

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
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JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
University of North Florida Training and Services Institute, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of North Florida Training and Services Institute, Inc. (the "Institute"), a direct support organization and component unit of the University of North Florida, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Institute's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Institute, as of June 30, 2021 and 2020, and the respective changes in financial position and, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

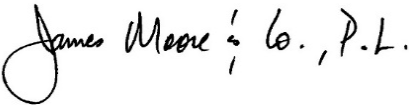
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
September 9, 2021

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Overview of the Financial Statements and Financial Analysis

The University of North Florida Training & Service Institute, Inc. (the Institute) presents its financial statements as of and for the fiscal year ended June 30, 2021 which include for comparative purposes the fiscal year ended June 30, 2020. The Institute is a direct support organization and component unit of the University of North Florida ("UNF" - a governmental agency).

The Institute's financial statements are presented on an accrual basis and includes the recording of depreciation. The statements' presentation includes 1) assets and liabilities as current and non-current; 2) revenues and expenses as operating and non-operating; 3) the use of the direct method for statements of cash flows; and 4) management's discussion and analysis (MD&A) of the financial results.

Financial Highlights

2021 Financial Highlights

Contract Training: Due to the COVID-19 shutdown of UNF/Institute of Police Technology and Management (IPTM) most contract training around the country was cancelled during the final quarters of last FY (January 2020 – June 2020). Contract training revenue fell to a recent low of \$581,581 with 37 courses conducted. IPTM was well positioned to work with contractors and other stakeholders to begin the process of rescheduling and rebuilding our contract training opportunities. As of the end of FY21, a total of 42 courses were conducted with total revenue of \$760,162, a \$178,581 increase.

Online Training: Due in large part to in-person training restrictions during the national COVID-19 shutdowns, and as part of ongoing strategic plan implementation, IPTM was able to develop, produce, and launch eleven (11) "core" courses and two (2) Videos on Demand. Resources were focused on taking core classroom courses and developing them into an online training format. Online training sales revenue grew to over \$1,200,000. This is an increase of more than \$500,000 over the prior year. The following courses were developed and launched:

- Digital Photography for Law Enforcement
- Drug Recognition Expert (DRE) Preparatory Class
- Managing the Detective Unit
- Police Use of Force
- Police Use of Force from a Supervisor Perspective
- Situational De-Escalation
- Sobriety Checkpoint Operations
- The New Detective
- Traffic Crash Reconstruction
- Event Data Recorder Use in Traffic Crash Reconstruction
- Special Event Planning and Management
- Life After Public Safety (VoD)
- Pavement Edge Drop Off (VoD)

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JUNE 30, 2021 AND 2020
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Highway Safety Grants: For the third year, the IPTM saw an increase in grant funding received from the Florida Department of Transportation with the award of 34 grant projects totaling \$16,896,696. The additional grant funding came from substantial increases in previously awarded projects as well as new grant programs as described below:

- **Sobriety Checkpoint Operations** trains officers in all aspects of coordinating and supervising DUI sobriety checkpoints, from the initial planning stages through the final reports.
- **Digital Photography for Traffic Crash Investigators** is a hands-on course addressing the unique characteristics of crash scene photography and teaches officers how to properly photograph crash scenes of every size and in every environment.
- **Forensic Evidence from Crash Fatalities** teaches crash investigators procedures for the search, documentation, and recovery of forensic evidence from vehicles involved in DUI, hit-and-run, and pedestrian collisions.
- **Occupant Kinematics for the Traffic Crash Reconstructionist** teaches officers how to correlate crash damage and occupant injuries to determine seating positions and occupant movements during a crash.

In addition to new grants, 10 previously awarded training grants received increases in funding in FY21. Together, these projects led to a substantial rise in the number of grant seats filled, even surpassing pre-pandemic levels as shown in the table below.

Grant-Funded Officer Training			
	FY 2019	FY 2020	FY 2021
Officers Trained	2,289	1,372	3,003
Grant Revenue Generated	\$746,440	\$540,550	\$1,089,300

Along with training, IPTM received several grants to implement statewide highway safety programs addressing impaired driving, occupant protections, pedestrian and bicycle safety, and motorcycle safety. These pre-existing projects received an additional \$1,592,539 in funding in FY21.

In FY21, the two debt agreements related to the ADT building purchase were:

- 1) *First mortgage.* Lease income of \$1.15 million was recorded to recognize the lessee’s, LYM TYCI Capital Company, LLC, obligation of principal and interest payments. The maturity date is August 2025. All payments were current at June 30, 2021.
- 2) *Note payable.* The note with the UNF Foundation, Inc. totaled \$4.446 million and related interest payable totaled \$630,092 at June 30, 2021.

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JUNE 30, 2021 AND 2020
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2021 Institute Investments. The Institute's investments at year end totaled \$280,729, a net increase of approximately \$59,538. The calculated total return for the year was 26.9%.

- Net position. In fiscal 2021, net position of \$8,854 million increased in fiscal 2021 by approximately \$2.126 million or 31.6% over prior year's \$6.728 million. The change in net position represents the net increase in assets of approximately \$1,568,000 and a net decrease in liabilities of approximately \$559,000.

2020 Financial Highlights

Online Training: As part of IPTM's ongoing strategic plan implementation coupled with technological and infrastructure improvements, online training sales revenue was approximately \$550,000. This is an increase of \$240,000 over the prior year. Six (6) new online training courses and VoD programs were developed and launched:

- Touch DNA for Law Enforcement (VoD)
- RADAR/LASER Operator Course (40 Hours)
- Commercial Vehicle Inspections (VoD)
- Tactical Medical for Patrol Officers ((VoD)
- Open Source Intelligence (VoD)
- Meet the New Marijuana (VoD)

The following courses were updated during FY20:

- Marijuana Impaired Driving Detection for Law Enforcement (MIDDLE)
- At-Scene Traffic Homicide Investigation
- Advanced Traffic Crash Investigation
- RADAR/LASER Instructor Course

Highway Safety Training Grants: For the second year straight, the Institute of Police Technology and Management more than doubled the grant funding received from the Florida Department of Transportation with the award of 30 grant projects totaling \$15,376,007. The additional grant funding came from substantial increases in previously awarded projects as well as new grant programs as described below:

- **Florida's Pedestrian and Bicycle Focused Initiative Communications and High Visibility Enforcement Program** was expanded to incorporate a statewide education campaign that included paid media buys, communications contracts, localized advertising, and other strategic investments.
- **Florida's Comprehensive Pedestrian and Bicycle Safety Program** was increased to fund the additional personnel and administrative costs necessary to implement the pedestrian and bicycle safety grants.

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- **Florida's Pedestrian and Bicycle High Visibility Enforcement Recruiting and Retention Program** was a new grant that supplied personnel and contractual services funds to solicit and maintain law enforcement agency involvement in the pedestrian and bicycle high visibility enforcement overtime contracts program.
- **Florida's Pedestrian and Bicycle Safety High Visibility Enforcement Campaign** was a new grant to implement a highly publicized pedestrian and bicycle safety demonstration project following a variation of the high visibility enforcement model.

The following training grants also received increased grant funding in order to provide training to more Florida Officers:

- **DWI Detection and Standardized Field Sobriety Testing** trains officers in the basics of DWI detection and the three phases of impaired driving investigations.
- **Advanced Roadside Impaired Driving Enforcement** trains officers in the detection of impaired drivers that are under the influence of drugs other than alcohol.
- **Marijuana Impaired Driving Detection for Law Enforcement** trains officers in the specifics of cannabis use and its influence upon driving.
- **Pedestrian and Bicycle Law Enforcement Training: Laws, Procedures, and Best Practices** certifies officers to take part in the high visibility enforcement overtime contracts program.

During the fiscal year, IPTM provided grant-funded traffic training to 1,350 Florida law enforcement officers. Despite the increase in training funds available, this number was down by 38.6% from the previous fiscal year due to COVID-19.

In fiscal 2020, the two debt agreements related to the ADT building purchase were:

- 1) First mortgage. Lease income of \$2 million was recorded to recognize the lessee's, LYM TYCI Capital Company, LLC, obligation of principal and interest payments. The maturity date is September 2020. All payments were current at June 30, 2020.
- 2) *Note payable*. The note with the UNF Foundation, Inc. totaled \$4.518 million and related interest payable totaled \$712,671 at June 30, 2020.

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2020 Institute Investments. The Institute's investments at year end totaled \$221,191, a net decrease of approximately \$84,721. The calculated total return for the year was -27.7%.

- Net position. In fiscal 2020, net position of \$6.728 million increased in fiscal 2020 by approximately \$1.711 million or 34.1% over prior year's \$5.017 million. The change in net position represents the net decrease in assets of approximately \$832,000 due to a net decrease in current assets of approximately \$183,000 in accounts receivable, and decreases in tuition, contracts, radar, and other assets of approximately \$195,000, which was offset by decreases in non-current assets of approximately \$649,000, a decrease in investments of approximately \$85,000, and annual depreciation of approximately \$564,000, which was offset by a net decrease in liabilities of \$2.543 million due to a decrease in current liabilities of approximately \$1,950,000 and a decrease in noncurrent liabilities of approximately \$593,000.

Statement of Net Position

The purpose of the Statement of Net Position is to present the reader with a look at the Institute's financial condition as of the end of the fiscal year. In reading the Statement of Net Position, the reader will be able to determine the Institute's ability to continue operations and how much it owes to vendors and other lending institutions. It provides a snapshot of the net position and the availability for expenditure by the Institute.

	Years ended June 30 (In thousands of dollars)							
	2021	2020	Increase (decrease)	Change	2019	Increase (decrease)	Change	
Assets								
Current assets	\$ 4,373	\$ 2,301	\$ 2,072	90.0%	\$ 2,484	\$ (183)	-7.4%	
Noncurrent assets:								
Capital assets, net	11,110	11,674	(564)	-4.8%	12,238	(564)	-4.6%	
Other	847	787	60	7.6%	872	(85)	-9.7%	
Total assets	<u>\$ 16,330</u>	<u>\$ 14,762</u>	<u>\$ 1,568</u>	<u>0.11</u>	<u>\$ 15,594</u>	<u>\$ (832)</u>	<u>(0.05)</u>	
Liabilities:			-					
Current liabilities	\$ 3,948	\$ 3,516	\$ 432	12.3%	\$ 5,466	\$ (1,950)	-35.7%	
Noncurrent liabilities	3,527	4,518	(991)	-21.9%	5,111	(593)	-11.6%	
Total liabilities	<u>7,475</u>	<u>8,034</u>	<u>(559)</u>	<u>-7.0%</u>	<u>10,577</u>	<u>(2,543)</u>	<u>-24.0%</u>	
Net position:			-					
Unrestricted net position	2,191	93	2,098	2255.9%	(145)	238	-164.1%	
Net investment in capital assets	6,664	6,635	29	0.4%	5,162	1,473	28.5%	
Total net position	<u>8,855</u>	<u>6,728</u>	<u>2,127</u>	<u>31.6%</u>	<u>5,017</u>	<u>1,711</u>	<u>34.1%</u>	
Total liabilities and net position	<u>\$ 16,330</u>	<u>\$ 14,762</u>	<u>\$ 1,568</u>	<u>10.6%</u>	<u>\$ 15,594</u>	<u>(832)</u>	<u>-5.3%</u>	

The Statements of Net Position are presented as part of the basic financial statements. For the fiscal year ended June 30, 2021, total net position increased by 31.6% or approximately \$2.127 million. The years' activity included the following:

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Current Assets

2021

- During fiscal 2021 *current assets* totaled approximately \$4,373,000 an increase of approximately \$2,072,000 or 90%. The increase represents the net of increase in cash of approximately \$650,000, increases in accounts receivable of approximately \$54,000, grants receivable of approximately \$1,380,000 offset by decrease in prepaid of approximately \$1,400 and inventory of approximately \$12,000.

2020

- During fiscal 2020 *current assets* totaled approximately \$2,301,000 a decrease of approximately \$183,000 or 7.4%. The decrease represents the net of decreases in accounts receivable of approximately \$118,000, grants receivable of approximately \$535,000, prepaid of approximately \$64,000 and inventory of approximately \$14,000 offset by an increase in cash of approximately \$545,000.

Non-Current Assets

2021

- *Capital assets.* At June 30, 2021, the TSI Investments, LLC ADT building, net capital asset value totalled \$11.110 million. The scheduled depreciation of \$564,025 was recorded.
- *Investments.* The Institute's investments totalled \$280,729 at June 30, 2021 which was an increase of approximately \$59,000 or 26.9%, from prior year.
- *Other non-current assets.* These assets represented the outstanding \$565,000 of the \$600,000 line of credit the Institute approved for the Duval County Research and Development Authority.

2020

- *Capital assets.* At June 30, 2020, the TSI Investments, LLC ADT building, net capital asset value totalled \$11.674 million. The scheduled depreciation of \$564,025 was recorded.
- *Investments.* The Institute's investments totalled \$221,191 at June 30, 2020 which was a decrease of approximately \$84,000 or 27.6%, from prior year.
- *Other non-current assets.* These assets represented the outstanding \$565,000 of the \$600,000 line of credit the Institute approved for the Duval County Research and Development Authority.

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Current Liabilities

2021

- During fiscal 2021, *current liabilities* decreased approximately \$432,000 or 12.3%. The decrease is attributed to the net of 1) a decrease in the First Mortgage current portion of approximately \$521,000; 2) a decrease in interest payable of approximately \$84,000 related to the notes payable; and 3) and the increase unearned revenue of approximately \$337,000 4) decrease in accounts payable and accrued expenses of approximately \$233,000 and 5) the approximately \$15,000 increase in salaries payable.

2020

- During fiscal 2020, *current liabilities* decreased approximately \$1.950 million or 35.7%. The decrease is attributed to the net of 1) a decrease in the First Mortgage current portion of approximately \$1.443 million; 2) a decrease in interest payable of approximately \$91,000 related to the notes payable; 3) a decrease unearned revenue of approximately \$205,000 4) decrease in accounts payable and accrued expenses of approximately \$210,000 and 5) the approximately \$22,000 increase in salaries payable.

Non-Current Liabilities

2021

- During fiscal 2021, *non-current liabilities* decreased by approximately \$991,000 or 21.9%. The decrease is due to the net loan repayments to the UNF Foundation, Inc. of \$72,000 and the current portion of \$919,000. The \$521,000 balance of the First Mortgage note payable was satisfied in 2021.

2020

- During fiscal 2020, *non-current liabilities* decreased by approximately \$593,000 or 11.6%. The decrease is due to the net of loan repayments to the UNF Foundation, Inc. of \$72,000, the \$521,000 for the First Mortgage moved to current liability

Net Position

The net position at June 30, 2021 increased by approximately \$2.126 million from approximately \$6.728 million in prior year or 31.6%.

The Net Position section of the Statement of Net Position provides two classifications:

1. The unrestricted net position details the amounts available to the Institute for any purpose in support of the Institute's mission.
2. Net investment in capital assets reflects the cost of the ADT building, net of depreciation, reduced by the outstanding balance of debt incurred for the purchase of the ADT building.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
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Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to provide the details of the Institute's operating and non-operating activity for the fiscal year. This includes the revenues displayed by major source (net of discounts and allowances), expenses, and gains and losses received or expended by the Institute.

Operating revenues are revenues received from services provided (e.g. training courses, radar testing, grants, and computer software installations) to various customers and constituents of the Institute. Operating expenses are those expenses incurred to produce the operating revenues and are detailed by type, which include course materials, program fees, etc. Net operating income(loss) represents the amount of operating expenses in exceeds of operating expenses and does not include non-operating revenue or expenses.

Non-operating revenue is received from sources for which no service is provided by the Institute (e.g. investments). The change in net position is the result of the excess of revenues over expenses, which is also the change in total net position on the Statement of Net Position.

	Years ended June 30 (In thousands of dollars)							
	2021	2020	Increase (decrease	Change	2019	Increase (decrease	Change	
Operating revenues:								
Program fees	\$ 3,458	\$ 2,732	\$ 726	26.6%	\$ 3,765	\$ (1,033)	-27.4%	
Lease revenue	1,155	2,104	(949)	-45.1%	2,042	62	3.0%	
Book sales	216	195	21	10.8%	204	(9)	-4.4%	
Miscellaneous income/admin operations	508	464	44	9.5%	516	(52)	-10.1%	
Total operating revenues	5,337	5,495	(158)	-2.9%	6,527	(1,032)	-15.8%	
Less operating expenses	18,736	14,902	3,834	25.7%	8,747	6,155	70.4%	
Operating income (loss)	(13,399)	(9,407)	(3,992)	42.4%	(2,220)	(7,187)	323.7%	
Non-operating income (expense)								
Grants	15,675	11,428	4,247	37.2%	4,263	7,165	168.1%	
Interest Expense	(210)	(330)	120	-36.4%	(487)	157	-32.2%	
Investment Earnings	60	20	40	200.0%	12	8	66.7%	
Total non-operating income	15,525	11,118	4,407	39.6%	3,788	7,330	193.5%	
Change in net position	2,126	1,711	415	24.3%	1,568	143	9.1%	
Net position, beginning of year	6,728	5,017	1,711	34.1%	3,449	1,568	45.5%	
Net position, end of year	\$ 8,854	\$ 6,728	\$ 2,126	31.6%	\$ 5,017	1,711	34.1%	

The statement of Revenues, Expenses, and Changes in Net Position is on page 15 of the basic financial statements. For fiscal year ended June 30, 2021, the Institute's operations resulted in an increase in net position of approximately \$2,126, or 31.6%. The statements' highlights are as follows:

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Operating Revenues and Expenses

2021

- *Operating revenues* increased by approximately \$4.089 million or 24.2%. Increases primarily occurred in grant revenue of approximately \$4.247 million, program fees of approximately \$725,000, books sales of approximately \$21,000, and miscellaneous revenue of approximately of \$44,000. These increases were offset by decrease in lease revenue of approximately \$949,000.
- *Operating expenses* increased by approximately \$3.715 million or 24.4%. The increases were in professional and consulting fees of approximately \$1.132 million, printing, postage and telephone of approximately of 466, educational materials of approximately of \$117,000 and general administrative expenses of approximately \$3.041 million. The increases in expenses were offset by decreases in travel expenses of approximately of \$329,000 and interest expense of approximately \$119,000.

2020

- *Operating revenues* increased by approximately \$6.133 million or 56.8%. Increases primarily occurred in grant revenue of approximately \$7.164 million and lease revenue of approximately \$61,000. These increases were offset by decreases in program fees of approximately \$1.033 million, books sales of approximately \$8,500, and miscellaneous revenue of approximately \$51,000.
- *Operating expenses* increased by approximately \$5.998 million or 65%. The increases were in professional and consulting fees of approximately \$307,000, printing, postage and telephone of approximately of 15,100, educational materials of approximately of 116,000 and general administrative expenses of approximately \$5.767 million. The increases in expenses were offset by decreases in travel expenses of approximately of \$291,000 and interest expense of approximately \$157,000.

	Years ended June 30 (In thousands of dollars)						
	2021	2020	Increase (decrease)	Change	2019	Increase (decrease)	Change
Non-operating income (expense)							
Grants	\$ 15,675	\$ 11,428	\$ 4,247	37.2%	\$ 4,263	\$ 7,165	168.1%
Interest Expense	(210)	(330)	120	-36.4%	(487)	157	-32.2%
Investment Earnings	60	20	40	200.0%	12	8	66.7%
Total non-operating income(expense)	<u>\$ 15,525</u>	<u>\$ 11,118</u>	<u>\$ 4,407</u>	<u>39.6%</u>	<u>\$ 3,788</u>	<u>\$ 7,330</u>	<u>193.5%</u>

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Non-Operating Income and Expenses

2021

Non-operating income reflected a total return of approximately \$60,000 in investment activity, as well as grant revenues of approximately \$15.675 million. Non-operating expenses reflected total interest expense of approximately \$210,000.

2020

Non-operating income reflected a total return of approximately \$19,000 in investment activity, as well as grant revenues of approximately \$11.428 million. Non-operating expenses reflected total interest expense of approximately \$330,000.

Statements of Cash Flows

The Statements of Cash Flows shows the cash provided and used for operating and investing activities.

- Operating activities included funds received for services (from program fees, grants, publications, etc.) and payments related to providing these services (for programs, employees' services, and supplies for goods and services).
- Capital and related financing activities included proceeds from a loan and mortgage and mortgage payments made.
- Cash flow from investing activities represented funds used to purchase investments, proceeds from sale of investments, and interest and dividends.

Economic Outlook

The Institute has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

Management believes the Institute's overall financial position is strong. With detailed monitoring of each account, the Institute has sufficient funds to cover its obligations.

Requests for Information

This financial report is designed to provide a general overview of the Institute's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Valerie Stevenson, Controller
University of North Florida
TSI/Foundation Accounting
Hicks Hall, Suite 2900
1 UNF Drive
Jacksonville, FL 32224-2648
(904) 620-2790

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,278,494	\$ 627,226
Accounts receivable, net	187,294	132,661
Grants receivable	2,777,669	1,397,574
Prepaid expenses and other assets	64,735	66,189
Inventory	65,190	77,519
Total current assets	4,373,382	2,301,169
Noncurrent Assets		
Cash and cash equivalents	1,107	1,294
Investments	280,729	221,191
Note receivable	565,000	565,000
Capital assets, net	11,109,907	11,673,932
Total non-current assets	11,956,743	12,461,417
Total assets	\$ 16,330,125	\$ 14,762,586
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,285,658	\$ 1,518,878
Salaries payable - to UNF	37,154	21,784
Vacation and sick leave accrual	469,806	469,806
Interest payable	630,092	715,074
Unearned revenue	606,959	269,769
Current portion of long-term debt	919,000	521,041
Total current liabilities	3,948,669	3,516,352
Noncurrent Liabilities		
Long-term debt	3,527,000	4,518,000
Total liabilities	\$ 7,475,669	\$ 8,034,352
<u>NET POSITION</u>		
Unrestricted	\$ 2,190,551	\$ 93,343
Net investment in capital assets	6,663,907	6,634,891
Total net position	\$ 8,854,458	\$ 6,728,234

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

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Program fees	\$ 3,458,030	\$ 2,732,411
Lease revenue	1,155,021	2,103,580
Book sales	216,009	195,171
Miscellaneous income and administrative operations	508,756	464,401
Total operating revenues	<u>5,337,816</u>	<u>5,495,563</u>
Operating Expenses		
Program fees	2,866,178	2,998,005
Consultants fees	3,462,327	2,329,632
Travel	201,415	530,651
Grant equipment	5,009	1,753
Printing, postage, and telephone	66,957	66,493
Educational materials	573,513	455,766
General administrative expenses	10,997,339	7,955,849
Depreciation expense	564,025	564,025
Total operating expenses	<u>18,736,763</u>	<u>14,902,174</u>
Operating loss	<u>(13,398,947)</u>	<u>(9,406,611)</u>
Non-Operating Income (Expense)		
Grants	15,674,856	11,427,620
Interest expense	(210,242)	(329,738)
Investment earnings	60,555	19,776
Total non-operating income (expense)	<u>15,525,169</u>	<u>11,117,658</u>
Change in net position	2,126,222	1,711,047
Net position, beginning of year	6,728,236	5,017,189
Net position, end of year	<u>\$ 8,854,458</u>	<u>\$ 6,728,236</u>

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

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Received from program fees	\$ 3,403,397	\$ 2,850,319
Other operating revenues	2,216,976	2,558,371
Payments to employees for services	(2,866,178)	(2,998,005)
Payments to suppliers for goods and services	(15,510,627)	(11,473,109)
	(12,756,432)	(9,062,424)
Cash flows from capital and related financing activities:		
Interest paid on notes payable	(295,402)	(421,163)
Principal payments on notes payable	(601,794)	(1,937,393)
	(897,196)	(2,358,556)
Cash flows from noncapital and related financing activities:		
Received from grant activity	14,294,761	11,962,237
	14,294,761	11,962,237
Cash flows from investing activities:		
Interest and dividends	1,018	5,728
Proceeds from sale of investments	8,930	1,080
Purchase of investments	-	(1,250)
	9,948	5,558
Net increase in cash and cash equivalents	651,081	546,815
Cash and cash equivalents, beginning of year	628,520	81,705
Cash and cash equivalents, end of year	\$ 1,279,601	\$ 628,520
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (13,398,947)	\$ (9,406,611)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	564,025	564,025
Changes in assets and liabilities:		
Accounts receivable	(54,633)	117,908
Prepaid expenses and other assets	1,454	63,682
Inventory	12,329	13,746
Accounts payable and accrued expenses	(217,850)	(210,393)
Unearned revenue	337,190	(204,781)
Net cash used in operating activities	\$ (12,756,432)	\$ (9,062,424)

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

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

(a) **Reporting entity**—The University of North Florida Training and Services Institute, Inc. (the Institute) is a not-for-profit entity organized to implement and administer unique educational and training programs at the University of North Florida (the University), and at other selected institutions. The Institute is a direct support organization (DSO) and component unit of the University.

The accompanying financial statements include the accounts of the University of North Florida Training and Service Institute, Inc. and UNF TSI Investments, LLC (the LLC), a blended component of the Institute. The LLC was formed in March 2010 by its sole member, the Institute, for the purpose of purchasing the property described in Note 4.

(b) **Basis of accounting**—The financial statements of the Institute have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Institute is considered a special-purpose government engaged only in business-type activities. Accordingly, the Institute prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The net position of the Institute is reported in two categories as follows:

- Unrestricted net position is expendable for any purpose at the discretion of the Institute.
- Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any debt that is attributable to those assets.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Institute's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

(c) **Use of estimates**—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(d) **Income taxes**—The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Institute has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2021 and 2020. Fiscal years ending on or after June 30, 2016 remain subject to examination by federal and state tax authorities.

(e) **Investments**—Investments are stated at fair value based on quoted market prices. The Institute intends to hold its investments for the long term. However, the needs of the organization may require the sale of a portion of these assets on a short-term basis, subject to the approval of the Investment Committee.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

(f) **Capital assets**—Purchased or constructed additions to capital assets in excess of \$5,000 are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which is 25 years for buildings.

(g) **Net position flow and assumptions**—The Institute had no restricted net position at June 30, 2021. Should the Institute hold net position that classifies as either restricted or committed, it is the Institute to first apply restricted resources, and then committed resources, before using any unrestricted resources.

(h) **Revenue recognition**—The Institute receives payments for certain program services and instruction. Program fees are deemed to be earned and reported as revenue when the related courses of instruction or services are provided. Such amounts received but not yet earned are reported as unearned revenue.

(i) **Grants**—Grant revenue is awarded, but not received by the Institute until the funds are used for the designated purpose and a request for reimbursement is filed with the State of Florida. The Institute records revenue from grants when the funds are entitled to be received from the grantor for the reimbursement claims.

(j) **Cash and cash equivalents**—For purposes of the statements of cash flows, the Institute considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(k) **Accounts receivable**—Accounts receivable represents the amounts billed for courses and contracts that remain unpaid at year-end. The allowance for doubtful accounts is based on an evaluation of the periodic aging of accounts receivable. Bad debt expense was \$63,725 and \$8,264 the years ended June 30, 2021 and 2020, respectively. Accounts receivable is reported net of an allowance for uncollectible accounts of \$7,804 and \$630, at June 30, 2021 and 2020, respectively.

(l) **Inventory**—Inventory consisting primarily of books and computer software, is stated at cost on a first-in, first-out (FIFO) basis.

(m) **Vacation and sick leave accrual**—Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.305 of the Florida Administrative Code. Employees earn annual and sick leave based on their years of service. For annual leave, however, a maximum of 352 hours can be carried forward from one year to the next or paid upon termination for administrative and professional (A&P) employees and 240 hours can be carried forward from one year to the next or paid upon termination for University support personnel services (USPS) employees. Additionally, employees who have completed at least ten years of service are eligible to receive payment for one fourth of their accrued sick leave hours, upon termination, not to exceed 480 hours. Vacation pay and sick leave payments are expensed as earned by the employee. The following table is a rollforward of activity by year related to the vacation pay and sick leave accrual.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Effective July 1, 2018 compensated absences are maintained by the University and no longer held on the Institute's financial statements. Accrued compensated absences as of June 30, 2021 and 2020 were as follows:

Accrued Compensated Absences as of June 30,		
	2021	2020
Beginning Balance	\$ 469,806	\$ 469,806
Increases	-	-
Decreases	-	-
Ending Balance	<u>\$ 469,806</u>	<u>\$ 469,806</u>

(n) **Contributions to police departments for grant equipment and other items**—The Institute of Police Technology Management (IPTM) unit receives grants to conduct law enforcement training, grant equipment contributions and consultant services. The total cost associated with grant work performed or purchased in 2021 and 2020 was \$13,301,339 and \$10,059,992, respectively.

(o) **Operating income or loss**—Operating revenues and expenses for a proprietary fund are those that result from providing services and producing and delivering goods and or services.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, unrealized gain or loss on investments, and contributions to related parties are considered non-operating. When both restricted and unrestricted resources are available for use, the Institute's policy is to use restricted resources first, then unrestricted resources as needed.

(p) **Pronouncements issued**—GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 seeks to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The provisions in GASB 87 are effective for fiscal years beginning after June 15, 2021, as amended by GASB 95. Management is currently evaluating the effect that Statement No. 87 will have on the Institute's financial statements.

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

Investment decisions are made by the Investment Committee of the Institute's Board of Directors and approved by the Board. All deposits and investments are held at the financial institutions in the name of the Institute.

(a) **Cash and cash equivalents**—As of June 30, 2021, cash and cash equivalents included bank demand accounts and money market funds subject to immediate withdrawal. It is the Institute's policy that cash equivalent securities shall be limited to the following: (1) the money market or short term investment fund provided by the fund custodian; (2) direct obligations of the United States Government with a maturity of one year or less; (3) commercial paper with a maturity of 270 days or less that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's; and (4) bankers acceptances issued by the largest 50 banks in the United States (in terms of total assets). The Institute does not have a formal deposit policy for custodial credit risk with regard to cash deposits in banks but adheres to the requirements of FS 280.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution’s failure, the Institute’s deposits may not be returned to it. At June 30, 2021 and 2020, the Institute’s cash deposits with a bank were \$1,278,494 and \$627,226, respectively. All of the Institute’s cash deposits were insured by the Federal Deposit Insurance Corporation (FDIC). Thus, the Institute’s cash deposits are not considered exposed to custodial credit risk.

FL CLASS was included in the Institute’s cash deposits with a bank in the amount of \$1,806,746 at June 30, 2021 and \$555,728 at June 30, 2020. FL CLASS is rated by S&P Global Ratings. The current rating is ‘AAAm.’

The Institute’s investments in money market funds are amounts invested to meet regular operations and are included in the investments disclosures below.

(b) **Investments**—The Institute’s investment policy requires equity securities be limited to: (1) investments in publicly traded securities on a major stock exchange or NASDAQ; (2) no more than 7% of the market value of an investment manager’s equity portfolio may be invested in the shares of a single corporate issuer; and (3) investment in the shares of companies that have been publicly traded for less than one year are limited to no more than 5% of the market value of the total equity portfolio.

For fixed income securities, the investment policy limits investments to: (1) securities rated “A” or higher by Moody’s or Standard & Poor’s rating services; (2) no more than 10% of the market value of the total portfolio shall be invested in the securities of any single corporate issuer; (3) investments in Collateralized Mortgage Obligations (CMOs) that consist of GNMA, FNMA, and FHLMCs, with no more than 20% of the market value of the portfolio in these types of issues and shall be restricted to those issues that are currently paying interest, receiving principal pay-downs and do not contain leverage; (4) investments in securities issued by foreign governments or corporations shall not exceed 25% of the total portfolio and (5) no limit on investments in securities issued directly by the United States Government or any agency or instrumentality thereof. The Institute’s policy prohibits investments in interest only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, real estate, venture capital, futures contracts or options contracts in individually managed portfolios. Trading on margin and short selling are also prohibited. The Institute does not have a formal policy on limiting the duration of mid-term and long-term investments.

Investments consist of the following at June 30, 2021 and 2020:

<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
Equity mutual funds	\$ 223,313	\$ 164,518
Fixed income mutual funds	57,416	56,673
Total	<u>\$ 280,729</u>	<u>\$ 221,191</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the Institute's debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed income are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating at June 30, 2021</u>	
		<u>AA-A</u>	<u>Unrated</u>
Equity mutual funds	\$ 223,313	\$ -	\$ 223,313
Fixed income mutual funds	57,416	57,416	-
Total	<u>\$ 280,729</u>	<u>\$ 57,416</u>	<u>\$ 223,313</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating at June 30, 2020</u>	
		<u>AA-A</u>	<u>Unrated</u>
Equity mutual funds	\$ 164,518	\$ -	\$ 164,519
Fixed income mutual funds	56,673	56,673	-
Total	<u>\$ 221,191</u>	<u>\$ 56,673</u>	<u>\$ 164,519</u>

Interest rate risk. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Institute's policy for managing its exposure to fair value loss occurring from increasing interest rates is through using the specific identification method and maintaining diversification of its investments so as to minimize the impact of downturns in the market as stated above.

(3) **Fair Value Measurements:**

The Institute has provided additional information about fair value measurements which is based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes the information used to develop these assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(3) **Fair Value Measurements:** (Continued)

Level 3 Inputs that are unobservable.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Institute uses the market approach valuation technique to value its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodologies use for assets measured at fair value.

Level 1 Fair Value Measurements

The fair value of the mutual funds is based on quoted net asset values of the shares held by the Institute at year-end.

The following tables present the investments carried on the statement of net position by level within the valuation hierarchy as of June 30, 2021 and 2020.

	Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 223,313	\$ -	\$ -	\$ 223,313
Fixed income mutual funds	57,416	-	-	57,416
Total	\$ 280,729	\$ -	\$ -	\$ 280,729

	Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 164,518	\$ -	\$ -	\$ 164,518
Fixed income mutual funds	56,673	-	-	56,673
Total	\$ 221,191	\$ -	\$ -	\$ 221,191

(4) **Capital Assets:**

UNF TSI Investments, LLC (the LLC) is a wholly-owned Florida limited liability company formed in March 2010, for which the Institute is the LLC's sole member. In May 2010, the LLC purchased approximately 7.71 acres of land adjacent to UNF and the ADT Building located in Duval County, Florida for \$17,408,190. The building is depreciated based on a 25-year estimated useful life using the straight-line method. During fiscal year, 2021 and 2020, depreciation expense of \$564,025 was recorded.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(4) **Capital Assets:** (Continued)

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, net:					
Land – ADT	\$ 3,307,556	\$ -	\$ -	\$ -	\$ 3,307,556
Building – ADT	14,100,634	-	-	-	14,100,634
	<u>17,408,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,408,190</u>
Less accumulated depreciation for:					
Building – ADT	5,734,258	564,025	-	-	6,298,283
Capital assets, net	<u>\$ 11,673,932</u>	<u>\$ 564,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,109,907</u>

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, net:					
Land – ADT	\$ 3,307,556	\$ -	\$ -	\$ -	\$ 3,307,556
Building – ADT	14,100,634	-	-	-	14,100,634
	<u>17,408,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,408,190</u>
Less accumulated depreciation for:					
Building – ADT	5,170,233	564,025	-	-	5,734,258
Capital assets, net	<u>\$ 12,237,957</u>	<u>\$ 564,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,673,932</u>

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

In May 2010, the UNF TSI Investments, LLC (the “LLC”) executed the following agreements to purchase the ADT building:

- (a) *First Mortgage Debt* – the LLC assumed the \$12,514,143 debt from Wells Fargo Bank Northwest, National Association (f/k/a First Security Bank), as Trustee of the Legg Mason Mortgage Capital Corporation Lease-Backed Commercial Mortgage Pass-Through Trust, Series 2000-CT-5 and LYM TYCI Capital Company, LLC (TYCO) secured by an existing first priority mortgage upon the Property. Principal and interest of \$170,954, was due monthly through September 2019 and principal and interest of \$176,088 is due monthly through September 2019. Each October, monthly payments increase 3% through the maturity date of September 2020. The debt was executed at a fixed interest rate of 8.3% per annum.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

(b) *UNF Foundation, Inc. and UNF Training & Services, Inc. and UNF TSI Investments, LLC* entered into a Memorandum of Understanding (MOU). The MOU includes a) loan funding to the LLC in an amount not to exceed \$4,800,000; b) terms for the loan: interest will accrue at the rate of 4.50% per annum, and the principal and all accrued interest on the loan will be payable in full on or in part at any time prior to its due date in May 2025; c) no additional encumbrances or loans may be entered into to afford any party a security interest in or otherwise pledge, collateralize or encumber the ADT Property; and d) no TSI funding of capital projects for as long as any portion of the loan or interest thereon remains unpaid, and TSI will not advance, loan or contribute to UNF or a UNF-related entity any sum for the purpose of funding a UNF capital project. The principal and interest payments on the loan are due on the first day of each month with payments ranging from \$112,629 to \$121,207 beginning June 1, 2021 through July 1, 2025.

A summary of changes in long-term debt activity for the year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
First Mortgage Note payable - UNF Foundation	\$ 521,040	\$ -	\$ (521,040)	\$ -	\$ -
	4,518,000	-	(72,000)	4,446,000	919,000
Total	<u>\$ 5,039,040</u>	<u>\$ -</u>	<u>\$ (593,040)</u>	<u>\$ 4,446,000</u>	<u>\$ 919,000</u>

A summary of changes in long-term debt activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
First Mortgage Note payable - UNF Foundation	\$ 2,485,534	\$ -	\$ (1,964,493)	\$ 521,041	\$ 521,041
	4,590,000	-	(72,000)	4,518,000	-
Total	<u>\$ 7,075,534</u>	<u>\$ -</u>	<u>\$ (2,036,493)</u>	<u>\$ 5,039,041</u>	<u>\$ 521,041</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

The aggregate maturities of long-term debt long-term debt for the year are as follows:

	Principal	Interest	Total
2022	\$ 919,000	\$ 185,659	\$ 1,104,659
2023	996,000	140,822	1,136,822
2024	1,109,594	94,525	1,204,119
2025	1,411,938	35,871	1,447,809
2026	9,468	36	9,504
2027-2031	-	-	-
2032-2036	-	-	-
2037-2038	-	-	-
Total	\$ 4,446,000	\$ 456,913	\$ 4,902,913

(6) **Note Receivable:**

The Duval County Research and Development Authority has an approved line of credit up to \$600,000 with the Institute. The non-interest-bearing promissory note was approved by the Institute's Board at its May 2010 meeting. Payment to the Institute will occur upon the sale of First Coast Technology Park land. The amount outstanding at years ended at June 30, 2021 and 2020 was \$565,000.

There are no formal repayment terms of the note receivable; therefore, it has been recorded as a non-current asset.

(7) **Retirement Benefits:**

The Institute's employees are employed by the University. The Institute does not administer a separate retirement plan for its employees; however, pursuant to law, all salaried employees are members of retirement plans of the State of Florida. The retirement plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits and other related matters are the responsibility of the Florida State Department of Administration, Division of Retirement. Other postemployment benefits (OPEB), primarily subsidized premiums for health insurance, are provided by the University. The complete disclosures for the retirement plan and OPEB can be located in the audited financial statements of the University. Payments made to the University for contributions on behalf of the Institute's employees were \$209,873 and \$197,540 for the years ended June 30, 2021 and 2020, respectively.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(8) **Related Party Transactions:**

- (a) The University provides, as in-kind contributions to the Institute, support services such as office and classroom space, furnishings and fiscal management at no cost. Annually, the Institute's Board of Directors decides what amount, if any, will be remitted to the University as a contribution for faculty development. There was no payment to the University in fiscal year 2021 or 2020.
- (b) The Institute makes contributions to the University for equipment purchases, excluding vehicles. The University maintains title to all such equipment purchases with the Institute having use of all equipment without further charges. Contributions to the University for equipment purchases were \$12,772 and \$7,223 for the years ended June 30, 2021 and 2020, respectively.
- (c) The University provides campus mail, telephone, and other such services to the Institute. Charges for the above services were \$17,067 and \$17,196 for each of the years ended June 30, 2021 and 2020, respectively, and are included in printing, postage and telephone in the accompanying financial statements.
- (d) The University of North Florida Foundation, Inc. contributes funds to the Institute for reimbursement of Foundation operating costs paid by the Institute. Contributions for the above costs were \$399,056 and \$393,000 for the years ended June 30, 2021 and 2020, respectively.
- (e) The University of North Florida Financing Corporation, Inc. contributes funds to the Institute for reimbursement of Financing operating costs paid by the Institute. Contributions for the above costs were \$30,000 for each of the years ended June 30, 2021 and 2020, respectively.
- (f) The Institute has amounts payable to the University of \$1,296,204 and \$1,607,027 at June 30, 2021 and 2020, respectively.

(9) **Risk Management:**

The Institute has purchased general liability, automobile, errors and omissions and international insurance policies, each with a coverage of \$1,000,000 per occurrence, to reduce the exposure of potential claims associated with selected course activities. The Institute has these commercial insurance policies to cover wrongful acts occurring in the normal course of business. The policy requires a \$5,000 deductible for each loss. Substantially all other insurable risks, which include automobile, general liability, and workers compensation insurance, are covered under the State of Florida's self-insurance fund. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

(10) **Concentrations:**

Grants receivable and revenues as of and for the years ended June 30, 2021 and 2020 were derived entirely from the State of Florida. Lease revenue for the years ended June 30, 2021 and 2020 was derived entirely from one tenant.

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(11) **Segment Information:**

The Institute's financial statements for fiscal years 2021 and 2020 include the accounts of the University of North Florida Training and Service Institute, Inc. and UNF TSI Investments, LLC.

Summary financial information for each entity is presented below as of and for the year ended June 30, 2021.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
As of June 30, 2021			
Current assets	\$ 3,807,687	\$ 565,695	\$ 4,373,382
Non-current assets	846,836	11,109,907	11,956,743
Total assets	<u>\$ 4,654,523</u>	<u>\$ 11,675,602</u>	<u>\$ 16,330,125</u>
Liabilities:			
Current liabilities	\$ 2,316,947	\$ 1,631,721	\$ 3,948,668
Non-current liabilities	-	3,527,000	3,527,000
Total liabilities	<u>2,316,947</u>	<u>5,158,721</u>	<u>7,475,668</u>
Net assets			
Unrestricted net position	2,337,576	(147,026)	2,190,550
Net investment in capital assets	-	6,663,907	6,663,907
Total net position	<u>2,337,576</u>	<u>6,516,881</u>	<u>8,854,457</u>
Total liabilities and net position	<u>\$ 4,654,523</u>	<u>\$ 11,675,602</u>	<u>\$ 16,330,125</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Summary financial information for each entity is presented below as of and for the year ended June 30, 2020.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
As of June 30, 2020			
Current assets	\$ 2,183,638	\$ 117,531	\$ 2,301,169
Non-current assets	787,485	11,673,932	12,461,417
Total assets	<u>\$ 2,971,123</u>	<u>\$ 11,791,463</u>	<u>\$ 14,762,586</u>
Liabilities:			
Current liabilities	\$ 2,280,237	\$ 1,236,115	\$ 3,516,352
Non-current liabilities	<u>4,518,000</u>	<u>4,518,000</u>	<u>4,518,000</u>
Total liabilities	<u>2,280,237</u>	<u>5,754,115</u>	<u>8,034,352</u>
Net assets			
Unrestricted net position	690,885	(597,542)	93,343
Net investment in capital assets	<u>-</u>	<u>6,634,891</u>	<u>6,634,891</u>
Total net position	<u>690,885</u>	<u>6,037,349</u>	<u>6,728,234</u>
Total liabilities and net position	<u>\$ 2,971,122</u>	<u>\$ 11,791,464</u>	<u>\$ 14,762,586</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2021.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2021			
Operating revenue and transfers	\$ 4,182,795	\$ 1,155,021	\$ 5,337,816
Operating expenses and transfers	<u>17,644,724</u>	<u>1,092,039</u>	<u>18,736,763</u>
Operating income (loss)	(13,461,929)	62,982	(13,398,947)
Non-operating Income	<u>15,735,411</u>	<u>(210,242)</u>	<u>15,525,169</u>
Change in net position	2,273,482	(147,260)	2,126,222
Net position, beginning of year	690,884	6,037,352	6,728,236
Net position, end of year	<u>\$ 2,964,366</u>	<u>\$ 5,890,092</u>	<u>\$ 8,854,458</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2020			
Operating revenue and transfers	\$ 3,391,983	\$ 2,103,580	\$ 5,495,563
Operating expenses and transfers	14,695,648	206,526	14,902,174
Operating income (loss)	(11,303,665)	1,897,054	(9,406,611)
Non-operating Income	11,447,396	(329,738)	11,117,658
Change in net position	143,731	1,567,316	1,711,047
Net position, beginning of year	547,153	4,470,036	5,017,189
Net position, end of year	<u>\$ 690,884</u>	<u>\$ 6,037,352</u>	<u>\$ 6,728,236</u>

Condensed Statement of Cash Flows for the year ended June 30, 2021.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2021			
Net cash provided by (used in):			
Operating activities	\$ (12,756,432)	\$ -	\$ (12,756,432)
Capital and related financing activities	(295,402)	(601,794)	(897,196)
Noncapital and related financing activities	14,294,761	-	14,294,761
Investing activities	9,948	-	9,948
	1,252,875	(601,794)	651,081
Cash and cash equivalents, beginning of year	14,405,824	(13,777,304)	628,520
Cash and cash equivalents, end of year	<u>\$ 15,658,699</u>	<u>\$ (14,379,098)</u>	<u>\$ 1,279,601</u>

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Condensed Statement of Cash Flows for the year ended June 30, 2020.

	The University of North Florida Training & Service Institute, Inc.	UNF TSI Investments, LLC	Total
For the year ended June 30, 2020			
Net cash provided by (used in):			
Operating activities	\$ (9,062,424)	\$ -	\$ (9,062,424)
Capital and related financing activities	(421,163)	(1,937,393)	(2,358,556)
Noncapital and related financing activities	11,962,237	-	11,962,237
Investing activities	5,558	-	5,558
	2,484,208	(1,937,393)	546,815
Cash and cash equivalents, beginning of year	11,921,617	(11,839,912)	81,705
Cash and cash equivalents, end of year	\$ 14,405,825	\$ (13,777,305)	\$ 628,520

(12) **Operating Leases:**

The Institute leases the ADT building to a tenant under an operating lease with an original expiration date of September 1, 2020.

During June 2020, the lease was extended to for five years through August 31, 2025. The minimum monthly lease payments are \$82,629 with a 2.5% annual increase on the first day of every September.

Future minimum rents under non-cancelable operating leases as of June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	\$ 1,012,206
2023	1,037,511
2024	1,063,449
2025	1,090,035
2026	182,414
Total	\$ 4,394,615

SUPPLEMENTARY INFORMATION

UNIVERSITY OF NORTH FLORIDA TRAINING AND SERVICES INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA/ Number Number	Pass-Through Identifying/ Grant Contract Identification Number	Grant	Expenditures
FEDERAL AGENCY				
Department of Transportation				
Passed through Florida Department of Transportation:				
Florida's Pedestrian & Bicycle Focused Initiative Communication & High Visibility Total Highway Planning & Construction Cluster	20.205	433144 -1-8404	\$ 20,305,553	\$ 11,087,681
			20,305,553	11,087,681
Passed through Florida Department of Transportation:				
Motorcycle Awareness Survey	20.600	MC-20-10-07	60,000	60,000
Florida's Comprehensive Pedestrian & Bicycle Safety Program	20.600	PS-20-08-01	650,000	189,724
Pedestrian & Bicycle Program Evaluation & Data Collection	20.600	PS-20-08-02	250,000	136,411
Florida's Pedestrian & Bicycle High Visibility Enforcement Recruitment & Retention Program	20.600	PS-20-08-04	150,000	15,146
Florida's Comprehensive Pedestrian & Bicycle Safety Program	20.600	PS-2021-00067	700,000	319,657
Florida's Pedestrian & Bicycle Safety High Visibility Enforcement Recruitment &	20.600	PS-2021-00113	100,000	54,192
Pedestrian & Bicycle Safety Program Assessment	20.600	PS-2021-00116	40,000	13,860
Pedestrian & Bicycle Program Evaluation & Data Collection	20.600	PS-2021-00122	300,000	208,157
Florida Law Enforcement Liaison Program	20.600	PT-20-12-01	950,000	189,598
Florida Law Enforcement Traffic Safety Challenge Recognition & Training Event	20.600	PT-20-12-02	150,000	3,424
Florida Law Enforcement Liaison Program	20.600	PT-2021-00095	950,000	649,489
Florida Law Enforcement Traffic Safety Challenge Recognition & Training Event	20.600	PT-2021-00097	150,000	3,278
Digital Photography for Traffic Crash Investigators	20.600	PT-2021-00139	31,800	13,515
Event Data Recorder Use in Traffic Crash Reconstruction	20.600	PT-2021-00140	79,500	31,800
Forensic Evidence From Crash Fatalities	20.600	PT-2021-00141	23,800	7,140
Human Factors in Traffic Crash Reconstruction	20.600	PT-2021-00142	89,500	16,110
Investigation of Motorcycle Crashes - Level I	20.600	PT-2021-00143	79,500	52,470
Pedestrian & Bicycle Crashes Investigation - Level I	20.600	PT-2021-00145	79,500	49,290
Police Motorcycle Instructor	20.600	PT-2021-00146	75,000	54,000
Pedestrian & Bicycle Safety Public Education Program-Transit Advertising	20.616	FHPE-20-07-01	200,000	61,219
Pedestrian & Bicycle Safety Public Education Program-Billboard Advertising	20.616	FHPE-20-07-02	200,000	62,936
Pedestrian & Bicycle Safety Public Education Program-Billboard Advertising	20.616	FHPE-2021-00074	1,000,000	546,554
Pedestrian & Bicycle Law Enforcement Training: Laws, Procedures & Best Practices	20.616	FHTR-2021-00125	400,000	92,467
Pedestrian & Bicycle Law Enforcement Training: Laws, Procedures & Best Practices	20.616	FHTX-20-07-01	500,000	51,274
Statewide Safety Belt & Child Passenger Safety Surveys	20.616	M1X-2021-00087	321,000	265,542
Florida Law Enforcement Liaison Occupant Protection Awareness Program	20.616	M1X-2021-00127	75,000	51,493
Statewide Safety Belt & Child Passenger Safety Surveys	20.616	M2X-20-20-02	321,000	125,110
Florida Law Enforcement Liaison Occupant Protection Awareness Program	20.616	M2X-20-20-03	100,000	55,043
DWI Detention & Standardized Field Sobriety Testing	20.616	MSTR-20-12-01	225,000	99,960
DWI Detention & Standardized Field Sobriety Testing Instructor Development	20.616	MSTR-20-12-02	19,875	14,310
Advanced Roadside Impaired Driving Enforcement (ARIDE)	20.616	MSTR-20-12-04	150,000	62,805
Medical Foundations of Visual Systems Testing	20.616	MSTR-20-12-05	35,700	7,110
Marijuana Impaired Driving Detection for Law Enforcement	20.616	MSTR-20-12-06	58,500	9,165
Advanced Marijuana Impaired Driving Detection for Law Enforcement	20.616	MSTR-20-12-07	19,500	9,360
Drug Evaluation & Classification Program	20.616	MSTR-20-12-08	400,000	183,491
Drug Evaluation & Classification Program	20.616	MSTR-2021-00096	640,000	237,707
Advanced Roadside Impaired Driving Enforcement (ARIDE)	20.616	MSTR-2021-00102	175,000	101,910
DWI Detention & Standardized Field Sobriety Testing	20.616	MSTR-2021-00105	225,000	167,790
Advanced Marijuana Impaired Driving Detection for Law Enforcement	20.616	MSTR-2021-00134	50,000	36,000
Marijuana Impaired Driving Detection for Law Enforcement	20.616	MSTR-2021-00135	75,000	38,025
Medical Foundations of Visual Systems Testing	20.616	MSTR-2021-00147	40,000	24,990
DWI Detention & Standardized Field Sobriety Testing Instructor Update	20.616	MSTR-2021-00148	10,000	2,475
DWI Detention & Standardized Field Sobriety Testing Instructor Development	20.616	MSTR-2021-00149	25,000	25,000
Drug Recognition Expert (DRE) Call-Out	20.616	MSX-20-06-02	30,000	3,102
Impaired Driving Media Awareness Survey	20.616	MSX-20-06-04	60,000	10,780
Florida Law Enforcement Liaison Impaired Driving Awareness Program	20.616	MSX-20-06-05	100,000	47,122
Impaired Driving Media Awareness Survey	20.616	MSX-2021-00077	60,000	60,000
Drug Recognition Expert (DRE) Call-Out	20.616	MSX-2021-00104	50,000	8,666
Florida Law Enforcement Liaison Impaired Driving Awareness Program	20.616	MSX-2021-00106	75,000	58,507
Total Highway Safety Cluster			11,337,650	4,587,176
Total Department of Transportation			31,643,203	15,674,856
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 31,643,203	\$ 15,674,856
Reconciled to cash received from Department of Transportation during the year:				
Total amounts expended			\$	15,674,856
Less net change in grants receivable in financial statements				(1,380,095)
Total cash received from Department of Transportation			\$	14,294,762

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

**UNIVERSITY OF NORTH FLORIDA
TRAINING AND SERVICES INSTITUTE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2021**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the University of North Florida Training and Services Institute, Inc. (“the Institute”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate:**

The Institute has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) **Subrecipients:**

During the year ended June 30, 2021, the Institute provided no federal awards to subrecipients.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Institute. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

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

To the Board of Directors,
UNF Training and Service Institute, Inc.:

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 UNF Training and Service Institute, Inc. (the "Institute") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control over Financial Reporting

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

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

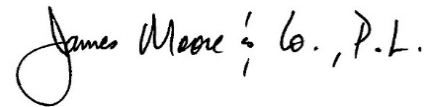
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
September 9, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors,
University of North Florida Training and Services Institute, Inc.:

Report on Compliance for Each Major Federal Program

We have audited the University of North Florida Training and Services Institute, Inc. (the Institute)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2021. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

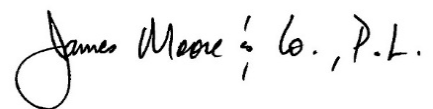
Report on Internal Control over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
September 9, 2021

