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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.

GULF BREEZE, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.

GULF BREEZE, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

CONTENTS

	PAGE
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Other Reports and Schedules:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance required by Section 215.97, <i>Florida Statutes</i> , and Chapter 10.650, <i>Rules of the Auditor General</i>	16
Schedule of Expenditures of State Financial Assistance	19
Schedule of Findings and Questioned Costs	20

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Andrews Research & Education Foundation, Inc.
Gulf Breeze, Florida

Opinion

We have audited the accompanying financial statements of Andrews Research & Education Foundation, Inc., (“Andrews”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of Andrews as of December 31, 2022, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Andrews and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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.

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 Andrews’ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Andrews' 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 Andrews' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Board of Directors
Andrews Research & Education Foundation, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2024, on our consideration of Andrews' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and award agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Andrews' internal control over financial reporting and compliance.



Pensacola, Florida
May 9, 2024

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets:

Cash	\$ 1,552,581
Awards and contracts receivable, net	263,052
Prepaid expenses	18,202
Total current assets	1,833,835

Property and Equipment, net	464,480
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Total Assets	\$ 2,298,315
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 167,904
Short-term related party payables	9,000
Accrued expenses	350,854
Deferred revenue	6,325
Total current liabilities	534,083

Non-Current Liabilities:

Long-term related party payables	195,050
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Total liabilities	729,133
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Net Assets:

Without donor restrictions	1,041,730
With donor restrictions	527,452
	1,569,182

Total Liabilities and Net Assets	\$ 2,298,315
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The accompanying notes are an integral
part of these financial statements.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public support:			
Awards	\$ 1,276,019	\$ 189,747	\$ 1,465,766
Support agreement	18,991	-	18,991
Contributions of cash and other financial assets	207,230	36,754	243,984
Contributions of non-financial assets	672,429	-	672,429
Total public support	<u>2,174,669</u>	<u>226,501</u>	<u>2,401,170</u>
Revenue:			
Project income	502,519	-	502,519
Miscellaneous income	5,414	-	5,414
Total revenue	<u>507,933</u>	<u>-</u>	<u>507,933</u>
Net assets released from restrictions	<u>158,097</u>	<u>(158,097)</u>	<u>-</u>
Total public support and revenue	<u>2,840,699</u>	<u>68,404</u>	<u>2,909,103</u>
Expenses:			
Direct program services:			
Research	999,934	-	999,934
Eagle Fund	530,960	-	530,960
Education	293,082	-	293,082
Fellowship	150,363	-	150,363
Total direct program services	<u>1,974,339</u>	<u>-</u>	<u>1,974,339</u>
Support services:			
Management and general	<u>468,558</u>	<u>-</u>	<u>468,558</u>
Total expenses	<u>2,442,897</u>	<u>-</u>	<u>2,442,897</u>
Change in Net Assets	397,802	68,404	466,206
Net Assets:			
Beginning of year	<u>643,928</u>	<u>459,048</u>	<u>1,102,976</u>
End of year	<u>\$ 1,041,730</u>	<u>\$ 527,452</u>	<u>\$ 1,569,182</u>

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

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Direct Program Services				Total Program Expenses	Management and General	Total Expenses
	Research	Eagle Fund	Education	Fellowship			
Wages	\$ 496,923	\$ 174,516	\$ 80,462	\$ 76,110	\$ 828,011	\$ 86,525	\$ 914,536
Employee benefits	77,190	17,666	9,472	8,267	112,595	533	113,128
Travel	7,075	-	2,574	29,271	38,920	912	39,832
Education and training	63,741	54	147,245	-	211,040	162	211,202
Postage	810	47	93	182	1,132	294	1,426
Advertising	1,730	255	549	299	2,833	2,595	5,428
Membership and licenses	1,086	1,110	-	31,093	33,289	3,833	37,122
Insurance	5,608	7,111	-	-	12,719	11,575	24,294
Equipment purchase and rental	23,963	1,330	306	-	25,599	5,393	30,992
Professional, legal and accounting	28,437	3,763	805	-	33,005	21,162	54,167
Purchased contractor services	34,519	323,913	49,740	600	408,772	10,217	418,989
Food services	488	-	-	2,788	3,276	3,020	6,296
Depreciation	-	-	-	-	-	84,448	84,448
Medical supplies	223,860	-	-	1,609	225,469	-	225,469
In-kind expenses	-	-	-	-	-	156,445	156,445
Other expenses	34,504	1,195	1,836	144	37,679	81,444	119,123
Total Expenses	\$ 999,934	\$ 530,960	\$ 293,082	\$ 150,363	\$ 1,974,339	\$ 468,558	\$ 2,442,897

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

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:

Change in net assets	\$	466,206
to net cash provided by operating activities -		
Depreciation		84,448
Bad debt		29,240
Loss on sale of property and equipment		26,376
Changes in -		
Awards and contracts receivable		(67,856)
Prepaid expenses		(12,061)
Accounts payable		(676,198)
Related party payables		204,050
Accrued expenses		68,883
Deferred revenue		3,325
Net cash provided by operating activities		126,413

Cash Flows From Investing Activities:

Purchase of property and equipment		(215,021)
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Net Change in Cash and Cash Equivalents		(88,608)
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Cash and Cash Equivalents at Beginning of Year		1,641,189
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Cash and Cash Equivalents at End of Year	\$	1,552,581
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The accompanying notes are an integral
part of these financial statements.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Andrews Research & Education Foundation, Inc., (“Andrews”) was incorporated as a Florida not-for-profit corporation in 2014. The Corporation has no paid-in capital or shareholders and the affairs are conducted by the Board of Directors whom shall be elected as provided in the by-laws of the corporation.

Andrews’ primary purpose is to be a leader in the field of musculoskeletal research and education in order to advance the prevention, treatment, and rehabilitation of athletic injuries and enhance human performance and quality of life for people of all ages. Andrews is funded by awards with the State of Florida, Department of Health, and individual and business contributions.

Basis of Presentation:

The accompanying financial statements of Andrews, which are presented on the accrual basis of accounting, have been prepared to focus on Andrews as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Contributions are recognized when a donor makes an unconditional promise to give to Andrews. Contributions that are restricted by a donor are reported as increases in net assets with donor restrictions. When a time restriction expires or a purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Project income is recognized as services are rendered or upon course registrations in the period in which the services are provided.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Net assets without donor restrictions represent resources generated from operations, donations without donor restrictions, and lapse of time or purpose restrictions and are not subject to donor-imposed stipulations.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash:

Cash consists of monies held in a checking account and an interest-bearing deposit account.

Awards and Contracts:

Awards and contracts are stated at the amount management expects to collect from outstanding balances. When necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment:

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$3,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Leasehold improvements	15 years
Furniture, fixtures and equipment	5 - 15 years

Income Taxes:

Andrews is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

Advertising Costs:

Advertising costs are expensed when incurred. Total advertising costs were \$5,428 for the year ended December 31, 2022.

Payroll Expense Allocation:

Payroll expenses for employees are allocated to programs based on the extent to which each employee's position benefits the various programs, as determined by management.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Non-financial Assets:

Contributions of non-financial assets totaling \$672,429 have been recognized in the accompanying statement of activities and changes in net assets for the year ended December 31, 2022. Donations to Andrews include costs related to space utilization. Contributions of tangible assets are recognized at fair market value when received. The computation of value for the contributions is based on the fair value of the contributed items as of the date received. The amounts reported in the accompanying financial statements as contributions of non-financial assets are offset by like amounts included in expenses, with the exception of support recorded as expense in prior years which was forgiven in 2022.

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance in this topic supersedes the requirements in Accounting Standards Codification Topic 840, *Leases*. With the exception of short-term leases, the updated guidance requires lessees to recognize a lease liability representing the lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset representing the lessee’s right to use, or control the use of, a specified asset for the lease term upon adoption. Lessor accounting was largely unchanged under the new guidance, except for clarification of the definition of initial direct costs which provided additional guidance on the timing of recognition of those costs. Subsequent to the issuance of this update, the FASB issued three additional ASUs that provide codification improvements and certain transition elections. Andrews adopted the standard effective January 1, 2022; however, Andrews has no leases that fall under this guidance and thus no new lease disclosures were required.

Subsequent Events:

Management has evaluated subsequent events through May 9, 2024, which is the date the financial statements were available to be issued.

NOTE 2 - AWARDS AND CONTRACTS RECEIVABLE

Awards and contracts receivable consist of the following:

State awards	\$ 164,293
Accounts receivable	148,705
Allowance for doubtful accounts	<u>(49,946)</u>
Total	<u><u>\$ 263,052</u></u>

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Leasehold improvements	\$ 317,552
Furniture, fixtures, and equipment	<u>1,198,729</u>
	1,516,281
Accumulated depreciation	<u>(1,051,801)</u>
Total	<u><u>\$ 464,480</u></u>

Depreciation expense was \$84,448 for the year ended December 31, 2022.

NOTE 4 - NET ASSETS

Net assets without donor restrictions totaled \$1,041,730 as of December 31, 2022. These funds are available for use at the discretion of management to support ongoing operations and activities of the organization.

Donor restricted net assets consist of the following as of December 31, 2022:

Eagle Fund	\$ 418,410
Fellowship Program	<u>109,042</u>
	<u><u>\$ 527,452</u></u>

NOTE 5 - RETIREMENT PLAN

Andrews has established a 401(k) plan covering all employees who have been employed for a specific length of continuous service. Participants may elect to contribute a portion of their compensation, subject to statutory limitations to the plan. Andrews provides matching contributions which equal 25% of the first 6% of the amount each employee elects to contribute to the plan. Andrews' contributions to the plan for the year ended December 31, 2022 totaled \$3,185.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, Andrews conducted transactions involving members of the board of directors.

- Payments totaling \$9,950 were made to two board members for services provided.
- Several board members also hold key positions with vendors used by Andrews. Expenses paid to these vendors totaled \$30,801.
- Several board members made contributions to Andrews totaling \$102,500.

As of December 31, 2022, Andrews had an outstanding balance of \$204,050 payable to physicians who serve on the Board of Directors. This balance represents compensation for oversight services provided for Principal Investigator services on research studies and amounts due to the Director of the Fellowship program. Amounts are recorded as short-term and long-term related party payables on the statement of financial position.

NOTE 7 - LIQUIDITY

Financial assets available for general expenditures within one year of December 31 are as follows:

Cash	\$ 1,552,581
Awards and contracts receivable	<u>263,052</u>
	<u>\$ 1,815,633</u>

At December 31, 2022, all net assets with donor restrictions are available for payment of qualifying expenses, and all financial assets without donor restrictions are available to meet cash needs for general expenditures.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Leases:

Beginning in 2016, Andrews leased office space under a yearly, informal lease agreement with Baptist Health Care. During the year ended December 31, 2022, Baptist made the decision to waive the lease payments for fiscal years 2019 through 2022, in the amount of \$550,838. Additional Baptist affiliates waived expenses in the current year totaling \$121,591. In-kind expense of \$156,445 was recognized in 2022, and \$515,984 was recognized in expense during prior years.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - COMMITMENTS AND CONTINGENCIES (Continued)

Dependency on Government Support:

Andrews' services are funded primarily with awards from the State of Florida Department of Health. A reduction in the level of future support from these agencies could have a substantial effect on Andrews' programs and activities. As of December 31, 2022, management is unaware of any such reduction in future support as a result of any audit findings.

Uninsured Cash Balances:

Andrews maintains cash balances with a financial institution. Demand deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At December 31, 2022, Andrews had \$1,104,111 held by the financial institution in excess of insured limits.

NOTE 9 - SUBSEQUENT EVENT

On September 25, 2023, Andrews' Board of Directors approved and entered into a three-year consulting service agreement with Andrews Medicine, LLC ("AMLLC"). Andrews' President and three of Andrews' board members are board members of AMLCC. On January 1, 2024, a one-year service addendum was signed between AMLLC and Andrews which was incorporated into the September 2023 service agreement. Andrews may provide services to AMLCC to include meeting attendance, preparation of presentations, research, consultation, strategic guidance on education and outreach initiatives, expertise in fellowship program development and management, streamlined administrative support and other mutually agreed upon services.

OTHER REPORTS AND SCHEDULES

**INDEPENDENT AUDITOR'S 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**

Board of Directors
Andrews Research & Education Foundation, Inc.
Gulf Breeze, Florida

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 Andrews Research & Education Foundation, Inc. ("Andrews") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Andrews' internal control over financial reporting (internal control) to determine the audit 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 Andrews' internal control. Accordingly, we do not express an opinion on the effectiveness of Andrews' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Andrews' 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2022-001 to be a significant deficiency.

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 the 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.

Board of Directors
Andrews Research & Education Foundation, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Andrews' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and award 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 Andrews' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Andrews' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
May 9, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY SECTION 215.97, FLORIDA STATUTES
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors
Andrews Research & Education Foundation, Inc.
Gulf Breeze, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Andrews Research & Education Foundation, Inc.’s (“Andrews”) compliance with the types of compliance requirements described in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on Andrews’ major state projects for the year ended December 31, 2022. Andrews’ major state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Andrews complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended December 31, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Andrews and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of Andrews’ compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of state statutes, regulations, rules, and provisions of contracts or award agreements applicable to its state projects.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Andrews' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Andrews' compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Andrews' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Andrews' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Andrews' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida
May 9, 2024

**ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

<u>State Awardee/Pass-through Awardee/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Award Number</u>	<u>Expenditures</u>
<u>Florida Department of Health</u>			
Eagle Fund	64.134	COHAE	\$ 500,000
Community Health Promotion - Contracted Services	64.157	COHCK/COHDS	<u>776,019</u>
Total State Financial Assistance			<u><u>\$ 1,276,019</u></u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the Andrews Research & Education Foundation, Inc.
2. One significant deficiency in internal control relating to the audit of the financial statements was reported in the Independent Auditor's 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*. This significant deficiency is reported in part B of this schedule as Finding 2022-001.
3. No instances of noncompliance material to the financial statements of Andrews Research & Education Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major state projects are reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*.
5. The auditor's report on compliance for state projects for Andrews Research & Education Foundation, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to state projects for Andrews Research & Education Foundation, Inc. which are required to be reported in accordance with Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*.
7. The projects tested as major were:

State Projects

Eagle Fund	CSFA No. 64.134
Community Health Promotions-Contracted Services	CSFA No. 64.157

8. The threshold for distinguishing Type A and B projects was \$383,000 for state projects.

ANDREWS RESEARCH & EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2022-001: Segregation of Duties

We noted the small size of the finance staff has limited the extent of segregation of incompatible duties. The basic premise is that no one person should have access to both cash and the related accounting records or to all phases of a transaction.

While some steps have been taken to improve segregation of duties, and it may not be economically feasible to hire more staff simply to achieve greater segregation of duties, we recommend that management continue to take steps, wherever practicable, to improve segregation of duties. We also recommend that management periodically reevaluate the controls to ensure that material weaknesses do not develop.

Management's Response

Management agrees with the auditors' finding. The Finance Director holds an accounting degree from an accredited university and has over 10 years of public accounting experience, including single audit and nonprofit accounting knowledge. The Finance Director's duties include training and supervising accounting personnel, as well as, performing reviews of monthly reports and supporting documentation to ensure activities and costs are allowable and that expenses are accurate and were incurred during the period of availability.

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

There were no findings and questioned costs related to the major state projects which are required to be reported in accordance with Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*.

In accordance with Rules of the Auditor General 10.65(3)(e), no management letter is required because there were no findings required to be reported in the management letter.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There was no audit required for the year ended December 31, 2021.