

**JAEB CENTER FOR HEALTH RESEARCH  
FOUNDATION, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
Jaeb Center for Health Research Foundation, Inc. and Affiliate  
Tampa, Florida

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the accompanying consolidated financial statements of Jaeb Center for Health Research Foundation, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jaeb Center for Health Research Foundation, Inc., as of December 31, 2023 and 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Jaeb Center for Health Research Foundation, Inc. and Affiliate 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jaeb Center for Health Research Foundation, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jaeb Center for Health Research Foundation, Inc. and Affiliate'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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 April 1, 2024, on our consideration of Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 Jaeb Center for Health Research Foundation, Inc. and Affiliate's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tampa, Florida  
April 1, 2024

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 9,063,779	\$ 4,600,448
Cash Equivalents Held at Brokerage	3,980,799	9,789,889
Government Grants Receivable	1,694,957	1,659,891
Nongovernment Grants Receivable	6,028,526	3,425,270
Investments	25,560,491	18,282,227
Prepaid Expenses	<u>464,581</u>	<u>183,416</u>
Total Current Assets	46,793,133	37,941,141
<b>OPERATING LEASE RIGHT-OF-USE ASSETS</b>	1,044,139	415,813
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	1,202,007	1,583,726
Leasehold Improvements	<u>78,047</u>	<u>520,608</u>
Total	1,280,054	2,104,334
Less: Accumulated Depreciation	<u>(1,041,604)</u>	<u>(1,954,413)</u>
Property and Equipment, Net	238,450	149,921
<b>OTHER ASSETS</b>	<u>36,324</u>	<u>36,324</u>
Total Assets	<u><u>\$ 48,112,046</u></u>	<u><u>\$ 38,543,199</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 4,597,583	\$ 1,406,414
Deferred Grant Revenue	<u>13,768,197</u>	<u>12,707,254</u>
Total Current Liabilities	18,365,780	14,113,668
<b>OPERATING LEASE LIABILITIES</b>	<u>1,121,536</u>	<u>425,060</u>
Total Liabilities	19,487,316	14,538,728
<b>NET ASSETS</b>		
Without Donor Restrictions	26,345,647	21,725,388
With Donor Restrictions	<u>2,279,083</u>	<u>2,279,083</u>
Total Net Assets	<u>28,624,730</u>	<u>24,004,471</u>
Total Liabilities and Net Assets	<u><u>\$ 48,112,046</u></u>	<u><u>\$ 38,543,199</u></u>

See accompanying Notes to Consolidated Financial Statements.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Governmental Grant Revenues	\$ 18,644,335	\$ -	\$ 18,644,335
Nongovernmental Grant Revenues	28,188,872	-	28,188,872
Net Assets Released from Restrictions	-	-	-
Subtotal	46,833,207	-	46,833,207
Investment Income, Net	1,760,244	-	1,760,244
Total Revenue, Support, and Gains	48,593,451	-	48,593,451
<b>EXPENSES</b>			
Subcontracts	18,433,305	-	18,433,305
Salaries and Benefits	18,429,062	-	18,429,062
Office Expenses and Postage	32,360	-	32,360
Professional Fees	1,040,420	-	1,040,420
Accounting and Legal Fees	151,074	-	151,074
Research Expenses	3,321,200	-	3,321,200
Rent	507,952	-	507,952
Travel	1,000,683	-	1,000,683
Depreciation and Amortization	109,083	-	109,083
Insurance - Nonpayroll	135,013	-	135,013
Information Technology Expenses	651,967	-	651,967
Other	161,073	-	161,073
Total Expenses	43,973,192	-	43,973,192
<b>CHANGE IN NET ASSETS</b>	4,620,259	-	4,620,259
Net Assets - Beginning of Year	21,725,388	2,279,083	24,004,471
<b>NET ASSETS - END OF YEAR</b>	\$ 26,345,647	\$ 2,279,083	\$ 28,624,730

See accompanying Notes to Consolidated Financial Statements.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Government Grant Revenues	\$ 15,016,968	\$ -	\$ 15,016,968
Nongovernment Grant Revenues	19,987,062	-	19,987,062
Net Assets Released from Restrictions	-	-	-
Subtotal	35,004,030	-	35,004,030
Investment Loss, Net	(479,000)	-	(479,000)
Total Revenue, Support, and Gains	34,525,030	-	34,525,030
<b>EXPENSES</b>			
Subcontracts	11,975,772	-	11,975,772
Salaries and Benefits	17,020,908	-	17,020,908
Office Expenses and Postage	343,808	-	343,808
Professional Fees	322,440	-	322,440
Accounting and Legal Fees	157,793	-	157,793
Research Expenses	1,538,558	-	1,538,558
Rent	1,046,559	-	1,046,559
Travel	540,488	-	540,488
Depreciation and Amortization	201,246	-	201,246
Insurance - Nonpayroll	168,032	-	168,032
Information Technology Expenses	762,466	-	762,466
Other	259,313	-	259,313
Total Expenses	34,337,383	-	34,337,383
<b>CHANGE IN NET ASSETS</b>	187,647	-	187,647
Net Assets - Beginning of Year	21,537,741	2,279,083	23,816,824
<b>NET ASSETS - END OF YEAR</b>	\$ 21,725,388	\$ 2,279,083	\$ 24,004,471

See accompanying Notes to Consolidated Financial Statements.



**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,620,259	\$ 187,647
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	109,083	201,246
Net Unrealized and Realized (Gains) Losses on Investments	(937,266)	620,107
Changes in Operating Assets and Liabilities:		
Government Grants Receivable	(35,066)	(1,076,958)
Nongovernment Grants Receivable	(2,603,256)	(536,904)
Operating Lease Right-of-Use Asset and Lease Liability, Net	68,150	(9,573)
Other Assets	-	-
Prepaid Expenses	(281,165)	(1,464)
Accounts Payable and Accrued Expenses	3,191,169	(371,670)
Deferred Grant Revenue	1,060,943	77,808
Net Cash Provided (Used) by Operating Activities	5,192,851	(909,761)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Investments	20,795,880	-
Purchase of Investments	(27,136,878)	(12,324,879)
Purchase of Equipment	(197,612)	(8,349)
Net Cash Used by Investing Activities	(6,538,610)	(12,333,228)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,345,759)	(13,242,989)
Cash and Cash Equivalents - Beginning of Year	14,390,337	27,633,326
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 13,044,578	\$ 14,390,337

*See accompanying Notes to Consolidated Financial Statements.*

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 NATURE OF ACTIVITIES**

Jaeb Center for Health Research Foundation, Inc. (JCHR) and its affiliate, Jaeb Center Research Trust, Inc. (JCRT) (together, the “Organization”) conduct health research funded through grants awarded by the National Institutes of Health, private sector research grants, and contracts with pharmaceutical and biotech companies. The Organization acts as coordinating center for multi-center clinical trials and epidemiological research. The Organization’s primary focus is on projects involving eye disorders diabetes, or cystic fibrosis.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The accompanying consolidated financial statements include the activities of JCHR and JCRT. These two entities are related through an economic interest and JCHR’s common control. All significant interorganizational accounts and transactions have been eliminated in the consolidated financial statements. JCHR accepts funds from the federal government, nonprofit groups, and private groups, and subsequently transfers those funds to JCRT for secured investment. When funds are needed for expenditure, JCRT transfers funds to JCHR in furtherance of its research activities.

In connection with its activities, JCRT maintains records to assure earmarked funds retain their identity from the time of receipt to the time the funds are transferred to JCHR. JCHR’s and JCRT’s Board of Directors are currently the same.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of Presentation**

The Organization reports information regarding its financial position and activities using two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Those resources not subject to grantor-imposed stipulations. The board of directors has discretionary control over these resources and amounts may be designated for specific purposes by action of the board of directors.

*Net Assets With Donor Restrictions* – Those resources subject to grantor-imposed stipulations that may or will be satisfied by actions of the Organization or by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of reporting cash flows.

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. At least annually, management reviews its receivable balances and estimates the portion, if any, that may not be collectible. All grants receivable at December 31, 2023 and 2022 are considered collectible by management, and no allowance for doubtful receivables has been provided.

**Investments**

Investment purchases are recorded at cost. Thereafter, investments are reported at their estimated fair value in the consolidated statements of financial position. Investment income is reported in the consolidated statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less external investment expenses.

**Fair Value**

The Organization defines fair value in accordance with U.S. GAAP, which specifies a hierarchy of valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The Organization measures investments at fair value on a recurring basis.

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

*Level 1* – Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Organization.

*Level 2* – Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

*Level 3* – Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures annually and, based on various factors, it is possible that an asset or liability may be classified differently from year to year. However, the Organization expects that changes in classifications between levels will be rare.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are reported at cost, less accumulated depreciation. Depreciation is computed using the straight-line method of depreciation over the assets useful lives ranging from 3 to 10 years. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful lives using the straight-line method.

Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Organization has a capitalization threshold of \$5,000.

**Impairment of Long-Lived Assets**

The Organization reviews the carrying values of long-lived assets for impairment whenever events or changes in circumstances indicate that the net carrying amount of an asset may not be recoverable. Recovery of the long-lived asset is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount in which the carrying amount of the asset exceeds the estimated fair value of the asset. There are no indications of impairment during the years ended December 31, 2023 and 2022.

**Revenue Recognition**

Revenue for reciprocal grants is recognized as it is earned and when it is realizable. A significant portion of the Organization's revenue is derived from contracts with grantors, some of which are contractual in nature and include performance obligations. Revenue from such contracts impose performance obligations on the Organization, and revenue is recognized as the related performance obligations are satisfied. These arrangements give rise to contract assets which the Organization records as grants receivable when performance obligations have been met, and contract liabilities, which the Organization records as deferred grant revenue when consideration has been received in advance of the satisfaction of the related performance obligations. Grants receivable from such reciprocal agreements totaled approximately \$3,246,302, \$1,716,460, and \$1,791,792 as of December 31, 2023, 2022, and 2021, respectively. Deferred grant revenue from such reciprocal agreements totaled approximately \$7,190,287, \$5,627,306, and \$5,992,861 as of December 31, 2023, 2022, and 2021, respectively.

Revenue for nonreciprocal grants is recognized when received or unconditionally pledged. Revenues are reported as restricted support if there are donor-imposed restrictions. When the restriction is fulfilled, net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions. Revenue for conditional grants is recognized when eligible expenses are incurred. The Organization classifies as net assets without donor restrictions any revenue from nonreciprocal grants where donor conditions and restrictions are satisfied in the same period. As of December 31, 2023 and 2022, the Organization has received approximately \$6,577,909 and \$7,079,948, respectively, of conditional grants that have not been recognized because eligible expenses have not yet been incurred.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The Organization is required to comply with various specific grant requirements as well as general requirements applicable to federal grants awarded. Government grant revenues and associated expenditures are subject to audit by the grantor agencies. Grants received with grantor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

**Functional Allocation of Expenses**

Costs of providing the various programs and other activities of the Organization have been detailed on both a natural and functional basis in Note 9. Expenses that can be identified with a specific program or support service are charged directly according to their natural expense classification. Salaries and other payroll expenses that are not directly allocable have been allocated among program and supporting services benefited based on estimated time and effort. Such allocations are determined by management on an equitable basis that is consistently applied.

**Leases**

The Organization determines if an arrangement is a lease at inception. All of the Organization's leases are classified as operating leases and are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the consolidated statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Income Taxes**

Pursuant to determination letters received from the Internal Revenue Service (IRS), JCHR and JCRT are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and have been determined not to be private foundations, and therefore are also exempt from state income tax.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management believes JCHR and JCRT met the requirements to maintain their tax-exempt status and have no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these consolidated financial statements. The income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**NOTE 3 AVAILABLE RESOURCES AND LIQUIDITY**

The Organization's goal is to ensure that all financial assets are properly invested based on anticipated future use. These are defined as operating funds, those required to fund current operations; restricted funds, those held for specific future research studies; and unrestricted funds, those having no restrictions and not needed to cover operating expenses.

The following represents the Organization's financial assets available to meet general expenditures over the next 12 months at December 31:

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 9,063,779	\$ 4,600,448
Cash Equivalents Held at Brokerage	3,980,799	9,789,889
Government Grants Receivable	1,694,957	1,659,891
Nongovernment Grants Receivable	6,028,526	3,425,270
Investments	25,560,491	18,282,227
Total Financial Assets	46,328,552	37,757,725
Less: Net Assets With Donor Restrictions	(2,279,083)	(2,279,083)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 44,049,469	\$ 35,478,642

As part of its liquidity plan, the Organization invests operating funds into money market accounts, Treasury bills, and in a diversified mutual fund investment account. These investments are managed both through JCHR and JCRT and are intended to be invested with minimal to no risk.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 INVESTMENTS**

The following table provides information about the Organization’s investments and the estimated fair value measured on a recurring basis as well as the cost of investments at December 31:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Equity Securities	\$ 4,748,260	\$ 4,311,773	\$ 4,376,263	\$ 3,587,406
Fixed Annuities	-	-	1,159,945	1,112,000
Fixed Income	20,812,231	20,586,307	11,473,340	11,502,633
Treasury Bond	-	-	1,272,679	1,271,663
Total	<u>\$ 25,560,491</u>	<u>\$ 24,898,080</u>	<u>\$ 18,282,227</u>	<u>\$ 17,473,702</u>

The cost of investment securities sold is determined using the specific identification method. None of the Organization’s investments are concentrated in a specific company or industry. Management’s intention is to hold the investment portfolio available to meet financial obligations as needed, therefore, the entire investment balance is presented as a current asset in the accompanying consolidated statements of financial position.

Management reviews the classification of the Organization’s investments in the fair value hierarchy on an annual basis. A financial instrument’s level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

*Certificates of Deposit* – The Organization invests in FDIC-insured brokered certificates of deposit issued by various U.S. banks. The fair market value of the certificates of deposit with maturities in excess of three months is determined using Level 2 inputs.

*Fixed Annuities* – Fair market value of the fixed annuities is based on the contract value less contract surrender charges and market value adjustments, if any. The contract value equals the accumulated cash contributions, interest credited to the contract, and transfers, if any, less any withdrawals and transfers, if any. These investments are classified within Level 3 of the valuation hierarchy.

*Mutual Funds* – All of the Organization’s mutual funds are classified as Level 1 in the fair value hierarchy and are based on quoted prices in active markets.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 INVESTMENTS (CONTINUED)**

The following summarizes the Organization's investments as of December 31, 2023 and 2022 based upon the fair value hierarchy levels described in Note 2:

	Total	2023 Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	\$ 4,748,260	\$ 4,748,260	\$ -	\$ -
Fixed Annuities	-	-	-	-
Fixed Income	20,812,231	20,812,231	-	-
Treasury Bond	-	-	-	-
Total	<u>\$ 25,560,491</u>	<u>\$ 25,560,491</u>	<u>\$ -</u>	<u>\$ -</u>

	Total	2022 Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	\$ 4,376,263	\$ 4,376,263	\$ -	\$ -
Fixed Annuities	1,159,945	-	-	1,159,945
Fixed Income	11,473,340	-	11,473,340	-
Treasury Bond	1,272,679	-	1,272,679	-
Total	<u>\$ 18,282,227</u>	<u>\$ 4,376,263</u>	<u>\$ 12,746,019</u>	<u>\$ 1,159,945</u>

The following is a summary of the changes in the fair value of the Organization's Level 3 assets for the years ended December 31:

	2023	2022
Balance - Beginning of Year	\$ 1,159,945	\$ 1,138,272
Sale Proceeds	(1,177,866)	-
Interest Income	17,921	21,673
Balance - End of Year	<u>\$ -</u>	<u>\$ 1,159,945</u>

Net investment income is as follows for the years ended December 31:

	2023	2022
Interest and Dividend Income	\$ 902,797	\$ 141,107
Unrealized and Realized Gains	937,266	(620,107)
Investment Fees	(79,819)	-
Investment Loss, Net	<u>\$ 1,760,244</u>	<u>\$ (479,000)</u>



**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 5 LEASE COMMITMENTS**

The Organization has a noncancelable operating lease for its office space that expires May 2030. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 183,412
2025	188,899
2026	194,570
2027	200,403
2028	206,420
Thereafter	<u>284,155</u>
Total	1,257,859
Less: Amount Representing Interest	<u>(136,323)</u>
Operating Lease Liabilities	<u><u>\$ 1,121,536</u></u>

The weighted average remaining lease term for the Organization's operating leases is 6.3 years and 0.4 years as of December 31, 2023 and 2022, respectively. The weighted average discount rate is 3.6% and 2% as of December 31, 2023 and 2022, respectively. Rent expense was \$507,952 and \$1,046,559 for the years ended December 31, 2023 and 2022, respectively, and this amount also represents the total operating cash flows used for operating leases.

The Organization's office space lease requires it to make variable payments for the proportionate share of the building's common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The components of lease cost for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease Cost	\$ 497,189	\$ 939,538
Variable Lease Cost	<u>10,763</u>	<u>107,021</u>
Total	<u><u>\$ 507,952</u></u>	<u><u>\$ 1,046,559</u></u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of grants restricted to expenditures that support the Organization's research efforts in the area of retinal disease. Net assets released from net assets with donor restriction are released as expenditures for specific research efforts are incurred, satisfying purpose restrictions.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7 RETIREMENT PLAN AND EMPLOYEE BENEFITS**

The Organization maintains a defined contribution 401(k) profit sharing plan (the Plan) in which employees are eligible to participate after meeting minimum employment requirements as defined in the Plan. The Organization contributes 3% of the participant's annual compensation as a safe harbor match and 2% of the participant's annual compensation as a profit sharing contribution. Total employer contributions to the Plan were approximately \$719,000 and \$250,000 for the years ended December 31, 2023 and 2022, respectively.

The Organization provides a cafeteria style benefit plan under which substantially all fulltime employees receive a fringe benefit package equal to 20.63% of their base salary. The employees may choose to receive these benefits in the form of 401(k) contributions, medical, educational, or other qualifying benefits. Such benefits in the amount of approximately \$2,734,000 and \$3,025,000 were expensed under this plan for the years ended December 31, 2023 and 2022, respectively, and are included in the consolidated statements of activities as a component of salaries and benefits. The Organization has no unfunded obligations with respect to this plan.

**NOTE 8 CONCENTRATIONS AND CONTINGENCIES**

**Concentration of Credit Risk**

The Organization has cash and cash equivalents and investments in excess of amounts insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation insurance and potentially subject the Organization to credit losses. The Organization has not experienced losses in such accounts and management believes the risk of loss is remote.

**Concentration in Funding Sources**

The Organization receives a substantial amount of support from grantor agencies for its programs. If this support were to be reduced or eliminated, it could affect the operation of the supported programs.

The Organization receives significant grants from government and nongovernment sources. During the year ended December 31, 2023, two government grantors made up 36% of total grant revenues. During the year ended December 31, 2022, two government grantors made up 41% of total grant revenues.

As of December 31, 2023, four grantors represent 72% of total grants receivable. As of December 31, 2022, four grantors represent 72% of total grants receivable.

**Examination by Grantor Agencies**

The Organization is subject to examination by grantor agencies. If reimbursed expenditures were disallowed, repayment could be required.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 9 FUNCTIONAL EXPENSES**

The following tables present expenses by their functional and natural classification for the years ended December 31:

	Program Services	Management and General	2023 Total
Subcontracts	\$ 18,433,305	\$ -	\$ 18,433,305
Salaries and Benefits	12,970,668	5,458,394	18,429,062
Office Expenses and Postage	-	32,360	32,360
Professional Fees	933,222	107,198	1,040,420
Accounting and Legal Fees	-	151,074	151,074
Research Expenses	3,321,200	-	3,321,200
Rent	-	507,952	507,952
Travel	964,533	36,150	1,000,683
Depreciation and Amortization	-	109,083	109,083
Insurance - Nonpayroll	-	135,013	135,013
Information Technology Expenses	1,152	650,815	651,967
Other	49,290	111,783	161,073
Total Expenses	<u>\$ 36,673,370</u>	<u>\$ 7,299,822</u>	<u>\$ 43,973,192</u>

	Program Services	Management and General	2022 Total
Subcontracts	\$ 11,975,772	\$ -	\$ 11,975,772
Salaries and Benefits	12,342,119	4,678,789	17,020,908
Office Expenses and Postage	244,774	99,034	343,808
Professional Fees	280,767	41,673	322,440
Accounting and Legal Fees	-	157,793	157,793
Research Expenses	1,535,627	2,931	1,538,558
Rent	-	1,046,559	1,046,559
Travel	521,384	19,104	540,488
Depreciation and Amortization	-	201,246	201,246
Insurance - Nonpayroll	30,760	137,272	168,032
Information Technology Expenses	183,330	579,136	762,466
Other	213,529	45,784	259,313
Total Expenses	<u>\$ 27,328,062</u>	<u>\$ 7,009,321</u>	<u>\$ 34,337,383</u>

**NOTE 10 SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through April 1, 2024, the date which the consolidated financial statements were available to be issued. No events have occurred subsequent to year-end and through April 1, 2024, that would require adjustment to, or disclosure in, the consolidated financial statements.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2023**

Federal Agency	Number	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Health and Human Services</b>				
Research and Development Cluster				
<i>Passed Through Emory University</i>				
Diabetes, Digestive, and Kidney Diseases Extramural Research Georgia Center for Diabetes Translation Research Renewal	P30DK111024	93.847	\$ 7,032	\$ -
<i>Passed Through the University of Cambridge, UK</i>				
Diabetes, Digestive, and Kidney Diseases Extramural Research One Year Day-and-Night Home Closed Loop in Young People Type 1 Diabetes	1UK4DK108520-01	93.847	31,650	26,930
<i>Passed Through the National Institute of Diabetes and Digestive Kidney Diseases</i>				
Diabetes, Digestive, and Kidney Diseases Extramural Research A Randomized Cross-Over Trial Evaluating Automated Insulin Delivery Technologies on Glycemic Outcomes and Quality of Life in Older Adults with Type 1 Diabetes	1R01DK122603-01	93.847	584,359	395,159
<i>Passed Through the University of Virginia</i>				
Diabetes, Digestive, and Kidney Diseases Extramural Research Translation of the UVA Advanced Automated Insulin Delivery Systems to Clinical Care in Young Children: Glycemic Control, Regulatory Acceptance and Optimization of Day to Day Use	U01DK127551	93.847	<u>228,428</u>	<u>-</u>
Subtotal - CFDA 93.847			851,470	422,089
<i>Passed Through National Eye Institute</i>				
Vision Research				
Diabetic Retinopathy Clinical Research Network Coordinating Center	2UG1EY014231-18	93.867	10,111,021	5,205,905
Pediatric Eye Disease Investigator Group Coordinating Center Safety and Feasibility of Cultivated Autologous Limbal Epithelial Cell Transplantation in the Treatment of Limbal Stem Cell Deficiency	2UG1EY011751-23	93.867	6,572,210	1,966,833
Diabetes Endothelial Keratoplasty Study: Impact of Diabetes on Corneal Transplant Success and Cell Loss	1UG1EY027725-01	93.867	128,694	-
	1UG1EY030030-01A1	93.847	<u>1,175,937</u>	<u>863,003</u>
Subtotal - CFDA 93.867			<u>17,987,862</u>	<u>8,035,742</u>
<i>Passed Through the Food and Drug Administration</i>				
Gyrate Atrophy Ocular and Systemic Study	R01FD007628	93.103	<u>41,537</u>	<u>41,213</u>
Total			<u>\$ 18,880,868</u>	<u>\$ 8,499,043</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2023**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal contract and grant activity of Jaeb Center for Health Research Foundation, Inc. and affiliate (together, the "Organization"). The information in the schedule is presented in accordance with the 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). Because the schedule presents only a select portion of the operations of the Organization, it is not intended to, and does not present the consolidated financial position, activities, or cash flows of the Organization.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

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

**NOTE 4 CONTINGENCIES**

Grant expenditures incurred by the Organization are subject to audit and possible disallowance by federal grantor agencies. If any expenditure were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Organization.



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

Board of Directors  
Jaeb Center for Health Research Foundation, Inc. and Affiliate  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Jaeb Center for Health Research Foundation, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 1, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Jaeb Center for Health Research Foundation, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jaeb Center for Health Research Foundation, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Jaeb Center for Health Research Foundation, Inc. and Affiliate's internal control.

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

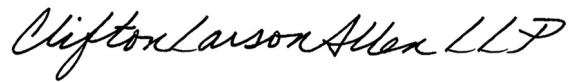
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Tampa, Florida  
April 1, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Jaeb Center for Health Research Foundation, Inc. and Affiliate  
Tampa, Florida

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Jaeb Center for Health Research Foundation, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Jaeb Center for Health Research Foundation, Inc. and Affiliate's major federal programs for the year ended December 31, 2023. Jaeb Center for Health Research Foundation, Inc. and Affiliate'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, Jaeb Center for Health Research Foundation, Inc. and Affiliate 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, 2023.

***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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jaeb Center for Health Research Foundation, Inc. and Affiliate 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 Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 Jaeb Center for Health Research Foundation, Inc. and Affiliate's federal programs.



***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 GAAS, *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. 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 Jaeb Center for Health Research Foundation, Inc. and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 Jaeb Center for Health Research Foundation, Inc. and Affiliate'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 Jaeb Center for Health Research Foundation, Inc. and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Jaeb Center for Health Research Foundation, Inc. and Affiliate's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Jaeb Center for Health Research Foundation, Inc. and Affiliate's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Jaeb Center for Health Research Foundation, Inc. and Affiliate's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Jaeb Center for Health Research Foundation, Inc. and Affiliate's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The 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.



**CliftonLarsonAllen LLP**

Tampa, Florida  
April 1, 2024

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023**

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**Section I – Summary of the Auditors’ Results**

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**Basic Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported
3. Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?   x   yes    \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes    \_\_\_\_\_ no

**Identification of Major Federal Programs**

**Assistance Listing Number(s)**

Various

**Name of Federal Program or Cluster**

Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$   750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes      x   no

**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2023**

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***Section II – Financial Statement Findings***

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None

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***Section III – Federal Award Findings and Questioned Costs***

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**2023–001 Procurement**

**Federal Agency:** Department of Health and Human Services

**Federal Program:** Research and Development Cluster

**Assistance Listing Number:** 93.847, 93.867, & 93.103

**Federal Award Identification Number and Year:** Various

**Award Period:** January 1, 2023, through December 31, 2023

**Type of Finding:** Other Matters Finding related to Compliance within Uniform Guidance and Material Weakness in Internal Control Over Compliance

**Criteria or specific requirement:** Title 2, Subtitle A, Chapter 2 Part 200, Subpart D, section 200.318 of the Code of Federal Regulations requires organizations to have a written procurement policy that includes certain requirements as it relates to procuring goods and services using federal dollars.

**Condition:** During our testing, it was noted that the Organization does not have a written procurement policy in place that covers the requirements noted in Section 200.318 of the Code of Federal Regulations.

**Questioned costs:** None

**Context:** The new policy was being developed during 2023

**Cause:** The new policy was not put in place until 2024

**Effect:** Noncompliance with federal procurement requirements

**Repeat Finding:** Yes, 2022-002

**Recommendation:** We recommend that the Organization develop a written procurement policy that meets the requirements noted in Section 200.318 of the Code of Federal Regulations.

**Views of responsible officials and Planned Corrective Actions:** There is no disagreement with the audit finding. See Corrective Action Plan prepared by the Organization.

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***Section IV – Prior Year Findings***

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See the attached summary schedule of prior year audit findings prepared by the Organization.



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**JAEB CENTER FOR HEALTH RESEARCH FOUNDATION, INC.  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2023**

U.S. Department of Health and Human Services

Jaeb Center for Health Research Foundation, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2023.

Audit period: January 1, 2023 – December 31, 2023

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

None Noted

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

Department of Health and Human Services

**2023-001 Procurement**

Recommendation: We recommend that the Organization develop a written procurement policy that meets the requirements noted in Section 200.318 of the Code of Federal Regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: While the Organization has a procurement policy in place, it is noncompliant with the requirements of Title 2, Subtitle A, Chapter 2 Part 200, Subpart D, section 200.318 of the Code of Federal Regulations. The Organization has experienced substantial growth in recent years and in support of this expansion, hired an experienced CFO in early 2022. The new CFO identified the need for a compliant procurement policy that includes certain requirements as it relates to procuring goods and services using federal dollars. To facilitate the adherence to the new procurement policy, the Organization purchased new ERP software and both contracted with an outside organization and hired new internal staff to oversee the implementation of this software during 2023. The implementation of this software was completed at the end of 2023 and placed into service January 2024. The new procurement policy was reviewed by the auditors during the 2022 audit and a determination was made that had the new policy been in effect and followed, the Organization's practices would have met the requirements of Title 2, Subtitle A, Chapter 2 Part 200, Subpart D, section 200.318 of the Code of Federal Regulations. With the new software now in place, this policy will become effective during 2024. A staff member had been selected and fully trained to oversee the procurement function, but then retired at the end of 2023. A new staff member is currently being hired and will be specifically trained on the federal procurement requirements.

Name(s) of the contact person(s) responsible for corrective action: Erica Vogt, CFO  
Planned completion date for corrective action plan: January 1, 2024

If the U.S. Department of Health and Human Services has questions regarding these plans, please call Erica Vogt at (813) 975-8690.



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**JAEB CENTER FOR HEALTH RESEARCH, INC.  
SUMMARY OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2023**

U.S. Department of Health and Human Services

Jaeb Center for Health Research Foundation, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2023.

Audit period: January 1, 2023 – December 31, 2023

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2022 – 001**

**Condition:** In 2022, the Organization identified errors in the previously issued financial statements for 2021.

**Status:** Corrected. The 2022 audited financial statements included a prior period adjustment to correct the identified errors.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

**2022 – 002**

**Condition:** Noncompliance with procurement requirements under Uniform Guidance.

**Status:** Repeat finding, see 2023-001. See 2023 Corrective Action Plan for planned response.

**2022 – 003**

**Condition:** The Organization did not verify whether the subject subrecipients received a required annual audit under 2 CFR Part 200. By not verifying and obtaining a copy of the most recent audit of the subrecipients, the Organization was unaware if any enforcement actions against noncompliant subrecipients had occurred.

**Status:** Corrected. Management developed and implemented a subrecipient monitoring policy that is compliant with the requirements of 2 CFR Part 200.

If the U.S. Department of Health and Human Services has questions regarding these plans, please call Erica Vogt at (813) 975-8690.



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