

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**FLORIDA HEALTH PROFESSIONS  
ASSOCIATION, INC.  
GAINESVILLE, FLORIDA**

**JUNE 30, 2018**

**FINANCIAL STATEMENTS  
AND  
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**FLORIDA HEALTH PROFESSIONS  
ASSOCIATION, INC.  
GAINESVILLE, FLORIDA**

**JUNE 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Florida Health Professions Association, Inc.  
Gainesville, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Florida Health Professions Association, Inc. (the Association), a component unit of the University of Florida, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Florida Health Professions Association, Inc.  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Association as of June 30, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the Association's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Association's internal control over financial reporting and compliance.

*Durvis, Gray and Company, LLP*

September 10, 2018  
Gainesville, Florida

**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**(COMPONENT UNIT OF THE UNIVERSITY OF FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

This section of the Florida Health Professions Association, Inc.'s (the Association) annual report presents management's discussion and analysis of the Association's financial performance during the fiscal year ended June 30, 2018. The discussion and analysis of the Association's financial statements provides an overview of its financial activities for the year ended June 30, 2018. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

While maintaining its financial health is crucial to the long-term viability of the Association, the primary mission of the Association is to bill and collect clinical professional fees to fund the educational, clinical, and research missions of the College of Public Health and Health Professions and the College of Public Health and Health Professions' and College of Medicine's Integrated Programs (the College) of the University of Florida (the University). Therefore, net position is accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs of the College.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board in Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. These statements use the accrual basis of accounting.

The financial statements include the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position, which present the financial position and activities of the Association, respectively. The Statements of Cash Flows provide information regarding cash received from and used in the activities of the Association. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL ANALYSIS OF THE ASSOCIATION**

*Assets*

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>% of 2018 Total</u>
Cash and Cash Equivalents	\$ 5,390,450	\$ 4,870,673	\$ 519,777	▲ 11%	83%
Due from UF Strategic Fund	150,000	150,000	-	▲ 0%	2%
Net Accounts Receivable	949,339	840,413	108,926	▲ 13%	15%
<b>Total Assets</b>	<u>\$ 6,489,789</u>	<u>\$ 5,861,086</u>	<u>\$ 628,703</u>	<u>11%</u>	<u>100%</u>

As of June 30, 2018, total assets were \$6,489,789. The Association's largest asset is cash held in a commercial bank account. As of June 30, 2018, the cash balance was \$5,390,450.

The net accounts receivable increased due to increased patient visits in the CHP clinic.

**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**(COMPONENT UNIT OF THE UNIVERSITY OF FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**  
*(Continued)*

*Liabilities*

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>% of 2018 Total</u>
Accounts Payable and Other Liabilities	\$ 35,285	\$ 23,093	\$ 12,192	53%	37%
Due to the University of Florida	58,916	-	58,916	0%	63%
<b>Total Liabilities</b>	<u>\$ 94,201</u>	<u>\$ 23,093</u>	<u>\$ 71,108</u>	<u>308%</u>	<u>100%</u>

Total liabilities were \$94,201. This represents an increase of \$71,108 or 308% from the previous year. The increase is due to an increase in credit balances in the Clinical and Health Psychology clinic as well as a SLHS equipment buyout from Shands deposited into FHPA by mistake and due to UF.

*Net Position*

The total amount of net position for the year ending June 30, 2018 was \$6,395,588 which was a 10% increase over the prior period.

*Operating Revenues*

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>% of 2018 Total</u>
Nonexempt Professional Fees	\$ 2,791,316	\$ 2,306,879	\$ 484,437	21%	39%
Exempt Professional Fees	4,401,429	4,581,828	(180,399)	-4%	61%
<b>Total Operating Revenues</b>	<u>\$ 7,192,745</u>	<u>\$ 6,888,707</u>	<u>\$ 304,038</u>	<u>4%</u>	<u>100%</u>

The total amount of operating revenues was \$7,192,745, an increase of \$304,038. Net exempt professional fees decreased \$180,399. Nonexempt bad debts increased \$206,134. Overall the nonexempt income increased \$484,437.

*Operating Expenses*

<u>Type of Expense</u>	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>% of 2018 Total</u>
Bank and Credit Card Fees	\$ 35,857	\$ 30,687	\$ 5,170	17%	63%
Professional Fees	21,035	20,500	535	3%	37%
Charitable Contributions	-	3,000	(3,000)	100%	0%
Office Supplies	183	96	87	91%	0%
<b>Total Operating Expenses</b>	<u>\$ 57,075</u>	<u>\$ 54,283</u>	<u>\$ 2,792</u>	<u>5%</u>	<u>100%</u>

Operating expenses totaled \$57,075 which increased 5% from the previous year due to an increase in credit card payments resulting in increased credit card processing fees.

**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**(COMPONENT UNIT OF THE UNIVERSITY OF FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**  
*(Continued)*

*Non-operating Revenues (Expenses)*

The net amount of non-operating revenues and expenses was \$0.

*Transfers*

A total amount of \$6,578,075 was transferred from the Association to the College's Transfer from Component Units Fund and other funds at the University to pay for salaries and operating expenditures. This is an increase of \$190,611 or 3% over the previous year. The increase is due to an increase in salaries and the 2017 Faculty Incentive Plan payouts.

*Change in Net Position*

Change in net position was \$557,595. This is an increase of 25% over the previous year, primarily due to the increase in patient visits and revenue in the CHP clinic.

*The Statements of Cash Flows*

**Condensed Statements of Cash Flows**  
**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Cash (Used in) Provided by:				
Operating Activities	\$ 7,038,936	\$ 6,840,776	\$ 198,160	3%
Noncapital Financing Activities	(6,519,159)	(6,387,464)	(131,695)	2%
Net Increase (Decrease) in Cash and Cash Equivalents	<u>519,777</u>	<u>453,312</u>	<u>66,465</u>	15%
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>4,870,673</u>	<u>4,417,361</u>	<u>453,312</u>	10%
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 5,390,450</u>	<u>\$ 4,870,673</u>	<u>\$ 519,777</u>	<u>11%</u>

*Cash from Operating Activities*

The amount of net cash from operating activities increased from \$6,840,776 to \$7,038,936 or 3%.

*Cash from Investing Activities*

We no longer have an interest-bearing account or sweep of funds into an interest-bearing instrument.

**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**(COMPONENT UNIT OF THE UNIVERSITY OF FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**  
*(Concluded)*

*Cash from Capital Financing Activities*

The net amount of cash from Capital Financing Activities was \$0.

*Cash from Noncapital Financing Activities*

A total amount of \$6,578,075 was transferred from the Association to the College's Transfer from Component Units Fund and other funds at the University to pay for salaries and operating expenditures. This is an increase of \$131,695 due to an increase in salaries and the payout of the 2017 Faculty Incentive Plan.

*Contacting the Association's Financial Management*

The financial report is designed to provide the Association's Board of Directors, creditors, and the Board of Trustees of the University with a general overview of the Association's finances. If you have questions about this report or need additional information, contact the Association's Office at (352) 273-6625.



**STATEMENTS OF NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017  
FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.  
GAINESVILLE, FLORIDA**

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,390,450	\$ 4,870,673
Due from University of Florida Strategic Fund	150,000	150,000
Nonexempt Patient and Contracts Receivable - Net of Allowances	792,828	426,553
Exempt Patient and Contracts Receivable - Net of Allowances	156,511	413,860
Total Net Accounts Receivable	949,339	840,413
<b>Total Current Assets</b>	<b>6,489,789</b>	<b>5,861,086</b>

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>		
Due to University of Florida	58,916	0
Other Liabilities	35,285	23,093
<b>Total Current Liabilities</b>	94,201	23,093
<b>Total Liabilities</b>	94,201	23,093
<b>Net Position</b>		
Unrestricted	6,395,588	5,837,993
<b>Total Net Position</b>	6,395,588	5,837,993
<b>Total Liabilities and Net Position</b>	<b>\$ 6,489,789</b>	<b>\$ 5,861,086</b>

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017  
FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.  
GAINESVILLE, FLORIDA**

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues</b>		
Nonexempt Professional Fees (Net of \$395,108 and \$188,974 Bad Debts in 2018 and 2017, Respectively)	\$ 2,791,316	\$ 2,306,879
Exempt Professional Fees (Net of \$21,237 and \$67,106 Bad Debts in 2018 and 2017, Respectively)	<u>4,401,429</u>	<u>4,581,828</u>
<b>Total Operating Revenues</b>	<u>7,192,745</u>	<u>6,888,707</u>
<b>Operating Expenses</b>		
Professional Fees	21,035	20,500
Bank and Credit Card Fees	35,857	30,687
Charitable Contribution	0	3,000
Office Supplies	<u>183</u>	<u>96</u>
<b>(Total Operating Expenses)</b>	<u>(57,075)</u>	<u>(54,283)</u>
<b>Net Operating Income</b>	<u>7,135,670</u>	<u>6,834,424</u>
<b>Contributions and Transfers</b>		
Transfers from Component Units Fund	<u>(6,578,075)</u>	<u>(6,387,464)</u>
<b>Total Contributions and Transfers</b>	<u>(6,578,075)</u>	<u>(6,387,464)</u>
<b>Change in Net Position</b>	557,595	446,960
<b>Net Position, Beginning of Year</b>	<u>5,837,993</u>	<u>5,391,033</u>
<b>Net Position, End of Year</b>	<u>\$ 6,395,588</u>	<u>\$ 5,837,993</u>

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**  
**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**GAINESVILLE, FLORIDA**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Cash Receipts from Clients and Affiliates	\$ 7,096,011	\$ 6,895,059
Cash Payments to Suppliers	(57,075)	(54,283)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>7,038,936</u>	<u>6,840,776</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Payment from Shands due to University of Florida	58,916	0
Transfers from Component Units Fund	(6,578,075)	(6,387,464)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(6,519,159)</u>	<u>(6,387,464)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	519,777	453,312
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,870,673</u>	<u>4,417,361</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 5,390,450</u>	<u>\$ 4,870,673</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>		
Operating Income (Loss)	\$ 7,135,670	\$ 6,834,424
Change in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):		
Accounts Receivables	(108,926)	(1,503)
Other Liabilities	12,192	7,855
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 7,038,936</u>	<u>\$ 6,840,776</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**GAINESVILLE, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The Florida Health Professions Association, Inc. (the Association) is a not-for-profit corporation formed by the faculty at the University of Florida College of Health Professions in May 1998, but was not activated until the year ended June 30, 2000. The College of Health Professions changed its name to College of Public Health and Health Professions in fiscal year 2004. The Association has been organized to perform billing and collection of professional fees associated with the practice of health-related professions at the University of Florida College of Public Health and Health Professions (the College). The Association was formed primarily for clinical, scientific, and educational purposes in support of the University of Florida Health Science Center and its associated programs. The Association transfers funds to the University of Florida in the furtherance of its above-stated purpose. The Association is an affiliated organization component unit of the University of Florida (the University).

**Basis of Accounting**

The accompanying financial statements are reported on the accrual basis of accounting. These financial statements are entirely those of the Association alone and, accordingly, are not intended to present the financial position or the results of operations of the University. The Association was determined to be “governmental” under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29.

Under GASB Statement No. 35, for financial reporting purposes, the Association is considered a special purpose government engaged only in business-type activities.

**Classification of Revenues**

The Association classifies its revenues as operating or nonoperating according to the following criteria:

■ **Operating Revenues**

Include activities that have the characteristics of exchange transactions, such as clinical revenue.

■ **Nonoperating Revenues**

Include activities that have characteristics of nonexchange transactions, such as investment income. The Association currently has no nonoperating revenues.

**Net Position**

The Association’s net position is classified as follows:

■ **Unrestricted**

Represents net position that is not restricted for any purpose and available for current operations. All of the Association’s net position is unrestricted.

**Cash and Cash Equivalents**

The Association considers all highly liquid investments, with maturities of three months or less when purchased, to be cash and cash equivalents. Included in the Association’s cash and cash equivalents are amounts on deposit with commercial banks.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**GAINESVILLE, FLORIDA**  
*(Concluded)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Accounts Receivable**

Accounts receivable are reported net of an allowance for doubtful accounts and allowance for contractual adjustments. The allowance for doubtful accounts is established by charges to income through the provision for uncollectible accounts. The allowance is based on experience and other circumstances which may affect the ability of clients to meet their obligations. It is the Association's policy to write-off uncollectible accounts when there is no reasonable expectation of payment.

**Revenues**

Revenues are derived principally from professional fees charged to patients of faculty members. Net professional revenues are recorded on the accrual basis of accounting at the estimated net realizable amounts from patients, third party payers, and others for services rendered. Nonexempt revenues represent professional fees billed and collected by the Association's Clinical Health Psychology (CHP) Clinic. Exempt revenues are other professional fees billed and collected by the individual departments within the College of Public Health and Health Professions. A substantial portion of exempt revenues is earned through contracts with various agencies, whereby the agency pays for the services rendered under the contract, not to exceed predetermined contract amounts.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Concentration of Credit Risk**

Substantially all of the Association's receivables are unsecured and a significant portion of the Association's revenues are subject to contractual arrangements with third parties. Significant changes to the provisions of those contracts could have a material effect on the Association's profitability.

**Donated Services**

The Association occupies space at the University and is assisted by employees of the University. Since there is no clearly measurable basis to value these contributed services, the value of such services is not recorded in the accompanying financial statements.

**Income Taxes**

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management believes that no such required disclosures exist.

The Association is subject to U.S. federal or state income tax examinations for the previous three years. If applicable, the Association would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**GAINESVILLE, FLORIDA**  
*(Continued)*

**Note 2 - Deposits**

The Association's cash deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC coverage are held in a bank that qualifies as a public depository under the *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. In the event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

**Note 3 - Accounts Receivable**

Accounts receivable are shown net of the following allowances for doubtful accounts and contractual adjustments.

	<b>2018</b>	
	<b>Exempt</b>	<b>Nonexempt</b>
<b>Accounts Receivable</b>	\$ 240,654	\$ 1,764,828
Allowance for Doubtful Accounts	(84,143)	(310,000)
Allowance for Contractual Adjustments	0	(662,000)
<b>Ending Balance</b>	<b>\$ 156,511</b>	<b>\$ 792,828</b>
	<b>2017</b>	
	<b>Exempt</b>	<b>Nonexempt</b>
<b>Accounts Receivable</b>	\$ 503,860	\$ 907,553
Allowance for Doubtful Accounts	(90,000)	(130,000)
Allowance for Contractual Adjustments	0	(351,000)
<b>Ending Balance</b>	<b>\$ 413,860</b>	<b>\$ 426,553</b>

The activity relating to the allowance for doubtful accounts for the years ended June 30 is summarized as follows:

	<b>2018</b>	
	<b>Exempt</b>	<b>Nonexempt</b>
<b>Beginning Balance</b>	\$ 90,000	\$ 130,000
Provision for Bad Debts	21,237	395,103
Charge Offs, Net of Recoveries	(27,094)	(215,103)
<b>Ending Balance</b>	<b>\$ 84,143</b>	<b>\$ 310,000</b>
	<b>2017</b>	
	<b>Exempt</b>	<b>Nonexempt</b>
<b>Beginning Balance</b>	\$ 50,000	\$ 122,000
Provision for Bad Debts	67,106	188,974
Charge Offs, Net of Recoveries	(27,106)	(180,974)
<b>Ending Balance</b>	<b>\$ 90,000</b>	<b>\$ 130,000</b>

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH PROFESSIONS ASSOCIATION, INC.**  
**GAINESVILLE, FLORIDA**  
*(Concluded)*

**Note 4 - Due from University of Florida Strategic Fund**

The Association entered into an agreement with the University of Florida in which the Association deposits its excess cash and investments into the University's Strategic Fund for the University to manage and invest for the benefit of the Strategic Fund. All earnings, losses, and associated investment management fees are retained by the University. The University intends to repay the amounts deposited to the Association, therefore, the Association recorded a due from the University's Strategic Fund of \$150,000 as of June 30, 2018 and 2017. Any withdrawal of monies under \$10 million have same day accessibility, while withdrawals over \$10 million require written notice of at least two working days.

**Note 5 - Risk Management**

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and tenants' legal liability for which the University carries insurance.

The University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company (HEIC) provide general and professional liability protection for the University of Florida Board of Trustees on behalf of the six health colleges of the J. Hillis Miller Health Science Center (JHMHC), which includes the Association.

**Note 6 - Funding and Service Fees**

The Association and its related organizations receive Medicare, Medicaid, and service fees funds. These funds are subject to audits by the providers or their representatives. The audits of these programs have not yet been accepted/approved by the providers or their representatives. Accordingly, the final determination of compliance with applicable federal and state programs will be established at a future date. The allowance for doubtful accounts, as described in Note 3, includes a provision for Medicare or Medicaid billings which may be disallowed.

**Note 7 - Related Party Transactions**

During the year ended June 30, 2018, the Association recorded \$3,328,394 of revenue from Shands Hospital relating to service contracts, of which \$4,534 is included in accounts receivable at June 30, 2018. During the year ended June 30, 2017, the Association recorded \$3,459,398 of revenue from Shands Hospital relating to service contracts, of which \$252,723 is included in accounts receivable at June 30, 2017.

In addition, the Association transferred \$6,578,075 and \$6,387,464 to the University during the years ended June 30, 2018 and 2017, respectively.

**Note 8 - Subsequent Events**

Effective June 30, 2018, the Association terminated its contract with Shands Hospital to provide inpatient and outpatient speech-language pathology and audiology services. Beginning July 1, 2018, speech, language, and hearing department faculty and staff are employed by Shands Hospital, and Shands will provide the College of Public Health and Health Professions with funding for academic support.

**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  
Florida Health Professions Association, Inc.  
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Florida Health Professions Association, Inc. (the Association), a component unit of the University of Florida, for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated September 10, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 may exist that have not been identified.

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



Board of Directors  
Florida Health Professions Association, Inc.  
Gainesville, Florida

**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*  
(*Concluded*)**

**Compliance and Other Matters**

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

*Durvis, Gray and Company, LLP*

September 10, 2018  
Gainesville, Florida