

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING  
FACULTY PRACTICE ASSOCIATION, INC.  
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JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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.

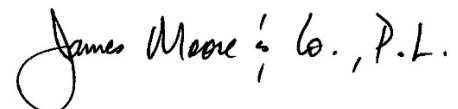
### ***Other Information***

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 September 14, 2021 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 14, 2021

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING  
FACULTY PRACTICE ASSOCIATION, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

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 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 Statement of Net Position, 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's 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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$3,883,294	\$3,787,768	\$3,899,952
Total Liabilities	<u>\$100,000</u>	<u>\$49,461</u>	<u>-</u>
<b>Total Net Position</b>	<u><u>\$3,783,294</u></u>	<u><u>\$3,738,307</u></u>	<u><u>\$3,899,952</u></u>

**CHANGES IN NET POSITION**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Operating	\$944,922	\$1,019,492	\$849,931
Other	<u>\$13,047</u>	<u>\$17,565</u>	<u>76,912</u>
<b>Total Revenue</b>	<u><u>\$957,969</u></u>	<u><u>\$1,037,057</u></u>	<u><u>\$926,843</u></u>
Expenses	\$62,982	\$63,702	63,225
Transfers to University of Florida	<u>\$850,000</u>	<u>1,125,000</u>	<u>975,000</u>
<b>Changes in Net Position</b>	<u><u>\$44,987</u></u>	<u><u>\$(151,645)</u></u>	<u><u>\$(111,382)</u></u>

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING  
 FACULTY PRACTICE ASSOCIATION, INC.  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2021 AND 2020  
 (Continued)**

During fiscal year 2021, the Association assets increased by \$44,987, a 1.2% overall increase in net position. The increase is attributed to the following factors: The Provider Relief funds from HHS to support Rural Health Clinics in the amount of \$49,461 for COVID-19 Testing was used to offset additional costs for both expenses and salary at Archer Clinic. The College of Nursing experienced a reduction in normal activities and expenditures due to COVID-19 and was able to provide additional cost sharing for faculty practice salaries. These factors reduced the transfers needed to the University of Florida.

During fiscal year 2021, total revenues decreased from the prior fiscal year by \$(79,088) to \$957,969, a 7.63% decrease. Operating revenues totaled \$944,922 and included Archer Clinic Health Care patient care revenue in the amount of \$521,483 and clinical contract revenues in the amount of \$423,439. Other Revenues totaled \$13,047, which included two service contract payments from Alliance of Chicago Community Health Services in the amounts of \$10,000 and \$2,736; bank interest of \$23 and restitution payments of \$288. Decreased revenue was primarily due to two clinical contracts ending: The Meridian Mental Health contract ended in July 2020 and the UF Cares in Jacksonville contract ended in December 2020.

During fiscal year 2021, operating expenses (excluding MGG) decreased by \$720, a 1.13% decrease compared to the prior year.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Faculty Participating	11	11	11
Practice Sites	7	7	7
FTEs Funded	4.8+	4.5+	4.5+

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 4.8 full-time (FTE) faculty members, which were essential to accomplishing the College's education and research missions.

Association reserves, philanthropic donations and the College of Nursing cost sharing of salaries and expenses provided funds 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, 2021, amounts to \$381,554 (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, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 60,695	\$ 792,568
Patient accounts receivable, net of allowance of \$21,000 and \$68,000, respectively	46,964	50,928
Contracts receivable	49,239	101,381
Estimated third-party payor settlements receivable	17,500	15,000
Due from the University of Florida	3,327,342	2,402,342
Total current assets	3,501,740	3,362,219
<b>Noncurrent assets</b>		
Capital assets not being depreciated	332,060	332,060
Capital assets being depreciated, net	49,494	93,489
Total noncurrent assets	381,554	425,549
<b>Total assets</b>	3,883,294	3,787,768
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Unearned grant revenues	100,000	49,461
<b><u>NET POSITION</u></b>		
<b>Net position</b>		
Net investment in capital assets	381,554	425,549
Unrestricted	3,401,740	3,312,758
<b>Total net position</b>	\$ 3,783,294	\$ 3,738,307

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, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
Net patient service revenue	\$ 472,022	\$ 397,881
Contract revenue	423,439	476,703
Grant revenue	49,461	144,908
Total operating revenues	944,922	1,019,492
<b>Operating expenses</b>		
Miscellaneous contributions, dues and fees	14,987	15,590
Depreciation	43,995	43,995
Other	4,000	4,117
Total operating expenses	62,982	63,702
<b>Operating income</b>	881,940	955,790
<b>Nonoperating revenues</b>		
Electronic health records incentive reimbursement	-	17,000
Other income	13,047	565
Total nonoperating income	13,047	17,565
<b>Income before transfers</b>	894,987	973,355
<b>Transfers</b>		
Transfers to the University of Florida	(850,000)	(1,125,000)
<b>Net change in net position</b>	44,987	(151,645)
<b>Net position, beginning of year</b>	3,738,307	3,889,952
<b>Net position, end of year</b>	\$ 3,783,294	\$ 3,738,307

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Patient service, contract and grant revenue	\$ 1,049,067	\$ 1,061,548
Payments to vendors	(18,987)	(19,707)
Transfer from (to) University of Florida	(925,000)	600,000
Net cash provided by operating activities	<u>105,080</u>	<u>1,641,841</u>
<b>Cash flows from noncapital financing activities</b>		
Electronic health records incentive reimbursement	-	17,000
Transfers to the University of Florida	(850,000)	(1,125,000)
Net cash used in noncapital financing activities	<u>(850,000)</u>	<u>(1,108,000)</u>
<b>Cash flows from investing activities</b>		
Investment and other income	<u>13,047</u>	<u>565</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(731,873)	534,406
<b>Cash and cash equivalents, beginning of year</b>	792,568	258,162
<b>Cash and cash equivalents, end of year</b>	<u>\$ 60,695</u>	<u>\$ 792,568</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 881,940	\$ 955,790
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	3,964	24,330
Contracts receivable	52,142	(33,365)
Third party settlement receivable	(2,500)	1,630
Due from University of Florida	(925,000)	600,000
Change in liabilities - increase (decrease) :		
Unearned grant revenues	50,539	49,461
<b>Net cash provided by operating activities</b>	<u>\$ 105,080</u>	<u>\$ 1,641,841</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, 2021 AND 2020**

(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 the Archer Family Health Clinic (the 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, 2021 AND 2020**

(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 cash and 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, 2021 AND 2020**

(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 during the year ended June 30, 2020 of incentive reimbursement under other income for HITECH incentives from Medicaid related to 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. There was no incentive reimbursement for the year ended June 30, 2021. 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:

	<b>Year Ending June 30,</b>	
	<b>2021</b>	<b>2020</b>
Gross direct charges from patient care	\$ 904,775	\$ 812,817
Less: Contractual adjustments	(441,191)	(383,898)
Less: Bad debt (expense) recovery	8,438	(31,038)
Total net patient service revenue	\$ 472,022	\$ 397,881

(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, 2021 AND 2020**

(4) **Capital Assets:**

Capital asset activity for the year ended June 30, 2021 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>(566,436)</u>	<u>(43,995)</u>	<u>-</u>	<u>(610,431)</u>
Total accumulated depreciation	<u>(566,436)</u>	<u>(43,995)</u>	<u>-</u>	<u>(610,431)</u>
Total capital assets being depreciated, net	<u>93,489</u>	<u>(43,995)</u>	<u>-</u>	<u>49,494</u>
<b>Total capital assets, net</b>	<u><u>\$ 425,549</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 381,554</u></u>

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>
<b>Total capital assets, net</b>	<u><u>\$ 469,544</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 425,549</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, 2021 AND 2020**

(5) **Related Party Transactions:**

During the years ended June 30, 2021 and 2020, the Association received \$150,213 and \$172,254, respectively, from the University of Florida relating to service contracts. The receivable balances under these contracts totaled \$9,915 and \$44,124 at June 30, 2021 and 2020, respectively. The Association also had a service contract with UF Health during the year. For the years ended June 30, 2021 and 2020, the Association received \$97,788 and \$94,989 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, 2021 and 2020, the balance of these funds held by the University was \$3,327,342 and \$2,402,342, respectively. These funds are shown as Due from University of Florida on the Statements of Net Position. During the year ended June 30, 2021, the Association transferred \$925,000 into the funds held by the University of Florida. During the year ended June 30, 2020, the Association received a transfer of \$600,000 from the funds held by the University of Florida.

During the years ended June 30, 2021 and 2020, the Association transferred \$850,000 and \$1,125,000, respectively, to the University of Florida.

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

(a) **Demand deposits**—As of June 30, 2021, the Association's cash in bank deposits did not exceed the federally insured limit of \$250,000. As of June 30, 2020, the Association's cash in bank deposits exceeded the federally insured limit of \$250,000 by approximately \$543,000.

(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, 2021 and 2020, approximately 46% and 52% 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 Pandemic and Stimulus Funding:**

The financial impacts of the COVID-19 pandemic were felt through the end of fiscal year 2020 and much of fiscal year 2021, and such financial impacts have been reflected in the June 30, 2021 and 2020 financial statements.

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. These funds are to be used to support healthcare related expenses or lost revenues attributable to COVID-19. Management intends to utilize proceeds for purposes consistent with the terms and conditions for fund use established for the CARES Act Provider Relief Fund.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING  
FACULTY PRACTICE ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

(7) **COVID-19 Pandemic and Stimulus Funding:** (Continued)

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. This amount was considered unearned revenue and was recorded as a liability as of June 30, 2020. Management utilized proceeds for purposes consistent with the terms and conditions for fund use established for the CARES Act Rural Testing Relief Fund during the fiscal year ended June 30, 2021, and included these funds with grant revenues.

In June of 2021, the Association received a fourth payment from the U.S. Department of Health and Human Services as part of the CARES Act Rural Testing Relief Fund of \$100,000. 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, 2021. The Association expects to apply these funds to eligible expenses during the fiscal year 2022.

**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, 2021 AND 2020  
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating expenses</b>		
Salaries and benefits	296,438	797,845
Advertising and promotion	-	1,660
Computer hardware and software support	67,990	57,619
Dues and subscriptions	1,345	1,089
Faculty professional development funds	3,771	2,856
Food and water	444	923
Insurance	2,807	2,420
MD contract	7,315	14,682
Medical supplies	37,532	39,358
Office supplies	3,640	4,636
Other	3,222	5,623
Postage and freight	1,423	1,320
Professional fees	-	988
RCM overhead charges	32,635	31,202
Repairs and maintenance	23,916	15,202
Security system	553	336
T1 line	9,182	10,753
Telecommunication	4,010	4,631
Travel	300	2,958
Utilities	11,956	10,177
Total operating expenses	<u>508,479</u>	<u>1,006,278</u>
<b>Net operating loss</b>	<u>(508,479)</u>	<u>(1,006,278)</u>
<b>Transfers</b>		
Transfers from the Faculty Practice Association	850,000	1,125,000
<b>Net change in net position</b>	<u>341,521</u>	<u>118,722</u>
<b>Net position, beginning of year</b>	97,322	(21,400)
<b>Net position, end of year</b>	<u><u>\$ 438,843</u></u>	<u><u>\$ 97,322</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 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

***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.

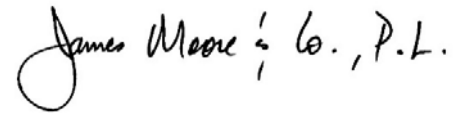
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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  
September 14, 2021