

2025

Faculty Associates, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2025 and 2024

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

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

JUNE 30, 2025 AND 2024

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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 the business-type activities of Faculty Associates, Inc. (the Corporation), a component unit of the University of Florida, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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 business-type activities of the Corporation as of June 30, 2025 and 2024, 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 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 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 does 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 19, 2025, 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.

Purvis Gray

September 19, 2025
Gainesville, Florida

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

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, 2025. The discussion and analysis of the Corporation's financial statements provides an overview of its financial activities for the year ended June 30, 2025. 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 increased by \$360,910 or 1.24%.
- Cash increased by \$3,846,843 or 12.83%.
- The net accounts receivable decreased by \$267,818 or 4.63%.

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>2025</u>	<u>2024</u>	<u>Change</u>	<u>Percent Change</u>	<u>Percent of 2025 Total</u>
Cash	\$ 33,822,125	\$ 29,975,282	\$ 3,846,843	12.83%	85.97%
Net Accounts Receivable	5,518,677	5,786,495	(267,818)	4.63%	14.03%
Total Assets	<u>\$ 39,340,802</u>	<u>\$ 35,761,777</u>	<u>\$ 3,579,025</u>	10.01%	<u>100.00%</u>

As of June 30, 2025, total assets were \$39,340,802. The Corporation's largest asset is cash in the bank. The total gross accounts receivable decreased by \$475,747; the program disallowances decreased by \$15,837; and the allowance for un-collectibles decreased by \$192,092. Net accounts receivable decreased from \$5,786,495 to \$5,518,677 for a decrease of \$267,818 or 4.63%.

The cash in the bank increased by \$3,846,843 or 12.83%.

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

Liabilities are comprised of prepayments for future care and a small percentage of patient credits. Total liabilities were \$534,239 and \$578,835 as of June 30, 2025 and 2024, respectively. This represents a decrease of \$44,596 or 7.70% from the previous year.

Total Net Position

The total net position was \$38,806,563 and \$35,182,942 as of June 30, 2025 and 2024, respectively. This reflects an increase of \$3,623,621 or 10.30% from the prior year.

Current Ratio

The Corporation's current assets of \$39,340,802 were sufficient to cover current liabilities of \$534,239 as the current ratio was 73.64 and 61.78 as of June 30, 2025 and 2024, respectively.

INCOME STATEMENT

Operating Revenues

Gross operating revenue was \$32,419,635 for the fiscal year ended June 30, 2025, as compared to \$32,519,948 for the previous fiscal year, representing a decrease of \$100,313 or 0.31%. 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 and the Medicaid Intergovernmental Transfer. Credit card fees decreased significantly to \$395,291 versus \$618,016 for the fiscal years ended June 30, 2025 and 2024, respectively. In the year ended June 30, 2025, the Medicaid Intergovernmental Transfer was again paid directly from the Corporation resulting in an additional \$1,908,656 in operating expenses, up slightly from \$1,434,788 in the prior fiscal year.

Transfers

A total of \$24,675,001 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 \$2,050,001 or 9.06% over the previous year.

Summary

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>Percent Change</u>
Income	\$ 30,602,569	\$ 30,257,654	\$ 344,915	1.14%
Total Expense	(2,303,947)	(2,052,804)	(251,143)	12.23%
Transfers (out)	(24,675,001)	(22,625,000)	(2,050,001)	9.06%
Change in Net Position	<u>\$ 3,623,621</u>	<u>\$ 5,579,850</u>	<u>\$ (1,956,229)</u>	(35.06)%

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

The \$3,623,621 change in net position is lower than the prior year primarily due to an increase in transfers in the year ended June 30, 2025 to cover expenses while income before transfers was flat year over year. Patient visits at college-owned clinics decreased from 152,372 in 2024 to 149,760 in 2025, a decrease of 1.71%.

Statement of Cash Flows

There was an increase in cash from \$29,975,282 to \$33,822,125 or 12.83%.

Funds from Operating Activities

The amount of net cash from operating activities increased from \$25,685,742 to \$27,359,074 or 6.51%.

DEBT ADMINISTRATION

Total Debt

At June 30, 2025, 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, 2026.

- Patient visits are expected to be flat year over year in fiscal year 2026. We do expect that patients with Medicaid will continue to seek care at the college since Medicaid providers are limited in Florida.
- Medicaid supplemental payments are expected to continue and grow slightly in fiscal year 2026 contributing approximately \$3 million in net operating revenues.
- The ongoing impact of inflation on such expenses as medical supplies, laboratory cost and other expenditures continues to negatively impact the Corporation.
- It continues to be difficult to recruit and retain faculty and staff, especially in the clinical enterprise. Initial and counter offers remain costly for the practice plan.

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, 2025 AND 2024
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash in Banks	\$ 33,822,125	\$ 29,975,282
Accounts Receivable, Net	<u>5,518,677</u>	<u>5,786,495</u>
Total Current Assets	<u>39,340,802</u>	<u>35,761,777</u>
Total Assets	<u><u>39,340,802</u></u>	<u><u>35,761,777</u></u>
Liabilities and Net Position		
Liabilities - Current Liabilities:		
Prepayments and Refunds Due	<u>534,239</u>	<u>578,835</u>
Total Current Liabilities	<u>534,239</u>	<u>578,835</u>
Total Liabilities	534,239	578,835
Net Position - Unrestricted	<u>38,806,563</u>	<u>35,182,942</u>
Total Net Position and Liabilities	<u><u>\$ 39,340,802</u></u>	<u><u>\$ 35,761,777</u></u>

See accompanying notes.

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Professional Fees (Net of Contractual Disallowances and Bad Debts of \$2,979,836 for 2025 and \$3,441,059 for 2024)	\$ 29,439,799	\$ 29,078,889
Total Operating Revenues	<u>29,439,799</u>	<u>29,078,889</u>
Operating Expenses		
Credit Card and Bank Fees	395,291	618,016
Medicaid Intergovernmental Transfer	<u>1,908,656</u>	<u>1,434,788</u>
(Total Operating Expenses)	<u>(2,303,947)</u>	<u>(2,052,804)</u>
Net Operating Income	<u>27,135,852</u>	<u>27,026,085</u>
Non-Operating Revenues		
Interest Income	<u>1,162,770</u>	<u>1,178,765</u>
Total Non-Operating Revenues	<u>1,162,770</u>	<u>1,178,765</u>
Income Before Transfers	<u>28,298,622</u>	<u>28,204,850</u>
Transfers		
UF - Transfers from Component Unit Fund (171)	<u>(24,675,001)</u>	<u>(22,625,000)</u>
(Total Transfers)	<u>(24,675,001)</u>	<u>(22,625,000)</u>
Change in Net Position	3,623,621	5,579,850
Net Position, Beginning of Year	<u>35,182,942</u>	<u>29,603,092</u>
Net Position, End of Year	<u><u>\$ 38,806,563</u></u>	<u><u>\$ 35,182,942</u></u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Receipts from Clients	\$ 25,097,563	\$ 23,602,897
Receipts from Other Governments	4,565,458	4,135,649
Payments to Vendors	(395,291)	(618,016)
Payments to Other Governments	(1,908,656)	(1,434,788)
Net Cash Provided by Operating Activities	<u>27,359,074</u>	<u>25,685,742</u>
Cash Flows from Non-Capital Financing Activities		
Payments to UF - Transfers from Component Unit Fund (171)	(24,675,001)	(22,625,000)
Net Cash (Used in) Non-Capital Financing Activities	<u>(24,675,001)</u>	<u>(22,625,000)</u>
Cash Flows from Investing Activities		
Interest Received	1,162,770	1,178,765
Net Cash Provided by Non-Capital Investing Activities	<u>1,162,770</u>	<u>1,178,765</u>
Net Increase in Cash	3,846,843	4,239,507
Cash, Beginning of Year	<u>29,975,282</u>	<u>25,735,775</u>
Cash, End of Year	<u><u>\$ 33,822,125</u></u>	<u><u>\$ 29,975,282</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>		
Operating Income	\$ 27,135,852	\$ 27,026,085
Adjustments to Reconcile Operating Income to Cash Flows Provided by Operating Activities:		
Decrease (Increase) in Accounts Receivable, Net	267,818	(1,420,104)
Increase (Decrease) in Prepayments and Refunds	(44,596)	79,761
Net Cash Provided by Operating Activities	<u><u>\$ 27,359,074</u></u>	<u><u>\$ 25,685,742</u></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 \$992,771 and \$839,640 have been sent to collection agencies during the years ended June 30, 2025 and 2024, 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 \$33,822,125 and the bank balance was \$33,751,495 as of June 30, 2025. The carrying amount of the Corporation's deposits was \$29,975,282 and the bank balance was \$29,919,078 as of June 30, 2024. 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:

	2025	2024
Accounts Receivable	\$ 9,258,344	\$ 9,734,091
Program Disallowances	(1,432,216)	(1,448,053)
Allowance for Uncollectibles	(2,307,451)	(2,499,543)
Accounts Receivable, Net	<u>\$ 5,518,677</u>	<u>\$ 5,786,495</u>

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

	Program Disallowances	
	2025	2024
Beginning Balance	\$ 1,448,053	\$ 903,506
Provision for Contractual Disallowances	2,303,092	2,419,326
Contractual Adjustments	(2,318,928)	(1,874,779)
Ending Balance	<u>\$ 1,432,217</u>	<u>\$ 1,448,053</u>

	Allowance for Uncollectibles	
	2025	2024
Beginning Balance	\$ 2,499,543	\$ 2,166,360
Provision for Bad Debts	676,744	1,021,733
Write-Offs, Net of Recoveries	(868,837)	(688,550)
Ending Balance	<u>\$ 2,307,450</u>	<u>\$ 2,499,543</u>

Note 5 - Related-Party Transactions

During the years ended June 30, 2025 and 2024, the Corporation transferred \$24,675,001 and \$22,625,000, 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. 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, 2025 AND 2024
FACULTY ASSOCIATES, INC.
GAINESVILLE, FLORIDA**

	2025	2024
	Transfers From	Transfers From
	Component Unit	Component Unit
Operating Revenues		
Other Service Income	\$ 5,958,259	\$ 6,089,929
Total Operating Revenues	<u>5,958,259</u>	<u>6,089,929</u>
Operating Expenses		
Salary Supplement and Fringe Benefits:		
Faculty Salaries and Fringe Benefits	5,220,617	5,045,268
Staff Salaries and Fringe Benefits	8,560,732	8,004,752
Part-Time Faculty (OPS)	397,342	617,445
Resident and Graduate Assistants (OPS)	3,034,165	2,888,218
Other Part-Time Employees (OPS)	488,588	669,893
Total Salary Supplement and Fringe Benefits	<u>17,701,444</u>	<u>17,225,576</u>
Clinical Operations:		
Supplies	4,208,903	3,751,735
Outside Laboratory	1,475,598	1,405,517
Other Clinical Operations	159,685	132,367
Total Clinical Operations	<u>5,844,186</u>	<u>5,289,619</u>
Departmental Support:		
Supplies and Printing	445,180	609,141
Travel	414,945	425,665
Dues, Licenses, and Books	186,495	196,504
Equipment	317,463	256,192
Facilities	288,120	316,421
Consulting/External Staffing	2,615,437	2,018,070
Communications	170,902	135,063
Postage and Freight	240,741	224,140
Repairs and Maintenance	224,353	244,474
Entertainment	268,835	253,425
Insurance	138,232	114,872
University Overhead Charges	2,585,695	1,892,914
Other Departmental Support	38,049	41,593
Total Departmental Support	<u>7,934,447</u>	<u>6,728,474</u>
(Total Expenses)	<u>(31,480,077)</u>	<u>(29,243,669)</u>
Total Operating (Loss)	<u>(25,521,818)</u>	<u>(23,153,740)</u>
Transfers		
From Component Unit	<u>24,675,001</u>	<u>22,625,000</u>
Total Transfers	<u>24,675,001</u>	<u>22,625,000</u>
(Deficiency)/Excess of Transfers Over Expenses	(846,817)	(528,740)
Net Position, Beginning of Year	<u>2,647,080</u>	<u>3,175,820</u>
Net Position, End of Year	<u>\$ 1,800,263</u>	<u>\$ 2,647,080</u>

OTHER INDEPENDENT AUDITOR'S 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 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Faculty Associates, Inc. (the Corporation), a component unit of the University of Florida, as of and for the year ended June 30, 2025, 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 19, 2025.

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 Corporation'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.

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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
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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.

Purvis Gray

September 19, 2025
Gainesville, Florida

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