ASSURANCE DIMENSIONS

An AbitOs Company

Reports Required by Government Auditing Standards, the Florida Single Audit Act, and Schedule of Expenditures of State Financial Assistance

Florida East Coast Railway, L.L.C.

December 31, 2024

Florida East Coast Railway, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Florida East Coast Railway, L.L.C.

Report on the Audit of the Schedule of Expenditures of State Financial Assistance

Opinion

We have audited the schedule of expenditures of state financial awards of **Florida East Coast Railway, L.L.C.** for the year ended December 31, 2024, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of state financial awards presents fairly, in all material respects, the expenditures of state financial awards of **Florida East Coast Railway, L.L.C.** for the year ended December 31, 2024, in accordance with the cash basis of accounting.

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; and the audit requirements of Chapter 10.650, *Rules of Florida Auditor General* (the "Rules"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of **Florida East Coast Railway, L.L.C.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is 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, and the Rules will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- 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 the **Florida East Coast Railway, L.L.C.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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.

Assurance Dimensions

Tampa, Florida
July 24, 2025

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Florida East Coast Railway, LLC
Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2024

Federal/State awarding agency/project title	Federal ALN/State CSFA Number	Contract Number	Total State Expenditures
Florida Department of Transportation:			
Rail Programs: Passenger Development, Capacity Or Crossing	55.021	G1L59	$ 863,214
Rail Programs: Passenger Development, Capacity Or Crossing	55.021	G2A60	3,101,912
Rail Programs: Passenger Development, Capacity Or Crossing	55.021	G0W56	245,524
U.S. Department of Transportation:			
Passed through Florida Department of Transportation:			
Consolidated Rail Infrastructure and Safety Improvements	20.325	G2A68	19,059
Total Expenditures of State Financial Assistance			$ 4,229,709

See Independent Auditor's Report.

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state award activity of Florida East Coast Railway, L.L.C. (the Company) for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Section 215.97, *Florida Statutes* (the "Statutes"). Because the Schedule only presents a selected portion of the operations of the Company, it is not intended to and does not present the financial position, income, or cash flows of the Company.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such expenditures are recognized following the cost principles contained in Section 215.97, *Florida Statutes*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Company has elected not to use the 10-percent de minimis indirect cost rate allowed by the Statutes.

Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are 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 Company. In the opinion of management, all grant expenditures are in material compliance with the terms of the grant agreements and applicable state laws and regulations.

Relationship to State Financial Reports

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agency. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared as explained above.

Independent Auditors' Report on Compliance for a State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Stockholders
Florida East Coast Railway, L.L.C.

Opinion on Compliance for Rail Programs: Passenger Development, Capacity or Crossing

We have audited Florida East Coast Railway, L.L.C.'s (the Company) compliance with the types of compliance requirements described in the Department of Financial Services State Projects Compliance Supplement of the State of Florida that could have a direct and material effect on its major state project for the year ended December 31, 2024. The Company's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Rail Programs: Passenger Development, Capacity or Crossing for the year ended December 31, 2024.

Basis for Opinion

We conducted our audit 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; and the audit requirements of and the audit requirements of Chapter 10.650, *Rules of the Florida Auditor General* (the "Rules"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other 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 program. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management 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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Company's state programs.

Auditor's Responsibilities 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 the Company's 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 generally accepted auditing standards, *Government Auditing Standards*, and the Rules will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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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 Company's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Rules, 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 the Company's 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 Company's 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 the Rules, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 program 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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 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.

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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 the Rules. Accordingly, this report is not suitable for any other purpose.

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Florida East Coast Railway, L.L.C.

Schedule of Findings and Questioned Costs
December 31, 2024

Section 1 – Summary of Auditors' Results

Financial Statements	Results
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to schedule noted?	No

	State Awards
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be a material weakness?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rule 10.654(1)(h)4?	No

Identification of Major State Projects:

CFSA	Name of State Project
55.021	Rail Programs: Passenger Development, Capacity or Crossing

	State Financial Assistance
Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section 2 – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the schedule for which *Government Auditing Standards* requires a reporting in our audit.

Section 3 – State Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported as well as any abuse findings involving state awards that are material to a major program. There were no instances of abuse found as a result of our audit procedure.

Section 4 – State of Florida Management Letter

No items related to state financial assistance were required to be reported in a management letter pursuant to Section 215.97, Florida Statutes, for the current year.