Combined Financial Statements

Central Florida Clinical Practice Organization, Inc.

Years Ended June 30, 2026 and 2025

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Table of Contents

Years Ended June 30, 2026 and 2025

Independent Auditor's Report....1

Management's Discussion and Analysis 4

Combined Financial Statements

Combined Statements of Net Position 13
Combined Statements of Revenue, Expenses, and Changes in Net Position 14
Combined Statements of Cash Flows 15
Notes to Combined Financial Statements 17

Other Information

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Independent Auditor's Report 27

PYA ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Florida Clinical Practice Organization, Inc.:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of the Central Florida Clinical Practice Organization, Inc. (the CFCPO), a component unit of the University of Central Florida, as of and for the years ended June 30, 2026 and 2025, and the related notes to the combined financial statements, which collectively comprise the CFCPO's basic combined financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the CFCPO as of June 30, 2026 and 2025, and the changes in its financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Combined Financial Statements section of our report. We are required to be independent of the CFCPO 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 Combined Financial Statements

The CFCPO's management is responsible for the preparation and fair presentation of the combined 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.

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In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CFCPO's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS and GAS 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 combined financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

- Identify and assess the risks of material misstatement of the combined 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 combined 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 CFCPO'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CFCPO'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 on pages 4 through 12 be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined 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 combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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 29, 2026, on our consideration of the CFCPO'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 CFCPO's internal control over financial reporting and compliance.

PYA, P.C.

Tampa, Florida
September 29, 2026

Management's Discussion and Analysis

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Management's Discussion and Analysis

INTRODUCTION

This section of the Central Florida Clinical Practice Organization, Inc.'s (CFCPO) annual report provides an overview of its financial results for the years ended June 30, 2026 and 2025. This discussion has been prepared by management and should be read in conjunction with the combined financial statements and related footnotes. The combined financial statements, footnotes, and this discussion and analysis are the responsibility of management.

The primary mission of the CFCPO is to provide administrative services for the University of Central Florida College of Medicine's (College of Medicine) clinical mission, which includes the faculty practice, a Mobile Health Clinic, and HealthARCH, a healthcare consulting unit. CFCPO also provides practice management services to the teaching clinics of the College of Health Professions and Sciences (CHPS) to advance and support the growth of the Academic Health Sciences Center (AHSC). As part of the administrative services, CFCPO performs the billing and collection of professional fees associated with the practice of medicine and rehabilitation services under the UCF Health brand, the advisory fees for services provided by HealthARCH, and directly pays the associated operating expenses for those services. As an organization supporting the College of Medicine programs and providing services to other clinics within the AHSC, CFCPO may also transfer money to the respective colleges to support various education and research activities. CFCPO holds certain assets, such as medical equipment, which are reported in the combined financial statements.

In Fiscal Year 2022, CFCPO became the sole member of UCF Clinical LLC (UCF Clinical). The financial activity of UCF Clinical is included in the CFCPO financial statements and is managed by the College of Medicine administration. UCF Clinical contracts with a professional employment organization (PEO) to provide staffing to UCF Health clinics and HealthARCH. Due to the high demand for quality employees in the health care industry, managing clinical staff directly via a PEO allows all the AHSC clinical units to be competitive and respond quickly to changes in the job market. The PEO provides access to state-of-the-art recruitment tools, same-day background checks, and the ability to present a timely job offer to a chosen candidate. It also provides the ability to offer a benefit package in line with healthcare industry best practice and to manage fringe benefit costs more effectively. The PEO provides a solid foundation essential for the future growth of the AHSC clinical units.

The UCF Health College of Medicine Faculty Practice, consisting of primary care and seven specialties, had 47,718 patient encounters in Fiscal Year 2026, a 6.2 percent increase over Fiscal Year 2025. The clinic's infusion center is managed by IntraFusion, a third-party company that specializes in the administration of infusion drug therapies. During Fiscal Year 2026, patient encounters increased by 39 percent, contributing to higher revenue; however, the center maintained a break-even operating margin. Due to the inherent volatility of infusion drug pricing, margins can fluctuate significantly throughout the year and require continuous monitoring to support long-term financial sustainability. IntraFusion provides this oversight, closely monitoring drug costs and reimbursement trends while offering guidance on therapy options to help optimize both patient care and financial performance.

The UCF Health-branded mobile clinic entered its second year of operations serving uninsured and indigent populations in the surrounding community. This initiative is partially funded by the UCF Lake Nona Hospital Community Benefit Fund, with related expenses recorded under CFCPO. This fiscal year, the mobile clinic has seen over 700 people providing health education and screening services for blood pressure, diabetes, cholesterol, and hearing.

The UCF Health Communication Disorders Clinic and the UCF Health Physical Therapy Clinic operated by the UCF College of Health Professions and Sciences also served 14,256 patients in Fiscal Year 2026, a 2.4 percent increase over Fiscal Year 2025. Visits include billable clinical care and services provided through contractual service agreements.

HealthARCH has provided education and direct technical assistance to over ten thousand providers at over one thousand organizations since its inception in 2010. Patient Centered Medical Home (PCMH), Behavioral Health Integration, Revenue Cycle, the CMS Quality Payment Program, and Network Support Services are some of the key services behind HealthARCH's fee-for-service revenue. In Fiscal Year 2026, HealthARCH continued to advance its mission of supporting Florida providers and their patients through a variety of contracts and grant-funded initiatives. These efforts focused on implementing evidence-based best practices in key public health areas. As part of this work, HealthARCH, on behalf of the Florida Association of Community Health Centers (FACHC), helped design, deploy, and analyze their statewide Maternal Health Survey to Florida providers and patients. The survey provided valuable data on Florida's maternal health landscape and needs. Information that will be used to help shape how care is better delivered in the future, what is currently working, and what needs can be better addressed for patients and providers.

CFCPO also records the proceeds received through the affiliation agreement with The Nemours Foundation (Nemours) that established the University of Central Florida College of Medicine - Nemours Children's Health Department of Pediatrics. In Fiscal Year 2026, revenue from this agreement was $32 million, a decrease of $8.7 million from the prior year. This reduction reflects changes in Nemours' Medicaid reimbursement structure. Revenue from this agreement will remain approximately the same for the next fiscal year but is expected to decrease over the following ten years because of the One Big Beautiful Bill Act which includes changes to the Physician Supplemental Payment Program, thereby reducing revenue from which Nemours provides support to the mission of the College of Medicine.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements provide information about CFCPO's financial position, results of operations, and cash flows. For financial reporting purposes, CFCPO is a special-purpose government organization engaged solely in business-type activities; thus, the financial statements are prepared on the accrual basis of accounting.

- **Statement of Net Position:** presents CFCPO's assets, liabilities, deferred outflows and inflows of resources, and net position at year-end. It provides a snapshot of the organization's financial condition and resources available to support future operations.

- **Statement of Revenues, Expenses, and Changes in Net Position:** reports revenues earned and expenses incurred during the year. The change in net position reported in this statement corresponds to the difference between beginning and ending net position shown in the Statement of Net Position.

- **Statement of Cash Flows:** summarizes cash receipts and payments during the year across operating, noncapital financing, capital and related financing, and investing activities. This explains the change in cash and cash equivalents reported on the Statement of Net Position.

FINANCIAL SUMMARY

The following is a summary of the financial performance of the CFCPO, segregated by the Statements of Net Position, Condensed Statements of Revenue, Expenses, and Changes in Net Position, and Condensed Statements of Cash Flows.

Statements of Net Position:

	June 30,		*Increase/*	*Percent*
	2026	***2025***	***(Decrease)***	***Change***
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 5,476,810	$ 5,372,509	$ 104,301	2%
Patient accounts receivable, net	1,022,998	759,126	263,872	35%
HealthARCH and other accounts receivable, net	516,805	905,678	(388,873)	-43%
Due from affiliates including investment	39,246,409	45,618,458	(6,372,049)	-14%
Inventory	135,368	150,080	(14,712)	-10%
Other assets	46,103	50,740	(4,637)	-9%
TOTAL CURRENT ASSETS	46,444,493	52,856,591	(6,412,098)	-12%
CAPITAL ASSETS:				
Property and equipment, net	342,352	202,556	139,796	69%
Right-of-use subscription assets, net	622,143	-	622,143	100%
TOTAL ASSETS	$ 47,408,988	$ 53,059,147	$ (5,650,159)	-11%
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	$ 429,806	$ 686,947	$ (257,141)	-37%
Accrued expenses	622,921	651,004	(28,083)	-4%
Unearned revenue	3,332	-	3,332	100%
Current portion of subscription liabilities	229,199	-	229,199	100%
TOTAL CURRENT LIABILITIES	1,285,258	1,337,951	(52,693)	-4%
Subscription liabilities, less current portion	359,060	-	359,060	100%
DUE TO AFFILIATES	24,698,721	30,638,874	(5,940,153)	-19%
TOTAL LIABILITIES	$ 26,343,039	$ 31,976,825	$ (5,633,786)	-18%

	June 30, 2026	2025	Increase/ (Decrease)	Percent Change
NET POSITION:				
Net investment in capital assets	$ 376,236	$ 202,556	$ 173,680	86%
Unrestricted	20,689,713	20,879,766	(190,053)	-1%
TOTAL NET POSITION	$ 21,065,949	$ 21,082,322	$ (16,373)	0%

Condensed Statements of Revenue, Expenses, and Changes in Net Position:

	Year Ended June 30, 2026	2025	Increase/ (Decrease)	Percent Change
TOTAL OPERATING REVENUE	$ 16,722,699	$ 14,477,145	$ 2,245,554	16%
TOTAL OPERATING EXPENSES	14,339,366	11,851,204	2,488,162	21%
OPERATING INCOME	2,383,333	2,625,941	(242,608)	-9%
TOTAL TRANSFERS	(37,369,188)	(41,400,283)	4,031,095	-10%
TOTAL NON-OPERATING REVENUE	34,969,482	42,222,300	(7,252,818)	-17%
INCREASE (DECREASE) IN NET POSITION	(16,373)	3,447,958	(3,464,331)	-100%
NET POSITION, BEGINNING OF YEAR	21,082,322	17,634,364	3,447,958	20%
NET POSITION, END OF YEAR	$ 21,065,949	$ 21,082,322	$ (16,373)	0%

Condensed Statements of Cash Flows:

	Year Ended June 30, 2026	2025	Increase/ (Decrease)	Percent Change
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,158,984	$ 2,966,833	$ (1,807,849)	-61%
CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(9,489,324)	29,412,140	(38,901,464)	-132%
CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(331,560)	(69,349)	(262,211)	378%
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,766,201	(33,678,428)	42,444,629	-126%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	104,301	(1,368,804)	1,473,105	-108%
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,372,509	6,741,313	(1,368,804)	-20%
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,476,810	$ 5,372,509	$ 104,301	2%

DETAILED ANALYSES

Total assets decreased $5.7 million from $53.1 million in Fiscal Year 2025 to $47.4 million in Fiscal Year 2026; primary drivers are:

- Cash and cash equivalents held by CFCPO remained relatively stable, increasing by $104 thousand, or 2%, from $5.4 million to $5.5 million. CFCPO maintains a cash balance of approximately $5 million to ensure sufficient liquidity to support ongoing clinical operations. Certain CFCPO funds are invested through the University of Central Florida (the University) investment pool, which consists of highly liquid, low-risk investments, and are reported in the Due from Affiliates line item.

- Net Patient Accounts Receivable increased by $264 thousand, rising from $759 thousand in Fiscal Year 2025 to $1 million in Fiscal Year 2026. This growth is primarily driven by the onboarding of three new providers in Fiscal Year 2026, which contributed to a 6 percent increase in patient encounters compared to the prior year, along with a 39 percent increase in encounters at the infusion center.

- HealthARCH and Other Accounts Receivable decreased by $389 thousand, primarily due to the collection of a large customer invoice exceeding $200 thousand that was billed at the end of Fiscal Year 2025 and paid in Fiscal Year 2026. The decrease was also attributable to the reversal of the unrealized portion of an estimated receivable of $141 thousand related to the Medicaid Physician Supplemental Payment Program.

- Due from Affiliates largely represents cash totaling $38.5 million that is held within the University's investment program. These investments generated approximately $3 million in investment income during the year. The overall net balance decreased by $6.2 million, primarily due to intergovernmental transfer payments associated with CFCPO's participation in the Medicaid Physician Supplemental Payment Program and the funding of several strategic initiatives and programs within the College of Medicine. An additional decrease of approximately $200 thousand was primarily due to timing differences associated with the routine transfer of insurance payer receipts collected by the University.

- Inventory and Other Assets had a combined decrease of $19 thousand, driven by the pharmaceutical inventory. Fluctuations in the pharmaceutical inventory will coincide with the timing of scheduled therapies.

- Net capital assets increased from $203 thousand in Fiscal Year 2025 to $342 thousand in Fiscal Year 2026 due to the purchase of medical equipment for the Ophthalmology service line.

- New for Fiscal Year 2026 is a three-year software subscription for the implementation of Agentic artificial intelligence technology designed to improve the efficiency and accuracy of medical billing and revenue cycle management. In accordance with GASB Statement No.

96, the subscription is recognized as a subscription-based information technology arrangement (SBITA), resulting in the recording of an information technology asset and a corresponding subscription liability. The net asset value of $622 thousand represents the present value of future subscription payments (discounted at 3.5 percent), net of accumulated amortization.

Total liabilities decreased $5.6 million from $32 million in Fiscal Year 2025 to $26.3 million in Fiscal Year 2026; primary drivers are:

- Accounts payable decreased over prior year by $257 thousand, primarily due to the timing of supply purchases and vendor payments, resulting in lower outstanding payables at fiscal year end.

- Accrued expenses decreased $28 thousand from $651 thousand in Fiscal Year 2025 to $623 thousand in Fiscal Year 2026. The decrease was primarily due to a year-end staff incentive that was accrued in Fiscal Year 2025 but not in Fiscal Year 2026. Instead, eligible employees are being recognized through merit-based salary increases and, when warranted, market adjustments rather than one-time payments tied to year-end financial results.

- The new SBITA recorded under Capital Assets has a corresponding subscription liability, increasing Total Liabilities by $588 thousand. Of this amount, $229 thousand is classified as a current liability and $359 thousand as a long-term liability. The liability is reduced over the term of the agreement through semiannual payments, with the principal and interest components calculated using a 3.5% discount rate.

- Due to Affiliates decreased by $5.9 million, from $30.6 million in Fiscal Year 2025 to $24.7 million in Fiscal Year 2026. This decrease is primarily attributable to a reduction in the funds transferred to the College of Medicine to support the intergovernmental transfer payable to the Agency for Health Care Administration (AHCA) for participation in the Medicaid Physician Supplemental Payment Program. As a result of changes in Nemours' Medicaid payment structure, the amount payable to AHCA decreased by approximately $6 million, from $30.4 million in Fiscal Year 2025 to $24.0 million in Fiscal Year 2026.

CFCPO's total net position remained relatively stable at $21.1 million, decreasing by only $16 thousand from the prior year. The minimal change reflects the organization's continued commitment to supporting and investing in College of Medicine programs while maintaining revenue and cash inflows from patient care operations and partner agreements at levels sufficient to fund those activities.

The Statements of Revenue, Expenses, and Changes in Net Position highlight the combined financial and operational progress achieved by each business unit served by CFCPO in Fiscal Year 2026, as compared to Fiscal Year 2025.

Total operating revenue increased by $2.2 million, from $14.5 million in Fiscal Year 2025 to $16.7 million in Fiscal Year 2026. Approximately $1.8 million of this growth was driven by a 6 percent increase in patient encounters within the College of Medicine faculty practice and a 39 percent increase in infusion center visits. The increase reflects the productivity of newly hired providers during the fiscal year, as well as the continued ramp-up of providers hired in the prior year. In addition, revenue associated with clerkship student housing was transferred to CFCPO in Fiscal Year 2026 as part of an effort to consolidate clinical partner contracts, resulting in an additional $505 thousand in revenue. HealthARCH also contributed $778 thousand in revenue, representing a $62 thousand increase over the prior year. Increases in operating revenue were partially offset by a $256 thousand decrease in professional fee revenue due to the termination of clinical contracts related to offboarded College of Medicine faculty.

Total operating expenses increased by $2.5 million, from $11.9 million in Fiscal Year 2025 to $14.3 million in Fiscal Year 2026. Most of this increase was driven by a $1.2 million rise in pharmaceutical expenses associated with the continued growth of the infusion center. Professional services expenses, including staffing expenses incurred through the PEO and recorded by UCF Clinical, increased by $796 thousand. These higher costs reflect expanded staffing needs across multiple business units as well as rising wage and benefit expenses. In addition, IT expenses increased by $317 thousand due to investments in software and equipment aimed at improving clinic efficiency and operations. Overall, operating activities generated net operating income of $2.4 million in Fiscal Year 2026, a decrease of $243 thousand compared to prior year.

Net transfers to the College of Medicine decreased from $41.4 million in Fiscal Year 2025 to $37.4 million in Fiscal Year 2026. The decline was primarily driven by a reduction in the underlying financial obligation related to the Medicaid Supplemental Payment Program, which accounted for $6.4 million of the decrease. This reduction was partially offset by an additional $2.4 million in transfers during Fiscal Year 2026 to support key College of Medicine initiatives, including start-up funding for the Aerospace Medicine Program awards and bridge funding for research faculty, and general one-time operational support for the college.

Non-operating revenue decreased $7.3 million, from $42.2 million in Fiscal Year 2025 to $35 million in Fiscal Year 2026. This decrease was driven by an $8.7 million reduction in the revenue received under the Nemours affiliation agreement. This decrease was partially offset by higher interest, dividends, and investment gains on cash reserves invested in the university's low-risk investment pool. This investment strategy generated $3 million in interest income and net investment gains during Fiscal Year 2026, an increase of $1.6 million compared to prior year.

There was minimal change in net position during Fiscal Year 2026, with a slight decrease of $16 thousand. The stable net position reflects strong financial performance, including positive operating income of $2.4 million and net non-operating revenue of $35.0 million. These results were largely offset by transfers to the College of Medicine that funded strategic initiatives and operational support within the budgeted amounts allocated for those purposes.

Net cash provided by operating activities totaled $1.2 million in Fiscal Year 2026, compared to $3.0 million in Fiscal Year 2025. This decrease was driven by higher expenditures on pharmaceuticals, IT expenses, and PEO staffing costs. Cash used for noncapital financing activities was $9.5 million compared to cash gained of $29.4 million in the prior year and reflects a delay in invoicing from AHCA for intergovernmental transfers for the prior year's Medicaid Physician Supplemental Payment Program. Payments were not requested by the agency until later in Fiscal Year 2026. Cash used in capital and related financing activities increased from $69 thousand in Fiscal Year 2025 to $332 thousand in Fiscal Year 2026, driven by the acquisition of medical equipment and the implementation of a SBITA related to the Agentic AI initiative. Cash provided by investing activities totaled $8.8 million in Fiscal Year 2026 and reflects the net liquidation of investments held in the university's investment pool to fund the cash outflows reported within the noncapital financing activities. In contrast, the cash outflow for investing activities in Fiscal Year 2025 reflected the investment of excess cash reserves into the university's investment pool. Overall, cash and cash equivalents increased by $104 thousand in Fiscal Year 2026, compared to a net decrease of $1.4 million in Fiscal Year 2025.

The financial results for the CFCPO in Fiscal Year 2026 reflect a stable net position. While the net position has not increased over Fiscal Year 2025, it is the result of investments into clinical, research, and academic programs that will set up CFCPO and the College of Medicine for future revenue gains. Positive indicators in Fiscal Year 2026 include a 16 percent increase in operating revenue driven by increases in patient encounters for the faculty practice and the infusion center.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

During Fiscal Year 2026, the CFCPO invested approximately $208 thousand in capital assets, primarily furniture, equipment, and technology-related assets. The CFCPO had no significant asset disposals, construction activity, infrastructure projects, or changes in capital asset policies.

The CFCPO did not issue or retire any debt or enter into any significant financing arrangements during fiscal year 2026. The CFCPO recognized right-of-use subscription assets and related subscription liabilities associated with subscription-based information technology arrangements of approximately $622 thousand and $588 thousand, respectively, at June 30, 2026. Future subscription liability principal payments total approximately $588 thousand through Fiscal Year 2029.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

For Fiscal Year 2027, CFCPO expects its overall financial position to remain stable while advancing several initiatives designed to strengthen long-term financial sustainability. One key initiative, expected to be launched in FY28, is the conversion of the College of Medicine faculty practice clinic to a Federally Qualified Health Center (FQHC) Look-Alike. This initiative will expand access to healthcare services for uninsured and underinsured populations while creating opportunities to implement an in-house pharmacy program. In addition to enhancing patient care, the pharmacy is expected to provide a new revenue stream for the practice.

A second strategic initiative is the renegotiation of payer contracts to improve reimbursement rates from major health insurance carriers. CFCPO is also implementing artificial intelligence technologies to enhance revenue cycle workflows, with the goal of improving collection rates, reducing write-offs, and increasing operational efficiency. Management is closely monitoring the implementation to minimize potential disruptions to cash flow during the transition period.

These efforts will be critical in mitigating the anticipated long-term reduction in revenue from the Nemours affiliation agreement resulting from changes to the Physician Supplemental Payment Program under the One Big Beautiful Bill Act.

In addition to these initiatives, continued growth in existing services is expected to further strengthen CFCPO's financial outlook. The Chronic Care Management program remains in its early stages and is projected to continue expanding throughout Fiscal Year 2027. Additionally, the recent renovation of the East Orlando location has increased capacity for future growth by supporting the recruitment of additional providers and enabling the expansion of infusion services through the development of a second infusion center location.

Combined Financial Statements

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Combined Statements of Net Position

	June 30, 2026	June 30, 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 5,476,810**	$ 5,372,509
Patient accounts receivable, net of estimated contractual adjustments and uncollectible accounts of $1,221,105 in 2026 and $1,272,720 in 2025	**1,022,998**	759,126
HealthARCH and other accounts receivable, net of estimated allowance for doubtful accounts of $2,225 in 2026 and $2,820 in 2025	**516,805**	905,678
Due from affiliates	**39,246,409**	45,618,458
Inventory	**135,368**	150,080
Other assets	**46,103**	50,740
TOTAL CURRENT ASSETS	**46,444,493**	52,856,591
CAPITAL ASSETS:		
Property and equipment, net	**342,352**	202,556
Right-of-use subscription assets, net	**622,143**	-
TOTAL ASSETS	**$ 47,408,988**	$ 53,059,147
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	**$ 429,806**	$ 686,947
Accrued expenses	**622,921**	651,004
Unearned revenue	**3,332**	-
Current portion of subscription liabilities	**229,199**	-
TOTAL CURRENT LIABILITIES	**1,285,258**	1,337,951
OTHER LIABILITIES:		
Subscription liabilities, less current portion	**359,060**	-
DUE TO AFFILIATES	**24,698,721**	30,638,874
TOTAL LIABILITIES	**26,343,039**	31,976,825
COMMITMENTS AND CONTINGENCIES - Notes E and H		
NET POSITION:		
Net investment in capital assets	**376,236**	202,556
Unrestricted	**20,689,713**	20,879,766
TOTAL NET POSITION	**21,065,949**	21,082,322
TOTAL LIABILITIES AND NET POSITION	**$ 47,408,988**	$ 53,059,147

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Combined Statements of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30,	
	2026	***2025***
OPERATING REVENUE:		
Charges for services:		
Net patient service revenue	**$ 13,428,117**	$ 11,669,186
Other revenue	**3,294,582**	2,807,959
TOTAL OPERATING REVENUE	**16,722,699**	14,477,145
OPERATING EXPENSES:		
Medical supplies	**5,472,684**	4,123,176
Information technology	**515,308**	197,819
Professional fees	**7,911,544**	7,151,364
Facility	**58,064**	111,688
Supplies and repairs	**97,538**	92,456
Marketing	**4,578**	4,138
Depreciation and amortization	**145,632**	42,060
Other	**134,018**	128,503
TOTAL OPERATING EXPENSES	**14,339,366**	11,851,204
OPERATING INCOME	**2,383,333**	2,625,941
NON-OPERATING REVENUE (EXPENSE):		
Affiliate revenue	**32,008,000**	40,698,000
Interest and dividend revenue	**1,748,364**	1,020,512
Investment gain	**1,225,366**	389,647
Subscription interest expense	**(12,248)**	-
Other non-operating revenue	**-**	114,141
TOTAL NON-OPERATING REVENUE	**34,969,482**	42,222,300
INCREASE IN NET POSITION BEFORE TRANSFERS	**37,352,815**	44,848,241
TRANSFERS:		
Transfers to the University of Central Florida College of Medicine	**(37,369,188)**	(41,400,283)
TOTAL TRANSFERS	**(37,369,188)**	(41,400,283)
INCREASE (DECREASE) IN NET POSITION	**(16,373)**	3,447,958
NET POSITION, BEGINNING OF YEAR	**21,082,322**	17,634,364
NET POSITION, END OF YEAR	**$ 21,065,949**	$ 21,082,322

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Combined Statements of Cash Flows

	Year Ended June 30,	
	2026	*2025*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from and on behalf of patients	**$ 13,164,245**	$ 12,259,184
Other receipts	**3,686,787**	2,229,790
Payments to suppliers and others	**(15,692,048)**	(11,522,141)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,158,984**	2,966,833
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from third parties to be paid to the University of Central Florida	**987,101**	537,830
Receipts from affiliate	**32,008,000**	40,698,000
Transfers to the University of Central Florida College of Medicine	**(42,484,425)**	(11,823,690)
CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	**(9,489,324)**	29,412,140
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	**(207,660)**	(69,349)
Principal payments on subscription liabilities	**(111,652)**	-
Interest paid - lease and subscription liabilities	**(12,248)**	-
CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(331,560)**	(69,349)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	**2,973,730**	1,020,512
Net funds activity invested with the University of Central Florida	**5,792,471**	(34,698,940)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**8,766,201**	(33,678,428)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**104,301**	(1,368,804)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**5,372,509**	6,741,313
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 5,476,810**	$ 5,372,509

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION, INC.

Combined Statements of Cash Flows - Continued

	Year Ended June 30,	
	2026	***2025***
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	**$ 2,383,333**	$ 2,625,941
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**145,632**	42,060
Increase (decrease) in cash due to changes in:		
Patient accounts receivable, net	**(263,872)**	(182,934)
HealthARCH and other accounts receivable	**388,873**	(578,169)
Due to/from affiliates	**(1,232,439)**	1,024,533
Inventory	**14,712**	(66,442)
Other assets	**4,637**	(37,218)
Accounts payable	**(257,141)**	396,230
Accrued expenses	**(28,083)**	(252,253)
Unearned revenue	**3,332**	(4,915)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,158,984**	$ 2,966,833

NOTE A--REPORTING ENTITY

The Central Florida Clinical Practice Organization, Inc. (the CFCPO) is a not-for-profit corporation formed by the physicians at the University of Central Florida College of Medicine (College of Medicine) and activated in October 2011. The CFCPO was formed primarily to serve as a support entity for the College of Medicine's clinical mission, including the faculty practice, UCF Health. The CFCPO performs the billing and collection of professional fees associated with the practice of medicine at UCF Health. UCF Health currently operates two clinic locations. The CFCPO transfers funds to the College of Medicine for use in funding salary reimbursement and other operating expenses for the benefit of the College of Medicine. The CFCPO is an affiliated organization component unit of the University of Central Florida (the University) and is, therefore, included by discrete presentation in the combined financial statements of that reporting entity.

The CFCPO performs the accounting function and the related billing and collection responsibilities for HealthARCH, an organization that advances resources to support healthcare professionals in transforming and continuously improving healthcare delivery, the patient experience, and health outcomes while reducing the cost of healthcare. HealthARCH services are primarily provided to entities that are not affiliated with the CFCPO or the College of Medicine. HealthARCH revenue and related accounts receivable are not directly related to patient care services and as such, are recognized separately from net patient service revenue and patient accounts receivable in the accompanying combined financial statements.

Blended Component Units: UCF Clinical LLC is included as a blended component unit. The CFCPO became the sole member of UCF Clinical LLC on July 23, 2021. UCF Clinical LLC contracts with a professional employment organization to provide staffing services to UCF Health and HealthARCH. UCF Clinical LLC's first day with the professional employment organization was effective January 1, 2022. The governing body of UCF Clinical LLC consists of key Board members and senior management from the CFCPO.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The CFCPO is accounted for as an internal service fund. Internal service funds are used to account for the financing of goods and services by one college or agency to independent agencies and other governments.

The CFCPO's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The CFCPO has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting.

Basis of Accounting: The CFCPO's combined financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenue, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The CFCPO follows GASB standards of accounting and financial reporting.

Cash and Cash Equivalents: The CFCPO considers all highly liquid investments, including cash and interest-bearing deposits with maturities of three months or less when purchased, as cash equivalents for purposes of reporting cash flows.

Net Patient Service Revenue and Receivables: UCF Health's patient service revenue is recognized by the CFCPO as revenue in the period when the services are performed and is reported on the accrual basis at the estimated net realizable amounts from patients, third-party payers, and others. A significant portion of the services provided by UCF Health is to patients whose bills are reimbursed by third-party payers such as Medicare, Medicaid, and private insurance carriers. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payer programs under payment formulas in effect. Net patient service revenue also includes an estimated provision for bad debts based upon management's evaluation of collectability of patient receivables. The estimate considers the age of the receivables and other criteria such as payer classifications.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. Individual accounts are charged off against the estimated allowance for uncollectible accounts when management determines that it is unlikely that the account will be collected. The contractual allowance represents the difference between UCF Health's established billing rates and estimated reimbursement from Medicare, Medicaid, and other third-party payment programs. The CFCPO does not require collateral or other security for patient accounts receivable. UCF Health routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans, or policies.

Inventory: Inventory consists primarily of medical supplies and is stated at the lower of cost (first-in, first-out) or net realizable value.

Capital Assets: The CFCPO's capital assets are reported at historical cost. Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated utilizing the straight-line method over the following estimated service lives: 3-10 years for furniture, equipment, computer hardware, and computer software. Maintenance and repair costs are expensed as

incurred. The CFCPO reviews the carrying value of capital assets if facts and circumstances indicate that recoverability may be impacted. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The CFCPO did not experience any prominent events or changes in circumstances affecting capital assets which would require determination as to whether impairment of a capital asset has occurred during the year ended June 30, 2026.

Subscription Liabilities and Right-of-Use Subscription Assets: The present value of agreement payments is recorded as a subscription liability at the commencement of a contract that has a term in excess of one year. The present value is determined by discounting the required payments using the stated or implicit interest rate in the agreement or, if not stated or implied, the CFCPO's incremental borrowing rate. Payments include options to extend or terminate, if the CFCPO determines that it is reasonably certain that such options will be exercised. A right-of-use asset is also recorded equal to the subscription liability plus any implementation costs, prepayments, or incentives.

Estimated Liability for Refunds: If applicable, an estimated liability is provided for potential refunds to UCF Health's patients and third-party payers.

Net Position: Net position of the CFCPO is classified in components. *Net investment in capital assets* consists of property and equipment net of accumulated depreciation and reduced by the remaining balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* consists of assets whose use is constrained by external parties, constitutional provisions, or enabling legislation. *Unrestricted* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position*. The CFCPO had no *restricted net position* at June 30, 2026 and 2025.

Operating Revenue and Expenses: The CFCPO's combined statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with the College of Medicine providing healthcare and education services and advancing resources to healthcare professionals. Other sources of revenue, expenses, gains, and losses are reported as nonoperating. Operating expenses are all expenses incurred by the CFCPO for UCF Health and HealthARCH to provide healthcare and education services and advance resources to healthcare professionals.

Income Taxes: The CFCPO is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is also exempt from state income taxes. Accordingly, no provision for income taxes has been included in the accompanying combined financial statements, and there were no uncertain tax positions as of June 30, 2026 and 2025.

Use of Estimates: The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates associated with contractual allowances and allowances for uncollectible accounts are particularly susceptible to material change in the near term. Future results could differ from the current estimates.

Reclassifications: Certain 2025 amounts have been reclassified in the combined financial statements to conform to 2026 presentation.

NOTE C--NET PATIENT SERVICE REVENUE AND PATIENT ACCOUNTS RECEIVABLE

Net patient service revenue is derived principally from professional fees generated by the faculty of the College of Medicine from the treatment of patients in the CFCPO-operated clinics. Net patient service revenue is revenue from professional fees charged to individual patients and funded through third-party payers and private patient payments based on established reimbursement rates.

A reconciliation of the net patient service revenue as presented in the statements of revenue, expenses, and changes in net position for the years ended June 30, 2026 and 2025, is as follows:

	Year Ended June 30,	
	2026	***2025***
Gross direct charges from patient care	$ 36,944,058	$ 32,701,161
Less: Contractual adjustments	(23,466,457)	(20,734,844)
Bad debt	(49,484)	(297,131)
Total net patient service revenue	$ 13,428,117	$ 11,669,186

Patient service revenue net of contractual adjustments by major payer source is as follows:

	As of June 30,	
	2026	***2025***
Third-party payers	$ 13,345,578	$ 11,870,516
Patients, primarily self-insured	132,023	95,801
	$ 13,477,601	$ 11,966,317

A summary of the payment arrangements with major third-party payers follows:

- *Medicare:* College of Medicine faculty physicians are participating in the Medicare program. Medicare pays 80% of the allowed charge with the patient being responsible for a 20% co-payment and an annual deductible. A contractual adjustment is recorded for the difference between the physician's charge and the Medicare allowable amount.

- *Medicaid:* Services furnished by the College of Medicine to Medicaid patients are reimbursed under a state fee schedule.

- *Medicaid Enhanced Payment Program:* Physicians employed by or under contract with designated Florida medical schools are eligible to receive supplemental reimbursement under the Medicaid Enhanced Payment Program (the Program). During the years ended June 30, 2026 and 2025, the CFCPO recognized estimated net proceeds from the Program of $(71,996) and $145,315, respectively. The 2026 amount reflects the reversal of certain 2025 estimated Program revenues that were adjusted based on updated settlement information received subsequent to fiscal year 2025 year end. These amounts were included in net patient service revenue as of June 30, 2026 and 2025. Amounts due to CFCPO under the Program as of June 30, 2026 and 2025, were $113,062 and $253,915, respectively, and are recognized in other accounts receivable on the combined statements of net position.

- *Other:* The College of Medicine has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations (PPO). The bases for payment to the College of Medicine vary. Many of the PPO arrangements are based on the third party's fee schedule.

Amounts earned under contractual arrangements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments which may result from such reviews. Activity with respect to these reviews has increased and is expected to continue to increase in the future. No additional reserves have been established with regard to possible increased reviews in the future, as management is not able to estimate such amounts, if any. In addition, participation in these programs subjects the CFCPO to significant rules and regulations. Failure to adhere to such regulations could result in fines, penalties, or expulsion from the programs.

The CFCPO's net patient accounts receivable consists primarily of amounts to be funded through third-party payer and private payments. Net patient accounts receivable as of June 30, 2026 and 2025, are summarized as follows:

	As of June 30,	
	2026	***2025***
Patient accounts receivable based on established charges	$ 2,244,103	$ 2,031,846
Estimated contractual adjustments	(1,015,178)	(1,028,660)
Estimated allowance for bad debts	(205,927)	(244,060)
Patient accounts receivable, net	$ 1,022,998	$ 759,126

Accounts receivables are reduced by an allowance for bad debts. Based on historical experience, the CFCPO estimates the allowance and provision for bad debts based upon a percentage of the patient accounts receivable by aging category.

NOTE D--CAPITAL ASSETS

A summary of property and equipment and schedule of activity is as follows:

	Balance at July 1, 2025	*Additions*	*Retirements*	*Transfers*	*Balance at June 30, 2026*
Capital assets:					
Furniture, equipment and computers	$ 414,068	$ 207,660	$ (28,988)	$ -	$ 592,740
Accumulated depreciation:					
Furniture, equipment and computers	211,512	67,864	(28,988)	-	250,388
Total capital assets, net	$ 202,556	$ 139,796	$ -	$ -	$ 342,352

	Balance at July 1, 2024	*Additions*	*Retirements*	*Transfers*	*Balance at June 30, 2025*
Capital assets:					
Furniture, equipment and computers	$ 356,454	$ 69,349	$ (11,735)	$ -	$ 414,068
Accumulated depreciation:					
Furniture, equipment and computers	181,187	42,060	(11,735)	-	211,512
Total capital assets, net	$ 175,267	$ 27,289	$ -	$ -	$ 202,556

A summary of right-of-use subscription assets and schedule of activity is as follows:

	Balance at July 1, 2025	*Additions*	*Retirements*	*Transfers*	*Balance at June 30, 2026*
Right-of-use subscription assets:					
Subscription assets	$ -	$ 699,911	$ -	$ -	$ 699,911
Total right-of-use subscription assets	-	699,911	-	-	699,911
Accumulated amortization:					
Subscription assets	-	77,768	-	-	77,768
Total accumulated amortization	-	77,768	-	-	77,768
Total right-of-use subscription assets, net	$ -	$ 622,143	$ -	$ -	$ 622,143

The right-of-use subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made prior to the agreement term, less any incentives, plus any implementation costs that can be capitalized. The right-of-use subscription assets are amortized on a straight-line basis over the life of the related agreement. Further discussion regarding the related subscription liabilities can be found in Note F.

NOTE E--LEASES

The CFCPO leases certain equipment under lease agreements. Rent expense associated with the leases was approximately $9,700 and $9,000 for the fiscal years ended June 30, 2026 and 2025, respectively. All leases as of June 30, 2026 and 2025, were considered short-term or considered immaterial based on the CFCPO's capitalization threshold.

NOTE F--SUBSCRIPTION LIABILITIES

The Company has entered into certain subscription-based information technology arrangements. The agreements qualify as other than short-term under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

There are no variable payment components for any agreement. The subscription liability addition during 2026 was measured at a 3.5% discount rate. The associated right-of-use subscription asset is discussed in more detail in Note D.

Future minimum agreement payments under the subscription liabilities are as follows:

Year Ending June 30,	*Principal Payments*	*Interest Payments*	*Total*
2027	$ 229,199	$ 18,601	$ 247,800
2028	237,291	10,509	247,800
2029	121,769	2,131	123,900
	$ 588,259	$ 31,241	$ 619,500

NOTE G--RELATED-PARTY TRANSACTIONS

The CFCPO transfers funds to the College of Medicine to assist with funding for salary supplements and other related costs for the benefit of the faculty and quality of education of the College of Medicine based on available funding. During 2026 and 2025, the CFCPO was required to transfer or accrue funds to the College of Medicine for various salary reimbursement and other operating expenses in the amount of $37,369,188 and $41,400,283, respectively.

As of June 30, 2026 and 2025, $638,832 and $841,972, respectively, was due from the University to the CFCPO primarily related to funds received from third-party insurance payers.

As of June 30, 2026 and 2025, $38,505,578 and $44,759,153, respectively, was due from the University to the CFCPO related to funds invested through and held by the University. These funds are subject to custodial risk and are not guaranteed or federally insured.

At June 30, 2026 and 2025, $24,698,721 and $30,638,874, respectively, was due to the College of Medicine. This is primarily related to accrued intergovernmental transfer (IGT) payments and the

Medicaid Supplemental Payment Program activities that occurred in the fiscal year. Accrued IGT payments were reported within accrued expenses on the Combined Statements of Net Position as of June 30, 2025. During fiscal year 2026, these amounts were reclassified to due to affiliates.

At June 30, 2026 and 2025, $101,999 and $17,333, respectively, was due from UCF Academic Health related to a payment for the mobile clinic and a payment received by UCF Academic Health on CFCPO's behalf.

Nemours Foundation Affiliation Agreement: On January 1, 2024, the UCF College of Medicine entered into an affiliation agreement with the Nemours Foundation. Nemours donated an initial amount of $24,000,000 to the UCF College of Medicine in order to create a Pediatric Department. Payment amounts for calendar years after 2024 will be calculated by multiplying a percentage by budgeted clinical revenue expected to be received by Nemours, from all payers, for professional services provided by UCF-Nemours facility. For the years ended June 30, 2026 and 2025, $32,008,000 and $40,698,000 was received based on this methodology, respectively. This funding relates to participation in the Medicaid Supplemental Payment Program by the UCF College of Medicine. As of June 30, 2026 and 2025, $23,951,771 and $29,487,622, respectively, of accrued IGT payments are included in transfers on the combined statements of revenue, expenses, and changes in net position.

Related Party Lease: During 2022, the UCF College of Medicine entered into a Memorandum of Understanding with the UCF Division of Finance and Administration to lease the Quadrangle building through June 30, 2023. This agreement will automatically renew for one-year terms unless terminated by either party. In no event will the Agreement exceed five years. Effective July 1, 2022, the lease is the responsibility of the College of Medicine, and no future payments are required by the CFCPO.

NOTE H--BLENDED COMPONENT UNIT INFORMATION

Condensed financial information of the CFCPO's blended component unit as of and for the years ended June 30, 2026 and 2025, are as follows:

	UCF Clinical LLC	
	2026	***2025***
Assets		
Current assets	$ 99,903	$ 217,281
TOTAL ASSETS	$ 99,903	$ 217,281
Liabilities		
Current liabilities	$ 183,119	$ 235,968
TOTAL LIABILITIES	183,119	235,968

	UCF Clinical LLC	
	2026	***2025***
Net position:		
Unrestricted	(83,216)	(18,687)
TOTAL NET POSITION	(83,216)	(18,687)
TOTAL LIABILITIES AND NET POSITION	$ 99,903	$ 217,281
Operating revenue:		
Other operating revenue	$ 775,602	$ 688,581
TOTAL OPERATING REVENUE	$ 775,602	$ 688,581
Operating expenses	6,915,476	6,190,681
LOSS FROM OPERATIONS BEFORE TRANSFERS	(6,139,874)	(5,502,100)
EQUITY TRANSFERS	6,075,345	5,480,016
INCREASE (DECREASE) IN NET POSITION	(64,529)	(22,084)
NET POSITION, BEGINNING OF YEAR	(18,687)	3,397
NET POSITION, END OF YEAR	$ (83,216)	$ (18,687)

NOTE I--COMMITMENTS AND CONTINGENCIES

Professional Liability: The University of Central Florida Board of Trustees, acting as the College of Medicine, obtains general and professional liability protection from the University of Central Florida College of Medicine Self-Insurance Program (the Self-Insurance Program), a self-insurance mechanism authorized by the Florida Board of Governors pursuant to Section 1004.24, Florida Statutes.

The Self-Insurance Program affords protection to the University of Central Florida Board of Trustees for claims and actions, as described in Section 768.28, Florida Statutes, including any legislative claim bill that, in combination with the waiver of immunity limits described in Section 768.28, Florida Statutes, does not exceed $1,000,000 per claim.

In the event the College of Medicine faculty physicians and other professional employees are not subject to the personal immunity described in Section 768.28, Florida Statutes, for example, on assignment outside the State of Florida, the Self-Insurance Program provides the faculty physicians and other professional employees with personal liability protection, in the amount of $1,000,000 per claim.

The CFCPO is provided protection by the Self-Insurance Program. No amounts have been accrued for incurred but not reported claims, as the CFCPO is not able to estimate such amounts.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and, under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

In March 2010, Congress adopted comprehensive healthcare insurance legislation, *Patient Protection and Affordable Care Act* and *Health Care and Educational Reconciliation Act*. The legislation, among other matters, is designated to expand access to coverage to substantively all citizens through a combination of public program expansion and private industry health insurance. Changes to existing Medicaid coverage and payments have occurred, and are expected to continue to occur, as a result of this legislation. Implementing regulations are generally required for these legislative acts.

Management believes the CFCPO is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or not asserted at this time.

Credit Risk: Certain financial instruments, primarily cash, potentially subject the CFCPO to concentrations of credit risk. The CFCPO maintains its cash with a financial institution that management believes is creditworthy and thus limits its credit exposure. At times, the cash maintained in this institution exceeds federally insured limits. The CFCPO had amounts in excess of federally insured limits of $5,300,547 and $5,166,117 at June 30, 2026 and 2025, respectively.

NOTE J--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the combined financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2026, combined financial statements.

Other Information

PYA ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Florida Clinical Practice Organization, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the Central Florida Clinical Practice Organization, Inc. (the CFCPO) (a component unit of the University of Central Florida) as of and for the year ended June 30, 2026, and the related notes to the combined financial statements, which collectively comprise the CFCPO's basic combined financial statements, and have issued our report thereon dated September 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the CFCPO'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CFCPO's internal control. Accordingly, we do not express an opinion on the effectiveness of the CFCPO'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CFCPO's combined 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

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not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

PYA, P.C.

Tampa, Florida
September 29, 2026