

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
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JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Association's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on the following pages be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

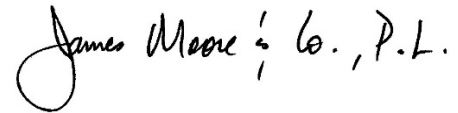
Supplementary Information

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 15 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion or provide any assurance on this supplementary information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023 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 solely 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 the effectiveness of 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.

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" and a stylized "M".

Gainesville, Florida
September 5, 2023

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

The University of Florida College of Nursing Faculty Practice Association (the Association) management's 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 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 Flow provide 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 Supplemental Information (Unaudited) section to provide the reader a more complete financial picture.

NET POSITION

	2023	2022	2021
Total Assets	\$ 3,920,354	\$ 4,013,421	\$ 3,883,294
Total Liabilities	-	55,529	100,000
Total Net Position	\$ 3,920,354	\$ 3,957,892	\$ 3,783,294

CHANGES IN NET POSITION

	2023	2022	2021
Revenues:			
Operating	\$ 981,967	\$ 881,994	\$ 944,922
Other	10,017	10,063	13,047
Total Revenue	\$ 991,984	\$ 892,057	\$ 957,969
Expenses	\$ 29,522	\$ 67,459	\$ 62,982
Transfers to University of Florida	1,000,000	650,000	850,000
Changes in Net Position	\$ (37,538)	\$ 174,598	\$ 44,987

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)**

Fiscal Year 2023 Highlights

During fiscal year 2023, the Association assets decreased by \$37,538, a 0.95% overall decrease in net position. The decrease is attributed to the following factors: New providers, clinical staff and front office staff were hired during this year therefore additional funds were transferred from our Faculty Practice account to the University of Florida to cover additional costs of personnel.

During fiscal year 2023, total revenues increased from the prior fiscal year by \$99,927 to \$991,984, an 11.20% increase. Operating revenues totaled \$981,967 and included Archer Family Health Care clinic patient care revenue in the amount of \$617,744 and clinical contract revenues in the amount of \$308,694. Other Revenues totaled \$10,017, which included a service contract payment from Alliance of Chicago Community Health Services in the amounts of \$10,000 and bank interest of \$17. Increased revenue was due to the following factors: Personnel additions at Archer Family Health Care clinic (new providers, clinical staff and front office staff). The additional providers and clinical staff allowed us to see more patients generating more revenue. The new front office staff assisted in increasing revenue by being able to better focus on billing collections.

During fiscal year 2023, operating expenses (excluding MGG) decreased by \$37,937 a 56.24% decrease compared to the prior year. This was primarily due to the depreciation for the Archer Clinic modular building being fully depreciated this year. The amount depreciated this year was only \$5,499 compared to the prior year amount of \$43,995

Fiscal Year 2022 Highlights

During fiscal year 2022, the Association assets increased by \$174,597, a 4.61% overall increase in net position. The increase is attributed to the following factors: Provider Relief funds from HHS to support Rural Health Clinics in the amount of \$44,471 for COVID-19 Testing and Mitigation was used to offset additional costs for both expenses and salary at Archer Clinic. The College of Nursing continued to experience a reduction in normal activities and expenditures due to COVID-19 and was able to provide additional cost sharing for faculty practice salaries. This reduced the amount of transfers needed to the University of Florida to cover salaries and expenses.

During fiscal year 2022, total revenues decreased from the prior fiscal year by approximately \$65,910 to \$892,058, a 6.88% decrease. Operating revenues totaled \$881,994 and included Archer Clinic Health Care patient care revenue in the amount of \$448,762, clinical contract revenues in the amount of \$388,761, and grant revenues of \$44,471. Other Revenues totaled \$10,063, which included a service contract payment from Alliance of Chicago Community Health Services in the amounts of \$10,000; bank interest of \$15 and restitution payments of \$48. Decreased revenue was primarily due being short staffed at Archer Clinic (two providers left and one front office staff) and changes in our clinical contracts including: Our contract with the Student Health Care Center contract (Rye) ended on 10/14/2021; Our contract with the Children's Trust of Alachua County Contract ended on 09/30/2021; and our new contract with Alachua County Community Agency Partnership Program (CAPP) (began on 10/01/2021) was cut 2%.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
 FACULTY PRACTICE ASSOCIATION, INC.
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 JUNE 30, 2023 AND 2022
 (Continued)**

During fiscal year 2022, operating expenses (excluding MGG) increased by approximately \$4,480 a 7.11% increase compared to the prior year. The increase of operating expenses was due primarily to insurance policy premium increase and timing of payments for recurring expenses.

	2023	2022	2021
Faculty Participating	11	11	11
Practice Sites	7	7	7
FTEs Funded	4.5+	4.5+	4.8+

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 4.3 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, 2023 and 2022, amounts to \$332,060 and \$337,559 (net of accumulated depreciation), respectively. 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, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 117,318	\$ 84,329
Patient accounts receivable, net of allowance of \$22,000 and \$50,000, respectively	55,567	55,073
Contracts receivable	47,067	44,118
Estimated third-party payor settlements receivable	16,000	15,000
Due from the University of Florida	3,352,342	3,477,342
Total current assets	3,588,294	3,675,862
Noncurrent assets		
Capital assets not being depreciated	332,060	332,060
Capital assets being depreciated, net	-	5,499
Total noncurrent assets	332,060	337,559
Total assets	3,920,354	4,013,421
<u>LIABILITIES</u>		
Current liabilities		
Unearned grant revenues	-	55,529
Total liabilities	-	55,529
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	332,060	337,559
Unrestricted	3,588,294	3,620,333
Total net position	\$ 3,920,354	\$ 3,957,892

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues		
Net patient service revenue	\$ 617,744	\$ 448,762
Contract revenue	308,694	388,761
Grant revenue	55,529	44,471
Total operating revenues	<u>981,967</u>	<u>881,994</u>
Operating expenses		
Miscellaneous contributions, dues and fees	18,008	18,482
Depreciation	5,499	43,995
Other	6,015	4,982
Total operating expenses	<u>29,522</u>	<u>67,459</u>
Operating income	<u>952,445</u>	<u>814,535</u>
Nonoperating revenues		
Other income	10,017	10,063
Total nonoperating income	<u>10,017</u>	<u>10,063</u>
Income before transfers	<u>962,462</u>	<u>824,598</u>
Transfers		
Transfers to the University of Florida	(1,000,000)	(650,000)
Net change in net position	<u>(37,538)</u>	<u>174,598</u>
Net position, beginning of year	3,957,892	3,783,294
Net position, end of year	<u>\$ 3,920,354</u>	<u>\$ 3,957,892</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, 2023 AND 2022**

	2023	2022
Cash flows from operating activities		
Patient service, contract and grant revenue	\$ 921,995	\$ 837,035
Payments to vendors	(24,023)	(23,464)
Operating transfers from (to) the University of Florida	125,000	(150,000)
Net cash provided by operating activities	1,022,972	663,571
Cash flows from noncapital financing activities		
Transfers to the University of Florida	(1,000,000)	(650,000)
Net cash used in noncapital financing activities	(1,000,000)	(650,000)
Cash flows from investing activities		
Investment and other income	10,017	10,063
Net increase in cash and cash equivalents	32,989	23,634
Cash and cash equivalents, beginning of year	84,329	60,695
Cash and cash equivalents, end of year	\$ 117,318	\$ 84,329
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 952,445	\$ 814,535
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,499	43,995
Change in assets - decrease (increase):		
Patient accounts receivable	(494)	(8,109)
Contracts receivable	(2,949)	5,121
Third party settlement receivable	(1,000)	2,500
Due from University of Florida	125,000	(150,000)
Change in liabilities - increase (decrease):		
Unearned grant revenues	(55,529)	(44,471)
Net cash provided by operating activities	\$ 1,022,972	\$ 663,571

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, 2023 AND 2022**

(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 [see Note (5)].

(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.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

(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.

(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.

**UNIVERSITY OF FLORIDA COLLEGE OF NURSING
FACULTY PRACTICE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(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,	
	2023	2022
Gross direct charges from patient care	\$ 1,140,364	\$ 896,178
Less: Contractual adjustments	521,284	401,118
Less: Bad debt expense	1,336	46,298
Total net patient service revenue	\$ 617,744	\$ 448,762

(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, 2023 AND 2022**

(4) **Capital Assets:**

Capital asset activity for the year ended June 30, 2023 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>(654,426)</u>	<u>(5,499)</u>	<u>-</u>	<u>(659,925)</u>
Total accumulated depreciation	<u>(654,426)</u>	<u>(5,499)</u>	<u>-</u>	<u>(659,925)</u>
Total capital assets being depreciated, net	<u>5,499</u>	<u>(5,499)</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u><u>\$ 337,559</u></u>	<u><u>\$ (5,499)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 332,060</u></u>

Capital asset activity for the year ended June 30, 2022 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>(610,431)</u>	<u>(43,995)</u>	<u>-</u>	<u>(654,426)</u>
Total accumulated depreciation	<u>(610,431)</u>	<u>(43,995)</u>	<u>-</u>	<u>(654,426)</u>
Total capital assets being depreciated, net	<u>49,494</u>	<u>(43,995)</u>	<u>-</u>	<u>5,499</u>
Total capital assets, net	<u><u>\$ 381,554</u></u>	<u><u>\$ (43,995)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 337,559</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, 2023 AND 2022**

(5) **Related Party Transactions:**

During the years ended June 30, 2023 and 2022, the Association received \$55,976 and \$106,060, respectively, from the University of Florida relating to service contracts. The receivable balances under these contracts totaled \$11,120 and \$9,109 at June 30, 2023 and 2022, respectively. The Association also had a service contract with UF Health during the year. For the years ended June 30, 2023 and 2022, the Association received \$103,655 and \$101,179 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, 2023 and 2022, the balance of these funds held by the University was \$3,352,342 and \$3,477,342, respectively. These funds are shown as Due from University of Florida on the Statements of Net Position. During the year ended June 30, 2023, the Association transferred \$125,000 out of the funds held by the University of Florida. During the year ended June 30, 2022, the Association transferred \$150,000 into the funds held by the University of Florida.

During the years ended June 30, 2023 and 2022, the Association transferred \$1,000,000 and \$650,000, respectively, to the University of Florida related to the Miscellaneous Gift & Grant Fund (MGG) to pay for salaries and other operating expenses incurred by the Association. A breakdown of these expenses is shown as part of the supplemental information section.

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

(a) **Demand deposits**—As of June 30, 2023 and 2022, the Association's cash in bank deposits did not exceed the federally insured limit of \$250,000.

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

(c) **Contract revenues**—For the years ended June 30, 2023 and 2022, approximately 27% and 43% of the Association's revenues were generated from contracts with three and four entities, respectively. A significant portion of the Association's revenues are subject to contractual arrangements with third parties. Significant changes to the provisions of those contracts could have a material effect on the Association's profitability.

(7) **COVID-19 Stimulus Funding:**

In June of 2021, the Association received a 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. Proceeds are considered unearned revenue until they are spent on eligible expenses. During the years ended June 30, 2023 and 2022, the Association applied \$55,539 and \$44,471, respectively, of these proceeds to eligible expenses and recognized funds spent as grant revenue.

**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, 2023 AND 2022
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>
Operating revenues	<u>\$ -</u>	<u>\$ -</u>
Operating expenses		
Salaries and benefits	880,829	691,295
Advertising and promotion	909	437
Computer hardware and software support	70,963	59,802
Dues and subscriptions	1,197	945
Faculty professional development funds	15,283	7,950
Food and water	720	628
Insurance	1,162	2,887
MD contract	7,535	7,314
Medical supplies	38,817	52,778
Office supplies	8,207	3,616
Other	3,690	4,026
Postage and freight	2,128	1,147
RCM overhead charges	13,972	29,971
Repairs and maintenance	30,553	21,868
Security system	4,893	521
T1 line	14,067	7,848
Telecommunication	4,463	3,597
Travel	1,545	3,856
Utilities	10,820	9,904
Total operating expenses	<u>1,111,753</u>	<u>910,390</u>
Net operating loss	<u>(1,111,753)</u>	<u>(910,390)</u>
Transfers		
Transfers from the Faculty Practice Association	1,000,000	650,000
Net change in net position	<u>(111,753)</u>	<u>(260,390)</u>
Net position, beginning of year	178,453	438,843
Net position, end of year	<u><u>\$ 66,700</u></u>	<u><u>\$ 178,453</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**

Board of Directors
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 of the University of Florida College of Nursing Faculty Practice Association, Inc. (the Association) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2023.

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

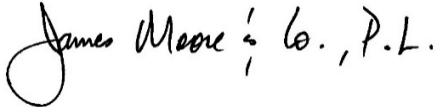
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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.

James Moore & Co., P.L.

Gainesville, Florida
September 5, 2023