UNIVERSITY OF FLORIDA COLLEGE OF NURSING FACULTY PRACTICE ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015
**UNIVERSITY OF FLORIDA COLLEGE OF NURSING**  
**FACULTY PRACTICE ASSOCIATION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2016 AND 2015**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report</td>
<td>1 – 2</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis</td>
<td>3 – 4</td>
</tr>
<tr>
<td><strong>Financial Statements</strong></td>
<td></td>
</tr>
<tr>
<td>Statements of Net Position</td>
<td>5</td>
</tr>
<tr>
<td>Statements of Revenues, Expenses and Changes in Net Position</td>
<td>6</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>8 – 12</td>
</tr>
<tr>
<td><strong>Supplemental Information</strong></td>
<td></td>
</tr>
<tr>
<td>Statements of Revenues, Expenses and Changes in Net Position of the</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Gift &amp; Grant (MGG) Fund</td>
<td>13</td>
</tr>
<tr>
<td>**Report on Internal Control Over Financial Reporting and on Compliance</td>
<td></td>
</tr>
<tr>
<td>and Other Matters Based an Audit of Financial Statements Performed in</td>
<td></td>
</tr>
<tr>
<td>Accordance with <em>Government Auditing Standards</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14 – 15</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

Audit Committee
University of Florida College of Nursing
Faculty Practice Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Florida College of Nursing Faculty Practice Association, Inc. (the Association), a component unit of the University of Florida, as of and for the years ended June 30, 2016 and 2015, 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

The Association’s 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 audits 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 auditors’ 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.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 3 and 4 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association’s basic financial statements. The supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 2016, on our consideration of the Association’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Gainesville, Florida
August 19, 2016

- 2 -
The University of Florida College of Nursing Faculty Practice Association’s (the Association) discussion and analysis is designed to assist the reader in focusing on significant issues, provide an overview of the financial activities, identify changes in financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management’s Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include the Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position, which provide information about the activities of the Association and present a long-range view of the Association financial position. The Statements of Cash Flow provides information regarding net cash provided by and used in activities of the Association.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Since these notes are an integral part of the financial statements, they should be read in conjunction with the financial statements in order for the reader to have a clear understanding of Association activities and performance.

FINANCIAL ANALYSIS

The following select financial information was derived from the complete set of Association financial statements. It is presented to support management’s analysis of the financial position and the results of operations following this information. Additionally, a summary of the Miscellaneous Gift & Grant Fund (MGG) activity has been included in the Additional Information (Unaudited) section to provide the reader a more complete financial picture.

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$4,173,393</td>
<td>$4,419,816</td>
<td>$4,722,373</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$4,173,393</td>
<td>$4,419,816</td>
<td>$4,722,373</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGES IN NET POSITION</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$912,645</td>
<td>$808,559</td>
<td>$637,762</td>
</tr>
<tr>
<td>Other</td>
<td>1,168</td>
<td>(617)</td>
<td>16,635</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$913,813</td>
<td>$807,942</td>
<td>$654,397</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to University of Florida</td>
<td>1,100,000</td>
<td>1,050,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$(246,423)</td>
<td>$(302,557)</td>
<td>$(8,345)</td>
</tr>
</tbody>
</table>
Association assets decreased by ($246,423), a 5.58% overall decrease in net position, but an improvement over last year. The continued need for increased staffing for HRSA grant outcomes and patient care (HRSA unfunded portions of faculty and staff FTE), and unfunded state mandated salary increases for Archer Clinic personnel contributed to increased operating costs and decrease in net position.

Operating revenues increased from the prior fiscal year by $104,086 to $912,645, a 12.87% increase. Factors that increased revenues included:

- In FY16 the Association (Archer Family Health Care Clinic) received three one-time federal “meaningful use” payments of $21,250 to total $63,750. These funds are awarded for ongoing use of the electronic health record at the Clinic.
- Clinical billing increased in part to Archer Family Health Clinic being designated as a Rural Health Clinic. This increases reimbursement from Medicaid and includes the ability to bill Medicaid for wrap-around payments to cover medical costs/fees not paid by Medicaid insurance. The Clinic also was able to bill Medicare Part A.

Other Revenues included bank interest and restitution payments. The total of which represented a 289.30% increase over the previous year.

Operating expenses (excluding MGG) decreased by ($262), a 0.43% decrease compared to the prior year. In 2016, 2015 and 2014 the results of all Faculty Practice operations produced a decrease in net assets of ($246,424), ($302,557), and ($8,345) respectively.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty participating</td>
<td>13</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Practice sites</td>
<td>9</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>FTEs funded</td>
<td>5+</td>
<td>5+</td>
<td>4</td>
</tr>
</tbody>
</table>

The results of operations include contractual services and one nurse-managed health center, Archer Family Health Care. Thirteen faculty members participated in Faculty Practice activities at nine different sites. Revenue supported approximately 5 full-time (FTE) faculty members, which were essential to accomplishing the College’s education and research missions.

Association reserves provided the funds needed to support continued operation of Archer Family Health Care to help support critical needs and enable the College to continue to achieve its goals. There are no additional issues or concerns to report.

**CONTACTING THE ASSOCIATION’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Association’s Board of Directors and creditors and the Board of Trustees of the University of Florida with a general overview of the Association’s finances. If you have questions about this report or need additional information, contact Todd Fraser, the Associate Director of the College of Nursing, at (352) 273-6386.
## ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$103,463</td>
<td>$360,942</td>
</tr>
<tr>
<td>Patient accounts receivable,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>net of allowance of $54,700</td>
<td>59,223</td>
<td>37,630</td>
</tr>
<tr>
<td>and $32,900, respectively</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts receivable</td>
<td>106,836</td>
<td>73,378</td>
</tr>
<tr>
<td>Due from the University of</td>
<td>3,302,342</td>
<td>3,302,342</td>
</tr>
<tr>
<td>Florida</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,571,864</td>
<td>3,774,292</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets not being</td>
<td>332,060</td>
<td>332,060</td>
</tr>
<tr>
<td>depreciated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets being</td>
<td>269,469</td>
<td>313,464</td>
</tr>
<tr>
<td>depreciated, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>601,529</td>
<td>645,524</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,173,393</td>
<td>$4,419,816</td>
</tr>
</tbody>
</table>

## NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>$601,529</td>
<td>$645,524</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>3,571,864</td>
<td>3,774,292</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$4,173,393</td>
<td>$4,419,816</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of these statements.
### UNIVERSITY OF FLORIDA COLLEGE OF NURSING FACULTY PRACTICE ASSOCIATION, INC.

#### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$415,901</td>
<td>$338,367</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>496,744</td>
<td>470,192</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>912,645</td>
<td>808,559</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous contributions, dues and fees</td>
<td>12,803</td>
<td>12,564</td>
</tr>
<tr>
<td>Depreciation</td>
<td>43,995</td>
<td>43,995</td>
</tr>
<tr>
<td>Other</td>
<td>3,438</td>
<td>3,940</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>60,236</td>
<td>60,499</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>852,409</td>
<td>748,060</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and other income (loss)</td>
<td>1,168</td>
<td>(617)</td>
</tr>
<tr>
<td><strong>Income before transfers</strong></td>
<td>853,577</td>
<td>747,443</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to the University of Florida</td>
<td>(1,100,000)</td>
<td>(1,050,000)</td>
</tr>
<tr>
<td><strong>Net change in net position</strong></td>
<td>(246,423)</td>
<td>(302,557)</td>
</tr>
<tr>
<td><strong>Net position, beginning of year</strong></td>
<td>4,419,816</td>
<td>4,722,373</td>
</tr>
<tr>
<td><strong>Net position, end of year</strong></td>
<td>$4,173,393</td>
<td>$4,419,816</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of these statements.
Cash flows from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient service and contract revenue</td>
<td>$ 857,594</td>
<td>$ 764,128</td>
</tr>
<tr>
<td>Payments to vendors</td>
<td>(16,241)</td>
<td>(16,504)</td>
</tr>
<tr>
<td>Transfers to the University of Florida</td>
<td>-</td>
<td>(3,302,342)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>841,353</td>
<td>(2,554,718)</td>
</tr>
</tbody>
</table>

Cash flows from noncapital financing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to the University of Florida</td>
<td>(1,100,000)</td>
<td>(1,050,000)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment and other income (loss)</td>
<td>1,168</td>
<td>(617)</td>
</tr>
<tr>
<td>Sale of investments</td>
<td>-</td>
<td>739,258</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>1,168</td>
<td>738,641</td>
</tr>
</tbody>
</table>

Net decrease in cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(257,479)</td>
<td>(2,866,077)</td>
</tr>
</tbody>
</table>

Cash and cash equivalents, beginning of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$ 103,463</td>
<td>$ 360,942</td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash provided by (used in) operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$ 852,409</td>
<td>$ 748,060</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>43,995</td>
<td>43,995</td>
</tr>
<tr>
<td>Change in assets - decrease (increase):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient accounts receivable</td>
<td>(21,593)</td>
<td>(1,468)</td>
</tr>
<tr>
<td>Contracts receivable</td>
<td>(33,458)</td>
<td>(42,963)</td>
</tr>
<tr>
<td>Due from the University of Florida</td>
<td>-</td>
<td>(3,302,342)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>$ 841,353</td>
<td>(2,554,718)</td>
</tr>
</tbody>
</table>
Summary of Significant Accounting Policies:

(a) Reporting entity—The University of Florida College of Nursing Faculty Practice Association, Inc. (the Association) is a faculty practice plan as provided for in Section 9.017, Florida Board of Governors Regulations, and is considered a component unit of the University of Florida (the University). The Association is a not-for-profit corporation formed by the faculty at the University of Florida College of Nursing and activated in 1998. In January 2001, the Association opened a clinic in Archer, Florida to provide health care services to the surrounding area. The Association performs billing and collection of professional fees associated with the practice of nursing at the University of Florida College of Nursing.

The Association was formed primarily for the purpose of enhancing the quality of nursing education and research at the University of Florida. The Association also transfers funds to the University of Florida in the furtherance of its above-stated purpose. The Association is an affiliated Association and a component unit of the University of Florida Health Science Center Affiliates and is, therefore, included by discrete presentation in the financial statements of that reporting entity.

(b) Basis of presentation—For financial reporting purposes, the Association is considered a special-purpose government engaged only in business-type activities. Accordingly, the Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Association’s accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(c) Net position—The Association’s net position is classified as follows:

(i) Investment in capital assets—represents the Association’s total investment in capital assets. There is no debt obligation related to those capital assets.

(ii) Unrestricted—represents assets that are not restricted for any purpose and available for current operations.

(d) Capital assets—The assets owned by the University are recorded by the University of Florida Plant Fund. Assets purchased by the Association are recorded at cost on the date of acquisition. The Association capitalizes all expenditures of property and equipment having a cost greater than $5,000 and a normal expected life of one year or more. Depreciation is computed on the building using the straight-line method over the estimated useful life of 15 years.

(e) Contracts receivable—Contracts receivable are recorded for funds to be received from various contracts as revenues are earned. An allowance for uncollectible receivables has not been recorded as all amounts are deemed collectible.

(f) Revenue—Operating revenues results from exchange transactions associated with providing healthcare services, which is the Association’s principal activity. Other sources of revenue, including investment earnings, are reported as non-operating revenue.

(g) Expenses—Expenses are recognized on the accrual basis of accounting. Payment of salaries and purchases of equipment and supplies are accomplished by the Association through transfers to the University of Florida.
(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Net patient service revenue and receivables**—Patient service revenue is recognized as revenue in the period when the services are performed and is reported on the accrual basis at the estimated net realizable amounts from patients, third-party payers and others. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payer programs under payment formulas in effect. Net patient service revenue also includes an estimated provision for bad debts based upon management’s evaluation of collectability of patient receivables considering the age of the receivables and other criteria, such as payer classifications.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an allowance for contractual adjustments. Individual accounts are charged-off against the estimated allowance for uncollectible accounts when management determines that it is unlikely that the account will be collected. The contractual adjustments represent the difference between established billing rates and estimated reimbursement from patients and third party payers. The Association does not require collateral or other security for patient accounts receivable.

(i) **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.

(j) **Donated services**—The Association occupies space at the University of Florida College of Nursing 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.

(k) **Income taxes**—The Association has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association annually files a Form 990, “Return of Association Exempt from Income Tax” with the Internal Revenue Service. The Association’s income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Association has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with the accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Association.

(l) **Cash and cash equivalents**—For purpose of reporting cash flows, cash and cash equivalents include only investments with original maturities of three months or less.
(2) **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 Association carries commercial insurance. Insurance against losses is provided for the following type of risk:

* General Liability

The Association obtains professional liability protection coverage from the University of Florida Health Science Center self-insurance program.

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2016 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 332,060</td>
<td>-</td>
<td>-</td>
<td>$ 332,060</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>$ 332,060</td>
<td>-</td>
<td>-</td>
<td>$ 332,060</td>
</tr>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>659,925</td>
<td>-</td>
<td>-</td>
<td>659,925</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>659,925</td>
<td>-</td>
<td>-</td>
<td>659,925</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(346,461)</td>
<td>(43,995)</td>
<td>-</td>
<td>(390,456)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(346,461)</td>
<td>(43,995)</td>
<td>-</td>
<td>(390,456)</td>
</tr>
<tr>
<td>Total capital assets being depreciated, net</td>
<td>313,464</td>
<td>(43,995)</td>
<td>-</td>
<td>269,469</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$ 645,524</td>
<td>(43,995)</td>
<td>-</td>
<td>$ 601,529</td>
</tr>
</tbody>
</table>
(3) **Capital Assets:** (Continued)

Capital asset activity for the year ended June 30, 2015 was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 332,060</td>
<td>-</td>
<td>-</td>
<td>$ 332,060</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>$ 332,060</td>
<td>-</td>
<td>-</td>
<td>$ 332,060</td>
</tr>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>659,925</td>
<td>-</td>
<td>-</td>
<td>659,925</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>659,925</td>
<td>-</td>
<td>-</td>
<td>659,925</td>
</tr>
<tr>
<td>Less: accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(302,466)</td>
<td>(43,995)</td>
<td>-</td>
<td>(346,461)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(302,466)</td>
<td>(43,995)</td>
<td>-</td>
<td>(346,461)</td>
</tr>
<tr>
<td>Total capital assets being depreciated, net</td>
<td>357,459</td>
<td>(43,995)</td>
<td>-</td>
<td>313,464</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$ 689,519</td>
<td>$ (43,995)</td>
<td>$ -</td>
<td>$ 645,524</td>
</tr>
</tbody>
</table>

The land and building for the Archer Family Health Clinic are owned by the Association and, therefore, are recorded by the Association as an asset. All other related capital assets are owned by the University and are, accordingly, not recorded by the Association.

(4) **Related Party Transactions:**

During the years ended June 30, 2016 and 2015, the Association received $84,204 and $162,694, respectively, from the University of Florida relating to service contracts. The receivable balances under these contracts totaled $13,537 and $22,246 at June 30, 2016 and 2015, respectively. The Association also had a service contract with UF Health during the year. For the year ended June 30, 2016, the Association received $89,640 from UF Health, all of which was receivable at year end. The Association received $74,550 in revenue for the year ended June 30, 2015, and had no receivable balance at year end.

Effective August 1, 2014, the Association entered into an agreement with the University where excess operating cash and investments are held by the University on behalf of the Association. All earnings, losses and associated fees related to these funds will be retained or paid by the University. The Association has same day liquidity in regards to these funds up to $10,000,000. A withdrawal of more than $10,000,000 requires two days written notice. At June 30, 2016 and 2015, the balance of these funds held by the University was $3,302,342 for both years. These funds are shown as Due from University of Florida on the Statements of Net Position.

During the years ended June 30, 2016 and 2015, the Association transferred $1,100,000 and $1,050,000, respectively, to the University of Florida.
(5) **Concentrations of Credit Risk:**

(a) **Demand deposits**—As of June 30, 2016, the Association’s cash in bank deposits did not exceed the federally insured limit of $250,000. As of June 30, 2015, the Association maintained cash in bank deposits which exceeded federally insured limits of $250,000 by approximately $111,000.

(b) **Accounts receivable**—The Association’s accounts receivable represent patient and contract receivables, of which, a substantial amount are unsecured.

(c) **Contract revenues**—For the years ended June 30, 2016 and 2015, approximately 44% and 53% of the Association’s contract revenues were generated from 5 and 4 major contracts, respectively. 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.
SUPPLEMENTAL INFORMATION
(UNAUDITED)
### UNIVERSITY OF FLORIDA COLLEGE OF NURSING FACULTY PRACTICE ASSOCIATION, INC.

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OF THE MISCELLANEOUS GIFT & GRANT (MGG) FUND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (UNAUDITED)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>802,017</td>
<td>740,814</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>222</td>
<td>960</td>
</tr>
<tr>
<td>Answering service</td>
<td>873</td>
<td>1,006</td>
</tr>
<tr>
<td>Armored Car</td>
<td>3,240</td>
<td>3,480</td>
</tr>
<tr>
<td>Computer hardware and software support</td>
<td>60,338</td>
<td>56,872</td>
</tr>
<tr>
<td>Development</td>
<td>36,797</td>
<td>33,442</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>2,250</td>
<td>1,854</td>
</tr>
<tr>
<td>Faculty professional development funds</td>
<td>624</td>
<td>32,863</td>
</tr>
<tr>
<td>Food and water</td>
<td>26,721</td>
<td>441</td>
</tr>
<tr>
<td>MD contract</td>
<td>37,367</td>
<td>55,355</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>5,753</td>
<td>44,973</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,308</td>
<td>7,184</td>
</tr>
<tr>
<td>Other</td>
<td>22,961</td>
<td>412</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>321</td>
<td>12,552</td>
</tr>
<tr>
<td>RCM overhead charges</td>
<td>10,343</td>
<td>33,769</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>2,588</td>
<td>26,038</td>
</tr>
<tr>
<td>Security system</td>
<td>1,434</td>
<td>440</td>
</tr>
<tr>
<td>T1 line</td>
<td>4,776</td>
<td>6,430</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>12,443</td>
<td>2,142</td>
</tr>
<tr>
<td>Temp Services</td>
<td>1,503</td>
<td>10,429</td>
</tr>
<tr>
<td>Travel</td>
<td>27,352</td>
<td>7,602</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,058</td>
<td>11,219</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,063,289</td>
<td>1,090,277</td>
</tr>
<tr>
<td><strong>Net operating loss</strong></td>
<td>(1,063,289)</td>
<td>(1,090,277)</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from the Faculty Practice Association</td>
<td>1,100,000</td>
<td>1,050,000</td>
</tr>
<tr>
<td><strong>Net change in net position</strong></td>
<td>36,711</td>
<td>(40,277)</td>
</tr>
<tr>
<td><strong>Net position, beginning of year</strong></td>
<td>142,021</td>
<td>182,298</td>
</tr>
<tr>
<td><strong>Net position, end of year</strong></td>
<td>$ 178,732</td>
<td>$ 142,021</td>
</tr>
</tbody>
</table>
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

Audit Committee
University of Florida College of Nursing
Faculty Practice Association, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the University of Florida College of Nursing Faculty Practice Association, Inc. (the Association) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2016.

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

Gainesville, Florida
August 19, 2016