



WARNER UNIVERSITY

WARNER UNIVERSITY, INC.

Financial Statements
With Independent Auditors' Report
and
Federal and State Awards
In Accordance with the Uniform Guidance
and Florida Chapter 10.650

Year Ended June 30, 2024

WARNER UNIVERSITY, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Warner University, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Warner University, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and 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 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Warner University, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Warner University, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

Auditors' Responsibilities for the Audit of the Financial Statements, continued

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Warner University, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Warner University, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of Warner University, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Warner University, Inc.'s 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 Warner University, Inc.'s internal control over financial reporting and compliance.

Capin Crouse LLP

Lawrenceville, Georgia
October 16, 2024

WARNER UNIVERSITY, INC.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 1,265,853	\$ 269,852
Government funds receivable	-	2,104,985
Prepaid expenses and other assets	123,230	360,583
Student accounts receivable—net of allowance of \$967,397 and \$741,313, respectively)	255,091	193,235
Contributions receivable—net	377,481	2,380,402
Student loans receivable	90,015	90,677
Investments	2,048,854	1,805,175
Beneficial interest in trusts	290,925	347,777
Property and equipment—net	28,115,369	26,588,181
Beneficial interest in perpetual trust	393,744	369,204
	<u>\$ 32,960,562</u>	<u>\$ 34,510,071</u>
Total Assets	<u><u>\$ 32,960,562</u></u>	<u><u>\$ 34,510,071</u></u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 551,850	\$ 641,987
Advanced tuition and fees	221,147	391,117
Lines of credit	2,423,811	2,050,000
Notes payable—net	9,142,272	9,732,708
U.S. government loan funds refundable	58,026	109,816
Total liabilities	<u>12,397,106</u>	<u>12,925,628</u>
Net assets:		
Without donor restrictions	<u>15,046,798</u>	<u>12,356,399</u>
With donor restrictions:		
Restricted by time or purpose	2,222,339	2,744,530
Restricted in perpetuity	3,294,319	6,483,514
	<u>5,516,658</u>	<u>9,228,044</u>
Total net assets	<u>20,563,456</u>	<u>21,584,443</u>
Total Liabilities and Net Assets	<u><u>\$ 32,960,562</u></u>	<u><u>\$ 34,510,071</u></u>

See notes to financial statements

WARNER UNIVERSITY, INC.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted by Purpose or Time	Restricted in Perpetuity	
OPERATING REVENUES, GAINS, AND OTHER SUPPORT:				
Net tuition and fees	\$ 10,300,836	\$ -	\$ -	\$ 10,300,836
Contributions	1,367,599	1,487,387	7,000	2,861,986
Auxiliary enterprises	5,154,586	-	-	5,154,586
Investment gain	14,407	198,253	-	212,660
Other	2,748,113	-	-	2,748,113
Net asset released from restrictions	5,428,566	(2,207,831)	(3,220,735)	-
Operating Revenues, Gains, and Other Support	25,014,107	(522,191)	(3,213,735)	21,278,181
OPERATING EXPENSES:				
Program services:				
Instruction	4,123,314	-	-	4,123,314
Academic support	889,903	-	-	889,903
Student services	8,115,417	-	-	8,115,417
Auxiliary enterprises	3,726,462	-	-	3,726,462
Institutional support	5,231,092	-	-	5,231,092
Total Operating Expenses	22,086,188	-	-	22,086,188
Change in Net Assets from Operations	2,927,919			
NONOPERATING ACTIVITIES:				
Change in value of beneficial interest in perpetual trusts	-	-	24,540	24,540
Change in value of beneficial interest in trusts	10,227	-	-	10,227
Insurance proceeds	715,710	-	-	715,710
Disaster cleanup expense	(963,457)	-	-	(963,457)
	(237,520)	-	24,540	(212,980)
Change in Net Assets	2,690,399	(522,191)	(3,189,195)	(1,020,987)
Net Assets, Beginning of Year	12,356,399	2,744,530	6,483,514	21,584,443
Net Assets, End of Year	\$ 15,046,798	\$ 2,222,339	\$ 3,294,319	\$ 20,563,456

See notes to financial statements

WARNER UNIVERSITY, INC.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted by Purpose or Time	Restricted in Perpetuity	
OPERATING REVENUES, GAINS, AND OTHER SUPPORT:				
Net tuition and fees	\$ 9,426,076	\$ -	\$ -	\$ 9,426,076
Contributions	942,572	2,890,581	57,000	3,890,153
Grant revenue	14,136	-	-	14,136
Auxiliary enterprises	3,940,851	-	-	3,940,851
Investment gain	240,040	155,116	-	395,156
Other	990,886	-	-	990,886
Net asset released from restrictions	2,183,024	(2,183,024)	-	-
Operating Revenues, Gains, and Other Support	17,737,585	862,673	57,000	18,657,258
OPERATING EXPENSES:				
Program services:				
Instruction	3,834,957	-	-	3,834,957
Academic support	1,012,525	-	-	1,012,525
Student services	6,959,991	-	-	6,959,991
Auxiliary enterprises	2,770,219	-	-	2,770,219
Institutional support	5,566,118	-	-	5,566,118
Total Operating Expenses	20,143,810	-	-	20,143,810
Change in Net Assets from Operations	(2,406,225)			
NONOPERATING ACTIVITIES:				
Change in value of beneficial interest in perpetual trusts	-	15,000	8,528	23,528
Change in value of beneficial interest in trusts	-	(1,060)	-	(1,060)
Insurance proceeds	1,950,988	-	-	1,950,988
Disaster cleanup expense	(1,950,988)	-	-	(1,950,988)
	-	13,940	8,528	22,468
Change in Net Assets	(2,406,225)	876,613	65,528	(1,464,084)
Net Assets, Beginning of Year	14,762,624	1,867,917	6,417,986	23,048,527
Net Assets, End of Year	\$ 12,356,399	\$ 2,744,530	\$ 6,483,514	\$ 21,584,443

See notes to financial statements

WARNER UNIVERSITY, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,020,987)	\$ (1,464,084)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,165,544	1,003,070
Amortization of debt issuance costs	10,425	10,425
Change in value of beneficial interest in perpetual trust	(24,540)	(23,528)
Change in value of beneficial interest in trusts	(10,667)	1,060
Distributions from beneficial interest in trusts	67,519	-
Realized and unrealized gains on investments	(165,427)	(141,968)
Contributions restricted for long-term purposes	(930,500)	(2,708,750)
Change in operating assets and liabilities:		
Accounts receivable–net	(61,856)	24,723
Contribution receivable–net	2,002,921	(2,111,887)
Student loans receivable	(51,128)	35,318
Government funds receivable	2,104,985	211,357
Prepaid expenses and other assets	237,353	72,329
Accounts payable and accrued expenses	(90,137)	(185,803)
Advanced tuition and fees	(169,970)	173,147
Net Cash Provided (Used) by Operating Activities	3,063,535	(5,104,591)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(146,852)	(258,295)
Proceeds from the sales of investments	68,600	224,662
Purchases of property and equipment	(2,692,732)	(2,808,449)
Net Cash Used by Investing Activities	(2,770,984)	(2,842,082)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on lines of credit	4,079,737	3,050,000
Repayments on lines of credit	(3,705,926)	(1,000,000)
Repayments on notes payable	(600,861)	(575,820)
Contributions restricted for long-term purposes	930,500	2,708,750
Net Cash Provided by Financing Activities	703,450	4,182,930
Change in Cash and Cash Equivalents	996,001	(3,763,743)
Change in Cash and Cash Equivalents, Beginning of Year	269,852	4,033,595
Change in Cash and Cash Equivalents, End of Year	\$ 1,265,853	\$ 269,852
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 418,224	\$ 359,661

See notes to financial statements

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Warner University, Inc. (the University), incorporated as a not-for-profit organization in 1968 under the laws of the state of Florida, is a coeducational, Christian liberal arts college. The University is committed to guiding individuals toward Christ-like character and intellectual maturity while equipping them to serve. It is affiliated with the General Assembly of the Church of God based in Anderson, Indiana and offers a variety of undergraduate and graduate programs. The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges.

The University is identified as a not-for-profit corporation. In January 1969, the Internal Revenue Service issued a determination letter that recognized the University as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law. The University is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code. That determination letter remains in effect.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

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

OPERATING AND NONOPERATING ACTIVITIES

Nonoperating activities reflect changes in values of trusts as well as insurance proceeds received related to hurricane damage to the University's campus located in Lake Wales, Florida.. All proceeds were used for hurricane-related repairs and cleanup on the campus. During the years ended June 30, 2024 and 2023, the University received \$715,710 and \$1,950,988, respectively.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash available for the general use of the University. Short-term, liquid investments that are not available for the general use of the University (such as those restricted for plant or endowments) are not considered cash and cash equivalents. While deposits may be in excess of federally insured limits, the University has not experienced any losses in such accounts. At June 30, 2024 and 2023, the University's cash balances exceeded federally insured limits by \$1,097,926 and \$1,583,486, respectively.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GOVERNMENT FUNDS RECEIVABLE

For the year ended June 30, 2023, government funds receivable includes \$2,104,985 of credit to be claimed under Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. The entire receivable balance was collected in July 2023.

STUDENT ACCOUNTS RECEIVABLE—NET

Student accounts receivable consists of amounts billed to students for tuition and auxiliary charges. Student accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The University separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statements of financial position date, the University develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. As of June 30, 2024, the University increased its historical loss rate for each aging category by 5% due to increased inflation and other economic indicators.

CONTRIBUTIONS RECEIVABLE—NET

When a donor has unconditionally promised to contribute funds to the University in future periods, the University recognizes a contribution receivable. Contributions expected to be collected within one year are recorded as support and a receivable at net realizable value. Contributions expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using risk adjusted market rates. For pledges received during the years ended June 30, 2024 and 2023, the discount rate used for both years was 5%. Amortization of discounts is included in contributions in the accompanying statements of activities. Management has determined no allowance is necessary and all amounts are deemed fully collectible.

STUDENT LOANS RECEIVABLE

Student loans receivable consists of amounts due from the Federal Perkins Loan Program. Interest income on Federal Perkins Loans begins accruing six months after the student graduates or is no longer enrolled at the University. The University only recognizes the income after the interest is received. Any associated fees and costs are expensed as they are incurred. Loans receivable are considered past due if full principal payments are not received in accordance with the contractual terms.

U.S. government loan funds refundable under the Federal Perkins Loan Program are distributable to the federal government upon liquidation of the loan program and thus are reflected as a liability in the accompanying statements of financial position.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

BENEFICIAL INTEREST IN TRUSTS

The University has certain trust agreements with donors under which both parties derive benefits. These agreements are held and administered by third-party trustees. Split-interest agreements entered into by the University consist of charitable remainder annuity trusts and charitable lead unitrusts. The University values its beneficial interest in trusts based on the fair value of the underlying assets as well as actuarial assumptions.

PROPERTY AND EQUIPMENT—NET

Property and equipment is stated at cost, or if donated, at estimated fair value on the date of receipt. Purchases of property and equipment greater than \$2,500 are capitalized and depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 60 years.

BENEFICIAL INTEREST IN PERPETUAL TRUST

The University is a beneficiary of a trust that is held and administered by third-party trustees in perpetuity. Although the assets of the trust are not in its possession, the University is entitled to receive income therefrom. Distributions of income are made at the discretion of the trustees. The University values its remainder interest based on the fair value of the underlying assets.

INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Other investments are reported at cost. Interest and dividend income and the realized and unrealized gain or loss on investments is reported in the accompanying statements of activities. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many users.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEBT ISSUANCE COSTS—NET

Debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the note payable agreements. Debt issuance costs—net are netted with the notes payable in the accompanying statements of financial position.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment, net of accumulated depreciation and related debt.

Net assets with donor restrictions for purpose or time are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, for the acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions in perpetuity are contributed with donor restrictions requiring that they be held in perpetuity with income used for scholarships.

REVENUES, GAINS, AND OTHER SUPPORT, RECLASSIFICATIONS, AND EXPENSES

Tuition and fees are recognized in the fiscal year in which the academic programs are delivered. Auxiliary revenue is recognized when the goods are delivered or services are performed. Payments received for future periods are reported as advanced tuition and fees. Tuition discounts and institutional aid awarded to students reduce the amount of tuition revenue recognized. Advanced tuition and fees was \$391,117 and \$217,970 as of June 30, 2023 and 2022, respectively. Substantially all advanced tuition and fees were recognized as revenue during the following year. All other exchange revenue is recognized when earned.

The University recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The University reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

Gifts-in-kind consist of property and securities recognized at fair value on the date of the gift.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES, GAINS, AND OTHER SUPPORT, RECLASSIFICATIONS, AND EXPENSES, continued

The University reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Expenses, including advertising costs of \$326,478 and \$253,223 for the years ended June 30, 2024 and 2023, respectively, are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the University have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

The University participates in the delivery of student financial assistance programs under various programs administered by the Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties or the discontinuation of eligibility for participation.

RECENTLY ADOPTED ACCOUNTING GUIDANCE

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the University that are subject to the guidance in FASB ASC 326 are student accounts receivable. The University adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the University's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The University considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,265,853	\$ 269,852
Accounts receivable—net	255,091	193,235
Contributions receivable—net	377,481	2,380,402
Student loans receivable	90,015	90,677
Government funds receivable	-	2,104,985
Beneficial interest in trusts	290,925	347,777
Beneficial interest in perpetual trust	393,744	369,204
Investments held for long-term purposes	2,048,854	1,805,175
Financial assets, at year-end	4,721,963	7,561,307
Less those unavailable for general expenditures within one year, due to:		
Board-designated endowment	(137,647)	(207,828)
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose or time restrictions:		
Endowment funds—less internal loan to the endowment	(993,148)	(1,597,347)
Beneficial interest in perpetual trust	(393,744)	(369,204)
Beneficial interest in trusts	(290,925)	(347,777)
Contributions receivable—net not due within one year	(77,935)	(1,315,759)
	(1,893,399)	(3,837,915)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,828,564	\$ 3,723,392

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The University utilizes a 30-day time horizon to assess its immediate liquidity needs. This period of time was established based on management's review of the typical life cycle of converting its financial assets to cash and typical payments of accounts payable and other known future expenses. Board-designated endowment can be released upon resolution of the board and used for general expenditures. At June 30, 2024, the University had \$2,222,339 in net assets with donor restrictions for athletic initiatives, scholarships, and ongoing operations. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes. In the event of an unanticipated liquidity need, the University could draw upon \$1,287,416 available from its lines of credit (see Note 11).

4. STUDENT ACCOUNTS RECEIVABLE–NET:

Student accounts receivable–net consist of:

	June 30,	
	2024	2023
Student receivables	\$ 1,222,488	\$ 934,548
Less allowance for uncollectible accounts	(967,397)	(741,313)
	<u>\$ 255,091</u>	<u>\$ 193,235</u>

5. CONTRIBUTIONS RECEIVABLE–NET:

Contributions receivable–net consist of:

	June 30,	
	2024	2023
Unconditional promises to give	\$ 399,546	\$ 2,508,500
Less discounts	(22,065)	(128,098)
	<u>\$ 377,481</u>	<u>\$ 2,380,402</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

5. CONTRIBUTIONS RECEIVABLE–NET, continued:

Contributions receivable–net are due as follows:

	June 30,	
	2024	2023
Net amounts due in:		
Less than one year	\$ 299,546	\$ 1,064,643
Two to five years	77,935	1,315,759
	\$ 377,481	\$ 2,380,402

6. STUDENT LOANS RECEIVABLE:

The University’s student loans receivable consists of a revolving loan fund for Federal Perkins Loans for which the University acts as an agent for the federal government in administering the loan program. The University determined that no allowance is necessary on these student loans. The aging of the student loan portfolio as of June 30, 2024 and 2023, is presented as follows:

	June 30,	
	2024	2023
Deferral status	\$ 36,007	\$ 13,973
Less than 240 days past due	5,089	5,903
Greater than 240 days but less than 2 years past due	6,434	4,000
Greater than 2 years less than 5 years past due	9,100	13,229
Greater than 5 years past due	33,385	53,572
	\$ 90,015	\$ 90,677

The following presents the recorded investment by credit quality indicator:

	June 30,	
	2024	2023
Deferral status	\$ 36,007	\$ 13,973
Performing	20,623	23,132
Nonperforming	33,385	53,572
	\$ 90,015	\$ 90,677

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

6. STUDENT LOANS RECEIVABLE, continued:

The credit quality indicator is the performance of the loan as determined by the delinquency status of the loan. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The University is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2024	2023
Land	\$ 841,763	\$ 841,763
Land improvements	6,007,766	5,099,768
Buildings and improvements	32,026,482	31,547,120
Equipment, furniture, and technology	3,337,972	3,244,984
Library books	561,261	590,801
Vehicles	651,835	485,893
	43,427,079	41,810,329
Less accumulated depreciation	(16,643,220)	(15,507,215)
	26,783,859	26,303,114
Construction in progress	1,331,510	285,067
	\$ 28,115,369	\$ 26,588,181

8. INVESTMENTS:

Investments consist of:

	June 30,	
	2024	2023
Held at fair value:		
Fixed income	\$ 694,541	\$ 712,979
Mutual funds	1,221,457	962,088
Stocks	122,040	102,300
	2,038,038	1,777,367
Held at cost:		
Cash and cash equivalents	10,816	27,808
	10,816	27,808
Total investments	\$ 2,048,854	\$ 1,805,175

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

8. INVESTMENTS, continued:

Investment gain consist of:

	Year Ended June 30,	
	2024	2023
Interest and dividends	\$ 69,599	\$ 274,116
Realized and unrealized gains on investments	165,427	141,968
Investment management fees netted with investment gains	(22,366)	(20,928)
	<u>\$ 212,660</u>	<u>\$ 395,156</u>

Investment are held for the following purposes:

	June 30,	
	2024	2023
Investments held for operations	\$ 918,059	\$ -
Investments held for endowment and scholarships	1,130,795	1,805,175
	<u>\$ 2,048,854</u>	<u>\$ 1,805,175</u>

9. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The University uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the University measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2024 and 2023:

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

9. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2024			Total
	Level 1	Level 2	Level 3	
Investments held for long-term purposes, at fair value:				
Fixed income	\$ -	\$ 694,541	\$ -	\$ 694,541
Mutual funds:				
Mid cap	56,772	-	-	56,772
Large cap	708,323	-	-	708,323
International funds	322,376	-	-	322,376
Emerging markets	133,986	-	-	133,986
	<u>1,221,457</u>	<u>-</u>	<u>-</u>	<u>1,221,457</u>
Stock equities	122,040	-	-	122,040
Total investments held for long-term purposes, at fair value	<u>\$ 1,343,497</u>	<u>\$ 694,541</u>	<u>\$ -</u>	<u>2,038,038</u>
Total investments held for long-term purposes, at cost: cash and cash equivalents				<u>10,816</u>
Total investments held for long-term purposes				<u>\$ 2,048,854</u>
Beneficial interest in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,925</u>	<u>\$ 290,925</u>
Beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,744</u>	<u>\$ 393,744</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

9. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments held for long-term purposes, at fair value:				
Fixed income	\$ -	\$ 712,979	\$ -	\$ 712,979
Mutual funds:				
Small cap	50,919	-	-	50,919
Mid cap	51,554	-	-	51,554
Large cap	427,326	-	-	427,326
International funds	283,433	-	-	283,433
Emerging markets	148,856	-	-	148,856
	<u>962,088</u>	<u>-</u>	<u>-</u>	<u>962,088</u>
Stock equities	<u>102,300</u>	<u>-</u>	<u>-</u>	<u>102,300</u>
Total investments held for long-term purposes, at fair value	<u>\$ 1,064,388</u>	<u>\$ 712,979</u>	<u>\$ -</u>	<u>1,777,367</u>
Total investments held for long-term purposes, at cost: cash and cash equivalents				<u>27,808</u>
Total investments held for long-term purposes				<u>\$ 1,805,175</u>
Beneficial interest in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,777</u>	<u>\$ 347,777</u>
Beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,204</u>	<u>\$ 369,204</u>
	<u>\$ 1,064,388</u>	<u>\$ 712,979</u>	<u>\$ 716,981</u>	<u>\$ 2,494,348</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Fixed income—The fair value of these financial instruments is based upon yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds and stock equities—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

9. FAIR VALUE MEASUREMENTS, continued:

Beneficial interest in trusts—The fair value of trusts held by others is based on the value of the underlying assets as well as actuarial assumptions.

Beneficial interest in perpetual trust—The fair value of perpetual trust held by others is based on the value of the University's proportional share of the overall assets held by the other organizations.

Changes in valuation techniques—None.

10. ENDOWMENT FUNDS:

The University's endowment consists of approximately 45 individual funds established for a variety of purposes. Its endowment includes both donor-restricted and board-designated endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the University has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. For accounting purposes only and without any implication for the University's legal obligations for administering its endowment funds, the University has classified as net assets with donor restrictions the following: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions with purpose restriction until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by FUPMIFA.

FUNDS WITH DEFICIENCIES

Because FUPMIFA does not establish a fixed level below which an endowment fund is permitted to fall, there are no "deficiencies" in the endowment funds held by the University. However, the University maintains records of the sum of: (a) the original value of gifts donated to each endowment fund, (b) the original value of subsequent gifts to each endowment fund, and (c) accumulations to each such endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no endowment funds with deficiencies at June 30, 2024 and 2023, respectively.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

RETURN OBJECTIVES AND RISK PARAMETERS

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold indefinitely or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of selected benchmarks for each investment asset class, while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average annual rate of return greater than the corresponding benchmark index. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

In developing its spending policy, the University considers certain of the following factors, which it determines relevant:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

The University has established a guideline of appropriating for distribution each year up to 5% of its endowment fund's balance as of the December 31 market value for the next fall semester. Spending from these funds is intended to benefit the University in perpetuity; therefore, the spending policy is intended to achieve a balance between the need to preserve the purchasing power of the endowment principal at the time of the donation and the need to maximize current distribution to support the programs designated by the donors.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY, continued

In previous years, the University elected to initiate interfund loans from the endowment fund to meet the cash flow needs and fund capital projects. The balance of all interfund borrowings from the endowment fund was \$2,060,784 and \$4,628,931 for the years ended June 30, 2024 and 2023, respectively. The University is making annual interest payments on the loan at a 3% interest rate and intends to repay the balance of the loan as the availability of operating funds permit. During the years ended June 30, 2024 and 2023, \$0 was repaid on the balance. During the year ended June 30, 2024, a certain donor elected to release endowed net assets from restriction in the amount of \$3,493,207. This release resulted in a decrease of \$2,568,147 in the interfund borrowings from the endowment. The remainder of the endowment funds are held in investments and totaled \$1,130,795 and \$1,805,175 for the years ended June 30, 2024 and 2023, respectively.

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 153,357	\$ 2,900,575	\$ 3,053,932
Board-designated endowment funds	137,647	-	-	137,647
	<u>\$ 137,647</u>	<u>\$ 153,357</u>	<u>\$ 2,900,575</u>	<u>\$ 3,191,579</u>

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, June 30, 2023	\$ 207,828	\$ 111,968	\$ 6,114,310	\$ 6,434,106
Investment gain, net	-	198,253	-	198,253
Contributions/designations	126,027	-	7,000	133,027
Appropriation of endowment assets for expenditure or reclassification	(196,208)	(156,864)	(3,220,735)	(3,573,807)
Endowment net assets, June 30, 2024	<u>\$ 137,647</u>	<u>\$ 153,357</u>	<u>\$ 2,900,575</u>	<u>\$ 3,191,579</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 111,968	\$ 6,114,310	\$ 6,226,278
Board-designated endowment funds	207,828	-	-	207,828
	<u>\$ 207,828</u>	<u>\$ 111,968</u>	<u>\$ 6,114,310</u>	<u>\$ 6,434,106</u>

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, June 30, 2022	\$ 202,207	\$ (16,012)	\$ 6,057,310	\$ 6,243,505
Investment gain, net	-	140,116	-	140,116
Contributions/designations	138,867	-	57,000	195,867
Appropriation of endowment assets for expenditure or reclassification	(133,246)	(12,136)	-	(145,382)
Endowment net assets, June 30, 2023	<u>\$ 207,828</u>	<u>\$ 111,968</u>	<u>\$ 6,114,310</u>	<u>\$ 6,434,106</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

11. LINES OF CREDIT AND LETTER OF CREDIT:

The University maintains a \$1,800,000 revolving line of credit with its primary financial institution that is due on demand (with no set maturity date), subject to a variable interest rate (8.5% and 4.75% at June 30, 2024 and 2023, respectively), and is collateralized by certain real property. The University is required to pay monthly interest-only payments on the outstanding borrowings. At June 30, 2024 and 2023, there were outstanding borrowings of \$800,000 and \$1,800,000, respectively, under this line of credit.

During the year ended June 30, 2023, the University established a \$1,911,227 revolving line of credit with its primary financial institution with outstanding borrowings due upon maturity annually, subject to a variable interest rate (8.5% and 6.5% at June 30, 2024 and 2023, respectively), and is collateralized by certain receivables. The University is required to pay monthly interest-only payments on the outstanding borrowings. At June 30, 2024 and 2023, there were outstanding borrowings of \$1,623,811 and \$250,000, respectively, under this line of credit.

12. NOTES PAYABLE—NET:

Notes payable—net consist of:

	June 30,	
	2024	2023
Note payable to a certain financial institution of Polk County; bears interest at 3.99%; principal and interest payable in monthly installments of \$50,965 through maturity in March 2026, at which time, all unpaid principal and accrued interest is due; secured by real property.	\$ 5,654,343	\$ 6,028,717
Note payable to a certain financial institution of Polk County; bears interest at 3.99%; principal and interest payable in monthly installments of \$29,161 through maturity in May 2026, at which time, all unpaid principal and accrued interest is due; secured by real property.	3,297,205	3,509,454
Notes payable to a certain church; bears interest at 4.50%; requires annual interest payments; due on demand; unsecured.	209,130	223,369
	9,160,678	9,761,540
Less debt issuance costs—net	(18,406)	(28,832)
	\$ 9,142,272	\$ 9,732,708

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

12. NOTES PAYABLE—NET, continued:

Maturities of the notes payable are estimated as follows:

Years Ending June 30,	Amounts
2025	\$ 630,626
2026	8,346,330
2027	16,294
2028	17,042
2029	17,825
Thereafter	132,561
	\$ 9,160,678

The University is required to meet certain financial and time covenants for notes payable. As of June 30, 2024 and 2023, the University was in compliance with all covenants or obtained a waiver, respectively.

13. NET TUITION AND FEES:

Net tuition and fees consist of:

	Year Ended June 30,	
	2024	2023
Tuition and fees	\$ 19,070,769	\$ 17,338,445
Tuition discounts and institutional aid:		
Endowment and perpetual trust awards	(80,600)	(145,382)
General scholarships	(8,524,795)	(7,569,027)
Annual fund financial aid gifts	(164,538)	(197,960)
	(8,769,933)	(7,912,369)
	\$ 10,300,836	\$ 9,426,076

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

14. GROUND LEASE:

In January 2016, the University entered into a 75-year operating ground lease agreement with a private enterprise. Under the terms of the agreement, the enterprise constructed a 100-bed student housing facility on University property and pays the University \$5,000 annually to rent the facility. The private enterprise operates the facility and the University is responsible for providing a resident director and resident assistants. The University requires all residents of the facility to purchase a University meal plan. At the end of the term, the private enterprise or its assignees shall cooperate with the University in transferring the facility to the University.

15. NET ASSETS:

Net assets consist of:

	June 30,	
	2024	2023
Without donor restrictions:		
Unrestricted, undesignated	\$ 14,909,151	\$ 12,148,571
Board-designated endowment funds	137,647	207,828
	<u>15,046,798</u>	<u>12,356,399</u>
With donor restrictions:		
Restricted by time or purpose:		
Ag initiatives	195,353	133,629
Scholarships	192,547	107,397
Trust assets	290,925	347,777
Athletic initiatives	1,075,821	1,940,508
Endowment funds-unexpended earnings	153,357	111,968
Other	314,336	103,251
	<u>2,222,339</u>	<u>2,744,530</u>
Restricted in perpetuity:		
Endowment funds	2,900,575	6,114,310
Beneficial interest in perpetual trust	393,744	369,204
	<u>3,294,319</u>	<u>6,483,514</u>
Total net assets with donor restrictions	<u>5,516,658</u>	<u>9,228,044</u>
	<u>\$ 20,563,456</u>	<u>\$ 21,584,443</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

16. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, interest, maintenance and repairs, and utilities are allocated on a square-footage basis. Salaries and other employee benefits are allocated on employee time and effort.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

16. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification as of June 30, 2024:

	Program Services					Institutional Support			Total
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Subtotal	General and Administrative	Fundraising	Subtotal	
Salaries, taxes, and benefits	\$ 2,776,012	\$ 430,359	\$ 3,821,915	\$ 11,115	\$ 7,039,401	\$ 2,120,099	\$ 412,331	\$ 2,532,430	\$ 9,571,831
Professional fees	-	-	-	-	-	118,299	-	118,299	118,299
Contract services	871	-	115,900	2,511,855	2,628,626	64,155	238,837	302,992	2,931,618
Advertising and promotion	6	4,284	221,098	466	225,854	57,642	42,982	100,624	326,478
Supplies and equipment	6,197	103,620	407,493	-	517,310	24,735	3,310	28,045	545,355
Information technology	-	15,869	54,087	-	69,956	359,403	15,147	374,550	444,506
Occupancy	13,770	-	1,040	746,435	761,245	32,152	112	32,264	793,509
Conferences, travel, and lodging	454	1,158	515,468	1,231	518,311	77,743	15,395	93,138	611,449
Depreciation and amortization	373,656	104,731	642,040	-	1,120,427	34,705	10,411	45,116	1,165,543
Insurance	-	-	239,509	-	239,509	707,749	-	707,749	947,258
Events	3,052	14,758	100,651	-	118,461	199	30,669	30,868	149,329
Interest	134,307	-	9,760	-	144,067	275,378	-	275,378	419,445
Athletic events and travel	-	-	342,250	-	342,250	-	-	-	342,250
Maintenance and repairs	775,358	198,446	1,412,827	225,336	2,611,967	129,607	24,078	153,685	2,765,652
Professional development	15,696	11,102	96,199	-	122,997	8,466	-	8,466	131,463
Subscriptions and memberships	4,185	2,258	101,602	-	108,045	75,331	-	75,331	183,376
Utilities	669	450	6,832	229,574	237,525	10,459	700	11,159	248,684
Other expenses	19,081	2,868	26,746	450	49,145	333,439	7,559	340,998	390,143
Total operating expenses	<u>4,123,314</u>	<u>889,903</u>	<u>8,115,417</u>	<u>3,726,462</u>	<u>16,855,096</u>	<u>4,429,561</u>	<u>801,531</u>	<u>5,231,092</u>	<u>22,086,188</u>
Nonoperating Activity:									
Disaster cleanup	-	-	-	-	-	963,457	-	963,457	963,457
Total Expenses	<u>\$ 4,123,314</u>	<u>\$ 889,903</u>	<u>\$ 8,115,417</u>	<u>\$ 3,726,462</u>	<u>\$ 16,855,096</u>	<u>\$ 5,393,018</u>	<u>\$ 801,531</u>	<u>\$ 6,194,549</u>	<u>\$ 23,049,645</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

16. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification as of June 30, 2023:

	Program Services					Institutional Support			Total
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Subtotal	General and Administrative	Fundraising	Subtotal	
Salaries, taxes, and benefits	\$ 2,704,979	\$ 591,123	\$ 3,351,930	\$ 13,519	\$ 6,661,551	\$ 1,840,898	\$ 335,571	\$ 2,176,469	\$ 8,838,020
Professional fees	-	-	-	-	-	81,188	-	81,188	81,188
Contract services	794	-	329,880	2,196,148	2,526,822	57,158	823,809	880,967	3,407,789
Advertising and promotion	-	-	-	-	-	223,819	29,404	253,223	253,223
Supplies and equipment	11,268	90,854	276,408	512	379,042	37,862	4,571	42,433	421,475
Information technology	299	44,491	73,107	-	117,897	305,048	12,360	317,408	435,305
Occupancy	16,216	-	8,634	236,813	261,663	22,985	-	22,985	284,648
Conferences, travel, and lodging	11,001	2,854	499,452	10,733	524,040	51,406	21,810	73,216	597,256
Depreciation and amortization	320,627	92,806	550,923	-	964,356	29,780	8,934	38,714	1,003,070
Insurance	-	-	87,789	-	87,789	495,934	-	495,934	583,723
Events	2,499	22,618	76,802	-	101,919	3,438	13,430	16,868	118,787
Interest	149,267	-	10,386	-	159,653	267,173	-	267,173	426,826
Athletic events and travel	-	-	315,198	-	315,198	-	-	-	315,198
Maintenance and repairs	587,512	153,343	1,256,689	129,703	2,127,247	255,895	16,412	272,307	2,399,554
Professional development	16,345	9,846	11,321	-	37,512	2,503	-	2,503	40,015
Subscriptions and memberships	2,868	1,955	86,745	-	91,568	70,892	30	70,922	162,490
Utilities	-	625	8,648	182,456	191,729	8,813	600	9,413	201,142
Other expenses	11,282	2,010	16,079	335	29,706	537,464	6,931	544,395	574,101
Total operating expenses	<u>3,834,957</u>	<u>1,012,525</u>	<u>6,959,991</u>	<u>2,770,219</u>	<u>14,577,692</u>	<u>4,292,256</u>	<u>1,273,862</u>	<u>5,566,118</u>	<u>20,143,810</u>
Nonoperating Activity:									
Disaster cleanup	-	-	-	-	-	1,950,988	-	1,950,988	1,950,988
Total Expenses	<u>\$ 3,834,957</u>	<u>\$ 1,012,525</u>	<u>\$ 6,959,991</u>	<u>\$ 2,770,219</u>	<u>\$ 14,577,692</u>	<u>\$ 6,243,244</u>	<u>\$ 1,273,862</u>	<u>\$ 7,517,106</u>	<u>\$ 22,094,798</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

17. RETIREMENT PLANS:

The University sponsors two tax deferred retirement plans to which employees may contribute on a voluntary basis. The University also sponsors a defined contribution retirement plan for all full-time employees. Contributions under this plan are added to individual retirement accounts. Employer contributions to the plan are based on employee participation and on a percentage of base compensation. Total retirement plan expense for the years ended June 30, 2024 and 2023, was \$253,565 and \$218,195, respectively.

18. COMMITMENTS AND CONTINGENCIES:

The University participates in various programs administered by the Department of Education and state boards, and the University acts as an agent for the respective agencies. The governmental grants and contracts amounts reported exclude funds directly awarded and credited to students under the various federal and state programs; however, substantial portions of the tuition and fees revenue and collection of accounts receivable as of June 30, 2024, are dependent upon the University's continued participation in the various programs.

The University is involved in various lawsuits, claims, and proceedings. Based on the facts currently available, management believes that the ultimate outcome of pending and asserted matters will not have a materially adverse effect on the University's financial position. The University's liability insurance coverage is expected to cover any potential future liability.

In January 2023, the University submitted to the Florida House of Representatives an appropriations project request (the Project) for the fiscal year 2023-2024, entitled Warner University Wastewater Treatment Facility, for a nonrecurring request amount of \$2,250,000. In June 2023, the University received notification of the Project's approval via Florida Senate Bill (SB) 2500, whereby Warner University Wastewater Treatment was listed as an approved appropriation and on June 15, 2023, the governor approved the allocation in the fiscal year 2023-2024 budget line item 1705A. Effective August 2023, the University executed an agreement (the Agreement) with the State of Florida Environmental Protection Agency (FDEP) for the construction of the Project. The Agreement is in the form of a cost reimbursement grant for an amount not to exceed \$2,250,000 for qualifying costs to be incurred during the period July 1, 2023 through December 31, 2026 (as defined in the Agreement).

The University is following the above process to request additional funding for Phase II of the Project.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

19. RELATED PARTY TRANSACTIONS AND CONCENTRATION:

During the years ended June 30, 2024 and 2023, the University received \$323,206 and \$506,690, respectively, in contributions from board of trustee members and companies those members own. The University also has \$179,500 and \$1,646,000 in outstanding contribution receivables from board of trustee members as of June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, the board of trustees were responsible for 11% and 46% respectively, of contribution support recognized. The University's operations and program services could be impacted if these relationships were to be terminated and could not be replaced by new donors with comparable contributions.

A certain senior executive of the University is also a board member of a private insurance company, with which the University had entered into certain insurance policies. For the years ended June 30, 2024 and 2023, insurance proceeds from this private insurance company totaled \$715,710 and \$1,950,988, respectively.

20. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 16, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AND STATE AWARDS

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

We have audited the financial statements of Warner University, Inc. as of and for the years ended June 30, 2024 and 2023, and our report thereon dated October 16, 2024, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 32-33, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida 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.

The summary of populations, samples tested and results obtained—Florida Student Financial Assistance Program on page 41 is presented for the purposes of additional analysis as required by the state of Florida, Florida statutes, and State Board of Education Administrative Rules, and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in our audit of the financial statements and accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

Lawrenceville, Georgia
October 16, 2024

WARNER UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2024

Federal or State Grantor/Pass Through Grantor/Program or Cluster Title	ALN/CSFA Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF EDUCATION:					
Student Financial Assistance Cluster*:					
Federal Direct Student Loan Program	84.268			\$ -	\$ 5,584,779
Federal Pell Grants	84.063			-	2,315,099
Federal Supplemental Educational Opportunity Grant Program	84.007			-	122,728
Federal Work-Study Program	84.033			-	96,478
Federal Perkins Loan Program (Note 5)	84.038			-	90,667
TEACH Grants	84.379			-	15,088
Total Student Financial Assistance Cluster*					<u>8,224,839</u>
Total U.S. Department of Education					<u>8,224,839</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:					
Disaster Grants–Public Assistance					
(Presidentially Declared Disasters) passed through from State of Florida Division of Emergency Management					
	97.036		n/a	-	432,927
Total U.S. Department of Homeland Security					<u>432,927</u>
Total Expenditures of Federal Awards					<u>\$ 8,657,766</u>

See notes to schedule of expenditures of federal awards and state financial assistance

WARNER UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2024

Federal or State Grantor/Pass Through Grantor/Program or Cluster Title	ALN/CSFA Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
STATE AWARDS:					
Florida Department of Education*:					
Effective Access to Student Education	48.064			\$ -	\$ 1,692,250
Florida Student Assistance Grant	48.054			-	692,689
Florida Work Experience Program	48.053			-	199,706
Florida Bright Futures Academic Scholars	48.059			-	67,204
Florida Bright Futures Medallion Scholars	48.059			-	139,920
Florida Bright Futures Gold Seal	48.059			-	4,224
Florida Children and Spouses of Deceased or Disabled Veterans	48.055			-	39,879
Total Florida Department of Education					<u>2,835,872</u>
Florida Department of Highways Safety and Motor Vehicles:					
Warner Southern College License Plate Project	76.062			-	1,952
State of Florida Appropriation:					
Statewide Water Quality Restoration Projects*	37.039	LPA0700		-	803,418
Total Expenditures of State Awards					<u>\$ 3,641,242</u>
Total Expenditures of Federal Awards and State Financial Assistance					<u>\$ 12,299,008</u>

* Major Program

See notes to schedule of expenditures of federal awards and state financial assistance

WARNER UNIVERSITY, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

June 30, 2024

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal and state grant activity of Warner University, Inc. (University) under programs of the federal government and the State of Florida for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of Auditor General*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the University is required to match certain federal or state assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards and state financial assistance reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards and state financial assistance	\$ 12,299,008
Less:	
Federal Direct Student Loan Program	(5,584,779)
Federal Pell and TEACH Grants	(2,330,187)
Perkins loan program	(90,667)
State student financial assistance programs	(2,835,872)
Other state program included in other income	(1,952)
FWS and FSEOG netted with revenue	<u>(219,206)</u>
 Grant revenue included in other income per statement of activities	 <u><u>\$ 1,236,345</u></u>

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The University did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

WARNER UNIVERSITY, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

June 30, 2024

5. FEDERAL PERKINS LOAN PROGRAM:

The University administers the Perkins Loan Program. For purposes of the schedule, the amount reported includes the outstanding loan balance at the beginning of the fiscal year. Due to regulation changes, no further loans can be made from the program and no administrative cost allowance can be taken from the loan fund.

Outstanding loan balance at June 30, 2023	<u>\$ 90,667</u>
Outstanding loan balance at June 30, 2024	<u>\$ 60,015</u>

Schools have the option of continuing to collect on outstanding loan balances or can voluntarily liquidate the program; however, are required to periodically return excess cash on hand from the program to the Department of Education. The University has plans to begin the Perkins liquidation process in fiscal year 2025.

6. INSTITUTIONAL ELIGIBILITY LIMITATIONS IN ACCORDANCE WITH 34 CFR 600.7 (a)1:

To maintain institutional eligibility to participate in the Department of Education's Title IV financial aid programs, the University is required to comply with 34 CFR 600.7 (a) 1 which limits the number of correspondence courses, the number of students enrolled in correspondence courses, the number of incarcerated students enrolled, and the number of students enrolled without a high school diploma or recognized equivalent. As part of the audit procedures, compliance with these limitations was tested. No non-compliance with the requirements was noted.

**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***

Board of Trustees
Warner University, Inc.
Lake Wales, 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 Warner University, Inc. (University), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing 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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University’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 University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Capin Crouse LLP is written in a cursive, handwritten-style font. The letters are dark and the overall appearance is professional and elegant.

Lawrenceville, Georgia
October 16, 2024

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE
FINANCIAL ASSISTANCE PROJECT AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project
Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Warner University, Inc.'s (University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and *Florida State Projects Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs and state financial assistance projects for the year ended June 30, 2024. The University's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Warner University, Inc. 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 and state financial assistance projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

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

We are required to be independent of the University 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 federal program and state financial assistance project. Our audit does not provide a legal determination of the University'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 University's federal programs and state financial assistance projects.

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

Auditors' 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 University'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*, the Uniform Guidance and Chapter 10.650 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. 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 University's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, 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 University'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 University'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 Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the University'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.

Board of Trustees
Warner University, Inc.
Lake Wales, Florida

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 federal or state 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 or 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 federal or 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 *Auditors' 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 have not been 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Capin Crouse LLP

Lawrenceville, Georgia
October 16, 2024

WARNER UNIVERSITY, INC.

Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

June 30, 2024

	Number of Students	Percentage of Population	Amount of Awards	Percentage of Population
Florida Effective Access to Student Education				
Population **	554	100%	\$ 1,692,250	100%
Tested	50	9%	\$ 152,250	9%
Findings	0	0%	\$ -	0%
Florida Student Assistance Grant				
Population **	309	100%	\$ 692,689	100%
Tested	50	16%	\$ 112,778	16%
Findings	0	0%	\$ -	0%
Florida Academic Scholars Award				
Population **	11	100%	\$ 67,204	100%
Tested	10	91%	\$ 59,572	89%
Findings	0	0%	\$ -	0%
Florida Medallion Scholars Award				
Population **	32	100%	\$ 139,920	100%
Tested	10	31%	\$ 44,997	32%
Findings	0	0%	\$ -	0%
Florida Gold Seal Vocational Scholarship				
Population **	4	100%	\$ 4,224	100%
Tested	4	100%	\$ 4,224	100%
Findings	0	0%	\$ -	0%
Children & Spouses of Deceased or Disabled Veterans Award				
Population **	8	100%	\$ 39,879	100%
Tested	8	100%	\$ 39,879	100%
Findings	0	0%	\$ -	0%
Florida Work Experience Program				
Population **	122	100%	\$ 199,706	100%
Tested	31	25%	\$ 47,484	24%
Findings	0	0%	\$ -	0%

** See Note B

See notes to summary of populations, samples tested, and test results obtained

WARNER UNIVERSITY, INC.

Notes to Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

June 30, 2024

A. SUMMARY OF FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS:

Below is a summary of significant features and applicable statutes and rules of importance to the administration of the Florida Student Financial Assistance Programs at Warner University.

Florida Effective Access to Student Education (EASE): EASE provides financial assistance to Florida undergraduate students attending independent nonprofit Florida colleges or universities. It is a nonrepayable grant available to one-year residents of Florida. EASE is not based on need. A student may receive EASE for a maximum of nine undergraduate semesters. The amount to be awarded to each applicant will be determined by the State of Florida. EASE is a tuition and fee grant; therefore, the amount of EASE plus all other scholarships and grants specifically designated for payment of tuition and fees cannot exceed the total amount of tuition and fees charged by the institution. EASE is authorized by Section 1009.89, Florida Statutes.

Florida Student Assistance Grant Fund (FSAG): The FSAG is a nonrepayable grant awarded only on a need basis to one-year residents of Florida. A student may receive the FSAG for a maximum of nine undergraduate semesters. The amount to be awarded to each applicant will be determined by the State of Florida. FSAG is authorized by Section 1009.50-1009.52, Florida Statutes.

Florida Bright Futures Scholarship Programs (FBFSP): The Florida Bright Futures Scholarship Program provides certain qualified, full-time, first-time-in-college, undergraduate students with assistance in paying for the costs of education. FBFSP is available only to Florida residents attending eligible colleges and universities located in the State of Florida. Students apply directly to the Florida Department of Education Office of Student Financial Assistance who determines initial and continued eligibility of the student. The amount awarded to each applicant is based on the credit hours attempted by the applicant per term at a rate per credit hour set by the Florida legislator. FBFSP is authorized by Section 1009.53, Florida Statutes. There are three award programs under FBFSP, Florida Academic Scholars Award (FAS), Florida Medallion Scholars Award (FMS), and Florida Gold Seal Vocational Scholarship (GSV). The difference between FAS and FMS is minimum GPA requirements. GSV is a program for students enrolled in a career education or certificate program.

Children and Spouses of Deceased or Disabled Veterans (CSDDV): The applicant must be a dependent child or un-remarried spouse of a Florida veteran or service member who died as a result of service-connected injuries, diseases, or disabilities sustained while on active duty, or have been verified by the Florida Department of Veterans Affairs as having service connected 100% total and permanent disabilities. Veterans must have been Florida residents at the time of death or determination of 100% disability. The applicant must enroll in an eligible post-secondary institution at least half-time. CSDDV is governed by Section 295.01, Florida Statutes.

WARNER UNIVERSITY, INC.

Notes to Summary of Populations, Samples Tested, and Test Results Obtained— Florida Student Financial Assistance Program

June 30, 2024

A. SUMMARY OF FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS, continued:

Florida Work Experience Program (FWEP): FWEP is a need-based program providing eligible Florida students work experiences to complement and reinforce their educational and career goals. Each participating institution determines application procedures, deadlines, student eligibility, and award amounts. FWEP is authorized by Section 1009.77, Florida Statutes.

B. POPULATION AND SAMPLE SELECTIONS:

The populations were provided by the Bureau of Auditing Services, Florida Department of Education.

Samples were determined using State of Florida Administrative Code guidelines provided in Rule 6A-20.0021. A random sample of 50 award recipients or 25%, whichever is less, but no less than 10 award recipients or 100% of the recipients if less than 10, were chosen for each program.

Students were classified as ineligible if our examination of supporting documentation disclosed instances of noncompliance with eligibility criteria. Awards were classified as questioned costs if our examination disclosed one or more of the following conditions: awards made to ineligible students, awards for which supporting documentation was missing, and awards or the portions not properly credited to students' accounts.

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2024

Section I - Summary of Audit Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes no

Identification of major program(s):

Assistance Listing Numbers
84.268, 84.063, 84.007, 84.033
84.038, and 84.379

Name of Federal Program or Cluster
Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2024

Section I – Summary of Audit Results, continued

Florida State Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with Chapter 10.650? yes no

Identification of major program(s):

CFSA Numbers
48.053, 48.054, 48.055,
48.059 and 48.064

37.039

Name of Federal Program or Cluster
Student Financial Assistance

Statewide Water Quality Restoration
Projects

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2024

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section IV – State Financial Assistance Projects Findings and Questioned Costs

There were no findings or questioned costs to be reported for the State of Florida student financial assistance projects.



Auditee Summary Schedule of Prior Year Findings

June 30, 2024

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

Finding Number: 2023-001 Gramm Leach Bliley Act (GLBA)

Condition: The University did not sufficiently comply with the updated requirements of GLBA.

Recommendation: It was recommended that the University allocate sufficient resources to address all requirements of GLBA.

Current Status: The recommendations were implemented

Reason for Reoccurring Finding and Planned Corrective Action: Not Applicable

Finding Number: 2023-002 Late Return of Title IV (R2T4)

Condition: The University did not properly assess R2T4s under the modular withdrawal regulations that went into effect July 1, 2021. The University had an incorrect assumption of the 49% exemption for zero credit students in modular programs.

Recommendation: It was recommended that the financial aid office continues to attend compliance training on the modular regulations and consult with Department of Education on the implementation of new regulations where necessary.

Current Status: The recommendations were implemented

Reason for Reoccurring Finding and Planned Corrective Action: Not Applicable