

# 2024

Faculty Associates, Inc.

Financial Statements and  
Independent Auditor's Report

June 30, 2024

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

**JUNE 30, 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, 2024 and 2023, 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, 2024 and 2023, 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 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.

Board of Directors  
Faculty Associates, Inc.  
Gainesville, Florida

## INDEPENDENT AUDITOR'S REPORT

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 16, 2024, 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 16, 2024  
Gainesville, Florida

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2024 AND 2023**

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, 2024. The discussion and analysis of the Corporation’s financial statements provides an overview of its financial activities for the year ended June 30, 2024. 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 \$2,191,375 or 8.15%.
- Cash increased by \$4,239,507 or 16.47%.
- The net accounts receivable increased by \$1,420,104 or 32.52%.

**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>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>	<u>Percent of 2024 Total</u>
Cash	\$ 29,975,282	\$ 25,735,775	\$ 4,239,507	16.47%	83.82%
Net Accounts Receivable	5,786,495	4,366,391	1,420,104	32.52%	16.18%
<b>Total Assets</b>	<u>\$ 35,761,777</u>	<u>\$ 30,102,166</u>	<u>\$ 5,659,611</u>	18.80%	<u>100.00%</u>

As of June 30, 2024, total assets were \$35,761,777. The Corporation’s largest asset is cash in the bank. The total gross accounts receivable increased by \$2,297,834; the program disallowances increased by \$544,547; and the allowance for un-collectibles increased by \$333,183. Net accounts receivable increased from \$4,366,391 to \$5,786,495 for an increase of \$1,420,104 or 32.52%.

The cash in the bank increased by \$4,239,507 or 16.47%.

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2024 AND 2023**

Liabilities are comprised of prepayments for future care and a small percentage of patient credits. Total liabilities were \$578,835 and \$499,074 as of June 30, 2024 and 2023, respectively. This represents an increase of \$79,761 or 15.98% from the previous year.

***Total Net Position***

The total net position was \$35,182,942 and \$29,603,092 as of June 30, 2024 and 2023, respectively. This reflects an increase of \$5,579,850 or 18.85% from the prior year.

***Current Ratio***

The Corporation’s current assets of \$35,761,777 were sufficient to cover current liabilities of \$578,835, as the current ratio was 61.78 and 60.32 as of June 30, 2024 and 2023, respectively.

**INCOME STATEMENT**

***Operating Revenues***

Gross operating revenue was \$32,519,948 for the fiscal year ended June 30, 2024, as compared to \$29,374,679 for the previous fiscal year, representing an increase of \$3,145,269 or 10.71%. 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 slightly to \$618,016 versus \$657,054 for the fiscal years ended June 30, 2024 and 2023, respectively. In the year ended June 30, 2024, the Medicaid Intergovernmental Transfer was again paid directly from the Corporation resulting in an additional \$1,434,788 in operating expenses, up slightly from \$1,383,224 in the prior fiscal year.

***Transfers***

A total of \$22,625,000 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 a slight decrease of \$145,000 or 0.64% over the previous year.

***Summary***

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Income	\$ 30,257,654	\$ 30,149,339	\$ 108,315	0.36%
Total Expense	(2,052,804)	(2,040,278)	(12,526)	0.61%
Transfers (out)	(22,625,000)	(22,770,000)	145,000	0.64%
<b>Change in Net Position</b>	<u>\$ 5,579,850</u>	<u>\$ 5,339,061</u>	<u>\$ 240,789</u>	4.51%

The \$5,579,850 change in net position which is slightly larger than the prior year, can be attributed to a slight increase in income and a minimal reduction in transfers in the year ended June 30, 2024. Patient visits at college-owned clinics increased from 144,770 in 2023 to 152,372 in 2024, an increase of 5.25%.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2024 AND 2023**

***Statement of Cash Flows***

There was an increase in cash from \$25,735,775 to \$29,975,282 or 16.47%.

***Funds from Operating Activities***

The amount of net cash from operating activities decreased from \$27,283,924 to \$25,685,742 or 5.86%, primarily due to Provider Relief Funds received in 2023 in the amount of \$2,571,257.

**DEBT ADMINISTRATION**

***Total Debt***

At June 30, 2024, 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, 2025.

- Patient visits are expected to be flat year over year in fiscal year 2025 given ongoing issues with inflation nationally and in Florida which may dampen demand for dental services; however, this may be offset by continued growth in Florida's population. 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 2025 contributing over \$2.9 million in net operating revenues annually.
- The ongoing impact of inflation and the possibility of a recession could continue 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, 2024 AND 2023**  
**FACULTY ASSOCIATES, INC.**  
**GAINESVILLE, FLORIDA**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current Assets:		
Cash in Banks	\$ 29,975,282	\$ 25,735,775
Accounts Receivable, Net	5,786,495	4,366,391
Total Current Assets	35,761,777	30,102,166
<b>Total Assets</b>	<b>35,761,777</b>	<b>30,102,166</b>
<b>Liabilities and Net Position</b>		
Liabilities - Current Liabilities:		
Prepayments and Refunds Due	578,835	499,074
Total Current Liabilities	578,835	499,074
<b>Total Liabilities</b>	578,835	499,074
<b>Net Position - Unrestricted</b>	<b>35,182,942</b>	<b>29,603,092</b>
<b>Total Net Position and Liabilities</b>	<b>\$ 35,761,777</b>	<b>\$ 30,102,166</b>

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**  
**FACULTY ASSOCIATES, INC.**  
**GAINESVILLE, FLORIDA**

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
Professional Fees (Net of Contractual Disallowances and Bad Debts of \$3,441,059 for 2024 and \$2,487,165 for 2023)	\$ 29,078,889	\$ 26,887,514
<b>Total Operating Revenues</b>	29,078,889	26,887,514
<b>Operating Expenses</b>		
Credit Card and Bank Fees	618,016	657,054
Medicaid Intergovernmental Transfer	1,434,788	1,383,224
<b>(Total Operating Expenses)</b>	(2,052,804)	(2,040,278)
<b>Net Operating Income</b>	27,026,085	24,847,236
<b>Non-Operating Revenues</b>		
Grants	-	2,571,257
Interest Income	1,178,765	690,568
<b>Total Non-Operating Revenues</b>	1,178,765	3,261,825
<b>Income Before Transfers</b>	28,204,850	28,109,061
<b>Transfers</b>		
UF - Transfers from Component Unit Fund (171)	(22,625,000)	(22,770,000)
<b>(Total Transfers)</b>	(22,625,000)	(22,770,000)
<b>Change in Net Position</b>	5,579,850	5,339,061
<b>Net Position, Beginning of Year</b>	29,603,092	24,264,031
<b>Net Position, End of Year</b>	\$ 35,182,942	\$ 29,603,092

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**  
**FACULTY ASSOCIATES, INC.**  
**GAINESVILLE, FLORIDA**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from Clients	\$ 23,602,897	\$ 22,345,469
Receipts from Other Governments	4,135,649	6,978,733
Payments to Vendors	(618,016)	(657,054)
Payments to Other Governments	<u>(1,434,788)</u>	<u>(1,383,224)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>25,685,742</u>	<u>27,283,924</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Payments to UF - Transfers from Component Unit Fund (171)	<u>(22,625,000)</u>	<u>(22,770,000)</u>
<b>Net Cash (Used in) Non-Capital Financing Activities</b>	<u>(22,625,000)</u>	<u>(22,770,000)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Received	<u>1,178,765</u>	<u>690,568</u>
<b>Net Cash Provided by Non-Capital Investing Activities</b>	<u>1,178,765</u>	<u>690,568</u>
<b>Net Increase in Cash</b>	4,239,507	5,204,492
<b>Cash, Beginning of Year</b>	<u>25,735,775</u>	<u>20,531,283</u>
<b>Cash, End of Year</b>	<u>\$ 29,975,282</u>	<u>\$ 25,735,775</u>
<b><u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u></b>		
Operating Income	\$ 27,026,085	\$ 24,847,236
Adjustments to Reconcile Operating Income to Cash Flows Provided by Operating Activities:		
Grants	-	2,571,257
Decrease (Increase) in Accounts Receivable, Net	(1,420,104)	(232,820)
Increase (Decrease) in Prepayments and Refunds	<u>79,761</u>	<u>98,251</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 25,685,742</u>	<u>\$ 27,283,924</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 \$839,640 and \$706,595 have been sent to collection agencies during the years ended June 30, 2024 and 2023, 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 \$29,975,282 and the bank balance was \$29,919,078 as of June 30, 2024. 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. 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>2024</u>	<u>2023</u>
<b>Accounts Receivable</b>	\$ 9,734,091	\$ 7,436,257
Program Disallowances	(1,448,053)	(903,506)
Allowance for Uncollectibles	(2,499,543)	(2,166,360)
<b>Accounts Receivable, Net</b>	<u>\$ 5,786,495</u>	<u>\$ 4,366,391</u>

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

	<b>Program Disallowances</b>	
	<u>2024</u>	<u>2023</u>
<b>Beginning Balance</b>	\$ 903,506	\$ 1,005,812
Provision for Contractual Disallowances	2,419,326	1,865,605
Contractual Adjustments	(1,874,779)	(1,967,911)
<b>Ending Balance</b>	<u>\$ 1,448,053</u>	<u>\$ 903,506</u>

	<b>Allowance for Uncollectibles</b>	
	<u>2024</u>	<u>2023</u>
<b>Beginning Balance</b>	\$ 2,166,360	\$ 2,366,133
Provision for Bad Debts	1,021,733	621,560
Write-Offs, Net of Recoveries	(688,550)	(821,333)
<b>Ending Balance</b>	<u>\$ 2,499,543</u>	<u>\$ 2,166,360</u>

**Note 5 - Related-Party Transactions**

During the years ended June 30, 2024 and 2023, the Corporation transferred \$22,625,000 and \$22,770,000, 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, 2024 AND 2023  
FACULTY ASSOCIATES, INC.  
GAINESVILLE, FLORIDA**

	<b>2024</b>	<b>2023</b>
	<b>Transfers From Component Unit</b>	<b>Transfers From Component Unit</b>
<b>Operating Revenues</b>		
Other Service Income	\$ 6,089,929	\$ 5,520,446
<b>Total Operating Revenues</b>	<u>6,089,929</u>	<u>5,520,446</u>
<b>Operating Expenses</b>		
Salary Supplement and Fringe Benefits:		
Faculty Salaries and Fringe Benefits	5,045,268	5,077,296
Staff Salaries and Fringe Benefits	8,004,752	7,580,027
Part-Time Faculty (OPS)	617,445	584,499
Resident and Graduate Assistants (OPS)	2,888,218	2,899,772
Other Part-Time Employees (OPS)	669,893	698,496
Total Salary Supplement and Fringe Benefits	<u>17,225,576</u>	<u>16,840,090</u>
Clinical Operations:		
Supplies	3,751,735	3,839,378
Outside Laboratory	1,405,517	1,324,029
Other Clinical Operations	132,367	130,598
Total Clinical Operations	<u>5,289,619</u>	<u>5,294,005</u>
Departmental Support:		
Supplies and Printing	609,141	462,479
Travel	425,665	328,231
Dues, Licenses, and Books	196,504	193,426
Equipment	256,192	285,089
Facilities	316,421	289,239
Consulting/External Staffing	2,018,070	2,499,188
Communications	135,063	139,408
Postage and Freight	224,140	199,620
Repairs and Maintenance	244,474	238,136
Entertainment	253,425	181,434
Insurance	114,872	123,511
University Overhead Charges	1,892,914	999,654
Other Departmental Support	41,593	54,474
Total Departmental Support	<u>6,728,474</u>	<u>5,993,889</u>
<b>(Total Expenses)</b>	<u>(29,243,669)</u>	<u>(28,127,984)</u>
<b>Total Operating (Loss)</b>	<u>(23,153,740)</u>	<u>(22,607,538)</u>
<b>Transfers</b>		
From Component Unit	<u>22,625,000</u>	<u>22,770,000</u>
<b>Total Transfers</b>	<u>22,625,000</u>	<u>22,770,000</u>
<b>(Deficiency)/Excess of Transfers Over Expenses</b>	(528,740)	162,462
<b>Net Position, Beginning of Year</b>	<u>3,175,820</u>	<u>3,013,358</u>
<b>Net Position, End of Year</b>	<u>\$ 2,647,080</u>	<u>\$ 3,175,820</u>

**OTHER INDEPENDENT AUDITOR'S REPORTS AND SCHEDULES**

**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, 2024, 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 16, 2024.

**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 AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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.



September 16, 2024  
Gainesville, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024  
FACULTY ASSOCIATES, INC.  
GAINESVILLE, FLORIDA**

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
<b>United States Department of Health and Human Services</b>				
<b>Direct Program:</b>				
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	COVID-19, 93.498	None	\$ -	\$ 2,576,107
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 2,576,107</u>

The notes below are an integral part of this schedule.

Notes:

(1) **Significant Accounting Policies.** The accompanying schedule of expenditures of federal awards presents the activity of federal award of Faculty Associates, Inc. (Corporation) and is presented in accordance with the requirements of 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule is prepared using the modified accrual basis of accounting.

(2) **Indirect Cost Rate.** The District has not elected to use the 10% de minimis cost rate as covered in the §200.414, Indirect (F&A) costs, of the Uniform Guidance.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Faculty Associates, Inc.  
Gainesville, Florida

### Report on Compliance for Each Major Federal Program

#### ***Opinion on Each Major Federal Program***

We have audited compliance of Faculty Associates, Inc. (the Corporation), a component unit of the University of Florida, with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2024. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control*

Board of Directors  
Faculty Associates, Inc.  
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

*over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



September 16, 2024  
Gainesville, Florida



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024  
FACULTY ASSOCIATES, INC.  
GAINESVILLE, FLORIDA**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor’s Report Issued on Compliance for Major Program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .516(a) of the Uniform Guidance?	No
Identification of Major Programs:	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (ALN 93.498)
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-risk Auditee?	No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024  
FACULTY ASSOCIATES, INC.  
GAINESVILLE, FLORIDA**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**STATUS OF PRIOR AUDIT FINDINGS**

No prior year findings were reported.

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