

2025

Florida Veterinary Medicine Faculty
Association, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2025

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

**FLORIDA VETERINARY MEDICINE FACULTY
ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Financial Statements	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13-16
Other Report	
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 <i>Government Auditing Standards</i>	17-19
Management's Response Letter	20-21

INDEPENDENT AUDITOR'S REPORT

Audit Committee
Florida Veterinary Medicine Faculty Association, Inc.
Gainesville, Florida

Opinion

We have audited the accompanying financial statements of the Florida Veterinary Medicine Faculty Association, Inc. (the Association), a component unit of the University of Florida, which comprise the statements of net position as of June 30, 2025 and 2024, the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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, 2025 and 2024, and the changes in its net 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 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 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 opinions.

Responsibilities of Management for the Financial Statements

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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

Audit Committee
Florida Veterinary Medicine Faculty Association, 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 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 pages 4 through 9 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

Audit Committee
Florida Veterinary Medicine Faculty Association, Inc.
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, 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 the Association'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 Association's internal control over financial reporting and compliance.

Purvis Gray

November 6, 2025
Gainesville, Florida

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

This section of the Florida Veterinary Medicine Faculty Association, Inc.'s (the Association) financial statements presents management's discussion and analysis of the Association's financial performance during the fiscal year (FY), which ended June 30, 2025. The discussion and analysis of the Association's financial statements provides an overview of its financial activities for the year, which ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis are the responsibility of management.

While maintaining financial health is crucial to the long-term viability of the Association, the primary mission of the Association is to bill and collect clinical professional services to fund the educational, clinical, charitable, and scientific missions of the College of Veterinary Medicine of the University of Florida (UF). Therefore, net position is held only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs of the College of Veterinary Medicine.

FINANCIAL HIGHLIGHTS

By agreement with UF, the Association handles all of the billing and accounts receivable related to the UF Veterinary Hospitals (UFVH, the Hospital, which includes PETS Clinic and the UFVH @ WEC Clinic) operations as a convenience to our clients and to simplify the medical records and accounting infrastructure necessary to efficiently process client-related transactions. However, only the portion of fees related to professional services belongs to the Association as revenue. All non-professional fees (i.e., hospitalization, use of surgery suites, medical supplies, etc.) belong to UF as revenue. The Association deposits all UF revenues into the UF Operations and Maintenance Fund (O&M) via a component unit transfer. The Association makes additional donations as needed, primarily to the O&M, to fully fund UFVH operations.

Overall, the Association had a \$568,248 increase in net position in FY 2025. This is a net decrease of \$3,576,652 from the prior year change in net position due to an increase in total transfers of \$5,046,003 or 22.7%. There was a \$1,679,427 or 5.9% increase in operating revenue, a \$211,514 or 11.6% increase in operating expenses, and a \$1,432 decrease in non-operating expenses from the prior year. The expense increase is made up of \$126,391 in banking fees, an increase of the UFVH @ WEC Clinic short-term rent payment which increased \$52,621, and the addition of the PETS Clinic lease payments which was a total of \$132,327 for FY 2025.

During FY 2025, the Hospital hired new faculty and staff and implemented a 3.5% fee increase in July 2024. The Small Animal Hospital saw an increase of 1,796 cases, or 3.98% and the Large Animal Hospital saw an increase of 671 cases, or 19.8% between FY 2024 and FY 2025. The PETS Clinic saw a decrease of 1,343 cases, or -12.85% from FY 2024 to FY 2025. The UFVH @ WEC Clinic saw an increase of 1,832 cases, or 15.5% between FY 2024 and FY 2025. The UFVH @ WEC Clinic continues to grow since its opening day (May 26, 2022).

USING THIS ANNUAL REPORT

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The Association follows the accounting principles generally accepted in the United States of America in preparation of its financial statements. These statements

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

FINANCIAL ANALYSIS OF THE FVMFA

Assets

	2025	2024	Increase (Decrease)	Percent Change
Cash and Cash Equivalents	\$ 6,183,771	\$ 4,376,909	\$ 1,806,862	41.3%
Due from UF Strategic Fund	10,000,000	11,600,000	(1,600,000)	-13.8%
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$278,698 and \$253,369 for 2025 and 2024, Respectively	1,191,694	1,011,311	180,383	17.8%
Right-to-Use Lease Asset	172,692	271,373	(98,681)	-36.4%
Total Assets	\$ 17,548,157	\$ 17,259,593	\$ 288,564	1.7%

At June 30, 2025, the total of the Association's assets was \$17,548,157. The Associations' two largest assets are cash and cash equivalents, which increased by \$1,806,862 or 41.3% and due from UF strategic fund, which decreased by \$1,600,000.

The right-to-use lease asset decreased by \$98,681 or 36.4% in FY 2025. This lease is for the use of the PETS Clinic for the next three years. In the past this was paid for and held by UF.

Liabilities

	2025	2024	Increase (Decrease)	Percent Change
Accounts Payable and Other Accrued Liabilities	\$ 377,818	\$ 325,197	\$ 52,621	16.2%
Deposits and Refunds Due	198,721	251,881	(53,160)	-21.1%
Unearned Revenue	419,225	468,678	(49,453)	-10.6%
Due to University of Florida Operations and Maintenance Fund	2,477,544	2,610,310	(132,766)	-5.1%
Lease Liability Due Within One Year	101,194	96,926	4,268	4.4%
Lease Liability Due in More than One Year	78,449	179,643	(101,194)	-56.3%
Total Liabilities	\$ 3,652,951	\$ 3,932,635	\$ (279,684)	-7.1%

Accounts payable and other accrued liabilities increased by \$52,621 or 16.2%. This increase is due to an increase in the short-term UFVH @ WEC Clinic rent payment that was not paid until early July.

Deposits and refunds due decreased by \$53,160 or -21.1%. The amount of outstanding client credit balances was lower at the end of FY 2025 than FY 2024.

Unearned revenue decreased by \$49,453 or -10.6%. This decrease is mainly due to a couple of our contracts that were terminated in FY 2025.

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

Due to UF Operations and Maintenance Fund represents the June hospital revenue due. It decreased from \$2,610,310 to \$2,477,544 or -5.1%. The hospital portion of June revenue is paid in the subsequent month after it is due and, therefore, accrued as a liability on the Association's financial statements. A year-end calculation is done to ensure all revenue has been captured for the year.

Lease liability was added in FY 2023 for the PETS Clinic multi-year rental contract. This rental contract used to be paid and held by UF in prior years. This rental contract runs through 2027.

Current Ratio

The Association's current assets of \$17,375,465 were more than sufficient to cover the current liabilities of \$3,574,502. This produced a current ratio for FY 2025 of 4.86 to 1. This is higher than the current ratio for last FY, which was 4.53 to 1.

Net Position

Net position totaled \$13,895,206 which represents 683% of total operating expenditures during FY 2025. Last year, net position of \$13,326,958 represented 729% of FY 2024 operating expenditures.

Net position increased by only \$568,248 during FY 2025 compared to \$4,144,900 in FY 2024. This is in large part due to the increase of transfers during the fiscal year.

Income Statement

	2025	2024	Increase (Decrease)	Percent Change
Operating Revenues				
Program Revenue	\$ 25,832,578	\$ 23,507,477	\$ 2,325,101	9.9%
Other Income	4,083,225	4,728,899	(645,674)	-13.7%
Total Operating Revenues	<u>29,915,803</u>	<u>28,236,376</u>	<u>1,679,427</u>	5.9%
Operating Expenses				
Provision for Doubtful Accounts	148,766	171,810	(23,044)	-13.4%
Bank Service Charges	1,341,700	1,215,309	126,391	10.4%
Other Expenses	542,632	434,465	108,167	24.9%
Total Operating Expenses	<u>(2,033,098)</u>	<u>(1,821,584)</u>	<u>(211,514)</u>	11.6%
Net Operating Income	<u>27,882,705</u>	<u>26,414,792</u>	<u>1,467,913</u>	5.6%
Non-Operating (Expenses)				
Interest Expense	(5,232)	(6,670)	1,438	-21.6%
Total Non-Operating (Expenses)	<u>(5,232)</u>	<u>(6,670)</u>	<u>1,438</u>	-21.6%
Transfers				
Transfers to the University of Florida:				
Operations and Maintenance Fund	(24,457,206)	(19,900,033)	(4,557,173)	22.9%
Transfers from Component Units Fund	(2,852,019)	(2,363,189)	(488,830)	20.7%
Total Transfers	<u>(27,309,225)</u>	<u>(22,263,222)</u>	<u>(5,046,003)</u>	22.7%
Change in Net Position	<u>\$ 568,248</u>	<u>\$ 4,144,900</u>	<u>\$ (3,576,652)</u>	-86.3%

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

Current year operating revenues of \$29,915,803 more than covered the current year operating expenses of \$2,033,098. Most expenses related to UFBH operations are handled through the UF Operations and Maintenance Fund instead of being paid directly by the Association.

Total operating revenues were \$29,915,803. This revenue is generated by billing and collecting on medical care given to patients of the UFBH. The most significant portion of revenue is that which is generated through the services that are offered - program revenue. Program revenue accounted for a total of \$25,832,578 or 86% of operating revenue. The remaining 14% of operating revenues were due to other income.

Other income decreased because of the decrease in the amount collected from outside sources to provide education for residents and offshore students. The Association invoices for several contracts and collects money for residents' salaries. The decrease was \$645,674 or -13.7%, due to having fewer offshore students sent to use for their clinical rotation.

Operating expenses were \$2,033,098 for the current FY compared to \$1,821,584 in the prior year. This was an increase of \$211,514 or 11.6% from FY 2024.

The net allowance for doubtful accounts increased from \$253,369 last year to \$278,699 this year, which is an increase of \$25,330 or 10.0%. This is due to the additional accounts receivable for the UFBH @ WEC clinic as well as having a higher balance of accounts receivable that is older than 90-days or currently in collections.

Bank service charges increased \$126,391 or 10.4% from \$1,215,309 last year to \$1,341,700 this year. This was due to the increase in program revenue. The majority of our clients pay via credit card or care credit which charge 2% to 5% in fees on each transaction.

Other expenses increased by \$108,167 or 24.9%. This is due to an increase in the UFBH @ WEC short-term rent payment for FY 2025.

Departmental transfers out of the Association increased by \$5,046,003 this FY over the prior FY. This is due to an increase in cost; therefore, more funds were transferred compared to last FY to cover staff salaries, supplies, and equipment expenses.

Statement of Cash Flows

	2025	2024	Change	Percent Change
Cash Provided by (Used in):				
Operating Activities	\$ 27,618,245	\$ 26,830,439	\$ 787,806	2.9%
Non-Capital Financing Activities	(25,709,225)	(25,063,222)	(646,003)	2.6%
Capital Financing Activities	(102,158)	(100,155)	(2,003)	2.0%
Net Increase (Decrease) in Cash and Cash Equivalents	1,806,862	1,667,062	139,800	8.4%
Cash and Cash Equivalents, Beginning of Year	4,376,909	2,709,847	1,667,062	61.5%
Cash and Cash Equivalents, End of Year	\$ 6,183,771	\$ 4,376,909	\$ 1,806,862	41.3%

The Association saw an increase of cash of \$1,806,862 during FY 2025.

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

Funds from Operating Activities

Cash provided by operating activities increased by \$787,806 or 2.9% from the prior year.

Funds from Non-Capital Financing Activities

Cash used in non-capital financing activities increased by \$646,003 or 2.6% from the prior year.

Funds from Capital Financing Activities

Cash used in capital financing activities increased by \$2,003 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2025, the Association had nothing invested in capital assets. The amount represents no change from last year.

Bonds, Notes, and Capital Leases

As of June 30, 2025, a total amount of \$172,692 for the right-to-use asset and \$179,643 for the lease liability for the PETS Clinic was recorded on the FY 2025 Balance Sheet. The right-to-use asset will be amortized over the remaining 21 months of the lease term, which ends in March of 2027.

OPERATIONAL KEY INDICATORS

Operational key indicators of the UFVH are caseload and charges.

Caseload for FY 2025 was up 4.18% compared to FY 2024. The Small Animal Hospital as a whole went up 1,796 cases, or 3.98% compared to FY 2024. The Large Animal Hospital as a whole increased 671 cases or 19.8% compared to FY 2024. The PETS Clinic saw a decrease of 1,343 cases, or -12.85% compared to FY 2024. The UFVH @ WEC Clinic as a whole saw an increase of 1,832 cases, or 15.5% compared to FY 2024.

ECONOMIC FACTORS

- HIPAA: While HIPAA is a major concern for our human hospital counterparts, at the present time, we do not expect this requirement to have any financial implications in the upcoming FY.
- Florida State Allocation: The State of Florida stopped providing a portion of the UF Veterinary Hospital's operation funding in FY 2022. For FY 2025, the Hospitals will continue to not receive funding from the State of Florida.
- Spending behavior has continued to remain strong. Caseload increased by 4.18%. A 3.5% fee increase was implemented for FY 2026 in July 2025.

FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

- The Association is subject to the discretionary income available to patient owners to pay for care, which was previously impacted by the overall state and national economic downturn. The companion animal sector is viewed as more recession proof than the large animal racehorse sector. Approximately 90% of the operating funds to the Veterinary Hospitals are based on client services. In a tight economy, clients are less willing to pay for high dollar specialty procedures and exams, while at the same time referring veterinarians are more likely to try and hold onto cases to address their own revenue shortfalls, instead of referring for the best possible outcome to the patient. Over the course of the last year, the ATC or Average Transaction Charge, or average client invoice amount, has seen some improvement in some services.
- Specialty Practices: With the increasing opening of veterinary specialty practices within the state of Florida, the caseload for the UFVH is harder to generate. The UFVH needs to maintain a certain amount of caseload for the teaching and training of future veterinarians. While we do have a loyal base of referring veterinarians, clients are still the ones that make the ultimate decision of where to receive their veterinary care. It is much easier for them to receive quality veterinary care within their local community than to drive to Gainesville to receive care. Increased communications with the referring clinicians has been a significant Dean's level initiative.
- There is a need to be able to recruit, retain, and maintain clinical faculty and staff to meet future growth plans. In FY 2025, the Hospital had several staff and faculty positions open at any given time. The new salary payment plan, Children Animal Research Education (CARE), which was implemented in July 2017, continues to create salary savings due to the lower fringe costs, which continues to allow additional staffing lines to be added and salaries that are more competitive to be offered.

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 the Association's Treasurer's Office, at (352) 294-4648.

STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	<u>2025</u>	<u>2024</u>
Assets		
Cash and Cash Equivalents	\$ 6,183,771	\$ 4,376,909
Due from University of Florida Strategic Fund	10,000,000	11,600,000
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$278,699 and \$253,369 for 2025 and 2024, Respectively	1,191,694	1,011,311
Right-to-Use Lease Asset	<u>172,692</u>	<u>271,373</u>
Total Assets	<u><u>17,548,157</u></u>	<u><u>17,259,593</u></u>
 Liabilities and Net Position		
Liabilities		
Accounts Payable and Other Accrued Liabilities	377,818	325,197
Deposits and Refunds Due	198,721	251,881
Unearned Revenue	419,225	468,678
Due to University of Florida Operations and Maintenance Fund	2,477,544	2,610,310
Lease Liability Due Within One Year	101,194	96,926
Lease Liability Due in More Than One Year	<u>78,449</u>	<u>179,643</u>
Total Liabilities	<u><u>3,652,951</u></u>	<u><u>3,932,635</u></u>
 Unrestricted Net Position	<u><u>13,895,206</u></u>	<u><u>13,326,958</u></u>
 Total Liabilities and Net Position	<u><u>\$ 17,548,157</u></u>	<u><u>\$ 17,259,593</u></u>

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Program Revenue	\$ 25,832,578	\$ 23,507,477
Other Income	4,083,225	4,728,899
Total Operating Revenues	<u>29,915,803</u>	<u>28,236,376</u>
Operating Expenses		
Provision for Doubtful Accounts	148,766	171,810
Bank Service Charges	1,341,700	1,215,309
Other Expenses	542,632	434,465
Total Operating Expenses	<u>(2,033,098)</u>	<u>(1,821,584)</u>
Net Operating Income	<u>27,882,705</u>	<u>26,414,792</u>
Non-Operating (Expenses)		
Interest Expense	(5,232)	(6,670)
Total Non-Operating (Expenses)	<u>(5,232)</u>	<u>(6,670)</u>
Transfers		
Transfers to the University of Florida Operations and Maintenance Fund	(24,457,206)	(19,900,033)
Transfers to the University of Florida from Component Units Fund	(2,852,019)	(2,363,189)
Total Transfers	<u>(27,309,225)</u>	<u>(22,263,222)</u>
Change in Net Position	568,248	4,144,900
Net Position, Beginning of Year	<u>13,326,958</u>	<u>9,182,058</u>
Net Position, End of Year	<u>\$ 13,895,206</u>	<u>\$ 13,326,958</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
JUNE 30, 2025 AND 2024
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Cash Receipts from Customers	\$ 29,484,041	\$ 28,388,248
Cash Payments to Suppliers of Goods and Services	(1,733,030)	(1,486,189)
Cash Receipts on Behalf of the Hospital	31,606,329	29,812,473
Cash Payments to the Hospital	<u>(31,739,095)</u>	<u>(29,884,093)</u>
Net Cash Provided by Operating Activities	<u>27,618,245</u>	<u>26,830,439</u>
Non-Capital Financing Activities		
Transfers to the University of Florida Operations and Maintenance Fund	(24,457,206)	(19,900,033)
Transfers to the University of Florida from Component Units Fund	(2,852,019)	(2,363,189)
Transfers to University of Florida Strategic Fund	<u>1,600,000</u>	<u>(2,800,000)</u>
Net Cash (Used in) Non-Capital Financing Activities	<u>(25,709,225)</u>	<u>(25,063,222)</u>
Capital Financing Activities		
Lease Principal Payments	(96,926)	(93,485)
Lease Interest Payments	<u>(5,232)</u>	<u>(6,670)</u>
Net Cash (Used in) Capital Financing Activities	<u>(102,158)</u>	<u>(100,155)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,806,862	1,667,062
Cash and Cash Equivalents, Beginning of Year	<u>4,376,909</u>	<u>2,709,847</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,183,771</u></u>	<u><u>\$ 4,376,909</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>		
Operating Income	\$ 27,882,705	\$ 26,414,792
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization	98,681	98,681
Decrease (Increase) in Accounts Receivable	(180,383)	174,030
Increase (Decrease) in Accounts Payable	52,621	64,904
Increase (Decrease) in Deposits and Refunds Due	(53,160)	128,652
Increase (Decrease) in Unearned Revenue	(49,453)	21,000
Increase (Decrease) in Due to University of Florida Operations and Maintenance Fund	(132,766)	(32,193)
Increase (Decrease) in Due to University of Florida from Component Units Fund	<u>-</u>	<u>(39,427)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 27,618,245</u></u>	<u><u>\$ 26,830,439</u></u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

Note 1 - Reporting Entity

The Florida Veterinary Medicine Faculty Association, Inc. (the Association) is a not-for-profit corporation formed by the University of Florida College of Veterinary Medicine in October 1999, and began operations in May 2000. The Association performs services on small and large animals within the University of Florida Veterinary Hospitals. The Association was formed primarily for the purpose of enhancing education at the University of Florida. The Association funds salary supplements and other related costs for the benefit of the faculty of the College of Veterinary Medicine. The Association also transfers funds to the University of Florida (the University) in the furtherance of its above-stated purpose. The Association is an affiliated organization component unit of the University and is, therefore, included by discrete presentation in the financial statements of that reporting entity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are reported on the accrual basis of accounting. The financial statements are entirely those of the Association alone and, accordingly, are not intended to present the financial position or the results of operations of the University. The Association 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 Association is considered a special purpose government engaged only in business-type activities.

Classification of Revenues

The Association 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 and contractual revenue.

■ **Non-Operating Revenues**

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

Net Position

The Association's net position is classified as follows:

■ **Unrestricted**

Represents net position that is not restricted for any purpose and is available for current operations.

Cash and Cash Equivalents

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

NOTES TO FINANCIAL STATEMENTS
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is established by charges to income through the provision for uncollectible accounts. The allowance is based on experience and other circumstances which may affect the ability of clients to meet their obligations. Accounts are considered past due after 60 days and are sent to a collection agency after 90 days. It is the Association's policy to write off uncollectible accounts after they have been in collections for eighteen months and all collection efforts have been exhausted.

Revenues

Revenues are derived principally from veterinary medicine residents and doctors performing services, such as exams, hospitalization, and providing intensive care to small and large animals.

Clients of the Association that are admitted to the University of Florida Veterinary Hospital (the Hospital) for services are given a single bill for all charges, which include the Hospital fees and Association charges for service. These revenues are split between the Association and the Hospital based on a mutually agreed-upon schedule between the Association and the University. The Association only includes their portion of these charges for services as revenue in the accompanying financial statements.

Other income includes amounts collected from outside sources to provide education for residents.

Expenses

Expenses are recognized on the accrual basis of accounting. Payment of non-faculty salaries and purchases of equipment and supplies are accomplished by the Association through transfers to the University of Florida Transfers from Component Units Fund and Operations and Maintenance Fund.

Fixed Assets

All fixed assets are owned by the University and recorded by the University Plant Fund.

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. 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.

Donated Services

The Association occupies space at the University of Florida College of Veterinary Medicine 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.

Income Taxes

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

It is management's policy 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.

NOTES TO FINANCIAL STATEMENTS
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

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

Note 3 - Deposits and Investments

Cash and Cash Equivalents

The Association's cash and cash equivalents includes amounts on deposit with the Association's commercial bank, which, as of June 30, 2025 and 2024, exceeded federally insured limits of \$250,000 by \$5,616,827 and \$3,633,517, respectively. As of June 30, 2025 and 2024, the carrying amount of the Association's deposits was \$6,183,771 and \$4,376,909, respectively, and the bank balance was \$5,866,827 and \$3,883,517, respectively.

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Association has no formal policy on custodial credit risk.

Note 4 - Due from University of Florida – University Strategic Fund

In November 2014, the Association signed a memorandum of understanding with the University in which the Association agrees to deposit its excess cash and investments into the University's Strategic Fund. The University manages and invests these monies for the benefit of the Strategic Fund. All earnings, losses, and associated investment management fees are retained by the University. The University intends to repay the amounts deposited to the Association; therefore, the Association recorded a due from the University's Strategic Fund of \$10,000,000 and \$11,600,000 as of June 30, 2025 and 2024, respectively. Any withdrawal of monies under \$10 million have same day accessibility, while withdrawals over \$10 million require written notice of at least two working days.

Note 5 - Leases

As of June 30, 2023, responsibility for the lease of the Pet Emergency Treatment Services (PETS) facility was transferred from the University of Florida to the Association. In accordance with GASB Statement No. 87, a right-to-use asset was recorded at that time, along with a lease liability of the same amount. The right-to-use asset will be amortized over the remaining lease term, which ends in March of 2027. Since no interest rate was specified in the lease agreement, the lease was discounted using the 20-year treasury rate at the time of lease commencement, which was 2.25%. During the year ended June 30, 2025, amortization expense totaled \$96,926 and interest expense totaled \$5,232. A summary of the principal and interest amounts for the remaining lease is as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 101,194	\$ 3,008	\$ 104,202
2027	78,449	737	79,186
Total	\$ 179,643	\$ 3,745	\$ 183,388

NOTES TO FINANCIAL STATEMENTS
FLORIDA VETERINARY MEDICINE FACULTY ASSOCIATION, INC.
GAINESVILLE, FLORIDA

Note 6 - Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and tenants' legal liability for which the Association carries insurance. The University of Florida Self-Insurance Programs provides 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 Veterinary Medical Teaching Hospital.

Note 7 - Related-Party Transactions

During the years ended June 30, 2025 and 2024, the Association transferred \$24,457,206 and \$19,900,033, respectively, to the University of Florida Operations and Maintenance Fund, and \$2,852,019 and \$2,363,189 respectively, to the University of Florida Transfers from Component Units Fund.

As of June 30, 2025 and 2024, \$2,477,544 and \$2,610,310, respectively, was due to the University of Florida Operations and Maintenance Fund.

**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**

Audit Committee
Florida Veterinary Medicine Faculty Association, Inc.
Gainesville, Florida

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 Florida Veterinary Medicine Faculty Association, Inc. (the Association), a component unit of the University of Florida, which comprise the statements of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2025.

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 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 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 Association'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2025-01 and 2025-02 that we consider to be material weaknesses.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

Audit Committee
Florida Veterinary Medicine Faculty Association, Inc.
Gainesville, Florida

**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**

2025-01 – Financial Close and Reporting

Condition – During the year, the Association experienced unexpected turnover in the finance department. When unexpected turnover of key personnel in a small organization such as the Association occurs, there is significant loss of institutional knowledge as well as a lack of familiarity with the activity being audited. The turnover occurred near the fiscal year-end, which left very little time for new personnel to be trained on the financial close process, including the calculation and posting of year-end accruals. As a result, the audit required significant adjustments to complete the financial close during the year, including entries to increase cash and other contractual revenues by \$984,406; increase cash, accounts payable, other contractual revenues and rent expense by \$377,818; increase deferred revenues and decrease other contractual revenues by \$418,066; and decrease cash by \$199,016, accounts receivable by \$31,492, and program revenues by \$167,524.

Effect – The Association's financial statements would have been materially misstated if the adjustments noted above had not been identified during the audit process.

Recommendation – Although unexpected turnover of key personnel will create disruption, we recommend a review of the sufficiency of documentation of job roles, responsibilities, and key financial closing processes within the finance department. Additional documentation of these items may assist with transition when unexpected turnover occurs.

2025-02 – Cash Reconciliation

Condition – Accurate bank reconciliations are a key financial control. Although the year-end cash reconciliation was performed in a timely manner, there were several significant transactions that had cleared the bank statement, but were not posted to the general ledger or included on the bank reconciliation. There was also one transaction that cleared the bank statement but was posted to the general ledger twice. Because of this, audit entries increasing cash and contract revenues by \$984,406; increasing cash, accounts payable, other contractual revenues, and rent expense by \$377,818; and decreasing cash by \$199,016, accounts receivable by \$31,492, and program revenues by \$167,524 were necessary to properly account for all cleared transactions.

Effect – Without accurate completion and review of bank reconciliations there is a greater risk that material errors or fraudulent transactions would go undetected. Additionally, cash would have been materially understated if the adjustments noted above had not been identified during the audit process.

Recommendation – We recommend that the Association evaluate its bank reconciliation process to ensure that bank reconciliations are regularly completed and reviewed in a timely manner, and that both personnel who perform and review the reconciliation are properly trained on best practices for ensuring the reconciliation is accurately completed.

Audit Committee
Florida Veterinary Medicine Faculty Association, Inc.
Gainesville, Florida

**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***

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, 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*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Association's response to the findings identified in our audit. The Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

November 6, 2025
Gainesville, Florida

October 2, 2025
Purvis, Gray and Company, LLP
P.O. Box 141270
Gainesville, FL 32614
RE: Internal Control Letter date October 2, 2025

2025-01 – Financial Close and Reporting

Condition – During the year, the Association experienced unexpected turnover in the finance department. When unexpected turnover of key personnel in a small organization such as the Association occurs, there is significant loss of institutional knowledge as well as a lack of familiarity with the activity being audited. The turnover occurred near the fiscal year-end, which left very little time for new personnel to be trained on the financial close process, including the calculation and posting of year-end accruals. As a result, the audit required significant adjustments to complete the financial close during the year, including entries to increase cash and other contractual revenues by \$984,406; increase cash, accounts payable, other contractual revenues and rent expense by \$377,818; increase deferred revenues and decrease other contractual revenues by \$418,066; and decrease cash by \$199,016, accounts receivable by \$31,492, and program revenues by \$167,524.

Effect – The Association’s financial statements would have been materially misstated if the adjustments noted above had not been identified during the audit process.

Recommendation – Although unexpected turnover of key personnel will create disruption, we recommend a review of the sufficiency of documentation of job roles, responsibilities, and key financial closing processes within the finance department. Additional documentation of these items may assist with transition when unexpected turnover occurs

Management Response to Comment 2025-01 – Financial Close and Reporting

The suggested recommendation items are currently in place and we will make sure that they are up to date. In addition to the turnover, we also experienced unplanned medical leave in which our lead accountant within the finance team with background knowledge to assist during the turnover was not available.

October 2, 2025
Purvis, Gray and Company, LLP
P.O. Box 141270
Gainesville, FL 32614
RE: Internal Control Letter date October 2, 2025

2025-02 – Cash Reconciliation

Condition – Accurate bank reconciliations are a key financial control. Although the year-end cash reconciliation was performed in a timely manner, there were several significant transactions that had cleared the bank statement, but were not posted to the general ledger or included on the bank reconciliation. There was also one transaction that cleared the bank statement but was posted to the general ledger twice. Because of this, audit entries increasing cash and contract revenues by \$984,406; increasing cash, accounts payable, other contractual revenues, and rent expense by \$377,818; and decreasing cash by \$199,016, accounts receivable by \$31,492, and program revenues by \$167,524 were necessary to properly account for all cleared transactions.

Effect – Without accurate completion and review of bank reconciliations there is a greater risk that material errors or fraudulent transactions would go undetected. Additionally, cash would have been materially understated if the adjustments noted above had not been identified during the audit process.

Recommendation – We recommend that the Association evaluate its bank reconciliation process to ensure that bank reconciliations are regularly completed and reviewed in a timely manner, and that both personnel who perform and review the reconciliation are properly trained on best practices for ensuring the reconciliation is accurately completed.

Management Response to Comment 2025-01 – Financial Close and Reporting

The suggested recommendation items are currently in place and we will make sure that they are up to date. In addition to the turnover, we also experienced unplanned medical leave in which our lead accountant within the finance team with background knowledge to assist during the turnover was not available.

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com