

2023

Faculty Associates, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA**

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Faculty Associates, Inc.
Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Faculty Associates, Inc. (the Corporation), a component unit of the University of Florida, which comprise the statements of financial position as of June 30, 2023 and 2022, and related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of June 30, 2023 and 2022, and the changes in financial position, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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

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, 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 Corporation'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.

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Board of Directors
Faculty Associates, Inc.
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Corporation'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 Corporation'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 pages 4 through 6 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

Board of Directors
Faculty Associates, Inc.
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

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

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues, expenses, and changes in net position of transfers from component unit, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2023, on our consideration of the Corporation'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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



September 11, 2023
Gainesville, Florida

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

This section of the Faculty Associates, Inc. (the Corporation) Annual Report presents management’s discussion and analysis of the Corporation’s financial performance during the fiscal year ended June 30, 2023. The discussion and analysis of the Corporation’s financial statements provides an overview of its financial activities for the year ended June 30, 2023. The discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

While maintaining its financial health is crucial to the long-term viability of the Corporation, the primary mission of the Corporation is to bill and collect clinical professional fees to fund the educational, clinical, and research missions of the College of Dentistry of the University of Florida. Therefore, net position is accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs of the College of Dentistry.

FINANCIAL HIGHLIGHTS

- Professional fees decreased by \$106,229 or 0.39%.
- Cash increased by \$5,204,492 or 25.35%.
- The net accounts receivable increased by \$232,820 or 5.63%.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements (the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows), prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis—Public Colleges and Universities*, as amended by GASB Statement Nos. 37 and 38. These statements include all assets and liabilities using the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE CORPORATION

ASSETS

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>	<u>Percent of 2023 Total</u>
Cash	\$ 25,735,775	\$ 20,531,283	\$ 5,204,492	25.35%	85.49%
Net Accounts Receivable	4,366,391	4,133,571	232,820	5.63%	14.51%
Total Assets	<u>\$ 30,102,166</u>	<u>\$ 24,664,854</u>	<u>\$ 5,437,312</u>	22.04%	<u>100.00%</u>

As of June 30, 2022, total assets were \$30,102,166. The Corporation’s largest asset is cash in the bank. The total gross accounts receivable decreased by \$69,259; the program disallowances decreased by \$102,306; and the allowance for un-collectibles decreased by \$199,773. Net accounts receivable increased from \$4,133,571 to \$4,366,391 for an increase of \$232,820 or 5.63%.

The cash in the bank increased by \$5,204,492 or 25.35%.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Liabilities are comprised of prepayments for future care and a small percentage of patient credits. Total liabilities were \$499,074 and \$400,823 as of June 30, 2023 and 2022, respectively. This represents an increase of \$98,251 or 24.51% from the previous year.

Total Net Position

The total net position was \$29,603,092 and \$24,264,031 as of June 30, 2023 and 2022, respectively. This reflects an increase of \$5,339,061 or 22.00% from the prior year.

Current Ratio

The Corporation's current assets of \$30,102,166 were sufficient to cover current liabilities of \$499,074, as the current ratio was 60.32 and 61.54 as of June 30, 2023 and 2022, respectively.

INCOME STATEMENT

Operating Revenues

Gross operating revenue was \$29,374,679 for the fiscal year ended June 30, 2023, as compared to \$29,689,164 for the previous fiscal year, representing a decrease of \$314,485 or 1.06%. Patient fees accounted for the majority of this total.

Operating Expenses

All operating expenses are now processed through related University funds, with the exception of credit card fees. Credit card fees increased to \$657,054 versus \$640,894 for the fiscal years ended June 30, 2023 and 2022, respectively, due to multiple factors. These include increases in processing fees, collections, and percentage of patients paying with credit cards. In the year ended June 30, 2023, the Medicaid Intergovernmental Transfer was paid directly from the Corporation resulting in an additional \$1,383,224 in operating expenses.

Transfers

A total of \$22,770,000 was transferred from the Corporation to the related College of Dentistry accounts to pay salaries of clinical staff and all other operating expenses. This is an increase of \$2,570,000 or 12.72% over the previous year.

Summary

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Income	\$ 30,149,339	\$ 27,101,047	\$ 3,048,292	11.25%
Total Expense	(2,040,278)	(640,894)	(1,399,384)	218.35%
Transfers (out)	(22,770,000)	(20,200,000)	(2,570,000)	12.72%
Change in Net Position	<u>\$ 5,339,061</u>	<u>\$ 6,260,153</u>	<u>\$ (921,092)</u>	(14.71)%

The \$5,339,061 change in net position can be attributed to increases in income in the year ended June 30, 2023, from CARES federal provider relief funds and increase interest income. Patient visits at college-owned clinics increased minimally from 135,224 in 2022 to 136,148 in 2023, an increase of 0.68%.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Statement of Cash Flows

There was an increase in cash from \$20,531,283 to \$25,735,775 or 25.35%.

Funds from Operating Activities

The amount of net cash from operating activities increased from \$26,067,526 to \$27,283,924 or 4.67%.

DEBT ADMINISTRATION

Total Debt

At June 30, 2023, the Corporation had no outstanding debt.

ECONOMIC FACTORS AND CHANGES IN BUSINESS

The following economic factors are expected to have an impact on operations during the fiscal year that will end June 30, 2024.

- Patient visits are expected to be flat year over year in fiscal year 2024 given ongoing issues with inflation nationally and in Florida. We do expect that patients with Medicaid will continue to seek care at the college since Medicaid providers are limited in Florida. With the inclusion of dentists in the Medicaid Physician Supplemental Payment Program, college reimbursements for Medicaid charges are now comparable to commercial insurance.
- Medicaid supplemental payments are expected to continue in fiscal year 2024 contributing over \$2.9 million in net operating revenues annually.
- The college continues to benefit from a reduction in fringe benefit rates for clinical faculty since April, 2022. In fiscal year 2024 this clinical faculty fringe rate has gone from 19.6% in fiscal year 2023 to 19.5%. Slight reductions in fringe rates for exempt and non-exempt staff occurred for fiscal year 2024 as well.
- The impact of inflation and other economic factors continues to negatively impact the Corporation; supply and other costs appear to have leveled out but patient visits remain flat while increased compensation is necessary to recruit and retain high quality faculty and staff.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Corporation's Board of Directors, creditors, and the Board of Trustees of the University of Florida with a general overview of the Corporation's finances. If you have questions about this report or need additional information, contact the Corporation's Dean's Office at 352-273-5787.

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

	2023	2022
Assets		
Current Assets:		
Cash in Banks	\$ 25,735,775	\$ 20,531,283
Accounts Receivable, Net	4,366,391	4,133,571
Total Current Assets	30,102,166	24,664,854
Total Assets	30,102,166	24,664,854
Liabilities and Net Position		
Liabilities - Current Liabilities:		
Prepayments and Refunds Due	499,074	400,823
Total Current Liabilities	499,074	400,823
Total Liabilities	499,074	400,823
Net Position - Unrestricted	29,603,092	24,264,031
Total Net Position and Liabilities	\$ 30,102,166	\$ 24,664,854

See accompanying notes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Professional Fees (Net of Bad Debts of \$2,487,165 for 2023 and \$2,695,421 for 2022)	\$ 26,887,514	\$ 26,993,743
Total Operating Revenues	<u>26,887,514</u>	<u>26,993,743</u>
Operating Expenses		
Credit Card and Bank Fees	657,054	640,894
Medicaid Intergovernmental Transfer	1,383,224	-
(Total Operating Expenses)	<u>(2,040,278)</u>	<u>(640,894)</u>
Net Operating Income	<u>24,847,236</u>	<u>26,352,849</u>
Non-Operating Revenues		
Grants	2,571,257	75,851
Interest Income	690,568	31,453
Total Non-Operating Revenues	<u>3,261,825</u>	<u>107,304</u>
Income Before Transfers	<u>28,109,061</u>	<u>26,460,153</u>
Transfers		
UF - Transfers from Component Unit Fund (171)	(22,770,000)	(20,200,000)
(Total Transfers)	<u>(22,770,000)</u>	<u>(20,200,000)</u>
Change in Net Position	5,339,061	6,260,153
Net Position, Beginning of Year	<u>24,264,031</u>	<u>18,003,878</u>
Net Position, End of Year	<u>\$ 29,603,092</u>	<u>\$ 24,264,031</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Receipts from Clients	\$ 22,345,469	\$ 22,327,057
Receipts from Other Governments	6,978,733	4,381,363
Payments to Vendors	(657,054)	(640,894)
Payments to Other Governments	<u>(1,383,224)</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>27,283,924</u>	<u>26,067,526</u>
Cash Flows from Non-Capital Financing Activities		
Payments to UF - Transfers from Component Unit Fund (171)	<u>(22,770,000)</u>	<u>(20,200,000)</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(22,770,000)</u>	<u>(20,200,000)</u>
Cash Flows from Investing Activities		
Interest Received	<u>690,568</u>	<u>31,453</u>
Net Cash Provided by (Used in) Non-Capital Investing Activities	<u>690,568</u>	<u>31,453</u>
Net Increase (Decrease) in Cash	5,204,492	5,898,979
Cash, Beginning of Year	<u>20,531,283</u>	<u>14,632,304</u>
Cash, End of Year	<u>\$ 25,735,775</u>	<u>\$ 20,531,283</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>		
Operating Income	\$ 24,847,236	\$ 26,352,849
Adjustments to Reconcile Operating Income (Loss) to Cash Flows Provided by (Used in) Operating Activities:		
Grants	2,571,257	75,851
Decrease (Increase) in Accounts Receivable, Net	(232,820)	(411,034)
Increase (Decrease) in Prepayments and Refunds	<u>98,251</u>	<u>49,860</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 27,283,924</u>	<u>\$ 26,067,526</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA**

Note 1 - Reporting Entity

Faculty Associates, Inc. (the Corporation) is a not-for-profit corporation formed by the faculty at the University of Florida College of Dentistry and activated in 1998. The Corporation performs billing and collection of professional fees associated with the practice of dentistry at the University of Florida College of Dentistry. The Corporation was formed primarily for the purpose of enhancing the quality of dental education at the University of Florida and is a component unit of the University of Florida.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are reported on the accrual basis of accounting. These financial statements are entirely those of the Corporation alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. The Corporation was determined to be “governmental” under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29.

Under GASB Statement No. 35, for financial reporting purposes, the Corporation is considered a special purpose government engaged only in business-type activities.

Classification of Revenues

The Corporation classifies its revenues as operating or non-operating according to the following criteria:

■ **Operating Revenues**

Include activities that have the characteristics of exchange transactions, such as clinical revenue.

■ **Non-Operating Revenues**

Include activities that have characteristics of non-exchange transactions, such as investment income and grant funding.

Net Position

The Corporation’s net position is classified as follows:

■ **Unrestricted**

The Unrestricted component of net position represents funds that are not restricted for any purpose and available for current operations. All of the components of net position for the Corporation are considered unrestricted.

Cash

The Corporation considers all highly-liquid investments with maturities of three months or less when purchased to be cash and cash equivalents. Included in the Corporation’s cash are amounts on deposit with the Corporation’s commercial banks.

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts and program disallowances. The allowance for uncollectible accounts is established by charges to income through the provision for uncollectible accounts.

NOTES TO FINANCIAL STATEMENTS
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms.

Accounts are considered past due after 120 days and are to be sent to a collection agency at that time. Accounts totaling \$706,595 and \$749,885 have been sent to collection agencies during the years ended June 30, 2023 and 2022, respectively. It is the Corporation's policy to charge off all uncollectible accounts receivable that become two and one-half years old.

Revenues

Revenues are derived principally from professional fees charged to patients through the Faculty Practice, graduate, and undergraduate clinic of the University of Florida Health Science Center and the University of Florida Dental Centers at St. Petersburg, Hialeah, Naples, and Wildlight in Yulee, Florida, and Medicaid Supplemental funds. Professional fees are recorded on the accrual basis of accounting at the estimated net realizable amounts to be received from patients, third-party payers, and others for services rendered.

Expenditures

Expenditures are recognized on the accrual basis of accounting. Payment of salaries and purchases of equipment and supplies are accomplished through the University of Florida Transfers from Component Units Fund.

Donated Services

The Corporation occupies space at the University of Florida College of Dentistry and is assisted by employees of the University. These expenses are paid out of component unit funds that are reported outside of the Faculty Practice.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Corporation is subject to U.S. federal or state income tax examinations for the previous three years. If applicable, the Corporation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

Concentration of Credit Risk

Substantially all of the Corporation's receivables are unsecured and a significant portion of the Corporation'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 Corporation's profitability.

Note 3 - Cash and Cash Equivalents

At year-end, the carrying amount of the Corporation's deposits was \$25,735,775 and the bank balance was \$25,783,640 as of June 30, 2023. The carrying amount of the Corporation's deposits was \$20,531,283 and the bank balance was \$20,598,659 as of June 30, 2022. All deposits of the Corporation are maintained in public qualified depositories and fully insured, as defined under Florida Statutes Chapter 280.

Note 4 - Accounts Receivable Allowance

Accounts receivable are shown net of the following program disallowances and allowance for uncollectibles:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$ 7,436,257	\$ 7,505,516
Program Disallowances	(903,506)	(1,005,812)
Allowance for Uncollectibles	<u>(2,166,360)</u>	<u>(2,366,133)</u>
Accounts Receivable, Net	<u>\$ 4,366,391</u>	<u>\$ 4,133,571</u>

The activity relating to the program disallowances and allowance for uncollectibles for the years ended June 30 is summarized as follows:

	Program Disallowances	
	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 1,005,812	\$ 809,603
Provision for Contractual Disallowances	1,865,605	2,013,345
Contractual Adjustments	<u>(1,967,911)</u>	<u>(1,817,136)</u>
Ending Balance	<u>\$ 903,506</u>	<u>\$ 1,005,812</u>

	Allowance for Uncollectibles	
	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 2,366,133	\$ 2,356,300
Provision for Bad Debts	621,560	682,076
Write-Offs, Net of Recoveries	<u>(821,333)</u>	<u>(672,243)</u>
Ending Balance	<u>\$ 2,166,360</u>	<u>\$ 2,366,133</u>

Note 5 - Related-Party Transactions

During the years ended June 30, 2023 and 2022, the Corporation transferred \$22,770,000 and \$20,200,000, respectively, to the University of Florida Transfers from Component Unit Fund.

**NOTES TO FINANCIAL STATEMENTS
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA**

Note 6 - Risk Management

The Corporation 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 Corporation carries insurance. The University of Florida Self Insurance Programs provide general and professional liability protection for the University on behalf of the six health colleges of the J. Hillis Miller Health Science Center, which also includes the College of Dentistry.

Note 7 - Funding and Service Fees

The Corporation receives Medicaid reimbursement from the Medical Physician Supplemental Payment Program. These funds are subject to audit by the providers or their representatives. The audit of this program has not yet been accepted/approved by the provider or their representatives. Accordingly, the final determination of compliance with the program will be established at a future date.

OTHER INFORMATION

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OF TRANSFERS FROM COMPONENT UNIT (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA**

	2023	2022
	Transfers From Component Unit	Transfers From Component Unit
Operating Revenues		
Other Service Income	\$ 5,520,446	\$ 5,597,633
Total Operating Revenues	<u>5,520,446</u>	<u>5,597,633</u>
Operating Expenses		
Salary Supplement and Fringe Benefits:		
Faculty Salaries and Fringe Benefits	5,077,296	5,770,636
Staff Salaries and Fringe Benefits	7,580,027	7,139,926
Part-Time Faculty (OPS)	584,499	367,813
Resident and Graduate Assistants (OPS)	2,899,772	2,810,477
Other Part-Time Employees (OPS)	698,496	666,302
Total Salary Supplement and Fringe Benefits	<u>16,840,090</u>	<u>16,755,154</u>
Clinical Operations:		
Supplies	3,839,378	4,574,388
Outside Laboratory	1,324,029	1,329,320
Other Clinical Operations	130,598	134,135
Total Clinical Operations	<u>5,294,005</u>	<u>6,037,843</u>
Departmental Support:		
Supplies and Printing	462,479	460,738
Travel	328,231	249,441
Dues, Licenses, and Books	193,426	150,517
Equipment	285,089	573,410
Facilities	289,239	290,011
Consulting/External Staffing	2,499,188	2,307,974
Communications	139,408	138,583
Postage and Freight	199,620	220,836
Repairs and Maintenance	238,136	202,635
Entertainment	181,434	109,679
Insurance	123,511	176,212
University Overhead Charges	999,654	938,786
Other Departmental Support	54,474	61,714
Total Departmental Support	<u>5,993,889</u>	<u>5,880,536</u>
(Total Expenses)	<u>(28,127,984)</u>	<u>(28,673,533)</u>
Total Operating (Loss)	<u>(22,607,538)</u>	<u>(23,075,900)</u>
Transfers		
From Component Unit	22,770,000	23,506,992
Total Transfers	<u>22,770,000</u>	<u>23,506,992</u>
(Deficiency)/Excess of Transfers Over Expenses	162,462	431,092
Net Position, Beginning of Year	3,013,358	2,582,266
Net Position, End of Year	<u>\$ 3,175,820</u>	<u>\$ 3,013,358</u>

**INDEPENDENT AUDITOR'S 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***

**INDEPENDENT AUDITOR'S 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
Faculty Associates, Inc.
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Faculty Associates, Inc. (the Corporation), a component unit of the University of Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 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 were not identified.

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An Independent Member of the BDO Alliance USA

Board of Directors
Faculty Associates, Inc.
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Purvis Gray".

September 11, 2023
Gainesville, Florida

PURVIS GRAY

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