



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, 2025

WARNER UNIVERSITY, INC.

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INDEPENDENT AUDITOR'S 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. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 *Auditor's 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, Warner University, Inc. has outstanding endowment borrowing and an inadequate composition of net assets to cover restricted net assets. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 17. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Auditor's 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 December 16, 2025, 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.



Lawrenceville, Georgia
December 16, 2025

WARNER UNIVERSITY, INC.

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 330,177	\$ 294,246
Student accounts receivable—net of allowance of \$763,208 and \$967,397, respectively)	466,803	255,091
Prepaid expenses and other assets	163,748	590,726
Investments	1,242,632	2,048,854
Restricted cash	1,158,072	971,607
Beneficial interest in trusts	290,925	290,925
Operating lease right-of-use asset	9,974,943	-
Property and equipment—net	30,490,586	28,115,369
Beneficial interest in perpetual trust	415,021	393,744
	<u>\$ 44,532,907</u>	<u>\$ 32,960,562</u>
Total Assets	\$ 44,532,907	\$ 32,960,562
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,352,619	\$ 609,876
Performance obligation liability	301,010	221,147
Lines of credit	2,151,298	2,423,811
Operating lease right-of-use obligation	10,012,054	-
Notes payable—net	8,661,987	9,142,272
Total liabilities	22,478,968	12,397,106
Net assets:		
Without donor restrictions	16,222,650	15,046,798
With donor restrictions:		
Restricted by time or purpose	2,485,193	2,222,339
Restricted in perpetuity	3,346,096	3,294,319
	<u>5,831,289</u>	<u>5,516,658</u>
Total net assets	22,053,939	20,563,456
Total Liabilities and Net Assets	\$ 44,532,907	\$ 32,960,562

See notes to financial statements

WARNER UNIVERSITY, INC.

Statement of Activities

Year Ended June 30, 2025

	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	\$ 10,741,416	\$ -	\$ -	\$ 10,741,416
Contributions	3,960,639	568,987	30,500	4,560,126
Auxiliary enterprises	6,118,736	-	-	6,118,736
Investment gain (loss)	(7,583)	122,055	-	114,472
Grant revenue	1,446,582	-	-	1,446,582
Other	958,120	-	-	958,120
Net asset released from restrictions	428,188	(428,188)	-	-
Operating Revenues, Gains, and Other Support	<u>23,646,098</u>	<u>262,854</u>	<u>30,500</u>	<u>23,939,452</u>
OPERATING EXPENSES:				
Program services:				
Instruction	4,400,473	-	-	4,400,473
Academic support	835,007	-	-	835,007
Student services	8,581,923	-	-	8,581,923
Auxiliary enterprises	3,990,070	-	-	3,990,070
Institutional support	4,844,811	-	-	4,844,811
Total Operating Expenses	<u>22,652,284</u>	<u>-</u>	<u>-</u>	<u>22,652,284</u>
Change in Net Assets from Operations	<u>993,814</u>			
NONOPERATING ACTIVITIES:				
Change in value of beneficial interest in perpetual trusts	-	-	21,277	21,277
Insurance proceeds	333,339	-	-	333,339
Disaster cleanup expense	(151,301)	-	-	(151,301)
	<u>182,038</u>	<u>-</u>	<u>21,277</u>	<u>203,315</u>
Change in Net Assets	1,175,852	262,854	51,777	1,490,483
Net Assets, Beginning of Year	<u>15,046,798</u>	<u>2,222,339</u>	<u>3,294,319</u>	<u>20,563,456</u>
Net Assets, End of Year	<u>\$ 16,222,650</u>	<u>\$ 2,485,193</u>	<u>\$ 3,346,096</u>	<u>\$ 22,053,939</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.

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,490,483	\$ (1,020,987)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,271,087	1,165,544
Amortization of debt issuance costs	10,425	10,425
Amortization of operating lease right-of-use asset	6,702,775	-
Change in allowance for credit losses	(204,189)	226,084
Change in value of beneficial interest in perpetual trust	(21,277)	(24,540)
Change in value of beneficial interest in trusts	-	(10,667)
Distributions from beneficial interest in trusts	-	67,519
Realized and unrealized gains on investments	(129,403)	(165,427)
Contributions restricted for long-term purposes	(216,965)	(930,500)
Change in operating assets and liabilities:		
Accounts receivable–net	(7,523)	(287,940)
Contribution receivable–net	-	2,002,921
Government funds receivable	-	2,104,985
Prepaid expenses and other assets	426,978	186,225
Accounts payable and accrued expenses	742,743	(90,137)
Performance obligation liability	79,863	(169,970)
Operating lease right-of-use obligation	(6,665,664)	-
Net Cash Provided by Operating Activities	3,479,333	3,063,535
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(39,475)	(146,852)
Proceeds from the sales of investments	975,100	68,600
Purchases of property and equipment	(3,646,304)	(2,692,732)
Net Cash Used by Investing Activities	(2,710,679)	(2,770,984)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on lines of credit	450,000	4,079,737
Repayments on lines of credit	(722,513)	(3,705,926)
Repayments on notes payable	(490,710)	(600,861)
Contributions restricted for long-term purposes	216,965	930,500
Net Cash Provided (Used) by Financing Activities	(546,258)	703,450
Change in Cash, Cash Equivalents, and Restricted Cash	222,396	996,001
Change in Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,265,853	269,852
Change in Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 1,488,249	\$ 1,265,853

See notes to financial statements

WARNER UNIVERSITY, INC.

Statements of Cash Flows

	Year Ended June 30,	
	<u>2025</u>	<u>2024</u>
The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of cash flows:		
Cash and cash Equivalents	\$ 330,177	\$ 294,246
Restricted cash	<u>1,158,072</u>	<u>971,607</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 1,488,249</u>	<u>\$ 1,265,853</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 401,919</u>	<u>\$ 418,224</u>
NONCASH INVESTING TRANSACTIONS:		
Right-of-use asset obtained in exchange for operating lease obligation	<u>\$ 16,677,718</u>	<u>\$ -</u>

See notes to financial statements

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024, the University received \$333,339 and \$715,710, 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. At June 30, 2025 and 2024, the University's cash balances exceeded federally insured limits by approximately \$1,387,000 and \$1,098,000, respectively.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. Receivables are considered past due when a student's account is 90 days or more delinquent. The University assesses late fees on past due balances in accordance with its student financial policies. In compliance with ASC 326, as amended by ASU 2025-05, the University applies the Current Expected Credit Loss (CECL) model to estimate the allowance for credit losses. Accounts are grouped into risk pools based on student classification and historical loss rates are developed for each pool based on aging categories and collectability of the receivables after year-end. These rates are then adjusted for management's expectations regarding current economic conditions, including enrollment trends, financial aid availability, and macroeconomic indicators as of June 30, 2025.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of prepaid items and miscellaneous receivables. Management has determined the allowance for credit losses by reviewing collection history and current market performance. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to bad debt expense. For the years ended June 30, 2025 and 2024, no allowance has been recorded as management believes the likelihood of loss to be remote.

RESTRICTED CASH

Restricted cash consists of cash held for donor restrictions for long-term projects. Because these restricted funds are not available for current use, they are shown separately in the accompanying statements of financial position.

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.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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

For both the traditional and nontraditional programs, tuition revenue is recognized over time as the performance obligation is met in the reporting period in which the academic programs are delivered. Traditional programs are delivered in the fall (mid-August to mid-December) and spring (mid-January to mid-May) academic terms, as well as one summer term described below. The University offers one summer term, starting in early May and ending in mid-August. Amounts paid ahead of when the programs are delivered are shown as performance obligation liabilities. Substantially all deferred revenue is recognized in the subsequent reporting period.

Merit and need-based institutional scholarships are awarded to students to defray the costs of the academic programs, which reduce the amount of revenue recognized. Payments for tuition are due by the start of the academic term.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

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.

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 \$222,948 and \$326,478 for the years ended June 30, 2025 and 2024, 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.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING GUIDANCE

Effective July 1, 2024, the University adopted Accounting Standards Update (ASU) 2025-05, which amends the guidance under *ASC 326 – Financial Instruments – Credit Losses*. This update clarifies the application of the CECL model to accounts receivable and contract assets.

As part of the implementation, the University can assume that current conditions as of the statement of financial position date do not change for the remaining life of current students accounts receivable and the University can elect to consider collection activity after the statement of financial position date when estimating expected credit losses.

The University adopted the standard effective July 1, 2024. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the University's financial assets as of June 30, 2025 and 2024, 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,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 330,177	\$ 294,246
Accounts receivable–net	466,803	255,091
Restricted cash	1,158,072	971,607
Beneficial interest in trusts	290,925	290,925
Beneficial interest in perpetual trust	415,021	393,744
Investments held for long-term purposes	1,242,632	2,048,854
Financial assets, at year-end	<u>3,903,630</u>	<u>4,254,467</u>
Less those unavailable for general expenditures within one year, due to:		
Board-designated endowment	(127,490)	(137,647)
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose or time restrictions:		
Capital projects	(1,158,072)	(971,607)
Endowment funds–less internal loan from the endowment	(1,115,142)	(993,148)
Beneficial interest in perpetual trust	(415,021)	(393,744)
Beneficial interest in trusts	(290,925)	(290,925)
	<u>(3,106,650)</u>	<u>(2,787,071)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 796,980</u>	<u>\$ 1,467,396</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024, the University had \$2,485,193 and \$2,222,339, respectively, 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 \$950,000 available from its lines of credit (see Note 9).

4. STUDENT ACCOUNTS RECEIVABLE–NET:

Student accounts receivable–net consist of:

	June 30,	
	2025	2024
Student receivables	\$ 1,230,011	\$ 1,222,488
Less allowance for credit losses	(763,208)	(967,397)
	\$ 466,803	\$ 255,091

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	June 30,	
	2025	2024
Land	\$ 841,763	\$ 841,763
Land improvements	5,991,766	6,007,766
Buildings and improvements	32,061,704	32,026,482
Equipment, furniture, and technology	3,553,103	3,337,972
Library books	533,198	561,291
Vehicles	633,849	651,835
	43,615,383	43,427,109
Less accumulated depreciation	(17,533,784)	(16,643,220)
	26,081,599	26,783,889
Construction in progress	4,408,987	1,331,510
	\$ 30,490,586	\$ 28,115,399

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

6. INVESTMENTS:

Investments consist of:

	June 30,	
	2025	2024
Held at fair value:		
Fixed income	\$ 364,180	\$ 705,357
Mutual funds	732,442	1,221,457
Stocks	146,010	122,040
	<u>\$ 1,242,632</u>	<u>\$ 2,048,854</u>

Investment gain consists of:

	Year Ended June 30,	
	2025	2024
Interest and dividends	\$ 14,323	\$ 69,599
Realized and unrealized gains on investments	118,190	165,427
Investment management fees netted with investment gains	(18,041)	(22,366)
	<u>\$ 114,472</u>	<u>\$ 212,660</u>

Investment are held for the following purposes:

	June 30,	
	2025	2024
Investments held for operations	\$ -	\$ 918,059
Investments held for endowment and scholarships	1,242,632	2,048,854
	<u>\$ 1,242,632</u>	<u>\$ 2,966,913</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

7. 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, 2025 and 2024:

	Fair Value Measurements at June 30, 2025			
	Level 1	Level 2	Level 3	Total
Investments held for long-term purposes, at fair value:				
Fixed income	\$ -	\$ 364,180	\$ -	\$ 364,180
Mutual funds:				
Mid cap	134,063	-	-	134,063
Large cap	369,596	-	-	369,596
International funds	139,557	-	-	139,557
Emerging markets	89,226	-	-	89,226
	<u>732,442</u>	<u>-</u>	<u>-</u>	<u>732,442</u>
Stock equities	<u>146,010</u>	<u>-</u>	<u>-</u>	<u>146,010</u>
Total investments held for long-term purposes, at fair value	<u>\$ 878,452</u>	<u>\$ 364,180</u>	<u>\$ -</u>	<u>\$ 1,242,632</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>\$ 415,021</u>	<u>\$ 415,021</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

7. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments held for long-term purposes, at fair value:				
Fixed income	\$ -	\$ 705,357	\$ -	\$ 705,357
Mutual funds:				
Small cap	-	-	-	-
Mid cap	56,772	-	-	56,772
Large cap	708,323	-	-	708,323
International funds	322,376	-	-	322,376
Emerging markets	133,986	-	-	133,986
	1,221,457	-	-	1,221,457
Stock equities	122,040	-	-	122,040
Total investments held for long-term purposes, at fair value	\$ 1,343,497	\$ 705,357	\$ -	\$ 2,048,854
Beneficial interest in trusts	\$ -	\$ -	\$ 290,925	\$ 290,925
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 393,744	\$ 393,744

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, 2025 and 2024

7. 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.

8. 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, 2025 and 2024.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

8. 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, 2025 and 2024

8. 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 for both years ended June 30, 2025 and 2024. 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, 2025 and 2024, \$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 \$1,242,632 and \$1,130,795 for the years ended June 30, 2025 and 2024, respectively.

Endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 244,851	\$ 2,931,075	\$ 3,175,926
Board-designated endowment funds	127,490	-	-	127,490
	\$ 127,490	\$ 244,851	\$ 2,931,075	\$ 3,303,416

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, June 30, 2024	\$ 137,647	\$ 153,357	\$ 2,900,575	\$ 3,191,579
Investment gain, net	-	122,055	-	122,055
Contributions/designations	61,824	-	30,500	92,324
Appropriation of endowment assets for expenditure or reclassification	(71,981)	(30,561)	-	(102,542)
Endowment net assets, June 30, 2025	\$ 127,490	\$ 244,851	\$ 2,931,075	\$ 3,303,416

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

8. ENDOWMENT FUNDS, continued:

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>

9. LINES OF CREDIT:

The University maintains a \$2,200,000 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 (7.5% and 8.5% at June 30, 2025 and 2024, respectively), and is collateralized by certain real property with total net book value of \$18,860,416 as of June 30, 2025. The University is required to pay monthly interest-only payments on the outstanding borrowings. At June 30, 2025 and 2024, there were outstanding borrowings of \$1,250,000 and \$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 (7.5% and 8.5% at June 30, 2025 and 2024, respectively), and is collateralized by certain receivables. The University is required to pay monthly interest-only payments on the outstanding borrowings. At June 30, 2025 and 2024, there were outstanding borrowings of \$890,811 and \$1,623,811, respectively, under this line of credit.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

10. NOTES PAYABLE—NET:

Notes payable—net consist of:

	June 30,	
	2025	2024
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. The note payable is secured by real property owned by the University with total approximate net book value of \$18,860,000 as of June 30, 2025.	\$ 5,264,287	\$ 5,654,343
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. The note payable is secured by real property owned by the University with total approximate net book value of \$18,860,000 as of June 30, 2025.	3,081,828	3,297,205
Notes payable to a certain church; bears interest at 4.50%; requires annual interest payments; due on demand; unsecured.	194,236	209,130
Other notes payable	129,616	-
	8,669,967	9,160,678
Less debt issuance costs—net	(7,980)	(18,406)
	\$ 8,661,987	\$ 9,142,272

Maturities of the notes payable are estimated as follows:

Years Ending June 30,	Amounts
2026	\$ 8,361,693
2027	16,294
2028	17,042
2029	17,825
2030	18,644
Thereafter	238,469
	\$ 8,669,967

The University is required to meet certain financial and time covenants for notes payable. As of June 30, 2025 and 2024, the University was in compliance with all covenants or obtained a waiver, respectively.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

11. NET TUITION AND FEES:

Net tuition and fees consist of:

	<u>Year Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Tuition and fees	<u>\$ 20,888,645</u>	<u>\$ 19,070,769</u>
Tuition discounts and institutional aid:		
Endowment and perpetual trust awards	(105,100)	(80,600)
General scholarships	(10,019,244)	(8,524,795)
Annual fund financial aid gifts	(22,885)	(164,538)
	<u>(10,147,229)</u>	<u>(8,769,933)</u>
	<u>\$ 10,741,416</u>	<u>\$ 10,300,836</u>

The beginning and ending balances of the assets and liabilities related to contracts with students are as follows:

	<u>Year Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Student accounts receivable, beginning of year	<u>\$ 255,091</u>	<u>\$ 193,235</u>
Student accounts receivable, end of year	<u>\$ 466,803</u>	<u>\$ 255,091</u>
Performance obligation liabilities, beginning of year	<u>\$ 221,147</u>	<u>\$ 391,117</u>
Performance obligation liabilities, end of year	<u>\$ 301,010</u>	<u>\$ 221,147</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

12. OPERATING 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. In September 2024, the University entered into a 30-year operating lease agreement for this facility with the private enterprise with payments commencing October 1, 2024. The University operates the facility and the University is responsible for providing a resident director and resident assistants. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The lease requires semi-annual payments of approximately \$289,000.

	June 30,	
	2025	2024
Operating lease right-of-use asset	\$ 9,974,943	\$ -
Operating lease right-of-use obligation	\$ 10,012,054	\$ -
Operating lease costs	\$ 505,020	\$ -
Weighted-average discount rate	4.03%	-
Weighted-average remaining lease term	29 years	-

Future minimum lease payments required under the operating lease in excess of one year are as follows:

Years Ending June 30,	Amounts
2026	\$ 578,200
2027	578,200
2028	581,091
2029	583,996
2030	586,916
Thereafter	15,001,065
	17,909,468
Less imputed interest	(7,897,414)
	\$ 10,012,054

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

13. NET ASSETS:

Net assets consist of:

	June 30,	
	2025	2024
Without donor restrictions:		
Undesignated	\$ (5,733,439)	\$ (4,063,946)
Board-designated endowment funds	127,490	137,647
Equity in property and equipment	21,828,599	18,973,097
	16,222,650	15,046,798
With donor restrictions:		
Restricted by time or purpose:		
Ag initiatives	230,718	195,353
Scholarships	201,088	192,547
Trust assets	290,925	290,925
Athletic initiatives	143,747	104,214
Capital projects	1,158,072	971,607
Endowment funds-unexpended earnings	244,851	153,357
Other	215,792	314,336
	2,485,193	2,222,339
Restricted in perpetuity:		
Endowment funds	2,931,075	2,900,575
Beneficial interest in perpetual trust	415,021	393,744
	3,346,096	3,294,319
Total net assets with donor restrictions	5,831,289	5,516,658
	\$ 22,053,939	\$ 20,563,456

14. 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 and amortization, interest, maintenance and repairs, and utilities are allocated on a square-footage basis. Salaries, taxes, and benefits are allocated on employee time and effort.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification as of June 30, 2025:

	Program Services				Institutional Support			Total	
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Subtotal	General and Administrative	Fundraising		Subtotal
Salaries, taxes, and benefits	\$ 2,984,952	\$ 394,533	\$ 4,000,105	\$ 24,618	\$ 7,404,208	\$ 2,442,245	\$ 353,796	\$ 2,796,041	\$ 10,200,249
Professional fees	-	-	-	-	-	115,823	-	115,823	115,823
Contract services	4,589	-	289,963	2,406,471	2,701,023	112,272	120,723	232,995	2,934,018
Advertising and promotion	388	5,412	155,908	-	161,708	37,798	23,442	61,240	222,948
Supplies and equipment	14,444	66,645	302,817	144	384,050	23,046	9,770	32,816	416,866
Information technology	-	27,417	55,684	-	83,101	412,756	13,709	426,465	509,566
Occupancy	17,325	-	11,813	474,760	503,898	16,644	-	16,644	520,542
Conferences, travel, and lodging	16,664	5,631	421,493	10,855	454,643	46,834	10,891	57,725	512,368
Depreciation and amortization	408,319	111,866	701,601	-	1,221,786	37,924	11,377	49,301	1,271,087
Insurance	-	-	347,354	-	347,354	360,366	-	360,366	707,720
Events	3,897	4,458	65,985	-	74,340	-	24,764	24,764	99,104
Interest	134,234	-	9,106	-	143,340	259,800	-	259,800	403,140
Athletic events and travel	-	-	273,034	340	273,374	-	-	-	273,374
Maintenance and repairs	771,731	208,677	1,681,652	203,511	2,865,571	58,037	21,445	79,482	2,945,053
Professional development	20,991	4,211	64,654	-	89,856	5,076	-	5,076	94,932
Subscriptions and memberships	6,947	5,172	169,730	70	181,919	89,868	375	90,243	272,162
Utilities	-	-	5,678	252,654	258,332	7,155	550	7,705	266,037
Other expenses	15,992	985	25,346	616,647	658,970	223,976	4,349	228,325	887,295
Total operating expenses	<u>4,400,473</u>	<u>835,007</u>	<u>8,581,923</u>	<u>3,990,070</u>	<u>17,807,473</u>	<u>4,249,620</u>	<u>595,191</u>	<u>4,844,811</u>	<u>22,652,284</u>
Nonoperating Activity:									
Disaster cleanup	-	-	-	-	-	151,301	-	151,301	151,301
Total Expenses	<u>\$ 4,400,473</u>	<u>\$ 835,007</u>	<u>\$ 8,581,923</u>	<u>\$ 3,990,070</u>	<u>\$ 17,807,473</u>	<u>\$ 4,400,921</u>	<u>\$ 595,191</u>	<u>\$ 4,996,112</u>	<u>\$ 22,803,585</u>

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

14. 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, 2025 and 2024

15. 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, 2025 and 2024, was \$285,464 and \$253,565, respectively.

16. 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, 2025, 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, 2025 and 2024

17. FINANCIAL CONDITION:

The University has outstanding endowment borrowing and an inadequate composition of net assets to cover restricted net assets. As shown in Note 13, for the years ended June 30, 2025 and 2024, the University had a deficit in undesignated net assets without donor restrictions less equity in property and equipment of approximately \$5,733,000 and \$4,064,000, respectively. The primary reason for this financial situation is increases in tuition discount rates due to the impact of the COVID-19 pandemic and expense growth outpacing revenue growth.

Management has recognized the significance of the financial condition of the University and is working to address its need to increase operating revenues through increased enrollment and other revenue enhancement opportunities while at the same time significantly reducing operating expenses in order to improve its financial condition. Management has developed a financial recovery plan to address the University's financial condition and is vigorously pursuing the financial plan to address these concerns and support the financial viability of the University. The University is actively working to reduce its line of credit balance, which will provide approximately \$2,200,000 of available borrowing capacity during the summer months, historically the period of lowest cash flows. The University has also hired an online recruiting specialist that has contributed to increased online student enrollment, generating incremental summer revenue beyond amounts historically budgeted, with minimal associated costs. In addition, the University is expanding event services revenue during the summer months, which is expected to increase cash inflows without additional overhead. Management has also implemented disciplined and proactive budget reductions to lower operating expenses and strengthen cash positioning during periods of seasonal revenue fluctuation. Management has also engaged in preliminary talks with lenders and fully expects to refinance its debt which comes due March 2026. Management believes that the successful execution of these initiatives will provide sufficient liquidity to meet operational and financial obligations over the next twelve months.

WARNER UNIVERSITY, INC.

Notes to Financial Statements

June 30, 2025 and 2024

18. RELATED PARTY TRANSACTIONS AND CONCENTRATION:

During the years ended June 30, 2025 and 2024, the University received \$3,145,285 and \$323,206, respectively, in contributions from board of trustee members and companies those members own. The University also has \$81,750 and \$179,500 in outstanding contribution receivables from board of trustee members as of June 30, 2025 and 2024, respectively. During the years ended June 30, 2025 and 2024, the board of trustees were responsible for 67% and 11% respectively, of contribution support recognized. The University's operations and program services could be impacted if these relationships were to end 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, 2025 and 2024, insurance proceeds from this private insurance company totaled \$333,339 and \$715,710, respectively.

19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 16, 2025, 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 AUDITOR'S 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, 2025 and 2024, and our report thereon dated December 16, 2025, 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 31-32, 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 40 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.



Lawrenceville, Georgia
December 16, 2025

WARNER UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2025

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			\$ -	\$ 7,130,315
Federal Pell Grants	84.063			-	2,702,665
Federal Supplemental Educational Opportunity Grant Program	84.007			-	91,394
Federal Work-Study Program	84.033			-	86,432
Federal Perkins Loan Program (Note 5)	84.038			-	60,015
TEACH Grants	84.379			-	13,202
Total Student Financial Assistance Cluster				-	10,084,023
Total U.S. Department of Education				-	10,084,023
Total Expenditures of Federal Awards				\$ -	\$ 10,084,023
STATE AWARDS:					
Florida Department of Education:					
Effective Access to Student Education	48.064			\$ -	\$ 1,649,050
Florida Student Assistance Grant	48.054			-	694,296
Florida Work Experience Program	48.053			-	203,198
Florida Bright Futures Academic Scholars	48.059			-	75,896
Florida Bright Futures Medallion Scholars	48.059			-	105,894
Florida Bright Futures Gold Seal	48.059			-	1,968
Florida Children and Spouses of Deceased or Disabled Veterans	48.055			-	31,017
Dual Enrollment Scholarship Program	48.212			-	11,920
Total Florida Department of Education				-	2,773,239

(continued)

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, 2025

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, continued:					
Florida Department of Highways Safety and Motor Vehicles: Warner Southern College License Plate Project	76.062			-	2,159
State of Florida Appropriation: Statewide Water Quality Restoration Projects	37.039	LPA0700		-	1,446,582
Total Expenditures of State Awards				\$ -	\$ 4,221,980
Total Expenditures of Federal Awards and State Financial Assistance				\$ -	\$ 14,306,003

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, 2025

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, 2025. 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 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	\$ 14,306,003
Less:	
Federal Direct Student Loan Program	(7,130,315)
Federal Pell and TEACH Grants	(2,715,867)
Federal Perkins Loan Program	(60,015)
State student financial assistance programs	(2,773,239)
Other state program included in other income	(2,159)
FWS and FSEOG netted with revenue	<u>(177,826)</u>
Grant revenue per statement of activities	<u>\$ 1,446,582</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, 2025

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. The University began the Perkins liquidation process during the fiscal year. Remaining loans were assigned, and the University has completed the liquidation process.

Outstanding loan balance at June 30, 2024	\$ 60,015
Outstanding loan balance at June 30, 2025	\$ -

The University was not required to repurchase any loans during the liquidation process.

The following represents the reconciliation of number of total borrowers in the Perkins loan portfolio:

Total number of loans fully retired other than repurchased	323
Total number of loans repurchased by the institution	-
Total number of loans assigned to the Department of Education	28
Total number of borrowers in the portfolio	351

The following calculation represents the Perkins cash on hand reconciliation:

Cash in Perkins bank account at June 30, 2024 per FISAP	\$ 542
Repayments of excess Perkins cash during the year	(721)
Other activity	179
Overall cash on hand at June 30, 2025	\$ -

The University made a final return of capital of \$625 back to the Department of Education in April 2025 and the remaining cash was transferred to the University. The overall Perkins cash on hand as of June 30, 2025 is \$0.

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

Board of 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) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 December 16, 2025.

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.



Lawrenceville, Georgia
December 16, 2025

**INDEPENDENT AUDITOR'S 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, 2025. The University's major federal programs and state financial assistance projects are identified in the summary of auditor's 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, 2025.

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 *Auditor's 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

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 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Florida Chapter 10.650 and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major state financial assistance project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University’s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The University’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 *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 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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



Lawrenceville, Georgia
December 16, 2025

WARNER UNIVERSITY, INC.

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

June 30, 2025

	Number of Students	Percentage of Population	Amount of Awards	Percentage of Population
Florida Effective Access to Student Education				
Population **	543	100%	\$ 1,649,050	100%
Tested	50	9%	\$ 152,300	9%
Findings	0	0%	\$ -	0%
Florida Student Assistance Grant				
Population **	312	100%	\$ 294,296	100%
Tested	50	16%	\$ 118,466	40%
Findings	0	0%	\$ -	0%
Florida Academic Scholars Award				
Population **	14	100%	\$ 75,896	100%
Tested	10	71%	\$ 54,696	72%
Findings	0	0%	\$ -	0%
Florida Medallion Scholars Award				
Population **	28	100%	\$ 105,894	100%
Tested	10	36%	\$ 38,319	36%
Findings	1	4%	\$ 477	0%
Florida Gold Seal Vocational Scholarship				
Population **	2	100%	\$ 1,968	100%
Tested	2	100%	\$ 1,968	100%
Findings	0	0%	\$ -	0%
Children & Spouses of Deceased or Disabled Veterans Award				
Population **	6	100%	\$ 31,017	100%
Tested	6	100%	\$ 31,017	100%
Findings	0	0%	\$ -	0%
Florida Work Experience Program				
Population **	108	100%	\$ 203,198	100%
Tested	30	28%	\$ 45,428	22%
Findings	1	1%	\$ 233	0%
Florida Dual Enrollment Scholarship Program				
Population **	11	100%	\$ 11,920	100%
Tested	10	91%	\$ 10,451	88%
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, 2025

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
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, 2025

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.

Florida Dual Enrollment Scholarship Program (DES): DES is a program that reimburses eligible postsecondary institutions for tuition and related instructional material costs for dual enrollment courses taken by private school, home education program, or personalized education program secondary students during the fall or spring. The program shall reimburse eligible postsecondary institutions for tuition and related instructional materials costs for dual enrollment courses taken by public school, private school, home education program, or personalized education program secondary students during the summer term by eligible students.

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, 2025

Section I – Summary of Audit Results

Financial Statements:

Type of auditor's 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 auditor's 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, 2025

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 auditor’s 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):

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
48.064, 48.054, 48.053, 48.059, 48.055, and 48.212	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, 2025

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*.

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2025

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*.

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2025

Section IV – State Financial Assistance Projects Findings and Questioned Costs

2025-001 Florida Bright Futures Program

Other Matter

FLORIDA DEPARTMENT OF EDUCATION

ALN #: 48.059

Federal Award Identification #: 2024-25 Financial Aid Year

Condition: The University did not return Bright Futures Medallion Scholars funds for a student who withdrew from one of their courses in Fall 2024.

Criteria: Title XLVIII 1009.53 (11)

Questioned Costs: \$477

Context: Out of 18 Bright Futures Medallion Scholars disbursements tested for 10 students, the University did not properly return funds for a student who withdrew from a 3-credit hour course. Under Florida Bright Futures regulations, the University should have returned \$477 to the Florida Department of Education.

Cause: The University did not review changes in enrollment for Bright Futures Medallion Scholars awardees to ensure that students received the proper amount for their enrollment level.

Effect: The University did not return Bright Futures Medallion Scholars funding that was required to be returned based on the regulations. The University did return the \$477 in questioned costs to the Florida Office of Student Financial Aid as part of the audit process.

Identification as repeat finding, if applicable: Not applicable.

Recommendation: We recommend that the school review all University records at the end of each term to ensure any changes in enrollment status have been determined and funds properly returned to the state as outlined in the regulations.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

WARNER UNIVERSITY, INC.

Schedule of Findings and Questioned Costs

June 30, 2025

Section IV – State Financial Assistance Projects Findings and Questioned Costs, continued:

2025-002 Florida Work Experience Program Eligibility

Other Matter

FLORIDA DEPARTMENT OF EDUCATION

ALN #: 48.053

Federal Award Identification #: 2024-25 Financial Aid Year

Condition: The University awarded Florida Work Experience Program (FWEP) to a student who was not a resident of Florida.

Criteria: Title XLVIII 1009.40 (1a2)

Questioned Costs: \$232

Context: Out of 30 students tested for FWEP eligibility, there was one student who was ineligible for FWEP because they are not a resident of Florida. This student was disbursed \$232 and the University corrected this during the audit by returning the ineligible funds to the Florida Department of Education.

Cause: The University did not properly review all eligibility criteria before awarding Florida Work Experience program funds.

Effect: The University disbursed Florida Work Experience funds to an ineligible student.

Identification as repeat finding, if applicable: Not applicable.

Recommendation: We recommend that the University review Florida Work Experience Program students for Florida eligibility requirements.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

WARNER UNIVERSITY, INC.

Auditee Summary Schedule of Prior Audit Findings

June 30, 2025

Financial Statement Findings

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

Federal Award Findings

There were no prior audit findings or questioned costs.

State Award Findings

There were no prior audit findings or questioned costs for the Florida state financial assistance projects.

Finding Number: 2025-001

Program: Florida Bright Futures Program

Planned Corrective Action:

Upon review of the Bright Futures reconciliation and disbursement process, Warner University identified that the deficiency resulted from timing differences and incomplete documentation during the reconciliation period. The Financial Aid Office has implemented the following corrective actions:

1. **Monthly Reconciliation:** A formal monthly reconciliation process between the OSFA Bright Futures portal, Business Office ledger, and student accounts has been established to ensure all awards and returns are accurately recorded and balanced before certification deadlines.
2. **Compliance Checklist:** A Bright Futures compliance checklist has been added to the term-end review to verify eligibility, disbursement accuracy, and refund reporting prior to final certification.
3. **Staff Training:** Financial Aid and Business Office staff have been retrained on OSFA Bright Futures guidelines, deadlines, and documentation requirements to ensure full regulatory compliance.
4. **Audit Log Maintenance:** A reconciliation log with dates, initials, and supporting documentation will be maintained for each term to verify that all Bright Futures funds are reconciled accurately and timely.
5. **Internal Review:** A quarterly internal review will be conducted by the Financial Aid Director to monitor compliance and prevent recurrence of similar findings.

Person Responsible for Corrective Action Plan:

Euniece Lee, Director of Financial Aid
Warner University

Anticipated Date of Completion: October 30, 2025

Finding Number: 2025-002

Program: Florida Work Experience Program (FWEP) Eligibility

Planned Corrective Action:

Upon review of the Florida Work Experience Program (FWEP) eligibility records, Warner University determined that a non-resident student was mistakenly included in the program and awarded state funds. To correct the issue, the institution immediately removed the ineligible student from the FWEP roster, returned the funds to OSFA, and verified all other student eligibility records to ensure no additional discrepancies exist. The Financial Aid Office has implemented the following corrective actions:

1. **Residency Verification:** A mandatory Florida residency verification step has been added to the FWEP eligibility checklist prior to disbursement of any state funds.
2. **Cross-Department Review:** The Financial Aid Office will coordinate with the Admissions and Registrar's Offices to ensure all residency documentation is validated before certifying FWEP eligibility.
3. **Staff Training:** Financial Aid staff responsible for state programs will undergo refresher training on OSFA eligibility requirements and state residency verification procedures.
4. **Compliance Audit Log:** A verification log will be maintained each term, documenting the staff member who confirmed residency status for each FWEP participant.
5. **Internal Audit Review:** The Financial Aid Director will conduct a biannual review of FWEP files to confirm adherence to state eligibility criteria and prevent recurrence of similar errors.

Person Responsible for Corrective Action Plan:

Euniece Lee, Director of Financial Aid
Warner University

Anticipated Date of Completion: October 30, 2025