



Board of Directors Executive Committee Meeting Agenda

SEPTEMBER 25, 2026 • 10:00 – 10:30 A.M., ET

MEETING LINK: [Join Webinar](#)

CALL IN: [850-629-7293](#) ID: [985 554 21#](#)

Chair's Welcome & Remarks

Stephanie Smith

Action Item

Dana Davis

1. Acceptance of CareerSource Florida 2025-2026 Annual Audit

Open Discussion/Public Comment

Closing Remarks

Stephanie Smith

UPCOMING MEETINGS

Information Meeting | Oct. 8, 10:00 – 11:00 a.m., virtual

Strategic Policy and Performance Council Meeting | Dec. 2, 10:00 – 11:00 a.m., virtual

Finance Council Meeting | Dec. 2, 1:00 – 2:00 p.m., virtual

Board of Directors Meeting | Dec. 3, 9:00 a.m. – 12:00 p.m., virtual

Approved _____
Disapproved _____

Action Item

ACCEPTANCE OF CAREERSOURCE FLORIDA 2025-2026 ANNUAL AUDIT

CareerSource Florida's independent audit firm, Cherry Bekaert, LLC., has completed the annual financial audit of the accounting records and systems of CareerSource Florida for the fiscal year ending June 30, 2026. Enclosed in the agenda packet is a copy of the audit report.

In accordance with Policy Number 121 issued by the Florida Department of Commerce on Resolution of Recipient and Subrecipient Monitoring and Audit Findings, auditors will appear before the Board, or an appropriate committee of the Board, to explain the opinions expressed by the auditor and to discuss the significance of any audit findings, including any findings contained in the Management Letter.

Copies of the audit, management letter, and any corrective action plan must be submitted to the Florida Department of Commerce Inspector General, the State Auditor General's Office, the Department of Financial Services, and the Federal Audit Clearinghouse, as well as to the Governor, House, and Senate as part of the CareerSource Florida annual report required to be submitted by December 1 of each year.

FOR CONSIDERATION

- **Acceptance of the annual financial audit for the fiscal year ending June 30, 2026, conducted and prepared by Cherry Bekaert, LLC.**

CAREERSOURCE FLORIDA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2026 and 2025

And Reports of Independent Auditor

CAREERSOURCE FLORIDA, INC.
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Report of Independent Auditor

To the Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of CareerSource Florida, Inc. (the "Organization"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Organization as of June 30, 2026 and 2025, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Organization'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 the Organization'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Organization'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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Orlando, Florida
September 22, 2026

CAREERSOURCE FLORIDA, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026 AND 2025

This Management's Discussion and Analysis (MD&A) provides an objective and easily readable analysis of CareerSource Florida, Inc.'s financial activities for the fiscal year ended June 30, 2026, compared with the fiscal year ended June 30, 2025. It should be read together with the independent auditor's report (pages 1 – 3) and the basic financial statements and accompanying notes, which begins on page 8.

Overview of the Financial Statements

CareerSource Florida, Inc.'s basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. Each component provides a different perspective on the Organization's financial position and results of operations.

Government-Wide Financial Statements

The government-wide financial statements provide a broad, long-term view of the Organization's finances using the economic resources measurement focus and the accrual basis of accounting. The statement of net position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between CareerSource Florida, Inc.'s total assets plus total deferred outflows of resources and total liabilities plus total deferred inflows of resources is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The statement of activities reports revenues and expenses and explains the change in net position during the year. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the period.

Fund Financial Statements

Fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and change in fund balance. The governmental fund financial statements provide a shorter-term view of inflows, outflows, and balances of spendable resources using the current financial resources measurement focus and the modified accrual basis of accounting. CareerSource Florida, Inc. reports one governmental fund, the General Fund. Differences between the government-wide and governmental fund statements arise primarily from their different measurement focuses and bases of accounting. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings.

Notes

The notes provide information essential to understanding the amounts reported in the government-wide and fund financial statements. They can be found on pages 15 through 23 of this report.

Financial Summary

The following condensed information is derived from the final government-wide financial statements and compares fiscal year 2026 with fiscal year 2025 and fiscal year 2025 with fiscal year 2024.

CAREERSOURCE FLORIDA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026 AND 2025

CAREERSOURCE FLORIDA, INC.'S CONDENSED STATEMENT OF NET POSITION

	2026	2025	2024
ASSETS			
Current and other assets	\$ 6,570,103	\$ 9,760,118	\$ 6,565,930
Capital assets	270,982	460,295	663,636
Total Assets	\$ 6,841,085	\$ 10,220,413	\$ 7,229,566
LIABILITIES			
Current Liabilities	5,428,139	8,599,438	5,377,783
Long-term liabilities	592,735	794,434	971,777
Total Liabilities	\$ 6,020,874	\$ 9,393,872	\$ 6,349,560
NET POSITION			
Net investment in capital assets	(86,632)	(125,771)	(135,399)
Unrestricted	906,843	952,312	1,015,405
Total Net Position	\$ 820,211	\$ 826,541	\$ 880,006

CAREERSOURCE FLORIDA, INC.'S STATEMENT OF ACTIVITIES

	2026	2025	2024
Revenues:			
Operating grants and contributions	\$ 16,883,472	\$ 19,692,140	\$ 20,438,514
Miscellaneous	94,547	131,021	67,518
Total Revenues	16,978,019	19,823,161	20,506,032
Expenses:			
Program Services:			
Incumbent worker training	1,298,008	1,155,574	1,399,637
Quick response training	4,993,225	6,629,870	5,112,245
Other program costs	10,693,116	12,091,182	14,015,063
Total Expenses	16,984,349	19,876,626	20,526,945
Change in net position	(6,330)	(53,465)	(20,913)
Net position, beginning of year	826,541	880,006	900,919
Net position, end of year	\$ 820,211	\$ 826,541	\$ 880,006

CAREERSOURCE FLORIDA, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026 AND 2025

Detailed Analyses

Government-Wide Financial Position and Results of Operations

At June 30, 2026, total net position was \$820,211, compared with \$826,541 at June 30, 2025, a decrease of \$6,330 or 0.8%. Total assets decreased by \$3,379,328, or 33.1%, and total liabilities decreased by \$3,372,998, or 35.9%. Both decreases are related to timing of year end payments for Quick Response Training ("QRT") grants. For the year ended June 30, 2025 CareerSource Florida's net position was \$826,541, which was a decrease of \$53,465, or approximately 6.1%, and is the result of a decrease in capital assets due to depreciation and amortization.

For fiscal year 2026, total revenues were \$16,978,019, a decrease of \$2,845,142, or 14.4% compared to fiscal year 2025. The primary change is related to a decrease in the QRT grant. For fiscal year 2025, revenues decreased by \$682,871, or 3.3%, from \$20,506,032 to \$19,823,161 as compared to fiscal year 2024. The primary change is related to decreases in the Quick Incumbent Worker Training grant and reduced contract expenses related to special projects, partially offset by an increase in the QRT grant.

Total expenses were \$16,984,349, compared with \$19,876,626 in fiscal year 2025, a decrease of \$2,892,277, or 14.6%, also related to a decrease in QRT activity. For fiscal year 2025, expenses decreased by \$650,319 or 3.2%, from \$20,526,945 to \$19,876,626 as compared to fiscal year 2024, also related to a decrease in Quick Incumbent Worker Training grant, and reduced contract expenses related to special projects, partially offset by an increase in the QRT grant.

Governmental Fund Analysis

At June 30, 2026, General Fund assets were \$6,570,103, liabilities were \$5,428,139, and fund balance was \$1,141,964. The unassigned fund balance was \$1,042,389, and the remainder of the fund balance of \$99,575 was nonspendable. The fiscal year 2026 changes were primarily caused by timing of payments related to QRT grant liabilities. At June 30, 2025, assets were \$9,760,118, liabilities were \$8,599,438 and fund balance was \$1,068,920. The unassigned fund balance was \$960,300, and the remainder of the fund balance of \$108,620 was nonspendable. The fiscal year 2025 changes were primarily caused by timing of payments related to QRT grant liabilities.

General Fund revenues for fiscal year 2026 were \$17,069,779, compared with \$19,731,401 in fiscal year 2025. General Fund expenditures for fiscal year 2026 were \$16,996,735, compared with \$19,850,628 in fiscal year 2025. The decrease in both General Fund revenues and expenses was related to change in the QRT grant program. General Fund revenues for fiscal year 2025 were \$19,731,401, compared with \$20,506,032 in fiscal year 2024. General Fund expenditures for fiscal year 2025 were \$19,850,628, compared with \$20,544,050 in fiscal year 2024. The decrease in both General Fund revenues and expenses was related to a decrease in Quick Incumbent Worker Training grant, and reduced contract expenses related to special projects, partially offset by an increase in the QRT grant.

Significant Capital Asset and Long-Term Financing Activity

Capital assets, net, totaled \$0 at June 30, 2026, compared with \$2,846 at June 30, 2025. The FY26 change resulted from depreciation. There were no significant capital asset commitments as of June 30, 2026. Lease right-to-use assets totaled \$1,886,462 at June 30, 2026 and 2025, with no additions or disposals during either fiscal year. The net book value decreased to \$270,982 at June 30, 2026 from \$457,449 at June 30, 2025 as accumulated amortization increased by \$186,467 during the year.

CAREERSOURCE FLORIDA, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026 AND 2025

Long-term financing activity during FY26 consisted of the Organization's lease of office facilities under an agreement that expires November 2027. The lease liability decreased by \$228,452 as scheduled principal payments were made. No new lease liabilities were recognized during the year. The Organization also leases office equipment under an agreement that expires March 2029. Additional information is provided in Note 4 to the financial statements.

Currently Known Facts, Decisions, or Conditions

Management is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on the Organization's financial position or results of operations. Subsequent to year-end, CareerSource Florida continued its participation in the Pay-for-Performance Grant initiative, including ongoing program implementation and related funding activities; management is evaluating the financial reporting implications of these post-year-end developments and has determined that no adjustment to the accompanying financial statements is required as of the date of issuance.

Request for Information

This financial report is designed to provide a general overview of CareerSource Florida, Inc.'s finances. Questions concerning the information in this report or requests for additional information should be addressed to CareerSource Florida, Inc., 2308 Killearn Center Blvd, Tallahassee, Florida 32309.

CAREERSOURCE FLORIDA, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current Assets:		
Cash	\$ 4,475,712	\$ 7,603,116
Grants and contracts receivable	1,994,816	2,048,382
Prepaid expenses	99,075	108,120
Total Current Assets	<u>6,569,603</u>	<u>9,759,618</u>
Noncurrent Assets:		
Capital assets, net	-	2,846
Lease right-to-use asset, net	270,982	457,449
Prepaid expenses	500	500
Total Noncurrent Assets	<u>271,482</u>	<u>460,795</u>
Total Assets	<u><u>\$ 6,841,085</u></u>	<u><u>\$ 10,220,413</u></u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 965,614	\$ 3,339,898
Unearned revenue	4,462,525	5,259,540
Total Current Liabilities	<u>5,428,139</u>	<u>8,599,438</u>
Long-Term Liabilities:		
Due Within One Year:		
Compensated absences	170,414	172,945
Lease liability	244,732	228,453
Due in More Than One Year:		
Compensated absences	64,707	35,423
Lease liability	112,882	357,613
Total Long-Term Liabilities	<u>592,735</u>	<u>794,434</u>
Total Liabilities	<u>6,020,874</u>	<u>9,393,872</u>
Net Position:		
Net investment in capital assets	(86,632)	(125,771)
Unrestricted	906,843	952,312
Total Net Position	<u>820,211</u>	<u>826,541</u>
Total Liabilities and Net Position	<u><u>\$ 6,841,085</u></u>	<u><u>\$ 10,220,413</u></u>

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

CAREERSOURCE FLORIDA, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Economic environment:					
Incumbent worker training	\$ 1,298,008	\$ -	\$ 1,298,008	\$ -	\$ -
Quick response training	4,993,225	-	4,993,225	-	-
Other program costs	10,693,116	-	10,592,239	-	(100,877)
Total Governmental Activities	<u>\$ 16,984,349</u>	<u>\$ -</u>	<u>\$ 16,883,472</u>	<u>\$ -</u>	<u>(100,877)</u>
General Revenue:					
Miscellaneous					94,547
Total General Revenue					<u>94,547</u>
Change in net position					(6,330)
Net position, beginning of year					<u>826,541</u>
Net position, end of year					<u>\$ 820,211</u>

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

CAREERSOURCE FLORIDA, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities:					
Economic environment:					
Incumbent worker training	\$ 1,155,574	\$ -	\$ 1,155,574	\$ -	\$ -
Quick response training	6,629,870	-	6,629,870	-	-
Other program costs	12,091,182	-	11,906,696	-	(184,486)
Total Governmental Activities	<u>\$ 19,876,626</u>	<u>\$ -</u>	<u>\$ 19,692,140</u>	<u>\$ -</u>	<u>(184,486)</u>
General Revenue:					
Miscellaneous					131,021
Total General Revenue					<u>131,021</u>
Change in net position					(53,465)
Net position, beginning of year					<u>880,006</u>
Net position, end of year					<u>\$ 826,541</u>

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

CAREERSOURCE FLORIDA, INC.
BALANCE SHEETS
GOVERNMENTAL FUND TYPE – GENERAL FUND

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current Assets:		
Cash	\$ 4,475,712	\$ 7,603,116
Grants and contracts receivable	1,994,816	2,048,382
Prepaid expenses	99,575	108,620
Total Current Assets	\$ 6,570,103	\$ 9,760,118
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 965,614	\$ 3,339,898
Unearned revenue	4,462,525	5,259,540
Total Current Liabilities	5,428,139	8,599,438
Deferred Inflows of Resources:		
Unavailable revenue	-	91,760
Fund Balance:		
Non-spendable - prepaid expenses	99,575	108,620
Unassigned	1,042,389	960,300
Fund Balance	1,141,964	1,068,920
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 6,570,103	\$ 9,760,118

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

CAREERSOURCE FLORIDA, INC.**RECONCILIATION OF THE BALANCE SHEETS OF THE GOVERNMENTAL FUND TO THE STATEMENTS OF NET POSITION***JUNE 30, 2026 AND 2025*

	2026	2025
Total fund balance of governmental fund	\$ 1,141,964	\$ 1,068,920
Amounts reported for governmental activities in the statements of net position are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:		
Compensated absences	(235,121)	(208,368)
Lease liability	(357,614)	(586,066)
Amounts to be collected under receivables that are not available to pay for the current period's expenditures and are reported as a deferred inflow of resources in the fund.	-	91,760
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	-	2,846
Lease right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	270,982	457,449
Net Position of Governmental Activities	<u>\$ 820,211</u>	<u>\$ 826,541</u>

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

CAREERSOURCE FLORIDA, INC.**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND***YEARS ENDED JUNE 30, 2026 AND 2025*

	2026	2025
Revenue:		
Intergovernmental revenue	\$ 16,975,232	\$ 19,600,380
Miscellaneous	94,547	131,021
Total Revenue	<u>17,069,779</u>	<u>19,731,401</u>
Expenditures:		
Other program costs	5,926,195	7,563,829
Grants and aids	6,291,233	7,785,444
Salaries and benefits	3,335,534	3,246,854
Administration contracts	440,360	444,863
Occupancy	243,850	234,263
Board meetings and travel	57,028	100,295
Dues and subscriptions	134,996	82,020
Office expenses	65,848	70,775
Travel	98,367	65,030
Professional fees and consultants	276,883	79,986
Insurance	12,871	19,590
Telephone and communications	12,552	14,277
Training and registrations	101,018	143,402
Total Expenditures	<u>16,996,735</u>	<u>19,850,628</u>
Net change in fund balance	73,044	(119,227)
Fund balance, beginning of year	1,068,920	1,188,147
Fund balance, end of year	<u>\$ 1,141,964</u>	<u>\$ 1,068,920</u>

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

CAREERSOURCE FLORIDA, INC.**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENTS OF ACTIVITIES***YEARS ENDED JUNE 30, 2026 AND 2025*

	2026	2025
Net change in fund balance - total governmental fund	\$ 73,044	\$ (119,227)
Amounts reported for governmental activities in the statements of activities are different because:		
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:		
Unused compensated absences	(26,753)	(35,626)
Lease liability	228,452	212,969
Receivables uncollected within 60 days of year-end are unavailable to pay for current period expenditures and are reported as a deferred inflow of resources in the fund.		
	(91,760)	91,760
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense:		
Depreciation and amortization expense on capital assets	(2,846)	(16,874)
Amortization expense on lease right-to-use assets	(186,467)	(186,467)
Change in Net Position of Governmental Activities	<u>\$ (6,330)</u>	<u>\$ (53,465)</u>

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

CAREERSOURCE FLORIDA, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Summary of significant accounting policies

Reporting Entity – CareerSource Florida, Inc. (“CareerSource Florida” or “the Organization”) is a not-for-profit corporation created by Chapter 445 of the Florida Statutes. Chapter 2000-165, Laws of Florida, known as the Workforce Innovation Act of 2000, superseded by the Workforce Innovation and Opportunity Act of 2014, created the corporation, which became effective July 1, 2000. This corporation is required to be registered, incorporated, organized, and operated in compliance with Chapter 617, Florida Statutes, as a nonentity of State government.

CareerSource Florida is the principal workforce policy organization for the state of Florida and the local workforce boards. The Florida Workforce System connects employers with qualified, skilled talent and Floridians with employment and career development opportunities to achieve economic prosperity. The Organization is administratively housed within the Department of Commerce (“FloridaCommerce”), and contracts with FloridaCommerce to implement its strategic policies and administer the workforce system.

CareerSource Florida is governed by a Board of Directors (the “Board”), whose membership and appointment is determined by the Governor of the State of Florida and must be consistent with Public Law No. 113-128, Title I, Section 101(b) since it serves as the State’s Workforce Investment Board pursuant to law.

Though the state of Florida appoints the Board, it has no further accountability. Therefore, for financial reporting purposes, CareerSource Florida is a related organization of the state. There are no component units included in the accompanying financial statements.

The accounting policies of the Organization conform to generally accepted accounting principles (“U.S. GAAP”) as applied to governmental units. The more significant accounting policies used by the Organization are described below. The Organization’s reporting entity applies all relevant Governmental Accounting Standards Board (“GASB”) pronouncements.

Government-Wide Financial Statements – The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the nonfiduciary activities of CareerSource Florida. The focus of the government-wide statements is on the sustainability of CareerSource Florida as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The statements of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include operating grants and contributions used to recover expense of a given function or program. Other items not properly included among program revenues are reported instead as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund.

Fund Financial Statements – The fund financial statements provide information about CareerSource Florida’s governmental fund. Separate statements for the governmental fund are presented. CareerSource Florida reports one governmental fund, the General Fund, which is used to account for all financial resources of the Organization. The general fund is reported as a major fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Summary of significant accounting policies (continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and lease payables are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Organization.

Budgetary Information – GASB requires budgetary comparisons to be presented for the general fund that has a legally adopted budget. Management has determined that CareerSource Florida is not legally required to adopt an operating budget by the FloridaCommerce, Florida Statutes, or any federal regulation. Therefore, no budgetary comparison schedules have been presented.

Use of Estimates – The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash – CareerSource Florida's cash are considered to be cash on hand and demand deposit checking accounts.

Grants and Contracts Receivable – Grants and contracts receivable consist primarily of amounts due from FloridaCommerce. Management determines the allowance for doubtful accounts based on specific identification and a general reserve based on management's experience with prior collections and the current economic environment. Management's estimate of potential uncollectible amounts associated with grants and contracts receivable is immaterial; accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by CareerSource Florida as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. As the Organization acquires additional capital assets each period they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	5 Years
Office furniture	7 Years
Office equipment and computers	5 Years

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Summary of significant accounting policies (continued)

Capital assets acquired by CareerSource Florida are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Leases – Lease contracts that provide the Organization with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of 12 months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Compensated Absences – Permanent full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Organization. CareerSource Florida employees' annual leave balances in excess of 360 hours will be transferred to sick leave on an hour-for-hour basis. Sick leave is accrued but generally only paid out at 25% of the accrued balance after 10 years of service up to a stated maximum. However, the employment contract with the President stipulates that sick leave is paid in accordance with the employment contract. CareerSource Florida evaluated compensated absences to recognize balances that are more likely than not to be paid as the respective liability.

Revenue Recognition – Revenues are recognized when earned. CareerSource Florida received advanced funds from the state of Florida to administer the Quick Response Training program. Under this program, the Organization awards funds to businesses that provide training to the businesses' employees via local community colleges and/or state universities. CareerSource Florida defers the revenue relating to these programs until the earnings process is substantially complete, which the Organization has determined occurs when the training has taken place and the college or business has submitted requests for reimbursement.

Deferred Inflows of Resources – Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. CareerSource Florida has unavailable revenue related to grants that meets the criteria.

Transferred Investment Income – As a condition of its grants and in compliance with 2 CFR 200.305 of the Uniform Guidance as adopted by CareerSource Florida, all interest above \$500 earned on funds advanced from the state of Florida is due and payable to the state of Florida. At June 30, 2026 and 2025, the applicable liability due to the state of Florida is included in accrued liabilities in the statements of net position.

Categories and Classification of Net Position and Fund Balance – Net Position Flow Assumption – Sometimes CareerSource Florida will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is CareerSource Florida's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Summary of significant accounting policies (continued)

Fund Balance Flow Assumptions – Sometimes CareerSource Florida will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is CareerSource Florida's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Organization itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

- *Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. As of June 30, 2026 and 2025 there are no amounts that are classified as restricted fund balance.
- *Committed Fund Balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Organization's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Organization that can, by adoption of a board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board resolution remains in place until a similar action is taken (the adoption of another board resolution) to remove or revise the limitation. As of June 30, 2026 and 2025 there are no amounts that are classified as committed fund balance.
- *Assigned Fund Balance* – The assigned fund balance consists of amounts that are constrained by a less-than-formal action of the Organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. As of June 30, 2026 and 2025, there are no amounts that are classified as assigned fund balance.
- *Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

Income Taxes – CareerSource Florida is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization is exempt from state income taxes on related income pursuant to Chapter 220.13 of the Florida Statutes. As a charitable organization, only unrelated business income, as defined by Section 509(a)(1) of the IRC, is subject to federal income tax. CareerSource Florida currently has no unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Summary of significant accounting policies (continued)

CareerSource Florida has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with U.S. GAAP for accounting for uncertainty in income taxes, and determined there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Functional Allocation of Expenses – Expenses are charged directly to programs that benefit from the expense where possible, or to the indirect cost pool. Indirect expenses are allocated to programs based on the percentage of total funds from each program utilized across the entire Organization from the prior quarter.

Subsequent Events – Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 22, 2026, and determined there are no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Guidance:

GASB Statement No. 103 – In April 2024, GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. Areas affected include management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Organization made updates to the management's discussion and analysis. There have been no material impacts beyond presentation changes as a result of the implementation of this statement.

GASB Statement No. 104 – In September 2024, GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires state and local governments to provide detailed information about capital assets in notes to the financial statements. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. There have been no significant changes in accounting policies or practices related to the implementation of GASB Statement No. 104 during the reporting period.

GASB Statement No. 105 – In December 2025, GASB issued GASB Statement No. 105, *Subsequent Events*. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the informational needs of financial statements users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Organization is currently evaluating the impact of this guidance on its financial statements.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 2—Cash

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These pools collateralize local government deposits and certificates of deposit with participating depositories. CareerSource Florida's demand deposits are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned or the Organization will not be able to recover collateral securities in the possession of an outside party. At June 30, 2026 and 2025, the carrying amount of CareerSource Florida, Inc.'s deposits was \$4,475,712 and \$7,603,116, respectively, and the bank balance of CareerSource Florida, Inc.'s deposits was \$5,056,180 and \$7,826,421, respectively. The bank balance is insured up to Federal Deposit Insurance Corporation ("FDIC") limits or by collateral held by CareerSource Florida's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act, Chapter 280, Florida Statutes. The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral.

Note 3—Capital assets, net

The following is a summary of changes in capital assets during the years ended June 30:

	July 1, 2025	Increases	Decreases	June 30, 2026
Capital assets:				
Leasehold improvements	\$ 17,505	\$ -	\$ -	\$ 17,505
Office furniture	219,652	-	-	219,652
Office equipment and computers	309,118	-	-	309,118
Total capital assets	546,275	-	-	546,275
Less accumulated depreciation and amortization:				
Leasehold improvements	(17,505)	-	-	(17,505)
Office furniture	(219,652)	-	-	(219,652)
Office equipment and computers	(306,272)	(2,846)	-	(309,118)
Total accumulated depreciation and amortization	(543,429)	(2,846)	-	(546,275)
Capital assets, net	\$ 2,846	\$ (2,846)	\$ -	\$ -

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 3—Capital assets, net (continued)

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets:				
Leasehold improvements	\$ 17,505	\$ -	\$ -	\$ 17,505
Office furniture	219,652	-	-	219,652
Office equipment and computers	309,118	-	-	309,118
Total capital assets	546,275	-	-	546,275
Less accumulated depreciation and amortization:				
Leasehold improvements	(17,505)	-	-	(17,505)
Office furniture	(208,863)	(10,789)	-	(219,652)
Office equipment and computers	(300,187)	(6,085)	-	(306,272)
Total accumulated depreciation and amortization	(526,555)	(16,874)	-	(543,429)
Capital assets, net	\$ 19,720	\$ (16,874)	\$ -	\$ 2,846

Depreciation and amortization expense related to capital assets was \$2,846 and \$16,874 for the years ended June 30, 2026 and 2025, respectively, which was charged to other program costs in the statements of activities.

The following is a summary of changes in the lease right-to-use asset during the years ended June 30:

	July 1, 2025	Increases	Decreases	June 30, 2026
Lease right-to-use assets:				
Facilities	\$ 1,862,823	\$ -	\$ -	\$ 1,862,823
Office equipment	23,639	-	-	23,639
Total lease right-to-use assets	1,886,462	-	-	1,886,462
Less accumulated amortization:				
Facilities	(1,423,116)	(181,739)	-	(1,604,855)
Office equipment	(5,897)	(4,728)	-	(10,625)
Total accumulated depreciation and amortization	(1,429,013)	(186,467)	-	(1,615,480)
Lease right-to-use assets, net	\$ 457,449	\$ (186,467)	\$ -	\$ 270,982

	July 1, 2024	Increases	Decreases	June 30, 2025
Lease right-to-use assets:				
Facilities	\$ 1,862,823	\$ -	\$ -	\$ 1,862,823
Office equipment	23,639	-	-	23,639
Total lease right-to-use assets	1,886,462	-	-	1,886,462
Less accumulated amortization:				
Facilities	(1,241,377)	(181,739)	-	(1,423,116)
Office equipment	(1,169)	(4,728)	-	(5,897)
Total accumulated depreciation and amortization	(1,242,546)	(186,467)	-	(1,429,013)
Lease right-to-use assets, net	\$ 643,916	\$ (186,467)	\$ -	\$ 457,449

Amortization expense related to the lease right-to-use assets was \$186,467 for the years ended June 30, 2026 and 2025, which was charged to other program costs in the Statements of Activities.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 4—Leases

The Organization leases office facilities under an agreement that expires in November 2027. The discount rate used as the interest rate was 4.25%, which is the Organization's incremental borrowing rate as of the commencement date of the lease.

The Organization also leases office equipment under an agreement that expires in March 2029. The discount rate used as the interest rate was 8.50%, which is the Organization's incremental borrowing rate as of the commencement date of the lease.

The following is a summary of changes in the lease liability during the years ended June 30:

	July 1, 2025	Increases	Decreases	June 30, 2026	Due Within One Year
Lease liability	\$ 586,066	\$ -	\$ (228,452)	\$ 357,614	\$ 244,732

	July 1, 2024	Increases	Decreases	June 30, 2025	Due Within One Year
Lease liability	\$ 799,035	\$ -	\$ (212,969)	\$ 586,066	\$ 228,453

Future debt service requirements on the lease payable at June 30, 2026 are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	\$ 244,732	\$ 10,999	\$ 255,731
2028	108,668	1,704	110,372
2029	4,214	151	4,365
	<u>\$ 357,614</u>	<u>\$ 12,854</u>	<u>\$ 370,468</u>

Interest expense related to the lease liability was \$21,218 and \$30,747 for the years ended June 30, 2026 and 2025, respectively, which was charged to other program costs in the Statements of Activities.

Note 5—Compensated absences

The following is a summary of changes in compensated absences during the years ended June 30:

	July 1, 2025	Net Change	June 30, 2026	Due Within One Year
Compensated absences	\$ 208,368	\$ 26,753	\$ 235,121	\$ 170,414

	July 1, 2024	Net Change	June 30, 2025	Due Within One Year
Compensated absences	\$ 172,742	\$ 35,626	\$ 208,368	\$ 172,945

CAREERSOURCE FLORIDA, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Retirement plan

CareerSource Florida participates in a safe harbor 401(k) Plan (the Plan). The Plan covers all eligible employees of CareerSource Florida. Employer contributions are determined at the discretion of a fiduciary committee of CareerSource Florida and in accordance with the IRC. The Organization contributed a total of \$337,592 and \$327,524 to the Plan during the years ended June 30, 2026 and 2025, respectively. Employees are permitted to make contributions up to applicable IRC limits. Employees are immediately vested in their own contributions and earnings on those contributions. Employees become 100% vested in employer defined contributions after completing three years of service. Employer contributions owed to the Plan as of June 30, 2026, and 2025 totaled \$0 for both years. There were no expenses for the Plan paid for by CareerSource Florida during the years ended June 30, 2026 and 2025.

Note 7—Commitments, concentrations, and contingencies

See Note 4 for information on lease commitments.

Significant Funding Source – CareerSource Florida receives a substantial amount of its funding from the United States Department of Labor, the United States Department of Health and Human Services, and the United States Department of Education passed through the state of Florida, Department of Commerce, and funding from the state of Florida Department of Commerce directly. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on CareerSource Florida, Inc.'s programs and activities.

Risk Management – CareerSource Florida is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CareerSource Florida, Inc. has obtained insurance from commercial underwriters for the aforementioned risks, including workers' compensation for the years ended June 30, 2026 and 2025.

CareerSource Florida has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, CareerSource Florida had no significant reduction in insurance coverage from the prior year.

Grants – The grant revenue amounts received are subject to audit and adjustment by grantor agencies. If any expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of CareerSource Florida. In the opinion of management, all grant expenses are in compliance with terms of the grant agreements and applicable Federal and State laws and regulations.

Note 8—Related party transactions

Receivables of \$1,984,816 and \$2,037,210 were due from the state of Florida, Department of Commerce and Department of Corrections, at June 30, 2026 and 2025, respectively, and are included in grants and contracts receivable in the statements of net position and in the balance sheets of the governmental fund type – general fund. Federal and state program revenue received through the state of Florida, Department of Commerce and Department of Corrections, for the years ended June 30, 2026 and 2025 was \$16,883,472 and \$19,692,140 respectively.

OTHER REPORTS

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

We have audited, in accordance with the 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 the governmental activities and the major fund of CareerSource Florida, Inc. (the "Organization"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
September 22, 2026