

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

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
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JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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.

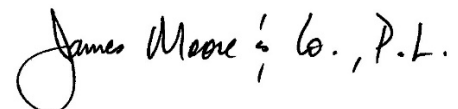
Other Information

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 14 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 20, 2020 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 20, 2020

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

The University of Florida College of Nursing Faculty Practice Association (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 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 Statement of Net Assets, and the Statement 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 Statement 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.

NET POSITION

	2020	2019	2018
Total assets	\$ 3,787,768	\$ 3,889,952	\$ 4,001,334
Total liabilities	49,461	-	-
Total net position	\$ 3,738,307	\$ 3,889,952	\$ 4,001,334

CHANGES IN NET POSITION

	2020	2019	2018
Operating revenue	\$ 1,019,492	\$ 849,931	\$ 800,714
Nonoperating revenue	17,565	76,912	59,710
Total revenue	1,037,057	926,843	860,424
Expenses	63,702	63,225	61,724
Transfers to University of Florida	1,125,000	975,000	900,000
Change in net position	\$ (151,645)	\$ (111,382)	\$ (101,300)

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019
(Continued)**

During fiscal year 2020, the Association's net position decreased by (\$151,645), a 36.15% overall decrease. The decrease is attributed to the following factors: A disproportionate number of low income and uninsured patients seen at our clinic as well as a reduction in patient visits caused by COVID-19. We received less in Electronic Health Record (EHR) incentive payments than in the previous year. An additional transfer to the University of Florida was needed at the beginning of the fiscal year to cover salaries and expenses. These factors contributed to lower patient revenue generation and a decrease in net cash which negatively impacted our net position.

During fiscal year 2020, total revenues increased from the prior fiscal year by \$110,214 to \$1,037,057, a 11.89% increase. Operating revenues totaled \$1,019,492 and included Archer Clinic Health Care patient care revenue in the amount of \$397,881, clinical contract revenues in the amount of \$476,703, and \$144,908 of one-time HHS Stimulus funds due to COVID-19. Nonoperating Revenues totaled \$17,565, which included two (2) Electronic Health Record (EHR) incentive payments of \$8,500 each totaling \$17,000; bank interest of \$26 and restitution payments of \$538. Increased operating revenue can be attributed to new clinical contract with Meridian which started in November 2019, increase of effort for COM Jacksonville UF Cares clinical contract, and to the one-time HHS Stimulus funding payments.

During fiscal year 2020, operating expenses (excluding MGG) increased by \$477 a 0.76% increase compared to the prior year. This was primarily due to a slight increase in license and fees costs from the prior year.

	2020	2019	2018
Faculty participating	11	11	12
Practice sites	7	7	9
FTEs funded	4.5+	4.5+	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, 2020, amounts to \$425,549 (net of accumulated depreciation). This investment in capital assets includes building and land.

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, 2020 AND 2019**

	2020	2019
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 792,568	\$ 258,162
Patient accounts receivable, net of allowance of \$68,000 and \$55,000, respectively	50,928	75,258
Contracts receivable	101,381	68,016
Estimated third-party payor settlements receivable	15,000	16,630
Due from the University of Florida	2,402,342	3,002,342
Total current assets	3,362,219	3,420,408
Noncurrent assets		
Capital assets not being depreciated	332,060	332,060
Capital assets being depreciated, net	93,489	137,484
Total noncurrent assets	425,549	469,544
Total assets	3,787,768	3,889,952
<u>LIABILITIES</u>		
Current liabilities		
Unearned grant revenues	49,461	-
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	425,549	469,544
Unrestricted	3,312,758	3,420,408
Total net position	\$ 3,738,307	\$ 3,889,952

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, 2020 AND 2019**

	2020	2019
Operating revenues		
Net patient service revenue	\$ 397,881	\$ 401,906
Contract revenue	476,703	448,025
Grant revenue	144,908	-
Total operating revenues	1,019,492	849,931
Operating expenses		
Miscellaneous contributions, dues and fees	15,590	15,309
Depreciation	43,995	43,995
Other	4,117	3,921
Total operating expenses	63,702	63,225
Operating income	955,790	786,706
Nonoperating revenues		
Electronic health records incentive reimbursement	17,000	76,500
Other income	565	412
Total nonoperating income	17,565	76,912
Income before transfers	973,355	863,618
Transfers		
Transfers to the University of Florida	(1,125,000)	(975,000)
Net change in net position	(151,645)	(111,382)
Net position, beginning of year	3,889,952	4,001,334
Net position, end of year	\$ 3,738,307	\$ 3,889,952

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, 2020 AND 2019**

	2020	2019
Cash flows from operating activities		
Patient service, contract and grant revenue	\$ 1,061,548	\$ 826,167
Payments to vendors	(19,707)	(19,230)
Transfer from University of Florida	600,000	-
Net cash provided by operating activities	1,641,841	806,937
Cash flows from noncapital financing activities		
Electronic health records incentive reimbursement	17,000	76,500
Transfers to the University of Florida	(1,125,000)	(975,000)
Net cash used in noncapital financing activities	(1,108,000)	(898,500)
Cash flows from investing activities		
Investment and other income	565	412
Net increase (decrease) in cash and cash equivalents	534,406	(91,151)
Cash and cash equivalents, beginning of year	258,162	349,313
Cash and cash equivalents, end of year	\$ 792,568	\$ 258,162
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 955,790	\$ 786,706
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	24,330	(7,197)
Contracts receivable	(33,365)	(16,576)
Third party settlement receivable	1,630	9
Due from University of Florida	600,000	-
Change in liabilities - increase (decrease) :		
Unearned grant revenues	49,461	-
Net cash provided by operating activities	\$ 1,641,841	\$ 806,937

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, 2020 AND 2019**

(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, 2020 AND 2019**

(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, 2020 AND 2019**

(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 \$17,000 and \$76,500 during the years ended June 30, 2020 and 2019, 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.

(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,	
	2020	2019
Gross direct charges from patient care	\$ 812,817	\$ 831,910
Less: Contractual adjustments	(383,898)	(368,772)
Less: Bad debt expense	(31,038)	(61,232)
Total net patient service revenue	\$ 397,881	\$ 401,906

(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, 2020 AND 2019**

(4) **Capital Assets:**

Capital asset activity for the year ended June 30, 2020 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>(522,441)</u>	<u>(43,995)</u>	<u>-</u>	<u>(566,436)</u>
Total accumulated depreciation	<u>(522,441)</u>	<u>(43,995)</u>	<u>-</u>	<u>(566,436)</u>
Total capital assets being depreciated, net	<u>137,484</u>	<u>(43,995)</u>	<u>-</u>	<u>93,489</u>
Total capital assets, net	<u><u>\$ 469,544</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 425,549</u></u>

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>(434,451)</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>

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, 2020 AND 2019**

(5) **Related Party Transactions:**

During the years ended June 30, 2020 and 2019, the Association received \$172,254 and \$136,185, respectively, from the University of Florida relating to service contracts. The receivable balances under these contracts totaled \$44,124 and \$12,206 at June 30, 2020 and 2019, respectively. The Association also had a service contract with UF Health during the year. For the years ended June 30, 2020 and 2019, the Association received \$94,989 and \$93,144 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, 2020 and 2019, the balance of these funds held by the University was \$2,402,342 and \$3,002,342, respectively. These funds are shown as Due from University of Florida on the Statements of Net Position. During the year ended June 30, 2020, the Association received a transfer of \$600,000 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, 2020 and 2019, the Association transferred \$1,125,000 and \$975,000, respectively, to the University of Florida.

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

(a) **Demand deposits**—As of June 30, 2020, the Association's cash in bank deposits exceeded the federally insured limit of \$250,000 by approximately \$543,000. As of June 30, 2019, the Association's cash in bank deposits exceeded the federally insured limit of \$250,000 by approximately \$8,000.

(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, 2020 and 2019, approximately 52% and 54% 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.

(7) **COVID-19 Risks, Uncertainties, and Stimulus Funding:**

During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Association as of the date of the audit report, management believes that a material impact on the Association's net position is reasonably possible.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

(7) **COVID-19 Risks, Uncertainties, and Stimulus Funding:** (Continued)

In April and May of 2020, the Association received two payments from the U.S. Department of Health and Human Services as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund of approximately \$145,000. This one-time stimulus funding does not require repayment but is intended to be used to cover unreimbursed expenses or lost revenue due to the COVID-19 pandemic. Management intends to utilize proceeds for purposes consistent with the terms and conditions for fund use established for the CARES Act Provider Relief Fund. These amounts have been recognized as operating revenue for the year ended June 30, 2020, as it was applied to lost revenue and eligible expenses during the year.

In May of 2020, the Association received a third payment from the U.S. Department of Health and Human Services as part of the CARES Act Rural Testing Relief Fund of approximately \$49,000. This one-time stimulus funding does not require repayment but is intended to be used to cover COVID-19 testing and other COVID-19 related expenses. Management intends to utilize proceeds for purposes consistent with the terms and conditions for fund use established for the CARES Act Rural Testing Relief Fund. This amount is considered unearned revenue and is recorded as a liability as of June 30, 2020. The Association expects to apply these funds to eligible expenses during the fiscal year 2021.

**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, 2020 AND 2019
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>
Operating revenues	<u>\$ -</u>	<u>\$ -</u>
Operating expenses		
Salaries and benefits	797,845	848,241
Advertising and promotion	1,660	1,345
Answering service	-	746
Computer hardware and software support	57,619	53,166
Dues and subscriptions	1,089	1,989
Faculty professional development funds	2,856	2,456
Food and water	923	908
Insurance	2,420	1,880
MD contract	14,682	14,558
Medical supplies	39,358	35,371
Office supplies	4,636	6,745
Other	5,623	16,220
Postage and freight	1,320	1,971
Professional fees	988	-
RCM overhead charges	31,202	34,968
Repairs and maintenance	15,202	17,184
Security system	336	336
T1 line	10,753	16,995
Telecommunication	4,631	5,734
Travel	2,958	5,188
Utilities	10,177	11,162
Total operating expenses	<u>1,006,278</u>	<u>1,077,163</u>
Net operating loss	<u>(1,006,278)</u>	<u>(1,077,163)</u>
Transfers		
Transfers from the Faculty Practice Association	1,125,000	975,000
Net change in net position	<u>118,722</u>	<u>(102,163)</u>
Net position, beginning of year	(21,400)	80,763
Net position, end of year	<u><u>\$ 97,322</u></u>	<u><u>\$ (21,400)</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, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2020.

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) as a basis for designing 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.

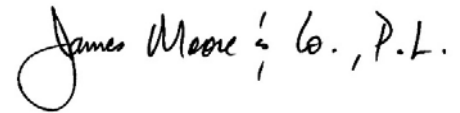
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
August 20, 2020