

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

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
TABLE OF CONTENTS
JUNE 30, 2019 AND 2018**

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 4
Financial Statements	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 12
Supplemental Information	
Schedules of Revenues, Expenses and Changes in Net Position of the Miscellaneous Gift & Grant (MGG) Fund	13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 – 15

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, 2019 and 2018, 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, 2019 and 2018, 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.

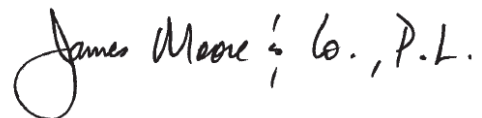
Other Information

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 September 4, 2019 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
September 4, 2019

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018**

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's financial position. The Statements of Cash Flows 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.

NET POSITION

	2019	2018	2017
Total assets	\$ 3,889,952	\$ 4,001,334	\$ 4,102,634
Total liabilities	-	-	-
Total Net Position	\$ 3,889,952	\$ 4,001,334	\$ 4,102,634

CHANGES IN NET POSITION

	2019	2018	2017
Revenue			
Operating	\$ 849,931	\$ 800,714	\$ 881,001
Other	76,912	59,710	34,345
Total revenue	926,843	860,424	915,346
Expenses	63,225	61,724	61,105
Transfers to University of Florida	975,000	900,000	925,000
Change in Net Position	\$ (111,382)	\$ (101,300)	\$ (70,759)

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(Continued)**

During fiscal year 2019, the Association assets decreased by (\$111,382), a 2.78% overall decrease in net position. The decrease is attributed to the disproportionate number of low income and uninsured patients seen at our clinic as well as the unfunded University of Florida mandated one-time bonus payments for Archer Clinic personnel. These factors contributed to both to increased operating costs in salaries and in lower revenue generation per visit which negatively impacted our net position.

During fiscal year 2019, total revenues increased from the prior fiscal year by \$66,418 to \$926,842, a 7.72% increase. Other Non-operating Revenues totaled \$76,912 and included Electronic Health Record (EHR) incentive payments of \$76,500, bank interest of \$51, and restitution payments of \$361. Increased revenue can be attributed to an increased number of patient visits and a new clinical contract with the College of Medicine – Pediatrics in Jacksonville that started in September of 2018.

During fiscal year 2019, operating expenses (excluding MGG) increased by \$1,501 a 2.43% increase compared to the prior year. This was primarily due to a slight increase in license and fees costs from the prior year.

	2019	2018	2017
Faculty participating	11	12	13
Practice sites	7	9	9
FTEs funded	4.5+	5+	5+

The results of operations include contractual services and one nurse-managed rural health center, Archer Family Health Care. Eleven faculty members participated in Faculty Practice activities at seven different sites. Revenue supported approximately 4.5 full-time (FTE) faculty members, which were essential to accomplishing the College’s education and research missions.

Association reserves and philanthropic donations 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.

CAPITAL ASSET ADMINISTRATION

The Association’s investment in capital assets as of June 30, 2019, amounts to \$469,544 (net of accumulated depreciation). This investment in capital assets includes building and land.

Additional information on the Association’s capital assets can be found in the Notes to Financial Statements as listed in the table of contents.

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 Executive Director of the College of Nursing, at (352) 273-6386.

**UNIVERSITY OF FLORIDA COLLEGE OF
NURSING FACULTY PRACTICE ASSOCIATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 258,162	\$ 349,313
Patient accounts receivable, net of allowance of \$55,000 and \$18,000, respectively	75,258	68,061
Contracts receivable	68,016	51,440
Estimated third-party payor settlements receivable	16,630	16,639
Due from the University of Florida	<u>3,002,342</u>	<u>3,002,342</u>
Total current assets	<u>3,420,408</u>	<u>3,487,795</u>
Noncurrent assets		
Capital assets not being depreciated	332,060	332,060
Capital assets being depreciated, net	<u>137,484</u>	<u>181,479</u>
Total noncurrent assets	<u>469,544</u>	<u>513,539</u>
Total assets	<u><u>\$ 3,889,952</u></u>	<u><u>\$ 4,001,334</u></u>
 <u>NET POSITION</u> 		
Net position		
Net investment in capital assets	\$ 469,544	\$ 513,539
Unrestricted	<u>3,420,408</u>	<u>3,487,795</u>
Total net position	<u><u>\$ 3,889,952</u></u>	<u><u>\$ 4,001,334</u></u>

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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating revenues		
Net patient service revenue	\$ 401,906	\$ 353,843
Contract revenue	448,025	446,871
Total operating revenues	<u>849,931</u>	<u>800,714</u>
Operating expenses		
Miscellaneous contributions, dues and fees	15,309	14,034
Depreciation	43,995	43,995
Other	3,921	3,695
Total operating expenses	<u>63,225</u>	<u>61,724</u>
Operating income	<u>786,706</u>	<u>738,990</u>
Nonoperating revenues		
Electronic health records incentive reimbursement	76,500	59,500
Other income	412	210
Total nonoperating income	<u>76,912</u>	<u>59,710</u>
Income before transfers	<u>863,618</u>	<u>798,700</u>
Transfers		
Transfers to the University of Florida	(975,000)	(900,000)
Net change in net position	<u>(111,382)</u>	<u>(101,300)</u>
Net position, beginning of year	4,001,334	4,102,634
Net position, end of year	<u><u>\$ 3,889,952</u></u>	<u><u>\$ 4,001,334</u></u>

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 CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Patient service and contract revenue	\$ 826,167	\$ 785,194
Payments to vendors	(19,230)	(17,729)
Transfer from University of Florida	-	300,000
Net cash provided by operating activities	<u>806,937</u>	<u>1,067,465</u>
Cash flows from noncapital financing activities		
Electronic health records incentive reimbursement	76,500	59,500
Transfers to the University of Florida	(975,000)	(900,000)
Net cash used in noncapital financing activities	<u>(898,500)</u>	<u>(840,500)</u>
Cash flows from investing activities		
Investment and other income	<u>412</u>	<u>210</u>
Net increase (decrease) in cash and cash equivalents	(91,151)	227,175
Cash and cash equivalents, beginning of year	349,313	122,138
Cash and cash equivalents, end of year	<u>\$ 258,162</u>	<u>\$ 349,313</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 786,706	\$ 738,990
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,995	43,995
Change in assets - decrease (increase) :		
Patient accounts receivable	(7,197)	(27,525)
Contracts receivable	(16,576)	23,398
Third party settlement receivable	9	(11,393)
Due from University of Florida	-	300,000
Net cash provided by operating activities	<u>\$ 806,937</u>	<u>\$ 1,067,465</u>

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

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

(1) **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) **Net 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) **Due from University of Florida**—The Association transfers excess operating cash to the University and withdraws funds as needed for operations.

(e) **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.

(f) **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.

(g) **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.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **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.

(i) **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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **Electronic Health Records Incentive Reimbursement**—The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). These provisions were designed to increase the use of electronic health records (EHR) technology and establish the requirements for a Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

Eligibility for annual Medicaid incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology; but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

The Association reported \$76,500 and \$59,500 during the years ended June 30, 2019 and 2018, respectively, of incentive reimbursement under other income for HITECH incentives from Medicaid related to the Archer Family Health Clinic (the Clinic) and for the Clinic's providers that have demonstrated meaningful use of certified EHR technology or have completed attestations to their adoption or implementation of certified EHR technology. These incentive reimbursements are reported under the grant accounting model as there is reasonable assurance that the Clinic complied with applicable requirements in the current period. These amounts are estimates and subject to change, with such changes recorded in the period in which they occur. Additionally, the amounts are subject to audit by the federal government or its designee.

(o) **Reclassification**—Certain amounts in the 2019 financial statements have been reclassified. The reclassifications had no effect on 2018 net assets for the Association.

(2) **Net Patient Service Revenue:**

Net patient service revenue is derived principally from professional fees generated by the faculty of the Association for treating patients. Net patient service revenue represents direct revenue from patient care. This revenue is derived from professional fees charged to individual patients and funded through third party payers and private patient payments based on established reimbursement rates.

A reconciliation of the net patient service revenue and amounts of services provided to patients at established rates to direct revenue from patient care, as presented in the statement of revenue, expenses and changes in net position is as follows:

	Year Ending June 30,	
	2019	2018
Gross direct charges from patient care	\$ 831,910	\$ 689,590
Less: Contractual adjustments	(368,772)	(306,581)
Less: Patient refunds	-	(1,719)
Less: Bad debt expense	(61,232)	(27,447)
Total net patient service revenue	\$ 401,906	\$ 353,843

(3) **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 self-insurance program.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

(4) **Capital Assets:**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 332,060	\$ -	\$ -	\$ 332,060
Total capital assets not being depreciated	<u>332,060</u>	<u>-</u>	<u>-</u>	<u>332,060</u>
Capital assets being depreciated:				
Buildings	659,925	-	-	659,925
Total capital assets being depreciated	<u>659,925</u>	<u>-</u>	<u>-</u>	<u>659,925</u>
Less: accumulated depreciation for:				
Buildings	<u>(478,446)</u>	<u>(43,995)</u>	<u>-</u>	<u>(522,441)</u>
Total accumulated depreciation	<u>(478,446)</u>	<u>(43,995)</u>	<u>-</u>	<u>(522,441)</u>
Total capital assets being depreciated, net	<u>181,479</u>	<u>(43,995)</u>	<u>-</u>	<u>137,484</u>
Total capital assets, net	<u><u>\$ 513,539</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 469,544</u></u>

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 332,060	\$ -	\$ -	\$ 332,060
Total capital assets not being depreciated	<u>332,060</u>	<u>-</u>	<u>-</u>	<u>332,060</u>
Capital assets being depreciated:				
Buildings	659,925	-	-	659,925
Total capital assets being depreciated	<u>659,925</u>	<u>-</u>	<u>-</u>	<u>659,925</u>
Less: accumulated depreciation for:				
Buildings	<u>(434,451)</u>	<u>(43,995)</u>	<u>-</u>	<u>(478,446)</u>
Total accumulated depreciation	<u>(434,451)</u>	<u>(43,995)</u>	<u>-</u>	<u>(478,446)</u>
Total capital assets being depreciated, net	<u>225,474</u>	<u>(43,995)</u>	<u>-</u>	<u>181,479</u>
Total capital assets, net	<u><u>\$ 557,534</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 513,539</u></u>

The land and building for the 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.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

(5) **Related Party Transactions:**

During the years ended June 30, 2019 and 2018, the Association received \$136,185 and \$143,997, respectively, from the University of Florida relating to service contracts. The receivable balances under these contracts totaled \$12,206 and \$9,405 at June 30, 2019 and 2018, respectively. The Association also had a service contract with UF Health during the year. For the years ended June 30, 2019 and 2018, the Association received \$93,144 and \$91,980 from UF Health and had no receivable balances 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, 2019 and 2018, the balance of these funds held by the University was \$3,002,342. These funds are shown as Due from University of Florida on the Statements of Net Position. During the year ended June 30, 2018, the Association received a transfer of \$300,000 from the funds held by the University of Florida. The Association did not receive any funds held by the University of Florida for the year ended June 30, 2019.

During the years ended June 30, 2019 and 2018, the Association transferred \$975,000 and \$900,000, respectively, to the University of Florida.

(6) **Concentrations of Credit Risk:**

(a) **Demand deposits**—As of June 30, 2019, the Association's cash in bank deposits exceeded the federally insured limit of \$250,000 by approximately \$8,000. As of June 30, 2018, the Association's cash in bank deposits exceeded the federally insured limit of \$250,000 by approximately \$100,000.

(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, 2019 and 2018, approximately 54% and 56% of the Association's contract revenues were generated from four major contracts. 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.
SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OF THE MISCELLANEOUS GIFT & GRANT (MGG) FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)**

	<u>2019</u>	<u>2018</u>
Operating revenues	<u>\$ -</u>	<u>\$ -</u>
Operating expenses		
Salaries and benefits	848,241	661,468
Advertising and promotion	1,345	890
Answering service	746	754
Armored car	-	1,890
Computer hardware and software support	53,166	49,849
Development	-	-
Dues and subscriptions	1,989	2,175
Faculty professional development funds	2,456	2,286
Food and water	908	612
Insurance	1,880	1,673
MD contract	14,558	16,233
Medical supplies	35,371	33,813
Office supplies	6,745	5,032
Other	16,220	3,725
Postage and freight	1,971	1,813
RCM overhead charges	34,968	34,129
Repairs and maintenance	17,184	17,909
Security system	336	377
T1 line	16,995	16,100
Telecommunication	5,734	2,151
Travel	5,188	2,028
Utilities	11,162	11,625
Total operating expenses	<u>1,077,163</u>	<u>866,532</u>
Net operating loss	<u>(1,077,163)</u>	<u>(866,532)</u>
Transfers		
Transfers from the Faculty Practice Association	975,000	900,000
Net change in net position	<u>(102,163)</u>	<u>33,468</u>
Net position, beginning of year	80,763	47,295
Net position, end of year	<u><u>\$ (21,400)</u></u>	<u><u>\$ 80,763</u></u>

**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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the University of Florida College of Nursing Faculty Practice Association, Inc. (the Association) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2019.

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.

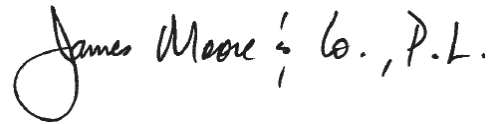
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

James Moore & Co., P.L.

Gainesville, Florida
September 4, 2019