

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Basic Financial Statements  
and Required Supplementary Information**

**June 30, 2021 and 2020  
(With Independent Auditors' Report Thereon)**

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

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**Independent Auditors’ Report on Basic Financial Statements  
and Required Supplementary Information**

The Board of Directors  
USF Health Professions Conferencing Corporation:

We have audited the accompanying financial statements of USF Health Professions Conferencing Corporation (“HPCC”), which comprise the statements of net position as of June 30, 2021 and 2020, and 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.

**Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USF Health Professions Conferencing Corporation as of June 30, 2021 and 2020, 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.



## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, 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.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, on our consideration of USF Health Professions Conferencing 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 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 USF Health Professions Conferencing Corporation's internal control over financial reporting and compliance.

MAYER HOFFMAN MCCANN P.C.

October 14, 2021  
St. Petersburg, Florida

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

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## Introduction

The management’s discussion and analysis (“MD&A”) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts of USF Health Professions Conferencing Corporation (the “Organization”) for the fiscal years ended June 30, 2021 and 2020, along with comparative financial information for the fiscal year ending June 30, 2019. The MD&A should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (“GASB”) Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of the Organization’s management.

USF Health Professions Conferencing Corporation (the “Organization”), is a Florida not-for-profit corporation. The Organization is a direct support organization (“DSO”) of the University of South Florida (the “University”).

The mission of the Organization is to support the University missions of academic excellence, top-impact research and beneficial community service, consistent with the goals of the University of South Florida and its Board of Trustees.

The Organization strives to achieve that support by creating and providing experiential learning that improves clinical skills and patient care in our community and around the globe with hands on training at its Center for Advanced Medical Learning and Simulation as well as accredited didactic training online and at venues throughout the country.

## Overview of Financial Statements

Pursuant to GASB Statement No. 35, the Organization’s financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

***Statement of Net Position*** reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Organization, using the accrual basis of accounting, and presents the financial position of the Organization at the end of the fiscal year. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the Organization.

***Statement of Revenues, Expenses and Changes in Net Position*** presents the Organization’s revenue and expense activity, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. Changes in net position are an indication of the change in the Organization’s overall financial condition.

***Statement of Cash Flows*** provides information in the form of cash inflows and outflows summarized by operating, capital and related financing activities, and investing activities. This statement will assist in evaluating the Organization’s ability to generate net cash flows, its ability to meet its financial obligations as they come due, and the need for external financing.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

### Overview of Financial Statements - Continued

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and the Organization in March 2020. Those impacts continued to affect external clientele at the Center for Advanced Medical Learning and Simulation (“CAMLS”) and significantly impacted the years ending June 30, 2020 and 2021 results despite the continuation of online programming and resumption of USF student and resident programming at CAMLS in fiscal year 2021. The CAMLS team and facility is welcoming learners back and successfully demonstrating its safety protocols to returning clients. CAMLS and the Office of Continuing Professional Development pivoted their program offerings to provide more online and remote training opportunities with live streaming, virtual reality and bringing the training directly to client locations. Although the Organization anticipates continued challenges in fiscal year 2022 due to new variants of COVID-19 constraining air travel and face-to-face meetings, the strategic operating cost reductions to preserve cash and proactively work with clients to defer programming has positioned the Organization to be fully operational and meet the changing needs of clients.

### Condensed Statements of Net Position

The following summarizes the Organization’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2021, 2020 and 2019:

	2021	2020	2019
<b>ASSETS</b>			
Current assets	\$ 2,823,960	5,295,116	6,194,943
Capital assets	15,472,618	16,306,539	17,261,747
Other noncurrent assets	-	6,650	6,650
Total assets	18,296,578	21,608,305	23,463,340
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Bond Prepayment Premium	119,815	-	-
<b>LIABILITIES</b>			
Current	3,361,622	3,851,644	3,940,609
Noncurrent	11,449,585	12,678,433	13,843,518
Total liabilities	14,811,207	16,530,077	17,784,127
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred grants	1,125,932	1,515,296	1,540,083
<b>NET POSITION</b>			
Net investment in capital assets	2,775,914	2,467,780	2,327,333
Unrestricted	(296,660)	1,095,152	1,811,797
Total net position	\$ 2,479,254	3,562,932	4,139,130

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

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### Condensed Statements of Net Position - Continued

#### *Assets*

As of June 30, 2021 and 2020 the Organization's total assets were \$18.3 million and \$21.6 million, respectively, resulting in a decrease of \$3.3 million (-15%) during fiscal year 2021 and a decrease of \$1.9 million (-8%) during fiscal year 2020 and is the result of cash used to pay liabilities due to limited net cash generated from operations and depreciation of capital assets.

Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include buildings and equipment, net of depreciation. Other assets consist of security deposits. As of June 30, 2021 and 2020, current assets were approximately \$2.8 and \$5.3 million, respectively, resulting in decreases of \$2.5 million and \$900 thousand respectively. The year over year decreases in current assets were primarily from decreasing receivables and the use of cash to pay current liabilities and capitalized lease obligations when fiscal year operations were not sufficient to generate positive cash flow.

As of June 30, 2021 and 2020 the Organization had \$35.3 and \$35.7 million in capital assets, less accumulated depreciation of \$19.8 and \$19.4 million, for net capital assets of \$15.5 and \$16.3 million, respectively. Capital assets consist mostly of capitalized facility and equipment leases. For the years ended June 30, 2021 and 2020, depreciation expense totaled \$942 thousand and \$1.1 million, respectively. As of June 30 2021 and 2020, other non-current assets comprise \$0 and \$7 thousand of the Organization's total assets and consist of security deposits.

#### *Deferred Outflows of Resources*

Deferred outflows of resources represent a consumption of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not expense items relating to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Asset section because they are not items the Organization owns. Instead, they are presented on the Statement of Net Position as deferred outflows to reflect the fact that the recognition of the related expense will happen at a future date. The amount recorded as deferred outflows as of June 30, 2021 results from capital debt refunding transactions related to the CAMLS facility loan.

#### *Liabilities*

As of June 30, 2021 and 2020, total liabilities were \$14.8 million and \$16.5 million, respectively, resulting in a decrease of \$1.7 million (-10%) and \$1.3 million (-7%), respectively. The decrease in liabilities primarily resulted from scheduled payments on debt and capital lease obligations. As of June 30 2021 and 2020, current liabilities comprise approximately to \$3.3 million and \$3.9 million, respectively, of total liabilities and include all items that mature within one year. The current liabilities include current portion of long-term capital lease obligations, accounts payable, accrued expense due to related parties, refunds due to sponsors, unearned revenue and other current liabilities.

As of June 30, 2021 and 2020, the Organization had approximately \$12.7 million and \$13.8 million respectively, of capitalized facility and equipment lease obligations of which, \$11.4 million and \$12.7 million, respectively, represent the long-term portion of capital lease obligations and \$1.2 million and \$1.1 million, respectively, represent the current portion included with current liabilities.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

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### Condensed Statements of Net Position - Continued

#### *Deferred Inflows of Resources*

Deferred inflows of resources represent an acquisition of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not revenue items related to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Liability section because they are not items the Organization owes. Instead, they are presented on the Statement of Net Position as deferred inflows to reflect the fact that the recognition of the related revenue will happen at a future date. The amounts recorded as deferred inflows as of June 30, 2021 and 2020, were approximately \$1.1 million and \$1.5 million, respectively, resulting in a decrease of \$389 thousand and \$25 thousand, respectively.

#### *Net Position*

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into two categories:

- Net Investment in Capital Assets represents the Organization's investment in capital assets such as moveable equipment, buildings, infrastructure, and improvements, net of accumulated depreciation and related debt.
- Unrestricted represents the portion of net position that has no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

Net investment in capital assets increased \$308 thousand and \$141 thousand, respectively. For the fiscal years ended June 30, 2021 and 2020, the Organization added capital assets of \$126 thousand and \$134 thousand, respectively, and made capitalized lease payments of \$1.1 million for each year, offset by annual depreciation of \$942 thousand and \$1.1 million, respectively.

The unrestricted net position decreased by \$1.4 million and \$716 thousand for the fiscal years ended June 30, 2021 and 2020, respectively, driven by the impact of COVID-19 on revenue generation.

### Condensed Statements of Revenues, Expenses and Changes in Net Position

Revenues are classified for financial reporting as either operating or non-operating. Operating revenues are generated by providing goods and services to students and other guests and include registration fees, grants, contracts, rents and other rebates related to the provision of goods and services. Non-operating revenues are those received by the Organization without providing a corresponding good or service and include support from other related parties, investment income and proceeds from the sale of assets.



**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Condensed Statements of Revenues, Expenses and Changes in Net Position - Continued**

The following summarizes the Organization’s revenues, expenses and changes in net position for the fiscal years ended June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 8,674,203	14,134,014	16,978,511
Operating expenses	<u>(9,739,754)</u>	<u>(14,510,966)</u>	<u>(16,136,391)</u>
Operating income (loss)	(1,065,551)	(376,952)	842,120
Net non-operating revenues (expense)	<u>(18,127)</u>	<u>(199,246)</u>	<u>493,256</u>
Increase (decrease) in net position	(1,083,678)	(576,198)	1,335,376
Net position, beginning of year	<u>3,562,932</u>	<u>4,139,130</u>	<u>2,803,754</u>
Net position, end of year	<u>\$ 2,479,254</u>	<u>3,562,932</u>	<u>4,139,130</u>

***Operating Revenues***

Operating revenues by source for the fiscal years ended June 30, 2021, 2020 and 2019 were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contracts and grants - non USF	\$ 4,668,725	9,176,027	9,564,952
Contracts and grants - USF	3,421,204	3,830,603	4,269,575
Program registration and exhibits	310,456	661,169	2,414,410
Rental revenue	256,822	403,585	540,639
Rebates and commissions	<u>16,996</u>	<u>62,630</u>	<u>188,935</u>
Total operating revenues	<u>\$ 8,674,203</u>	<u>14,134,014</u>	<u>16,978,511</u>

For the fiscal years ended June 30, 2021 and 2020, operating revenues decreased \$5.5 million (-39%) and \$2.8 million (-17%) respectively. The Organization’s operating revenues consist of financial management support and programming for the USF Health Office of Continuing Professional Development (“OCPD”) and management and programming of the USF Health Center for Advanced Medical Learning and Simulation (“CAMLS”). The decrease in overall operating revenue is attributable to the direct impact of COVID-19 which resulted in postponement of programs during all of fiscal year 2021 and the last four months for fiscal year 2020. Decreased grants for online content delivery in partnership with Medical Education Companies (“MECs”) was also a significant factor in the year over year decrease from fiscal year 2020 to 2021. CAMLS reopened its doors for limited activity in August of 2020. To ensure the safety to all participants and employees, the organization developed thorough safety protocols in addition to adherence to all CDC guidelines before an activity could take place or a person could enter the building.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Condensed Statements of Revenues, Expenses and Changes in Net Position - Continued**

***Operating Revenues - Continued***

For the years ended June 30, 2021 and 2020, Contracts and grants - non USF decreased \$4.5 million (-49%) and \$389 thousand (-4%), respectively. Declining revenues at CAMLS represent \$1.1 million and \$1.2 million of the decrease respectively, while OCPD grants for online content delivery in partnership with Medical Education Companies (“MECs”) represent a decrease of \$3.4 million and an increase of \$818 thousand, respectively.

For the fiscal years ended June 30, 2021 and 2020, Contracts and grants – USF decreased \$409 thousand (-11%) and \$439 thousand (-10%) respectively, due to budget constraints and programming relocating to other campus facilities.

For the fiscal years ended June 30, 2021 and 2020, the cancellation and postponement of live in-person and a shift to virtual events decreased Program registrations and exhibits by \$351 thousand (-53%) and \$1.8 million (-73%) respectively. Rebates and commissions, which are dependent upon these events decreased by \$46 thousand (-73%) and \$126 thousand (-67%), respectively. Rental revenue decreased \$147 thousand (-36%) and \$137 thousand (-25%), respectively, due to tenant nonrenewals, forgiveness of rent to current tenants due to COVID hardships and lower demand for parking.

***Operating Expenses***

The following summarizes the operating expenses for the fiscal years ended June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 3,611,367	3,898,070	3,857,354
Wages - program driven temporary staffing	70,793	250,425	256,643
Rent, utilities and equipment leases	1,135,653	1,343,304	1,589,923
Other operating expenses	431,548	546,705	669,106
Depreciation expense	941,891	1,088,717	1,440,267
Program services	3,548,502	7,383,745	8,323,098
Total operating expenses	<u>\$ 9,739,754</u>	<u>14,510,966</u>	<u>16,136,391</u>

For the fiscal years ended June 30, 2021 and 2020, operating expenses decreased \$4.8 million (-33%) and \$1.6 million (-10%), respectively, and is attributable to the direct impact of COVID-19 and the postponement of programs during the fiscal year, which reduced program services, but also from the strategic operating cost reductions implemented by management to preserve cash.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

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**Condensed Statements of Revenues, Expenses and Changes in Net Position - Continued**

*Non-operating Revenues and Expenses*

Certain revenue sources, including contributions, are defined by GASB as non-operating. Non-operating expenses include capital financing costs and other costs related to capital assets. The following summarizes the Organization’s non-operating revenues and expenses for the 2021, 2020 and 2019 fiscal years:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Transfers from UMSA	\$ 270,000	310,000	1,060,000
USF carryforward funding	69,382	-	-
Investment income	674	17,912	2,814
Bond prepayment premium	(18,764)	-	-
Interest expense on debt	(346,419)	(527,158)	(569,558)
Gain (loss) on asset disposal	<u>7,000</u>	<u>-</u>	<u>-</u>
Total net non-operating revenue (expense)	<u>\$ (18,127)</u>	<u>(199,246)</u>	<u>493,256</u>

For the fiscal years ending June 30, 2021 and 2020, combined non-operating revenue from USF Health and USF carryforward funding to support the Organization’s programming increased \$29 thousand and decreased \$750 thousand, respectively.

For the years ending June 30, 2021 and 2020, non-operating interest expense on capital leases decreased \$180 thousand and \$42 thousand respectively. The significant fiscal year ending June 30 2021 decrease is due to the refunding of the CAMLS facility debt.

**Condensed Statements of Cash Flows**

The Statement of Cash Flows provides a means to assess the financial health of the Organization by presenting relevant information about the cash receipts and cash payments of the Organization during the fiscal year. It assists in determining the Organization’s ability to generate future net cash flows to meet its obligations as they become due and to determine the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, non-capital financing, investing, and capital and related financing.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Condensed Statements of Cash Flows - Continued**

The following summarizes cash flows for the 2021, 2020 and 2019 fiscal years:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from:			
Operating activities	\$ (829,534)	1,266,774	2,755,588
Noncapital and related financing activities	270,000	398,000	972,000
Capital and related financing activities	(1,745,894)	(1,756,323)	(1,677,320)
Investing activities	<u>674</u>	<u>17,912</u>	<u>2,814</u>
Net increase (decrease) in cash and cash equivalents	(2,304,754)	(73,637)	2,053,082
Cash and cash equivalents, beginning of year	<u>4,288,106</u>	<u>4,361,743</u>	<u>2,308,661</u>
Cash and cash equivalents, end of year	<u>\$ 1,983,352</u>	<u>4,288,106</u>	<u>4,361,743</u>

For the years ended June 30, 2021 and 2020, cash flow used in operating activities decreased \$2.1 million (-165%) and \$1.5 million (-54%), respectively, primarily from the impact of COVID-19.

Non-capital and related financing activities represent transfers from UMSA for continuing education of students and faculty.

Net cash used in capital and related financing activities was mostly stable and used primarily for capitalized lease obligations and associated interest costs.

Net cash provided by investing activities comes from the government held savings accounts.

**Economic Conditions and Outlook**

The financial outlook for the 2021-2022 fiscal year presents continued challenges as air travel and face-to-face meetings remain constrained due to new variants of COVID-19. The CAMLS team and facility is welcoming learners back and successfully demonstrating its safety protocols to returning clients. CAMLS and OCPD pivoted their program offerings to provide more online and remote training opportunities with live streaming, virtual reality and bringing the training directly to client locations. The Organization has undertaken strategic operating cost reductions to preserve cash and meet demand.

**Request for Information**

This financial report is designed to provide a general overview of the Organization’s finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional information should be addressed in writing to the Chief Financial Officer, USF Health Professions Conferencing Corporation, 124 S. Franklin Street, Tampa, Florida 33602.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Statements of Net Position**

**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,983,352	4,288,106
Accounts receivable, net	580,244	650,845
Due from USF/DSO	149,015	254,917
Prepaid expenses	78,794	79,381
Other current assets	<u>32,555</u>	<u>21,867</u>
Total current assets	2,823,960	5,295,116
Noncurrent assets:		
Property and equipment, net	15,472,618	16,306,539
Other assets	<u>-</u>	<u>6,650</u>
Total assets	18,296,578	21,608,305
<b>Deferred Outflows of Resources</b>		
Bond prepayment premium	119,815	-
<b>Liabilities</b>		
Current liabilities:		
Current installments of obligation under capital leases	1,247,119	1,160,326
Accounts payable	235,393	600,315
Accrued expenses, other	186,188	194,733
Due to USF/DSO	557,526	529,800
Refunds due to sponsors	-	5,405
Unearned revenue	1,132,896	1,357,885
Other current liabilities	<u>2,500</u>	<u>3,180</u>
Total current liabilities	3,361,622	3,851,644
Noncurrent liabilities:		
Capital lease obligations, net of current portion	<u>11,449,585</u>	<u>12,678,433</u>
Total noncurrent liabilities	<u>11,449,585</u>	<u>12,678,433</u>
Total liabilities	14,811,207	16,530,077
<b>Deferred Inflows of Resources</b>		
Deferred grants	1,125,932	1,515,296
<b>Net Position</b>		
Net investment in capital assets	2,775,914	2,467,780
Unrestricted	<u>(296,660)</u>	<u>1,095,152</u>
Total net position	\$ <u><u>2,479,254</u></u>	\$ <u><u>3,562,932</u></u>

See accompanying independent auditors' report and notes to financial statements.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Statements of Revenues, Expenses and Changes in Net Position**

**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Contracts and grants - non USF	\$ 4,668,725	9,176,027
Contracts and grants - USF	3,421,204	3,830,603
Program registration and exhibits	310,456	661,169
Rental revenue	256,822	403,585
Rebates and commissions	<u>16,996</u>	<u>62,630</u>
Total operating revenues	8,674,203	14,134,014
Operating expenses:		
Program services	3,548,502	7,383,745
Supporting services:		
Salaries and benefits	3,611,367	3,898,070
Wages - program driven temporary staffing	70,793	250,425
Rent, utilities, and equipment leases	1,135,653	1,343,304
Other operating expenses	431,548	546,705
Depreciation expense	<u>941,891</u>	<u>1,088,717</u>
Total operating expenses	<u>9,739,754</u>	<u>14,510,966</u>
Operating loss	(1,065,551)	(376,952)
Non-operating revenues (expenses):		
Transfers from UMSA - continuing ed - faculty, students	270,000	310,000
USF carryforward funding	69,382	-
Investment income	674	17,912
Bond prepayment premium	(18,764)	-
Interest expense on debt and capital lease obligations	(346,419)	(527,158)
Gain on asset disposal	<u>7,000</u>	<u>-</u>
Total net non-operating revenues (expense)	<u>(18,127)</u>	<u>(199,246)</u>
Decrease in net position	(1,083,678)	(576,198)
Net position, beginning of year	<u>3,562,932</u>	<u>4,139,130</u>
Net position, end of year	\$ <u><u>2,479,254</u></u>	\$ <u><u>3,562,932</u></u>

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Statements of Cash Flows**

**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Programmatic receipts	\$ 7,240,051	13,969,263
Facility operations receipts	1,293,103	1,321,440
Rents and rebate receipts	250,819	528,331
	<hr/>	<hr/>
Total receipts	8,783,973	15,819,034
Programmatic disbursements	(4,432,201)	(8,305,974)
Staffing disbursements	(3,653,954)	(4,403,100)
Facility operation disbursements	(1,527,352)	(1,843,186)
	<hr/>	<hr/>
Total disbursements	(9,613,507)	(14,552,260)
Net cash provided by (used in) operating activities	(829,534)	1,266,774
Cash flows from noncapital and related financing activities:		
Transfers from UMSA	270,000	398,000
	<hr/>	<hr/>
Net cash provided by noncapital and related financing activities	270,000	398,000
Cash flows from capital and related financing activities:		
Purchases of property and equipment	(125,841)	(133,510)
Proceeds on sale of fixed assets, net	7,000	-
Principal payments under capital lease obligations	(1,142,055)	(1,095,655)
Interest payments on debt and lease obligations	(346,419)	(527,158)
Bond refund premium	(138,579)	-
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(1,745,894)	(1,756,323)
Cash flows from investing activities		
Investment income	674	17,912
	<hr/>	<hr/>
Net cash provided by investing activities	674	17,912
Net decrease in cash and cash equivalents	(2,304,754)	(73,637)
Cash and cash equivalents at beginning of year	4,288,106	4,361,743
	<hr/>	<hr/>
Cash and cash equivalents at end of year	\$ 1,983,352	4,288,106
	<hr/>	<hr/>

(Continued)

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Statements of Cash Flows - Continued**

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (1,065,551)	(376,952)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	941,891	1,088,717
USF carryforward funding	69,382	-
Change in assets and liabilities and deferred inflows of resources:		
Accounts receivable and due from USF/DSO	176,503	678,120
Prepaid expenses	587	56,155
Other assets	(4,038)	3,915
Accounts payable, accrued expenses and other noncurrent liabilities	(328,550)	(330,060)
Refunds due to sponsors and other current liabilities	(5,405)	707
Unearned revenue	(224,989)	170,959
Deferred inflows of resources	<u>(389,364)</u>	<u>(24,787)</u>
Net cash provided by (used in) operating activities	<u>\$ (829,534)</u>	<u>1,266,774</u>



# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements

June 30, 2021 and 2020

(1) **Organization**

(a) **Nature of Entity**

USF Health Professions Conferencing Corporation (the “Organization”), a Florida not-for-profit corporation, was incorporated February 7, 2005 and began operations July 1, 2007. The Organization is a direct support organization (“DSO”) of the University of South Florida (“USF” or the “University”) and was established to provide educational, administrative, logistical and financial services to support the Office of Continuing Professional Development (“OCPD”). The OCPD is committed to sponsoring quality continuing education activities to meet the needs of University faculty, alumni and healthcare professionals practicing throughout the state, nationally and internationally. Many of these activities are now conducted at the USF Health Center for Advanced Medical Learning and Simulation (“CAMLS”) which opened in February 2012 in downtown Tampa, Florida. The Organization leases CAMLS from the USF Financing Corporation and is responsible for its day to day operations and programming (see Note 7 for information regarding the related capital lease).

(b) **Reporting Entity**

In defining the Organization for financial reporting purposes, management has applied the requirements of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These statements establish the basis for the reporting entity and whether it is considered a component unit of another entity. The Organization would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and: (1) is able to impose its will on the potential component unit and/or (2) is fiscally dependent and is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden relationship, regardless of whether the entity appoints the voting majority of the potential component unit’s board. Chapter 2018-004, Laws of Florida, now requires the prospective approval of all new direct support organization board members. One director shall be selected and appointed by the Chairperson of the University’s Board of Trustees. One director shall be either the President of the University or the designee of the President of the University, pursuant to Florida Statutes Section 1004.28(3). The remaining directors were appointed by the University Senior Vice President for USF Health subject to approval by the University’s Board of Trustees effective March 11, 2018. As a result of Florida law and the University’s control of the Organization’s governing body, the Organization is required to report on a GASB basis. The Organization also meets the financial accountability criteria necessary to be considered a component unit of the University.

Based on the application of these criteria, the Organization is a discretely presented component unit of the University, and its financial balances and activity are reported in the University’s Comprehensive Annual Financial Report.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements of the Organization conform to accounting principles generally accepted in the United States of America as prescribed by GASB. The Organization's financial statements are presented in the form of a single enterprise fund.

#### (b) Basis of Accounting

The financial statements of the Organization have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Organization distinguishes operating revenues and expenses from non-operating and other items. Operating revenues are those revenues that are generated from the primary operations of the Organization. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Organization. All other expenses are reported as non-operating expenses.

#### (c) New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, followed by GASB Statement No. 95 in May 2020 delaying the effective date to the Organization's fiscal year beginning July 1, 2021. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for leases based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Organization does not expect GASB 87 to have a significant impact on the financial statements.

#### (d) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

#### (e) Accounts Receivable

Accounts receivable are recorded at net realizable value. The Organization's policy is to provide an allowance for accounts receivable that are not expected to be collected based on aging of the account and specific review of the customer.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (2) Summary of Significant Accounting Policies - Continued

#### (e) Accounts Receivable - Continued

Accounts receivable are charged off against the allowance for doubtful accounts when it is determined that the receivable will not be collected. The Organization does not typically charge interest on past-due receivables and does not require collateral for accounts receivable. The Organization's allowance for doubtful accounts at June 30, 2021 was \$8,000 and no allowance was recorded at June 30, 2020.

#### (f) Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of the donation. Property and equipment are depreciated over estimated useful lives ranging from three to forty years using the straight line method.

Costs of donated assets greater than \$1,000 are capitalized. The cost of maintenance and repair of capital assets is charged to expense as incurred, while costs of renewals and betterments are capitalized. When capital assets are replaced, retired, or otherwise disposed of, the costs of such capital assets and the related accumulated depreciation are deducted from the respective asset and accumulated depreciation accounts.

#### (g) Revenue Recognition

Revenues are recognized when the earnings process is substantially complete or purpose restrictions have been met. CAMLS contractual fees, OCPD participant registrations, exhibitor fees and revenue generated from commercial and institutional grants are recognized when the educational activity has been held or the educational materials have been delivered. Unearned revenues associated with registrations and fees received for contractual programs not yet held, or for educational materials not yet delivered was approximately \$1.1 million and 1.4 million at June 30, 2021 and 2020, respectively.

#### (h) Deferred Outflows and Inflows of Resources

In addition to Assets, Liabilities, and Net Position, shown in a separate section of the Statement of Net Position are Deferred Outflows and Inflows of Resources, which represent a consumption or an acquisition of resources not requiring any further exchange of goods and services, but which are applicable to future periods. Expense or Revenue related to these deferred items will be appropriately recognized in future reporting periods. Deferred outflows consist of the prepayment costs associated with refunding debt, which was approximately \$120 thousand at June 30, 2021. Deferred inflows consist of grants received for contractual programs not yet held, or for educational materials not yet delivered, which were approximately \$1.1 million and \$1.5 million at June 30, 2021 and 2020, respectively.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (2) Summary of Significant Accounting Policies - Continued

#### (i) Estimates in Financial Statements

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases or decreases in net position during the period. Actual results could differ from those estimates.

#### (j) Income Taxes

The Organization is exempt from federal income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. For the years ending June 30, 2021 and 2020, the Organization's sole source of unrelated business income was conferencing services. At June 30, 2021, management has evaluated the relevant technical merits of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no positions that would have a material impact on the financial statements of the Organization. The Organization's income tax filings for the past three years are subject to examination by taxing authorities, and may change upon examination.

#### (k) Reclassifications

Certain amounts appearing in the 2020 financial statements have been reclassified to conform to the presentation in 2021.

### (3) Concentrations of Credit Risk and Significant Customers

Financial instruments that are exposed to concentrations of credit risk consist of cash, investments and accounts receivable. The Organization maintains deposit balances with what management believes to be high credit quality commercial banks. At June 30, 2021 and 2020, a total of \$2,052,202 and \$4,591,652, respectively, was held in a government checking and savings account which provided the collateral protection required by State of Florida Statute 280 for amounts in excess of the FDIC insurance limits.

Amounts due from four customers were approximately 39% and 38% of total accounts receivable at June 30, 2021 and 2020 respectively. The Organization performs ongoing credit evaluations of its customers, and generally requires no collateral from them.

Unearned revenue associated with amounts received from one customer was approximately \$335,000, or 30% of total unearned revenue, as of June 30, 2021 and was approximately \$194,000, or 17% as of June 30, 2020.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (4) Property and Equipment

Property and equipment and related activity as of and for the years ended June 30, 2021 and 2020 consisted of the following:

	June 30, 2019	Additions	Disposals	June 30, 2020	Additions	Disposals	June 30, 2021
Furniture and equipment	\$ 746,247	26,626	-	772,873	16,844	-	789,717
Computers	2,059,786	16,559	4,470	2,071,875	103,604	17,891	2,157,588
Medical equipment	10,256,589	64,865	7,500	10,313,954	-	499,461	9,814,493
Leasehold improvements	1,632,275	25,459	-	1,657,734	5,393	17,871	1,645,256
Special use building	20,907,385	-	-	20,907,385	-	-	20,907,385
Total capital assets	35,602,282	133,509	11,970	35,723,821	125,841	535,223	35,314,439
Less accumulated depreciation	(18,340,535)			(19,417,282)			(19,841,821)
	<u>\$ 17,261,747</u>			<u>16,306,539</u>			<u>15,472,618</u>

Depreciation expense was \$941,891 and \$1,088,717 for the years ended June 30, 2021 and 2020, respectively.

### (5) Retirement Plans

The Organization's employees are employed by University Medical Services Association, Inc. ("UMSA"), a DSO of the University, or the State of Florida ("University"). UMSA employees participate in a defined contribution tax-deferred annuity retirement plan that covers substantially all eligible personnel upon completion of one year of service. University employees choose between a defined contribution tax-deferred annuity retirement plan or defined benefit pension plan that covers substantially all eligible personnel. Under these plans the Organization contributes at the rate of 3.3% to 7.85% of each eligible individual's total compensation depending on the retirement plan selected. Contribution expense related to the plans was approximately \$178,000 and \$179,000 for the years ended June 30, 2021 and 2020, respectively.

The Organization's employees, whether employed by UMSA or University can also participate in a voluntary tax-deferred annuity plan. Under this plan, all personnel may make voluntary contributions through the purchase of individual annuity contracts.

### (6) In-Kind Donations

The Organization receives in-kind support in the furtherance of its objectives. The in-kind support consists principally of training supplies or equipment. In-kind support is recorded at its fair value on the date of donation and expensed when consumed or capitalized and depreciated over its useful life.

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (7) Leases

The Organization has several non-cancellable operating leases for parking spaces and equipment. Rent expense for the years ended June 30, 2021 and 2020 was approximately \$214,000 and \$237,000, respectively.

The Organization is also obligated under two capital leases at June 30, 2021. The first capital lease is for certain medical equipment and requires monthly payments of \$32,050 through July 2022. Included in the monthly lease payments are amounts paid for maintenance and support services of \$12,840. These amounts are expensed each month when paid. The initial amount balance was \$1,026,937, and the balances as of June 30, 2021 and 2020 were \$243,108 and \$439,499, respectively.

The second capital lease, signed in December 2010, relates to the Organization's CAMLS facility in Tampa, Florida which was completed in February 2012. As discussed in Note 8, this lease is with a related party, the USF Financing Corporation ("USFFC"). The term of the lease is through June 30, 2051 with lease payments through December 31, 2031 equivalent to the USFFC debt repayment schedule. Subsequent lease payments will be adjusted to an amount mutually agreeable once the debt obligation is satisfied in full. The initial amount balance was \$20,907,385, and the balances as of June 30, 2021 and 2020 were \$12,453,596 and \$13,399,260, respectively. During fiscal year 2018, USFFC refinanced the debt associated with CAMLS reducing the net interest rate from 4.01% to 3.51% which in turn reduced the Organization's annual lease payments by approximately \$550 thousand to approximately \$1.52 million through 2031. In fiscal year 2021, USFFC refunded the debt reducing the net interest rate from 3.51% to 2.25% which in turn reduced the Organization's future lease payments by approximately \$871 thousand through 2031.

The gross capitalized amount of the facility and equipment and the related accumulated amortization recorded under capital leases at June 30, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Facility and equipment	\$ 21,934,322	21,934,322
Accumulated amortization	<u>(6,914,324)</u>	<u>(6,241,633)</u>
	<u>\$ 15,019,998</u>	<u>15,692,689</u>

Amortization of the assets held under these capital leases is included in depreciation expense.

At lease inception, interest rates on capitalized leases are imputed based on the lower of the Organization's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return and range from 2.25% on the facility lease to 4.64% on the equipment lease.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Notes to Financial Statements - Continued**

**(7) Leases - Continued**

The present value of future minimum capital lease payments and future minimum lease payments on non-cancellable operating leases as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2022	\$ 1,533,956	211,497	1,745,453
2023	1,323,575	19,422	1,342,997
2024	1,365,360	6,582	1,371,942
2025	1,409,724	4,937	1,414,661
2026	1,456,825	-	1,456,825
Thereafter	7,212,668	-	7,212,668
Total minimum lease payments	14,302,108	242,438	14,544,546
Less amount representing interest	1,605,404		
Present value of minimum capital lease payments	12,696,704		
Current installments of capital lease obligations	1,247,119		
Capital lease obligations, less current installments	\$ 11,449,585		

**(8) Related Party Transactions**

In the normal course of business the Organization transacts with the following related parties:

<u>Related Party</u>	<u>Relationship</u>
University of South Florida ("USF" or the "University")	Governing Organization
University Medical Services Association, Inc. ("UMSA")	Direct support organization of Governing Organization
USF Financing Corporation ("USFFC")	Direct support organization of Governing Organization
USF Foundation	Direct support organization of Governing Organization

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Notes to Financial Statements - Continued**

**(8) Related Party Transactions - Continued**

**Summary of Transactions with Related Parties**

The significant related party balances and transactions as of and for the years ended June 30, 2021 and 2020, are summarized and approximated as follows:

***Programming, Facility Operations and Support Revenue***

The Organization receives contractual funding and transfers for continuing education, training and academic programming.

The summary of transactions related to the Organization's delivery of programming included in Operating revenues, as well as support included in Non-operating revenues is as follows:

	2021		2020	
	Amount of Transaction for the Year Ending June 30	Outstanding Receivable Balance at June 30	Amount of Transaction for the Year Ending June 30	Outstanding Receivable Balance at June 30
Operating revenue:				
UMSA	\$ 520,778	87,569	439,001	52,231
USF	3,055,347	61,446	3,561,380	197,286
USF Foundation	25,493	-	10,637	5,400
Non-operating revenue:				
UMSA	270,000	-	310,000	-
USF	69,382	-	-	-
	\$ 3,941,000	149,015	4,321,018	254,917



**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Notes to Financial Statements - Continued**

**(8) Related Party Transactions - Continued**

**Summary of Transactions with Related Parties - Continued**

*Outsourcing Services*

All of the Organization's personnel are either employees of UMSA or employees of the University. The Organization has entered into service agreements or approved allocations of various support services based on actual usage or cost allocation in the following areas: staffing, personnel services, payroll processing, internal audit, information technology, vivarium services, instructors and other related functions. In addition, HPCC contracts with various USF departments and the net revenues from these activities are either retained by HPCC for use in future programs or refunded.

The summary of transactions arising from the Organization's service agreements and related charges included in operating expenses is as follows:

	2021		2020	
	Amount of Transaction for the Year Ending June 30	Outstanding Payable Balance at June 30	Amount of Transaction for the Year Ending June 30	Outstanding Payable Balance at June 30
UMSA	\$ 1,678,108	476,413	1,920,605	342,645
USF	2,305,183	81,113	2,588,412	187,155
	\$ 3,983,291	557,526	4,509,017	529,800

*Lease Transactions (Organization as Lessee)*

The summary of annual transactions arising from the Organization's capitalized lease agreement include insurance and management fees included in operating expenses, interest included in non-operating expenses, bond prepayment premium included in deferred outflows of resources and principal as a reduction of capital lease obligations. The annual transaction amount along with current portion and long-term portion of the June 30 balance are presented as follows:

	2021			2020		
	Amount of Transaction for the Year Ending June 30	Current Installments of Obligation Under Capital Lease at June 30	Obligation Under Capital Leases, Excluding Current Installments at June 30	Amount of Transaction for the Year Ending June 30	Current Installments of Obligation Under Capital Lease at June 30	Obligation Under Capital Leases, Excluding Current Installments at June 30
USFFC \$	1,465,339	1,004,011	11,449,585	1,478,648	945,664	12,453,596

# USF HEALTH PROFESSIONS CONFERENCING CORPORATION

## Notes to Financial Statements - Continued

### (9) Deferred Inflows of Resources

As of June 30, 2021 and 2020, deferred inflows of resources relate to the following:

	<u>2021</u>	<u>2020</u>
Grant specific continuing education program activities	\$ <u>1,125,932</u>	<u>1,515,296</u>

### (10) Risks and Uncertainties

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts continued to affect external clientele at the Center for Advanced Medical Learning and Simulation (“CAMLS”) and significantly impacted the years ending June 30, 2020 and 2021 results despite the continuation of online programming and resumption of USF student and resident programming at CAMLS in fiscal year 2021. CAMLS and the Office of Continuing Professional Development pivoted their program offerings to provide more online and remote training opportunities with live streaming, virtual reality and bringing the training directly to client locations. Although the Organization anticipates continued challenges in fiscal year 2022 due to new variants of COVID-19 constraining air travel and face-to-face meetings, the strategic operating cost reductions to preserve cash and proactively work with clients to defer programming has positioned the Organization to be fully operational and meet the changing needs of clients. The duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of the curtailment of various business and societal activities and the long-term effect on the demand for the Organization’s programs and services. Accordingly, significant estimates used in the preparation of the financial statements including those associated with evaluations of certain long-lived assets for impairment and expected credit losses on amounts owed to the Organization may be subject to significant adjustments in future periods.

### (11) Subsequent Events

The Organization has evaluated subsequent events through October 14, 2021, the date the financial statements were available for issuance.

**USF HEALTH PROFESSIONS CONFERENCING CORPORATION**

**Schedule of Functional Expenses**

**Year Ended June 30, 2021  
(With Comparative Totals for 2020)**

	<b>Management and General</b>	<b>Program Services</b>	<b>Total Expenses</b>	
			<b>2021</b>	<b>2020</b>
Salaries and benefits	\$ 1,204,926	2,477,233	3,682,159	4,148,495
Educational partner expenses	-	2,551,192	2,551,192	5,771,948
Materials and supplies	4,761	731,701	736,462	741,295
Support services	77,668	181,285	258,953	346,685
Expendable furniture and equipment	3,995	5,405	9,400	20,045
Brochure design, printing and mailing	4,442	19,637	24,079	99,065
Audio visual, catering and room rentals	600	20,422	21,022	160,201
Honoraria and consultants	21,000	308,821	329,821	434,946
Travel - speakers and staff	-	16,448	16,448	75,802
Marketing and development	-	6,782	6,782	20,370
Residuals and refunds to sponsors	-	(2,575)	(2,575)	218,528
Utilities, repairs and maintenance	20,471	919,719	940,190	1,133,112
Facilities rent	3,006	10,689	13,695	25,028
Equipment leases	7,088	192,372	199,460	197,389
Interest	16,574	329,845	346,419	527,158
Depreciation and amortization	48,501	912,154	960,655	1,088,717
In-kind	-	10,775	10,775	29,340
<b>Total expenses</b>	<b>\$ 1,413,032</b>	<b>8,691,905</b>	<b>10,104,937</b>	<b>15,038,124</b>



**Independent Auditors' 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**

The Board of Directors  
USF Health Professions Conferencing Corporation:

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 USF Health Professions Conferencing Corporation (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, 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 October 14, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered USF Health Professions Conferencing 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 USF Health Professions Conferencing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether USF Health Professions Conferencing 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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MAYER HOFFMAN MCCANN P.C.

October 14, 2021  
St. Petersburg, Florida



October 14, 2021

To the Board of Directors and Finance and Audit Committee  
USF Health Professions Conferencing Corporation:

We have audited the financial statements of USF Health Professions Conferencing Corporation (“HPCC” or the “Organization”) for the year ended June 30, 2021, and have issued our report thereon dated October 14, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by USF Health Professions Conferencing Corporation are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management’s estimate of the allowance for uncollectible accounts receivable is based on historical experience and an analysis of the collectability of individual receivable balances. We evaluated the key factors and assumptions used by management to develop the allowance (or lack thereof) in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The risks and uncertainties facing HPCC as a result of the impact of the COVID-19 pandemic are disclosed in Note 10 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.



### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 14, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Other Matters***

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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We were engaged to report on the schedule of functional expenses, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors, the Finance and Audit Committee and management of USF Health Professions Conferencing Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

MAYER HOFFMAN MCCANN P.C.

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St. Petersburg, Florida