting. Accordingly, the net position of FIU Health is reported as follows:

- (i) **Net investment in capital assets**—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of the capital assets.
- (ii) **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. Restricted funds include:

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

Expendable restricted—Includes resources in which FIU Health is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

(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**—FIU Health 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) **Investments and fair value measurements**—Amounts reported as investments consist of funds invested in the JPMorgan U.S. Government Money Market Fund (JPMorgan money market) and the Special Purpose Investment Account (“SPIA”) within the Florida Treasury Investment Pool (“FTIP”). FTIP is a pool of investments whereby FIU Health owns a share of the pool, not the underlying securities.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, money market funds are recorded at amortized cost, which is generally equivalent to fair value, and are not categorized in the fair value hierarchy. SPIA funds are recorded at fair value. Interest, dividends, and gains and losses on investments, both realized and unrealized, are included in net investment income on the statement of revenues, expenses and changes in net position.

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

(f) **Capital assets**—Capital assets are reported at historical cost less accumulated depreciation. Capital assets consist of fixed and moveable medical equipment. Depreciation is calculated using the straight-line method over the estimated service lives of the assets, which consist of 5-15 years for moveable equipment.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

(g) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is FIU Health’s policy to use restricted assets first, and then use unrestricted assets as needed.

(h) **Operating revenue and expenses**—FIU Health’s statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenue results from exchange transactions associated with providing management services to HWCOC, Student Health Clinics, the management of the ACC, and the subleases to Nicklaus Children’s Hospital and Gastro Health in addition to affiliate programmatic revenue received from Baptist Health South Florida, Inc. (“Baptist”). Operating expenses include all expenses incurred to provide management services, other than external financing costs. Additionally, operating expenses also include programmatic services and other expenses that are passed through to stakeholders.

(i) **Affiliate programmatic revenue**—Affiliate programmatic revenues are earned under the terms of the agreement with Baptist and consist of the following: annual base mission support contribution made up of a research and academic component of \$5 million each, reimbursements for the Neuropathology Lab and Graduate Medical Education Program (“GME”), overhead revenues related to the GME and Professional Service Agreements (“PSA”). Unearned revenue primarily relates to GME/programmatic funding received in advance under the Baptist affiliation; revenue will be recognized as eligibility requirements are met.

(j) **Contracted clinical services**—Under the terms of the agreement with Baptist, Baptist will reimburse FIU Health for the net operating losses of the Ambulatory Care Center (“ACC”) up to a maximum of \$4 million per year until the operations of the ACC have been transferred to Baptist. In addition, Baptist reimburses FIU Health for physician time and services provided under existing PSAs.

(k) **Income taxes**—FIU Health 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. There were no income taxes resulting from unrelated business income during the year ended June 30, 2025. Management is not aware of any activities that would jeopardize FIU Health tax-exempt status. FIU Health 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.

(l) **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 Health has not currently determined what, if any, impact the implementation of the following will have on FIU Health’s financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB Statement No. 103 seeks 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 periods beginning after June 15, 2025.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires entities to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for the financial statement users by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

(2) **Investments:**

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

FIU Health reported investments in the JPMorgan money market fund at fair value of \$21,964,169 as of June 30, 2025. This is a money market fund seeking to provide current income consistent with liquidity and stability of principal by investing in a portfolio of debt securities issued or guaranteed by the U.S. government or related agencies. These investments include repurchase agreements fully collateralized by U.S. Treasury and government securities. The dollar-weighted average maturity (WAM) of the fund will be 60 days or less and the dollar-weighted average life to maturity (WAL) will be 120 days or less. The fund carried a credit rating of AAAM by Standard & Poor's as of June 30, 2025.

FIU Health reported investments in SPIA at fair value totaling \$1,118,164 at June 30, 2025, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years with a fair value factor of 1.0030 as of June 30, 2025.

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

The fair value of FIU Health's investment in the SPIA is measured on a recurring basis, which is valued based on FIU Health's share of the pool as of June 30, 2025.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
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(3) Baptist Agreement:

Effective November 28, 2023, an agreement was executed by the FIU Board of Trustees, HWCOM, and FIU Health with Baptist Health South Florida, Inc. (“Baptist”) to develop an academic medical center enterprise that will drive clinical, research and education growth for the benefit of the residents of South Florida. The agreement is effective through November 2033 with two automatic extensions of five years each.

For the year ended June 30, 2025, total revenues earned under the terms of the agreement were as follows:

Academic mission support	\$	5,000,000
Research support		5,050,000
Reimbursements for net operating losses related to Ambulatory Care Center		3,741,374
Reimbursements for GME		1,631,953
Reimbursements for PSAs		1,242,103
Reimbursements for Neuropathology lab		595,981
Administrative overhead revenue		250,142
Total revenues under Baptist agreement	<u>\$</u>	<u>17,511,553</u>

(4) Capital Assets:

A summary of capital asset activity for the year is as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2025</u>
Nondepreciable capital assets	\$ 1,395,014	\$ 103,995	\$ -	\$ 1,499,009
Medical equipment	606,283	-	(191,766)	414,517
Accumulated depreciation	(540,193)	(11,397)	148,177	(403,413)
Depreciable capital assets, net	66,090	(11,397)	(43,589)	11,104
Total capital assets, net	<u>\$ 1,461,104</u>	<u>\$ 92,598</u>	<u>\$ (43,589)</u>	<u>\$ 1,510,113</u>

(5) Related Party Transactions:

As of June 30, 2025, \$1,446,584 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. Amounts owed from FIU for revenues incurred in the ordinary course of business are included in current assets on the statement of net position at June 30 2025, and totaled \$231,282. During the year ended June 30, 2025, FIU transferred construction-in-progress improvements of \$103,995. No cash was received and this is recognized as nonoperating support in the statement of revenues, expenses and changes in net position.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(6) **Leases:**

The University and FIU Health are parties to a space leasing agreement for the Ambulatory Care Center with a term of 40 years, expiring in October 2053. For the year ended June 30, 2025, rent expense under this agreement amounted to \$1 per year.

Furthermore, certain space within this facility was subleased. For the year ended June 30, 2025, FIU Health recognized lease revenue of \$540,063, interest revenue of \$153,514, and common area maintenance income of \$218,814, for a total \$912,391 of lease-related revenue. This sublease runs through 2035 and has an option to renew for an additional 10-year period. Future minimum rentals will be increased by the Bureau of Labor Statistics Consumer Price Index (“CPI”) on an annual basis. Future minimum rentals to be received on the sublease are as follows:

Fiscal Year Ending June 30	Principal	Interest	Common Area Maintenance	Total
2026	\$ 350,957	\$ 140,786	\$ 218,814	\$ 710,557
2027	374,934	127,631	218,814	721,379
2028	388,525	114,000	218,814	721,339
2029	402,608	99,875	218,814	721,297
2030	417,202	85,237	218,814	721,253
2031 – 2035	2,208,691	188,117	1,039,367	3,436,175
Total future minimum rentals	<u>\$ 4,142,917</u>	<u>\$ 755,646</u>	<u>\$ 2,133,437</u>	<u>\$ 7,032,000</u>

FIU Health leases building occupancy on a month-to-month basis. Total rental expense for the year ended June 30, 2025 was \$746.

(7) **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 Health 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.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(8) **Net Position:**

FIU Health has designated certain components of current unrestricted net position for certain purposes. Unrestricted net position is classified as follows at June 30, 2025:

Designated	
Common area maintenance	<u>\$ 1,341,611</u>
Total designated	<u>1,341,611</u>
Undesignated	
This component represents funds that have not been designated for any purpose by the Board of Directors and are readily available for expenditure, in accordance with the purpose and bylaws of FIU Health [see Note (1) (a)]	<u>17,094,632</u>
Total unrestricted net position	<u><u>\$ 18,436,243</u></u>

At June 30, 2025, restricted net position of \$9,622,749 consists of unspent funds related to the research component of the Baptist agreement. These funds are subject to external restrictions by research and steering committees on how they are able to be spent and are included within restricted net position until they have been spent in accordance with their intended purpose.

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 Health Care Network, 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 Health Care Network, Inc. (FIU Health) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FIU Health'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 Health's internal control. Accordingly, we do not express an opinion on the effectiveness of FIU Health'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.

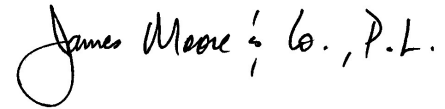
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FIU Health'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.

James Moore & Co., P.L.

Gainesville, Florida
October 14, 2025