



A S S U R A N C E D I M E N S I O N S

Financial Statements and Independent Auditor's
Report, Supplemental Information and Regulatory
Reports

**Tampa VA Research & Education
Foundation, Inc.**

December 31, 2022 and 2021

Tampa VA Research & Education Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tampa VA Research & Education Foundation, Inc.

Opinion

We have audited the accompanying financial statements of **Tampa VA Research & Education Foundation, Inc.** (the "Foundation"), a not-for-profit Foundation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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. 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 Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation'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 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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 2000 Banks Road, Suite 218 | Margate, FL 33063 | Office: 754.800.3400 | Fax: 813.443.5053

www.assurancedimensions.com



In performing an audit in accordance with generally accepted 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, state financial assistance, local and other awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

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

Assurance Dimensions

Tampa, Florida
May 1, 2023

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Tampa VA Research & Education Foundation, Inc.
Statements of Financial Position
As of December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,959,560	\$ 2,840,050
Contracts and grants receivable	1,334,710	844,391
Unbilled revenue	40,200	30,824
Prepaid expenses and other assets	13,776	18,955
Short term investments	391,258	-
Total current assets	<u>3,739,504</u>	<u>3,734,220</u>
PROPERTY & EQUIPMENT, NET	12,574	19,466
LONG TERM INVESTMENTS	389,160	600,000
TOTAL ASSETS	<u>\$ 4,141,238</u>	<u>\$ 4,353,686</u>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 504,037	\$ 446,338
Deferred revenue	425,620	586,974
Total current liabilities	<u>929,657</u>	<u>1,033,312</u>
TOTAL LIABILITIES	<u>929,657</u>	<u>1,033,312</u>
NET ASSETS		
Net assets without donor restrictions:		
General funds	1,798,320	2,061,018
Net assets without donor restrictions-board designated reserve	200,000	200,000
Net assets without donor restrictions-PI residual funds	1,213,261	1,059,356
Total net assets	<u>3,211,581</u>	<u>3,320,374</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,141,238</u>	<u>\$ 4,353,686</u>

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

Tampa VA Research & Education Foundation, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Public support			
Contract and grant revenue - non-federal	\$ 2,581,746	\$ -	\$ 2,581,746
Contract and grant revenue - federal	644,607	-	644,607
IPA revenues	77,615	-	77,615
Total public support	<u>3,303,968</u>	<u>-</u>	<u>3,303,968</u>
Net assets released from restrictions	-	-	-
Total Support and Revenue	<u>3,303,968</u>	<u>-</u>	<u>3,303,968</u>
EXPENSES			
Program services			
Research	2,910,609	-	2,910,609
Education	11,008	-	11,008
Total program expenses	<u>2,921,617</u>	<u>-</u>	<u>2,921,617</u>
Supporting services:			
Management and general	484,565	-	484,565
Total supporting services	<u>484,565</u>	<u>-</u>	<u>484,565</u>
Total Expenses	<u>3,406,182</u>	<u>-</u>	<u>3,406,182</u>
Net change in net assets from operating activities	(102,214)	-	(102,214)
Non-operating activities:			
Interest income	13,003	-	13,003
Unrealized loss on investments	(19,582)	-	(19,582)
Total non-operating activities	<u>(6,579)</u>	<u>-</u>	<u>(6,579)</u>
CHANGE IN NET ASSETS	(108,793)	-	(108,793)
NET ASSETS AT THE BEGINNING OF YEAR	<u>3,320,374</u>	<u>-</u>	<u>3,320,374</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 3,211,581</u>	<u>\$ -</u>	<u>\$ 3,211,581</u>

The accompanying notes are an integral part of this financial statement.

Tampa VA Research & Education Foundation, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Public support			
Contract and grant revenue - non-federal	\$ 1,948,165	\$ -	\$ 1,948,165
Contract and grant revenue - federal	1,251,041	-	1,251,041
IPA revenues	78,974	-	78,974
Contributions	2,700	-	2,700
Total public support	<u>3,280,880</u>	<u>-</u>	<u>3,280,880</u>
Net assets released from restrictions	-	-	-
Total Support and Revenue	<u>3,280,880</u>	<u>-</u>	<u>3,280,880</u>
EXPENSES			
Program services			
Research	2,520,509	-	2,520,509
Education	130,267	-	130,267
Total program expenses	<u>2,650,776</u>	<u>-</u>	<u>2,650,776</u>
Supporting services:			
Management and general	468,971	-	468,971
Total supporting services	<u>468,971</u>	<u>-</u>	<u>468,971</u>
Total Expenses	<u>3,119,747</u>	<u>-</u>	<u>3,119,747</u>
Net change in net assets from operating activities	161,133	-	161,133
Non-operating activities:			
Interest income	1,190	-	1,190
Gain on extinguishment of debt	133,457	-	133,457
Total non-operating activities	<u>134,647</u>	<u>-</u>	<u>134,647</u>
CHANGE IN NET ASSETS	295,780	-	295,780
NET ASSETS AT THE BEGINNING OF YEAR	<u>3,024,594</u>	<u>-</u>	<u>3,024,594</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 3,320,374</u>	<u>\$ -</u>	<u>\$ 3,320,374</u>

The accompanying notes are an integral part of this financial statement.

Tampa VA Research & Education Foundation, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (108,793)	\$ 295,780
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	6,892	8,101
Bad debt recovery	28,135	13,440
Gain on extinguishment of debt	-	(133,457)
Unrealized loss on investments	19,582	-
Increase (decrease) in current assets:		
Contracts and grants receivable	(518,454)	732,991
Unbilled revenue	(9,376)	395,236
Prepaid expenses and other assets	5,179	42,863
Accounts payable and accrued expenses	57,699	73,504
Deferred revenue	(161,354)	91,890
Net cash provided (used) by operating activities	<u>(680,490)</u>	<u>1,520,348</u>
Cash flows from investing activities:		
Purchase of investments	(200,000)	(600,000)
Purchase of property and equipment	-	(11,393)
Net cash used by investing activities	<u>(200,000)</u>	<u>(611,393)</u>
Net increase (decrease) in cash and cash equivalents	(880,490)	908,955
Cash and cash equivalents, beginning of period	2,840,050	1,931,095
Cash and cash equivalents, end of period	<u>\$ 1,959,560</u>	<u>\$ 2,840,050</u>

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

Tampa VA Research & Education Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Research Services</u>	<u>Education Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,475,833	\$ -	\$ 2,475,833	\$ 335,234	\$ 2,811,067
Payroll taxes	48,961	-	48,961	24,258	73,219
Benefits	44,425	-	44,425	13,615	58,040
Total salaries and related expenses	<u>2,569,219</u>	<u>-</u>	<u>2,569,219</u>	<u>373,107</u>	<u>2,942,326</u>
Subject payments	\$ 122,555	\$ -	\$ 122,555	\$ 1,170	\$ 123,725
Transportation and travel	80,657	8,295	88,952	5,436	94,388
Professional fees and contract labor	50,186	-	50,186	26,596	76,782
Research supplies	38,998	-	38,998	104	39,102
Conferences, conventions, and meetings	8,880	1,508	10,388	24,427	34,815
Bad debt expense	20,250	-	20,250	7,885	28,135
Dues and subscriptions	7,610	795	8,405	9,121	17,526
Occupancy	-	-	-	13,234	13,234
Insurance	-	-	-	8,848	8,848
Equipment rental	2,399	230	2,629	5,988	8,617
Depreciation	3,625	-	3,625	3,267	6,892
General supplies	4,313	-	4,313	1,367	5,680
Telephone and internet	1,748	-	1,748	3,604	5,352
Bank and merchant fees	-	180	180	150	330
Postage, shipping, and messenger	69	-	69	200	269
Printing and publications	100	-	100	-	100
Licenses and permits	-	-	-	61	61
Total expenses	<u>\$ 2,910,609</u>	<u>\$ 11,008</u>	<u>\$ 2,921,617</u>	<u>\$ 484,565</u>	<u>\$ 3,406,182</u>

The accompanying notes are an integral part of this financial statement.

Tampa VA Research & Education Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Research Services</u>	<u>Education Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,980,603	\$ 61,015	\$ 2,041,618	\$ 332,183	\$ 2,373,801
Benefits	68,501	-	68,501	17,063	85,564
Payroll taxes	57,782	-	57,782	18,417	76,199
Total salaries and related expenses	<u>2,106,886</u>	<u>61,015</u>	<u>2,167,901</u>	<u>367,663</u>	<u>2,535,564</u>
Subject payments	\$ 190,425	\$ -	\$ 190,425	\$ 970	\$ 191,395
Professional fees and contract labor	138,714	-	138,714	19,082	157,796
Conferences, conventions, and meetings	19,575	65,928	85,503	18,388	103,891
Research supplies	24,814	-	24,814	-	24,814
Equipment rental	10,876	-	10,876	11,627	22,503
Bad debt expense	-	-	-	13,440	13,440
Occupancy	-	-	-	13,146	13,146
Transportation and travel	12,329	63	12,392	-	12,392
Dues and subscriptions	2,137	315	2,452	9,580	12,032
Depreciation	4,834	-	4,834	3,267	8,101
Insurance	-	-	-	6,834	6,834
General supplies	4,700	300	5,000	829	5,829
Telephone and internet	1,551	-	1,551	3,803	5,354
Printing and publications	3,668	60	3,728	-	3,728
Bank and merchant fees	-	2,586	2,586	151	2,737
Postage, shipping, and messenger	-	-	-	130	130
Licenses and permits	-	-	-	61	61
Total expenses	<u>\$ 2,520,509</u>	<u>\$ 130,267</u>	<u>\$ 2,650,776</u>	<u>\$ 468,971</u>	<u>\$ 3,119,747</u>

The accompanying notes are an integral part of this financial statement.

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note A – Nature of Business and Foundation

The Tampa VA Research & Education Foundation, Inc. (the “Foundation”) is a not-for-profit corporation established to advance the research and education mission of the Department of Veterans Affairs through the support of research and education activities at the James A. Haley Veterans Affairs Medical Center (“JAHVMC”), as well as other Veterans Affairs Medical Centers in the region. The Foundation was incorporated under the Laws of the State of Florida on October 3, 1997. The Foundation’s research programs are primarily funded by pharmaceutical research companies, federal financial assistance, and reimbursement agreements with the James A. Haley Veterans Affairs Medical Center.

Note B – Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported according to two classes of net assets:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the “Board”) has designated, from net assets without donor restrictions, net assets for various reasons
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recently Issued Accounting Standards Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*, intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021. Adoption of this standard did not have a significant impact on the financial statements.

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note B – Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Foundation considers all unrestricted demand deposits and savings deposits which are available for immediate withdrawal as cash and cash equivalents.

Concentrations of Credit Risk

During the year, cash balances at financial institutions were maintained in excess of insurance coverage of \$250,000 provided by the Federal Deposit Insurance Corporation. At December 31, 2022, the Foundation's uninsured cash balances were approximately \$1,475,000. The cash balances are maintained at financial institutions with high credit - quality ratings and the Foundation believes no significant risk of loss exists with respect to those balances.

Contracts and Grants Receivable

Receivables consist of billings on grant and contract receivables. The Foundation performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. At December 31, 2022 and 2021, the Foundation did not record an allowance for doubtful account.

Unbilled Receivables

Unbilled receivables are recorded at the expected invoice amount but have yet to be invoiced.

Fair Value Measurement

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Foundation measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments are cash, accounts receivable, accounts payable, and other short-term assets and liabilities. For these financial instruments (*Level 1*), carrying values approximate fair value because of the short maturity of these instruments.

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note B – Significant Accounting Policies (continued)

Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 3,725,728
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Deferred revenue	(425,620)
Board of Directors designations:	
PI residual funds	(1,213,261)
Contingency reserve	(200,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,886,847</u>

Financial assets consists of cash and cash equivalents of \$1,959,560, contracts and grants receivable of \$1,334,710, short term investments of \$391,258, and accrued revenue of \$40,200. PI residual funds are net assets without donor restrictions (See Note F for further details) that may only be used to address future study expenditures that may or may not be within the next year at the discretion of the Board. The Foundation is substantially supported by PI study contracts and grants. Payments are typically received on a reimbursement basis but are also received in advance of work performed and recorded as deferred revenue.

As part of the Foundation'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. During the year ended December 31, 2014, the Board established a reserve fund. The reserve fund amount for the years ended December 31, 2022 and 2021 was approximately \$200,000. The Board can re-designate these funds at any time. In addition, there is no restriction on the Board's movement of these funds.

Property and Equipment, Net

The Foundation capitalizes all expenditures in excess of \$5,000 for property and equipment, at cost. Equipment purchased for research purposes are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance expenditures are expensed as incurred.

Investments

Investments are stated at market value, which is based on quoted market prices or dealer quotes. The resulting difference between cost and market value is recognized as gain or loss in the period in which they occur. The realized gain or loss on investments is the difference between proceeds received and the cost of the investment sold. Investment income is recognized as revenue in the period it is received and gains and losses are recognized as changes in net assets in the accounting periods in which they occur.

The fair value of the investments, which are certificates of deposit, at December 31, 2022 and 2021 were approximately \$780,000 and \$600,000 respectively. For the years ended December 31, 2022 and 2021, the Foundation had investment income of approximately \$13,000 and \$1,000, respectively.

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note B – Significant Accounting Policies (continued)

Revenue Recognition

All revenues and support are recorded in accordance with either ASC 958, *Not-for-Profit Entities*, as contributions with or without donor restrictions or in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Foundation has satisfied the applicable performance obligation over time or at a point in time.

Contract and grant revenue – The majority of the revenues are derived principally from clinical research grants or other similar study agreements administered by the Foundation and performed by a principal investigator (“PI”) working in conjunction with the JAHVMC. Such grants or agreements are either reciprocal in nature or nonreciprocal (charitable). For reciprocal agreements, revenue is recognized when earned, generally in proportion to the expenses incurred. Most invoicing is completed as a reimbursement request to the sponsor. Revenue is recognized over time for the single performance obligation. Nonreciprocal agreements are reported as increases to net assets without donor restriction unless their use is limited by donor-imposed restrictions. Once donor-imposed restrictions expire due to time or through stipulated use, these funds are reported as net assets released from restriction.

IPA Revenue - Intergovernmental Personnel Act (“IPA”) revenue consists of reimbursements for salary and fringe benefits from the VA to the Foundation for use of the Foundation’s employee. Revenue is recognized during the period in which costs are incurred.

Deferred revenues are due to advance payments from sponsors related to contracts and grants. As the services are provided by the Foundation, and as contract milestones are met, revenue will be recognized. Approximately \$158,000 of the \$587,000 deferred revenue balance at December 31, 2021 was recognized as revenue during the year ended December 31, 2022. Deferred revenue as of December 31, 2022 was approximately \$426,000.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Foundation periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the years ending December 31, 2022 and 2021, respectively. Should the Foundation’s tax-exempt status be challenged in the future, the Foundation’s 2020, 2021, and 2022 tax years are open for examination by the IRS.

Allocated Overhead

The Foundation’s general policy is to charge an overhead fee to a research program when cash is received for that program; this rate varies between programs. The charged overhead is used by the Foundation for general and administrative expenses.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated on the basis of revenue and time allocation
- Personnel expenses are allocated on the basis of direct salaries
- Depreciation on the lab equipment is allocated on the basis of usage of the lab equipment

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note B – Significant Accounting Policies (continued)

Estimates

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

Reclassification

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

Note C – Donated Property, Materials, and Services

Donations of property and materials are recorded at their estimated fair market value at the date of the donation. Donations of services are recorded as support at their estimated fair value if the services received create or enhance nonfinancial assets, or if the services require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no amounts of donated property and materials received this year.

Note D – Property and Equipment, Net

Property and equipment consisted of the following as of December 31:

	2022	2021	Useful Lives
Furniture and fixtures	\$ 9,800	\$ 9,800	3
Computers and equipment	21,061	21,061	2-3
	30,861	30,861	
Less – Accumulated depreciation	(18,287)	(11,395)	
	<u>\$ 12,574</u>	<u>\$ 19,466</u>	

The Foundation had depreciation expense of approximately \$7,000 and \$8,000 for the years ended December 31, 2022 and 2021, respectively.

Note E – Paycheck Protection Program Loan

In April 2020, the Foundation participated in the Paycheck Protection Program (“PPP”) under the CARES Act and secured financing through a financial institution for \$133,457 at 1.00% interest. The loan is guaranteed by the Small Business Administration. In January 2021, the Foundation received forgiveness on this loan and recorded a gain on forgiveness of debt in its statement of activities.

Note F – Net Assets Without Donor Restrictions

The activity for each study project is tracked by PI and the fund balance of each project is maintained on an ongoing basis. Any unexpended funds at year end remain available for use in subsequent years, until such time as the funds are completely expended or the project is completed. At the completion of a project, any remaining funds will be returned to the donor, if requested. If the funds are not required to be returned, they are released to general funds at the approval of the Board. These funds then become available for use by an investigator in other projects, at the Board's approval. PI residual funds recorded within net assets without donor restrictions totaled approximately \$1,213,000 and \$1,059,000 at December 31, 2022 and 2021, respectively, to support costs related to future research activities accordingly.

During the year ended December 31, 2014, the Board established a reserve fund. The reserve fund amount for the years ended December 31, 2022 and 2021 was approximately \$200,000. The Board can re-designate these funds at any time. In addition, there is no restriction on the Board's movement of these funds.

Tampa VA Research & Education Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note G – Operating Leases

The Foundation has non-cancellable operating leases for office space and equipment, which expire through 2022. Lease expense for both years ending December 31, 2022 and 2021 was approximately \$15,000.

Note H – Risk Management

The Foundation is exposed to various risks or losses related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to workers; and natural disasters. The Foundation has chosen to manage these risks through purchase of commercial insurance. Coverage levels during the current year have been maintained.

Note I – Concentration Risk

Accounts receivable from two funding sources represented 78% and 63% of total accounts receivable at December 31, 2022 and 2021, respectively. Revenue from three and two funding sources represented 47% and 61% of the Foundation's grant revenues for years ended December 31, 2022 and 2021, respectively.

Note J – Related Parties

The Foundation and the JAHVMC have an agreement which allows for each entity to employ the services of the other. The Foundation is related to JAHVMC as directors for the Foundation also serve as employees of the JAHVMC. The following schedule shows the amounts reported in these financial statements related to the reimbursements for these services as of and for the years ended December 31,:

	2022	2021
Revenues	\$ 77,615	\$ 78,974
Receivables	13,821	36,385
Expenses	1,042,954	669,663
Payables	283,156	165,392

Note K – Subsequent Events

Subsequent events were evaluated by management through May 1, 2023, which is the date the financial statements were available to be issued.

Supplemental Information

Tampa VA Research and Education Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal and State Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
RESEARCH AND DEVELOPMENT:				
Department of Defense				
Congressionally Directed Medical Research Program				
Passed through Ocean State Research Institute	12.420	W81XWH-19-1-0800	\$ 106,865	\$ -
US Army Medical Research Acquisition Activity / US Army Medical Research and Material Command				
Passed through University of Florida	12.420	W81XWH-17-2-0030	1,621	-
Passed through University of South Florida	12.420	W81XWH-18-2-0007	131,179	-
Passed through Narrows Institute for Biomedical Research, Inc. (Narrows)	12.420	W81XWH-17-2-0029	7,184	-
Passed through VA NY Harbor Healthcare System (VANYHHS)	12.420	W81XWH-17-1-0568	35,023	11,428
Passed through Narrows Institute for Biomedical Research, Inc. (Narrows)	12.420	W81XWH-17-2-0014	23,282	-
Passed through Foundation for Advancing Veterans' Health Research	12.420	W81XWH-16-2-0046	11,587	-
Total Department of Defense			316,741	11,428
National Institute of Health				
National Institute on Disability, Independent Living, and Rehabilitation Research				
Passed through Northern California Institute for Research and Education (NCIRE)	93.213	UH3AT009765 / SEAL2242-10	73,129	-
Passed through Craig Hospital	93.433	90DPTB0017-02-00	111,614	-
National Institute of Allergy and Infectious Diseases				
Passed through Fred Hutchinson Cancer Research Center	93.855	UM1 AI068614-14S1	473,652	-
Minority Health and Health Disparities Research				
Passed through Zetroz Systems Inc.	93.307	R43MD015912-01	38,066	-
Total National Institute of Health			696,461	-
TOTAL RESEARCH AND DEVELOPMENT:			\$ 1,013,202	\$ 11,428

See Independent Auditors' Report

Tampa VA Research & Education Foundation, Inc.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

Basis of Presentation

The schedule of expenditures (the “Schedule”) of federal awards is prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of State and Local Governments and Non-Profit Foundations. Because the Schedule presents only a selected portion of the operations of Tampa VA Research & Education Foundation, Inc. (the “Foundation”), it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Foundation.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Foundations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Pass-Through Awards

The Foundation receives federal financial assistance from various Foundations which are pass-through awards from federal grantors. The amounts of direct awards and pass-through awards are included on the schedule of expenditures of federal awards.

Subrecipients

Of the federal expenditures presented in the Schedule, the Foundation provided federal awards to subrecipients as follows:

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Amount Provided to Subrecipients</u>
12.420	US Army Medical Research Acquisition Activity / US Army Medical Research and Material Command	\$ 11,428

As a subrecipient, the Foundation has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Tampa VA Research & Education Foundation, Inc.

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 Tampa VA Research & Education Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, 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 May 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida
May 1, 2023



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Tampa VA Research & Education Foundation, Inc.

Opinion on Each Major Federal Program

We have audited Tampa VA Research & Education Foundation, Inc.'s (the "Foundation"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2022. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation 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 for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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; and 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). Our responsibilities under those standards and the Uniform Guidance 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 Foundation 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. Our audit does not provide a legal determination of the Foundation'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 Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 2000 Banks Road, Suite 218 | Margate, FL 33063 | Office: 754.800.3400 | Fax: 813.443.5053

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Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Foundation'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 Foundation'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, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Assurance Dimensions

Tampa, Florida
May 1, 2023

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Tampa VA Research & Education Foundation, Inc.

Schedule of Findings and Questioned Costs

December 31, 2022

Section 1 – Summary of Auditors’ Results

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
	<u>Federal Awards</u>
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be a material weakness?	None reported
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of Major Federal Programs:

<u>CFDA</u>	<u>Name of Federal Program</u>
Cluster	Research and Development

	<u>Federal Awards</u>
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section 2 – Financial Statement Findings

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

Prior Year Audit Findings

None reported in prior year.

Section 3 – Federal Awards Findings and Questioned Costs

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