GATORCARE HEALTH MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2025

GATORCARE HEALTH MANAGEMENT CORPORATION
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
GatorCare Health Management Corporation:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate remaining fund information of GatorCare Health Management Corporation ("GatorCare"), a direct support organization and component unit of the University of Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise GatorCare's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of GatorCare as of June 30, 2025, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GatorCare's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GatorCare's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025, on our consideration of GatorCare's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GatorCare's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 6, 2025

GATORCARE HEALTH MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Introduction

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

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

This section of GatorCare's annual financial report presents GatorCare's analysis of its financial performance as of and for the year ended June 30, 2025, with comparative information as of and for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and related note disclosures.

Overview of the Financial Statements

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

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

Statements of Net Position

The condensed statements of net position present the financial position of GatorCare as of June 30, 2025 and 2024, and include all assets and liabilities of GatorCare. Assets and liabilities are generally measured using current values. The net position is one indicator of the current financial condition of GatorCare. Changes in net position are an indicator of whether the overall financial condition of the organization has improved or worsened over a period of time.

The following table presents GatorCare's condensed statements of net position as of June 30, 2025 and 2024:

(Amounts in thousands)	2025	2024
Assets		
Cash and cash equivalents	$ -	$ 420
Short-term investments	8,204	4,852
Other current assets	50	59
Capital assets, net	1	2
Total assets	8,255	5,333
Liabilities		
Current liabilities	618	568
Total liabilities	618	568
Net position		
Net investment in capital assets	1	2
Unrestricted	7,636	4,763
Total net position	$ 7,637	$ 4,765

Short-term investments increased by $2.9 million due to interest income earned and reinvested in the Special Purpose Investment Account ("SPIA") and FL CLASS. Other current assets decreased by $0.009 million due to a decrease in the interest receivable on the SPIA investment. Administrative expenses payable increased by $0.05 million. Total net position increased by $2.9 million due to an operating loss of $0.1 million and nonoperating revenues of $3.0 million. GatorCare had no long-term debt and no significant capital asset additions during the year ended June 30, 2025.

Statements of Revenues, Expenses and Changes in Net Position

The following table presents GatorCare's condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2025 and 2024:

(Amounts in thousands)	2025	2024
Management fee revenue	$ 1,818	$ 1,721
Administrative expenses, net of reimbursements	1,936	1,638
Operating income (loss)	(118)	83
Nonoperating revenues, net	2,990	1,931
Increase in net position	2,872	2,014
Net position		
Beginning of year	4,765	2,751
End of year	$ 7,637	$ 4,765

Management fee revenue increased by $0.1 million due to an increase in administrative premium credits issued throughout the year. Administrative expenses increased $0.3 million due to increase in program activities. Nonoperating revenues increased by $1.0 million due to an increase in interest income.

Membership Volumes

The following table reflects the membership volumes within each benefit plan as of June 30, 2025 and 2024:

	2025	2024
Prime Plus	21,542	19,813
Prime Exclusive Provider Organization (EPO)	8,585	9,152
Premium Preferred Provider Organization (PPO)	8,857	8,438
Gator GradCare	3,871	3,785
Premium Plus	3,450	3,147
Healthy Rewards Health Reimbursement Account (HRA)	1,290	1,224
GatorCare Options	739	708
Healthy Rewards Health Savings Account (HSA)	499	576
Premium Out-of-Area (OOA)	433	500
Total	49,266	47,343

Economic Outlook

GatorCare continues to operate in a healthcare environment characterized by rising medical and pharmaceutical costs, with specialty drugs and provider reimbursement trends being the primary drivers. Enrollment is expected to increase with demographic shifts such as aging workforce and dependent coverage changes influencing claim utilization. Recent claims experience has shown higher levels in areas such as outpatient services and pharmacy, and management anticipates these trends will continue in the coming year.

To maintain financial stability, premium contributions from the participating groups are projected to increase ensuring adequate funding for expected claims and reserve requirements. The plan continues to monitor regulatory developments, including ACA compliance, transparency, and mental health parity, and is implementing cost-management strategies such as wellness initiatives, disease management, and stop-loss coverage. Overall, management believes the plan is well positioned to meet obligations while balancing affordability for members with long-term sustainability.

Requests for Information

This financial statement is designed to provide a general overview of GatorCare Health Management Corporation 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 Accounting Manager, GatorCare Health Management Corporation, 3300 SW Williston Road, Gainesville, FL, 32608.

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2025

	ASSETS	
Current assets		
Short-term investments	$	8,204,462
Other current assets		49,250
Total current assets		8,253,712
Capital assets, net		1,265
Total Assets		8,254,977
	LIABILITIES	
Current liabilities		
Administrative expenses payable		618,099
Total Liabilities		618,099
	NET POSITION	
Net position		
Net investment in capital assets		1,265
Unrestricted		7,635,613
Total Net Position	$	7,636,878

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues	
Management fee revenue	$ 1,817,987
Operating expenses	
Administrative expenses, net of reimbursements of $310,000	1,935,840
Operating loss	(117,853)
Nonoperating revenues	
Net investment income	2,989,637
Total nonoperating revenues	2,989,637
Increase in net position	2,871,784
Net position, beginning of year	4,765,094
Net position, end of year	$ 7,636,878

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities	
Cash received from participating employers	$ 1,817,987
Administrative expense rebate received from Florida Blue	310,000
Administrative expenses paid	(2,195,491)
Net cash used in operating activities	(67,504)
Cash flows from investing activities	
Purchases of short-term investments	(403,968)
Interest income received	51,970
Net cash used in investing activities	(351,998)
Net decrease in cash and cash equivalents	(419,502)
Cash and cash equivalents	
Beginning of year	419,502
End of year	$ -
Reconciliation of operating loss to net cash from operating activities	
Operating loss	$ (117,853)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	286
Changes in:	
Administrative expenses payable	50,063
Total adjustments	50,349
Net cash used in operating activities	$ (67,504)
Supplemental disclosure of noncash investing activities	
Interest income reinvested in short-term investments	$ 2,948,098
Prior year interest receivable received in current year and reinvested	10,514
Interest income receivable on short-term investments	83

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

		Custodial Funds
ASSETS		
Current assets		
Cash and cash equivalents	$	64,775
Short-term investments		64,447,881
Other current assets		15,633,388
Total current assets		80,146,044
Assets whose use is restricted		1,185,000
Total Assets		81,331,044
LIABILITIES		
Current liabilities		
Claims payable and amounts due to participating employers		27,828,389
Incurred but not reported (IBNR) claims allowance		15,597,831
Total current liabilities		43,426,220
Total Liabilities		43,426,220
NET POSITION		
Fiduciary net position		
Restricted for participating employers	$	37,904,824

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

GATORCARE HEALTH MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Funds
Additions	
Contributions from participating employers	$ 306,598,792
Change in fair value of investments	15,350
Total additions	306,614,142
Deductions	
Health and pharmacy claim expenses, net of rebates	313,865,860
Total deductions	313,865,860
Decrease in fiduciary net position	(7,251,718)
Net position, beginning of year	45,156,542
Net position, end of year	$ 37,904,824

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

(1) Summary of Significant Accounting Policies:

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

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

For financial reporting purposes, GatorCare is considered a special-purpose government engaged only in business-type activities. Accordingly, GatorCare prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. GatorCare's accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

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

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

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

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

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

As of June 30, 2025, there were no demand deposit balances available for the administrative functions of GatorCare. As of June 30, 2025, demand deposits of $83,443 were available for payments of health and pharmacy claims of the participating employers.

(d) **Short-term investments and fair value measurements**—Funds are invested in the Special Purpose Investment Account ("SPIA") within the Florida Treasury Investment Pool ("FTIP") and Florida Cooperative Liquid Assets Securities System (FLCLASS), an external investment pool for Florida governments administered by Public Trust Advisors, LLC. SPIA is a pool of investments whereby GatorCare owns a share of the pool, not the underlying securities, and FLCLASS, a short-term pooled investment program for government entities.

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

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

(e) **Assets whose use is restricted**—GatorCare entered into an agreement with White Rock USA Protected Cell 43 to provide stop-loss insurance coverage for health claims in excess of certain policy limits. The agreement stipulates that a portion of the premium may be held by GatorCare and segregated in a notional funds withheld account. As of June 30, 2025, GatorCare has withheld $1,185,000 in premiums under this agreement. These funds are reported as assets whose use is restricted in the statement of fiduciary net position.

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

(f) **Amounts due from participating employers**—Included in amounts due from participating employers are accrued receivables of contributions from participating employers disclosed in the statement of fiduciary net position. There were no amounts due from participating employers as of June 30, 2025.

(g) **Other current assets**—Included in other current assets in GatorCare's statement of net position are interest receivable and prepaid items. Included in other current assets in the statement of fiduciary net position are accrued receivables primarily comprised of earned rebates from third-party administrators. Rebate accruals from third party-administrators are estimated based on rebate terms and historical payments received. An estimated rebate receivable of $15,782,665 was included in other current assets as of June 30, 2024. Actual rebates received subsequent to June 30, 2024, but related to claims incurred as of and for the year then ended, were $13,549,633.

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

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

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

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

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

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

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

(n) **Recent accounting pronouncements**—Gatorcare has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on GatorCare's financial statements.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements* (GASB No. 103). The objective of GASB No. 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 a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter. GatorCare is currently evaluating the impact GASB No. 103 will have on its financial statements.

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

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

Short-term investments in FLCLASS at fair value totaled $73,809,488 at June 30, 2025, representing a short-term pooled investment program for government entities. FL CLASS is rated by S&P Global Ratings. The current rating is 'AAAm.' The dollar weighted average days to maturity (WAM) of FLCLASS at June 30, 2025 is 37 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of FLCLASS at June 30, 2025 is 84 days.

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

Short-term investments in SPIA at fair value totaled $27,854 at June 30, 2025, representing ownership of a share of the pool, not the underlying securities. Of the total SPIA at fair value, $27,707 is included in the statement of net position and represents accumulated interest income in the SPIA and $147 accumulated unrealized gain on fair value of the SPIA. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. As of June 30, 2025, the SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years and a fair value factor of 1.003.

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

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

The fair value of GatorCare's investment in the SPIA is measured on a recurring basis, which is valued based on GatorCare's share of the pool, using significant unobservable inputs (Level 3), as of June 30, 2025.

FLCLASS does not meet all criteria in GASB Statement No. 79 to elect amortized cost; therefore, GatorCare reports its position in FLCLASS at fair value. Because GatorCare measures that position using NAV per share (or its equivalent), the investment is not categorized within the fair value hierarchy for purposes of GASB 72 paragraph 81a(2). GatorCare uses the amount reported by FLCLASS at the measurement date as the fair value of its position.

FLCLASS is managed as a stable-value NAV pool designed for local governments. GatorCare had no unfunded commitments related to its FLCLASS holdings at year-end. Interests in FLCLASS are redeemable at NAV subject to the pool's operating terms.

(3) **Management Fee:**

GatorCare bills and receives management fee revenue from participating employers to fund the administrative functions of GatorCare. Management fee revenue recognized during the year ended June 30, 2025 was $1,817,987 and is included in the statement of revenues, expenses and changes in net position.

(4) Administrative Expenses:

The University and UF Health Shands perform various administrative functions on behalf of GatorCare, and GatorCare is billed for the related costs from these entities. For the year ended June 30, 2025, total administrative expenses, net of reimbursements, with the University and UF Health Shands was $1,935,840. As of June 30, 2025, approximately $581,212 was due to UF Health Shands, and is included in administrative expenses payable in the statement of net position.

(5) Contributions from Participating Employers:

GatorCare bills and receives contributions from its participating employers in conjunction with their payroll cycles. These amounts represent the equivalent of funding required to support self-funded plans and equal the sum of estimated health and pharmacy claims, certain third-party administrative costs and changes in the reserve for IBNR claims. GatorCare uses an actuary to determine the adequacy of the contributions from participating employers on an annual basis. Contributions from participating employers recognized during the year ended June 30, 2025 totaled $306,598,792 and is included in the statement of changes in fiduciary net position.

Contributions from participating employers received during the year ended June 30, 2025, were derived from GatorCare's agreements with the following participating affiliated employers:

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

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

For the year ended June 30, 2025, contributions from UF Health Shands and UF Health Jacksonville represent approximately 44% and 18%, respectively, of total contributions from participating employers received.

(6) Health and Pharmacy Claims Paid:

GatorCare contracts with third-party administrators for processing of health and pharmacy claims. For the year ended June 30, 2025, health and pharmacy claims paid to third-party administrators totaled $313,865,860. Health and pharmacy claim expenses are funded by contributions from participating employers.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,
GatorCare Health Management Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of GatorCare Health Management Corporation ("GatorCare"), a direct support organization and component unit of the University of Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise GatorCare's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 6, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 6, 2025