

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

**Basic Financial Statements
and Required Supplementary Information**

**June 30, 2023
(With Independent Auditors' Report Thereon)**

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Basic Financial Statements and Required Supplementary Information	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 10
Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13 - 14
Notes to Financial Statements	15 - 25
Supplemental Schedule:	
Schedule of Functional Expenses	26
Internal Control and Compliance:	
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 <i>Government Auditing Standards</i>	27 - 28



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

The Board of Directors
USF Health Professions Conferencing Corporation:

Opinion

We have audited the accompanying financial statements of USF Health Professions Conferencing Corporation ("HPCC"), which comprise the statement of net position as of June 30, 2023, 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.

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, 2023, and the respective changes in its net position and its cash flows for the year 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 ("GAAS") 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USF Health Professions Conferencing 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, HPCC changed its method of accounting for Subscription-Based Information Technology Arrangements as a result of the adoption of Governmental Accounting Standards Board Statement No. 96, effective July 1, 2022. Our opinion is not modified with respect to this matter.

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 HPCC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 HPCC'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 HPCC'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 management's discussion and analysis on pages 4 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Organization's basic financial statements. The accompanying schedule of functional expenses 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 GAAS. In our opinion, the schedule of functional expenses 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 13, 2023 on our consideration of HPCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the USF Health Professions Conferencing 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 USF Health Professions Conferencing Corporation's internal control over financial reporting and compliance.

MAYER HOFFMAN MCCANN P.C.

October 13, 2023
St. Petersburg, Florida

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

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 year ended June 30, 2023. 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 ("CAMLS") 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 during the fiscal year, 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

Although the Organization experienced continued COVID related challenges in fiscal year 2022, fiscal year 2023 business has returned to pre-COVID levels.

Effective July 1, 2022 the Organization implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) which requires a subscription asset and a corresponding liability to be recognized on the statement of net position for any SBITA arrangements the Organization has with software vendors. GASB 96 also requires restatement of any prior years presented. Therefore, single year audited financial statements follow the MD&A. Fiscal year 2022 numbers presented in the MD&A do not reflect the impact of GASB 96 implementation as noted in the discussion.

Condensed Statements of Net Position

The following summarizes the Organization’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 1,747,738	2,966,260
Capital and right-of-use assets	15,341,140	14,617,229
Other noncurrent assets	<u>18,425</u>	<u>152,168</u>
Total assets	17,107,303	17,735,657
DEFERRED OUTFLOWS OF RESOURCES		
Bond Prepayment Premium	79,510	98,816
LIABILITIES		
Current	2,888,304	3,736,114
Noncurrent	<u>9,582,736</u>	<u>10,394,633</u>
Total liabilities	12,471,040	14,130,747
DEFERRED INFLOWS OF RESOURCES		
Deferred grants	382,718	350,333
Deferred leases	<u>155,854</u>	<u>371,403</u>
Total deferred inflow of resources	538,572	721,736
NET POSITION		
Net investment in capital and right-of-use assets	4,507,202	3,150,765
Unrestricted	<u>(330,001)</u>	<u>(168,775)</u>
Total net position	<u>\$ 4,177,201</u>	<u>2,981,990</u>

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Condensed Statements of Net Position - Continued

Assets

As of June 30, 2023 the Organization's total assets were \$17.1 million, resulting in a decrease of \$628 thousand (-4%) during fiscal year 2023, which is the result of cash used for liabilities due to limited net cash generated from operations as well as capital and right-of-use asset additions partially offset by depreciation and amortization.

Current assets include those that may be used to support current operations, such as cash and cash equivalents, receivables and inventories. Capital and right-of-use assets include purchased and leased buildings, equipment and IT subscriptions net of depreciation and amortization. Other non-current assets consist of security deposits and non-current portion of lease receivables. As of June 30, 2023, current assets were approximately \$1.7 million, resulting in a decrease of \$1.2 million from the use of cash to purchase capital assets, pay current liabilities and capitalized lease obligations. As of June 30, 2023, the Organization had \$35.5 million in capital and right-of-use assets, less accumulated depreciation and amortization of \$20.2 million, for net capital and right-of-use assets of \$15.3 million. Capital and right-of-use assets consist mostly of a facility lease asset and purchased or financed equipment and IT subscriptions. For the year ended, June 30, 2023, depreciation and amortization expense totaled \$775 thousand. As of June 30 2023, other non-current assets comprise \$18.4 thousand of the Organization's total assets.

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 amounts recorded as deferred outflows for the fiscal years presented result from capital debt refunding transactions related to the CAMLS facility loan.

Liabilities

As of June 30, 2023, total liabilities were \$12.5 million, resulting in a decrease of \$1.7 million (-12%). The decrease in liabilities primarily resulted from a reduction of accounts payable and scheduled payments on lease liabilities. As of June 30, 2023, current liabilities comprise approximately to \$2.9 million of total liabilities and include all items that mature within one year. The current liabilities include current portion of long-term lease obligations, accounts payable, accrued expense due to related parties, refunds due to sponsors, unearned revenue, and other current liabilities.

As of June 30, 2023, the Organization had approximately \$10.8 million, of facility, equipment and IT subscription lease obligations of which, \$9.6 million, represent the long-term portion of lease obligations and \$1.2 million, represent the current portion included with current liabilities.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

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 for the fiscal year June 30, 2023 were approximately \$539 thousand, resulting in a decrease of \$183 thousand.

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 and Right-of-Use Assets** represents the Organization's investment in capital assets such as moveable equipment, IT subscriptions, buildings, infrastructure, and improvements, net of accumulated depreciation, amortization and related lease obligations.
- **Unrestricted** represents the portion of net position that has no third-party restrictions.

Net investment in capital and right-of-use assets increased \$1.4 million, resulting in a 43% increase due to implementation of GASB 96, IT subscription as a right of use asset. For the fiscal year ended June 30, 2023, the Organization added capital and right-of-use assets of \$923 thousand, of that \$577 thousand from recognition of IT subscription right-of-use assets for GASB 96. For the fiscal year ended June 30, 2023, the Organization incurred lease liability payments of \$1.1 million, offset by annual depreciation and amortization of \$775 thousand.

The unrestricted net position had a decrease of \$161 thousand for the fiscal year ended June 30, 2023.

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:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 14,120,812	16,117,705
Operating expenses	<u>(13,777,556)</u>	<u>(16,213,184)</u>
Operating income (loss)	343,256	(95,479)
Net non-operating revenues	<u>851,955</u>	<u>598,215</u>
Increase in net position	1,195,211	502,736
Net position, beginning of year	<u>2,981,990</u>	<u>2,479,254</u>
Net position, end of year	\$ <u><u>4,177,201</u></u>	\$ <u><u>2,981,990</u></u>

Operating Revenues

Operating revenues by source for the fiscal years ended June 30, 2023, and 2022 were as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Contracts and grants - non USF	\$ 8,640,938	11,568,757	(2,927,819)	(25)%
Contracts and grants - USF	3,817,875	3,500,746	317,129	9%
Program registration and exhibits	1,162,449	613,996	548,453	89%
Rental revenue	438,231	349,114	89,117	26%
Rebates and commissions	<u>61,319</u>	<u>85,092</u>	<u>(23,773)</u>	<u>(28)%</u>
Total operating revenues	\$ <u><u>14,120,812</u></u>	\$ <u><u>16,117,705</u></u>	\$ <u><u>(1,996,893)</u></u>	<u><u>(12)%</u></u>

The Organization's operating revenues were \$14.1 million for the year ended June 30, 2023, as compared to \$16.1 million the previous year, for a decrease of \$2 million (-12%). 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 CAMLS. The year over year changes are directly attributable to the fluctuation of grants received for online content delivery in partnership with Medical Education Companies (MECs) and increasing live programming at CAMLS.

Contracts and grants - non-USF decreased \$2.9 million (-25%) from prior year. Revenues at CAMLS increased \$154 thousand supporting year over year upward trajectory of programing to pre COVID activity levels, while OCPD grants for online content delivery in partnership with Medical Education Companies (MECs) decreased \$3.1 million due to the customary minimum two-year course structure where large grants and payments to MECs occur within the first month of programing.

For the fiscal year ended June 30, 2023, Contracts and grants - USF increased \$317 thousand (9%), directly correlated to the new contractual opportunities with USF Applied Institute of Engineering.

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

The Organization's program registrations and exhibits increased by \$548 thousand (89%) from prior year. Rebates and commissions, which are dependent upon these events decreased by \$24 thousand (-28%). Rental revenue increased \$89 thousand (26%) with the initiation and termination of third floor tenant office space.

Operating Expenses

The following summarizes the operating expenses for the fiscal years ended June 30:

	2023	2022	Increase (Decrease)	% Change
Salaries and benefits	\$ 4,145,339	3,743,785	401,554	11%
Wages - program driven temporary staffing	84,608	84,925	(317)	0%
Rent, utilities and equipment leases	1,239,424	1,296,929	(57,505)	(4)%
Other operating expenses	645,363	571,300	74,063	13%
Right-of-use asset amortization	617,869	500,930	116,939	23%
Depreciation expense	157,582	416,357	(258,775)	(62)%
Program services	6,887,371	9,598,958	(2,711,587)	(28)%
Total operating expenses	<u>\$ 13,777,556</u>	<u>16,213,184</u>	<u>(2,435,628)</u>	<u>(15)%</u>

The Organization's operating expenses decreased \$2.4 million (15%), primarily from the pass through of grants to Medical Education Companies (MECs). Live programming direct expenses are increasing since COVID-19 restrictions were lifted in January 2022. Salaries and benefits increased from cost-of-living increases and filled vacancies. Facility operating expenses increased moderately due to inflation and depreciation decreased as assets reached full depreciation.

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 fiscal years ended June 30, 2023 and 2022:

	2023	2022	Increase (Decrease)	% Change
Transfers from UMSA	\$ 442,796	884,000	(441,204)	(50)%
Investment income	10,890	17,771	(6,881)	(39)%
Bond prepayment premium amortization	(19,822)	(20,999)	1,177	(6)%
Interest expense on lease obligations	(274,729)	(288,556)	13,827	(5)%
Gain on lease termination	682,800	-	682,800	100%
Gain on asset disposal	10,020	6,000	4,020	67%
Total net non-operating revenue	<u>\$ 851,955</u>	<u>598,216</u>	<u>253,739</u>	<u>(42)%</u>

The Organization's combined non-operating revenue from USF Health to support the Organization's programming decreased \$441 thousand.

Non-operating interest expense on lease obligations decreased \$14 thousand. A tenant's desire to exit its lease agreement and pay all previous contracted facility improvements and other penalties for early termination resulted in a \$683 thousand gain on lease termination.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

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 and related financing, investing, and capital and related financing.

The following summarizes the Organization's cash flows for the fiscal years ended June 30:

	2023	2022	Increase (Decrease)	% Change
Cash flows from:				
Operating activities	\$ 32,867	330,201	(297,334)	-90%
Noncapital and related financing activities	442,796	884,000	(441,204)	-50%
Capital and related financing activities	(1,650,693)	(1,574,694)	(75,999)	5%
Investing activities	10,890	17,770	(6,880)	-39%
Net decrease in cash and cash equivalents	(1,164,140)	(342,723)	(821,417)	240%
Cash and cash equivalents, beginning of year	1,640,629	1,983,352	(342,723)	-17%
Cash and cash equivalents, end of year	\$ 476,489	1,640,629	(1,164,140)	-71%

For the fiscal year ended June 30, 2023, cash flow provided by operating activities decreased \$297 thousand (90%), primarily from MEC programming cyclical operations and staffing cost of living and fair market equity increases.

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 increased from capital expenditures and implementation of GASB 96 establishing IT subscription lease liabilities but decreased from the proceeds on lease termination.

Net cash provided by investing activities comes from the government held savings accounts and interest income from lease receivables.

Economic Conditions and Outlook

The financial outlook for the 2023-2024 fiscal year anticipates continued pre-COVID-19 volumes at CAMLS based on the momentum of fiscal year 2023 carrying forward into fiscal year 2024 despite increasing energy costs and overall inflation. The COVID pivot of CAMLS and OCPD program offerings to provide more online and remote training opportunities with live streaming, virtual reality and bringing the training directly to client locations creates expanding revenue opportunities beyond the walls of CAMLS.

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 St, Tampa, Florida 33602.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statement of Net Position

June 30, 2023

Assets

Current assets:	
Cash and cash equivalents	\$ 476,489
Accounts receivable, net	626,056
Due from USF/DSO	357,002
Prepaid expenses	123,781
Lease receivable	137,429
Other current assets	<u>26,981</u>
Total current assets	1,747,738
Noncurrent assets:	
Capital assets, net	1,018,776
Right-of-use assets, net	14,322,364
Lease receivable, noncurrent	<u>18,425</u>
Total assets	17,107,303

Deferred Outflows of Resources

Bond prepayment premium	79,510
-------------------------	--------

Liabilities

Current liabilities:	
Lease obligations, current portion	1,251,202
Accounts payable	273,968
Accrued expenses, other	55,841
Due to USF/DSO	510,920
Unearned revenue	<u>796,373</u>
Total current liabilities	2,888,304
Noncurrent liabilities:	
Lease obligations, net of current portion	<u>9,582,736</u>
Total noncurrent liabilities	<u>9,582,736</u>
Total liabilities	12,471,040

Deferred Inflows of Resources

Deferred grants	382,718
Deferred lease revenue	155,854

Net Position

Net investment in capital and right-of-use assets	4,507,202
Operating unrestricted	<u>(330,001)</u>
Total net position	\$ <u><u>4,177,201</u></u>

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

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

Operating revenues:	
Contracts & grants - non USF	\$ 8,640,938
Contracts & grants - USF	3,817,875
Program registration & exhibits	1,162,449
Rental revenue	438,231
Rebates and commissions	<u>61,319</u>
Total operating revenues	14,120,812
Operating expenses:	
Program services	6,887,371
Supporting services:	
Salaries and benefits	4,145,339
Wages - program driven temporary staffing	84,608
Rent, utilities, and equipment leases	1,239,424
Other operating expenses	645,363
Right-of-use asset amortization	617,869
Depreciation expense	<u>157,582</u>
Total operating expenses	<u>13,777,556</u>
Operating income	343,256
Non-operating revenues (expenses):	
Transfers from UMSA - continuing ed - faculty, students	442,796
Investment income	10,890
Bond prepayment premium	(19,822)
Interest expense on lease obligations	(274,729)
Gain on lease termination	682,800
Gain on asset disposal	<u>10,020</u>
Total net non-operating revenues	<u>851,955</u>
Increase in net position	1,195,211
Net position, beginning of year	<u>2,981,990</u>
Net position, end of year	<u><u>\$ 4,177,201</u></u>

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statement of Cash Flows

Year Ended June 30, 2023

Cash flows provided by (used in) operating activities:	
Programmatic receipts	\$ 12,607,804
Facility operations receipts	1,292,975
Rents and rebate receipts	<u>464,281</u>
Total receipts	14,365,060
Programmatic disbursements	(7,993,657)
Staffing disbursements	(4,380,000)
Facility operation disbursements	<u>(1,958,536)</u>
Total disbursements	<u>(14,332,193)</u>
Net cash provided by operating activities	32,867
Cash flows from noncapital and related financing activities:	
Transfers from UMSA - continuing ed - faculty, staff	<u>442,796</u>
Net cash provided by noncapital and related financing activities	442,796
Cash flows provided by (used in) capital and related financing activities:	
Purchases of capital assets	(859,081)
Proceeds on sale of fixed assets, net	10,020
Proceeds on lease termination, net	682,800
Principal payments under lease obligations	(1,209,703)
Interest payments on lease obligations	<u>(274,729)</u>
Net cash used in capital and related financing activities	(1,650,693)
Cash flows provided by investing activities:	
Investment income	<u>10,890</u>
Net cash provided by investing activities	<u>10,890</u>
Net decrease in cash and cash equivalents	(1,164,140)
Cash and cash equivalents at beginning of year	<u>1,640,629</u>
Cash and cash equivalents at end of year	\$ <u><u>476,489</u></u>
Noncash financing and investing activities:	
Additions to subscription-based information technology arrangement right-of-use assets and related liabilities recognized from adoption of GASB 96	\$ <u><u>577,177</u></u>

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statement of Cash Flows - Continued

Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	\$ 343,256
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	157,582
Right-of-use asset amortization	617,869
Change in assets and liabilities and deferred inflows of resources:	
Accounts receivable and due from USF/DSO	(35,285)
Prepaid expenses	2,988
Lease receivable	215,549
Fixed asset accruals	(63,620)
Other current and noncurrent assets	4,874
Accounts payable, accrued expenses and noncurrent liabilities	(1,001,998)
Unearned revenue	(25,184)
Deferred inflows of resources	<u>(183,164)</u>
Net cash provided by operating activities	\$ <u><u>32,867</u></u>

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements

June 30, 2023

(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 lease liability).

Effective July 1, 2007, the assets, liabilities and net assets of the OCPD were transferred from USF Medical Services Support Corporation (MSSC), a direct support organization of the University, to the Organization. The assets, liabilities and net assets were transferred based on June 30, 2007 audited financial information.

Prior to January 1, 2016, all of the Organization’s personnel were either employees of MSSC or the University. Effective January 1, 2016, all MSSC employees and related obligations were transferred to University Medical Services Association, Inc. (UMSA). Effective December 10, 2021, all UMSA employees and related obligations were transferred to the University.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(1) Organization - Continued

(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.

(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.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

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

(b) **Basis of Accounting - Continued**

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**

Effective July, 1 2022, GASB 96, Subscription-Based Information Technology Arrangements, became effective, this statement which is largely based on GASB 87 and applies to subscriptions for software, requires the recognition of a lease liability, intangible right-to-use asset and amortization for IT subscription agreements and/or contracts that are considered either long term and cost allocation is not based on user count, or if in good faith, knowledge of the contract to continue into the future with no knowledge or perception of terminating a month to month or short term agreement.

(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.

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 was approximately \$8 thousand at June 30, 2023.

(f) **Capital and Right-of-Use Assets**

Purchased capital assets are recorded at cost. Right-of-use lease assets are recorded at present value of the related lease obligation. 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 or 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.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(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 \$796 thousand at June 30, 2023.

(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 \$79 thousand at June 30, 2023. Deferred inflows consist of grants received for contractual programs not yet held, or for educational materials not yet delivered and deferred leases, which were approximately \$539 thousand at June 30, 2023.

(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 year ending June 30, 2023, the Organization's sole source of unrelated business income was conferencing services. At June 30, 2023, 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.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(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, 2023, a total of \$554,317, 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 34% from UMSA and USF, and 13% from two external clients totaling 47%, of total accounts receivable at June 30, 2023. 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 \$184,000, or 23% of total unearned revenue, as of June 30, 2023.

(4) Property and Equipment

Property and equipment and related activity as of and for the year ended June 30, 2023 consisted of the following:

	<u>June 30,</u> <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30,</u> <u>2023</u>
Capital assets:				
Construction in progress	\$ -	183,030	-	183,030
Furniture and equipment	696,294	58,472	-	754,766
Computers	2,107,601	19,580	-	2,127,181
Medical equipment	9,201,052	40,344	577,150	8,664,246
Leasehold improvements	<u>1,652,438</u>	<u>621,275</u>	<u>-</u>	<u>2,273,713</u>
Total capital assets	13,657,385	922,701	577,150	14,002,936
Less accumulated depreciation	<u>(13,403,727)</u>			<u>(12,984,160)</u>
	<u>\$ 253,658</u>			<u>1,018,776</u>
Right-of-use assets:				
Special use building	\$ 20,907,385	-	-	20,907,385
Right-of-use equipment	22,465	-	-	22,465
Right-of-use IT subscriptions	<u>-</u>	<u>577,177</u>	<u>-</u>	<u>577,177</u>
Total right-of-use assets	20,929,850	577,177	-	21,507,027
Less amortization	<u>(6,566,278)</u>			<u>(7,184,663)</u>
	<u>\$ 14,363,572</u>			<u>14,322,364</u>

Depreciation and amortization expense was \$775,451 for the year ended June 30, 2023.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(5) Retirement Plans

All employees of the Organization are employed by the University. 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 contributed at the rate of 9% to 12% of each eligible individual's total compensation depending on the retirement plan selected. Contribution expense related to the plans was approximately \$301,000 for the fiscal year ended June 30, 2023.

The Organization's employees 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. There were no in-kind donations for the fiscal year ended June 30, 2023.

(7) Leases

The Organization is obligated under six long-term leases at June 30, 2023. The first 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, 2023, was \$10,383,626. 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 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 second lease is for office equipment and requires monthly payments of \$549 through March 2025. These amounts are expensed each month when paid. The initial amount balance was \$23,819, which began in April of 2021, and the balances as of June 30, 2023, was \$11,008.

The third lease is for technical support of software used on simulation manikins and requires quarterly payments of \$25,000 through May 2027. These amounts are expensed each quarter when paid. The initial amount balance was \$441,171, which began in June of 2022, and the balance as of June 30, 2023, was 353,425.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(7) Leases - Continued

The fourth lease is for right to use Continuing Education and accreditation tracking software systems. This contract is an annual contract that auto renews and is cancellable. Due to the knowledge of future use of the software and no current intentions of cancellation within the next five years the Organization has recognized the agreement as a right-of-use IT subscription-based lease. This lease requires annual payments that are increased approximately 1.75% each year. These amounts are expensed annually when paid. The initial amount recorded was \$56,463, which began in August of 2022, and the balance as of June 30, 2023, was \$35,493.

The fifth lease is for right to use ERP Accounting software. This contract is an annual contract that auto renews and is cancellable. Due to the knowledge of future use of the software and no current intentions of cancellation within the next five years the Organization has recognized the agreement as a right-of-use IT subscription-based lease. This lease requires annual payments that are increased approximately 4.5% each year. These amounts are expensed annually when paid. The initial amount balance recorded was \$27,209, which began in April of 2022, and the balance as of June 30, 2023, was \$27,209.

The final lease is for right to use Hosting services for the ERP Accounting software. This contract is a monthly contract that auto renews and is cancellable. Due to the knowledge of future use of the software and no current intentions of cancellation within the next five years the Organization has recognized the agreement as a right-of-use IT subscription-based lease. This lease requires monthly payments of \$513. These amounts are expensed monthly when paid. The initial amount recorded was \$28,286, which began in July of 2022, and the balance as of June 30, 2023, was \$23,177.

The gross capitalized amount of right-of-use facility and equipment, right-of-use IT subscriptions and the related right-of-use amortization related to the leases at June 30, 2023 was:

Right-of-use facility and equipment	\$	20,929,850
Right-of-use IT subscriptions		577,177
Right-of-use amortization		(7,067,208)
Right-of-use IT subscriptions amortization		<u>(117,455)</u>
	\$	<u>14,322,364</u>

At lease inception, interest rates on 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 5% on an equipment lease.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(7) Leases - Continued

The present value of future minimum lease payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Leases</u>
2024	\$ 1,497,502
2025	1,540,639
2026	1,583,221
2027	1,595,793
2028	1,559,924
Thereafter	<u>4,145,911</u>
Total minimum lease payments	11,922,990
Less amount representing interest	<u>1,089,052</u>
Present value of minimum lease payments	10,833,938
Current installments of lease obligations	<u>1,251,202</u>
Lease obligations, less current installments	<u>\$ 9,582,736</u>

In accordance with the provisions of GASB 87, the Organization recorded three lease receivables and related deferred inflow of resources. The first lease receivable is for the rental of the Café and food preparation area with a monthly rental of \$10,000 beginning in January 2020 and increasing 3% thereafter until December 2023. The initial amount balance was \$455,683, and the balance as of June 30, 2023 was \$65,274.

The second lease receivable is for the vivarium and usage of common space on the first floor with a monthly rental of \$2,917 beginning in January 2022 and increasing 3% thereafter each year at the first of each year until December 2024. The initial amount balance was \$108,182 and the balance as of June 30, 2023 was \$54,020.

The third lease receivable is for the Shared Student Services on the third floor with a monthly rental of \$4,832 beginning in February 2021 and increasing 3% thereafter until January 2024. The initial balance was \$173,361 and the balance as of June 30, 2023 was \$36,560.

(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 Institute of Applied Engineering (USFIAE)	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 year ended June 30, 2023, 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:

	<u>2023</u>	
	Amount of Transaction for the Year Ending June 30	Outstanding Receivable Balance at June 30
Operating revenue:		
UMSA	\$ 764,270	283,598
USF	2,985,651	60,028
USF Foundation	830	830
USF IAE	315,746	12,546
Non-operating revenue:		
UMSA	<u>442,796</u>	<u>-</u>
	<u>\$ 4,509,293</u>	<u>357,002</u>

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, the Organization contracts with various USF departments and the net revenues from these activities are either retained by the Organization for use in future programs or paid out.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(8) Related Party Transactions - Continued

Summary of Transactions with Related Parties - Continued

Outsourcing Services - Continued

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

	2023	
	Amount of Transaction for the Year Ending June 30	Outstanding Payable Balance at June 30
UMSA	\$ 81,659	206,606
USF	4,736,875	304,314
USFFC	60,385	-
	\$ 4,878,919	510,920

Lease Transactions (Organization as Lessee)

The summary of annual transactions arising from the Organization's 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 lease obligations. The annual transaction amount along with current portion and long-term portion of the June 30 balance are presented as follows:

	2023		
	Amount of Transaction for the Year Ending June 30	Current Installments of Obligation Under Lease at June 30	Obligation Under Lease, Excluding Current Installments at June 30
USFFC	\$ 1,431,091	1,131,729	9,251,897

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Notes to Financial Statements - Continued

(9) **Deferred Inflows of Resources**

As of June 30, 2023, deferred inflows of resources relate to the following:

Grant specific continuing education program activities	\$	382,718
Lease receivable		<u>155,854</u>
	\$	<u><u>538,572</u></u>

(10) **Subsequent Events**

The Organization has evaluated subsequent events through October 13, 2023, the date the financial statements were available for issuance.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Schedule of Functional Expenses

Year Ended June 30, 2023

	<u>Management and General</u>	<u>Program Services</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 1,216,564	3,013,383	4,229,947
Educational partner expenses	-	4,948,063	4,948,063
Materials and supplies	14,986	1,121,135	1,136,121
Support services	113,023	206,463	319,486
Expendable furniture and equipment	5,505	21,953	27,458
Brochure design, printing and mailing	695	29,001	29,696
Audio visual, catering and room rentals	162	83,306	83,468
Honoraria and consultants	28,864	542,029	570,893
Travel - speakers and staff	6,264	161,633	167,897
Marketing and development	-	24,616	24,616
Residuals and refunds to sponsors	-	218,563	218,563
Utilities, repairs and maintenance	35,109	1,116,914	1,152,023
Facilities rent	-	483	483
Equipment leases	-	93,391	93,391
Interest	13,574	261,155	274,729
Depreciation and amortization	42,104	733,347	775,451
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>1,476,850</u>	<u>12,575,435</u>	<u>14,052,285</u>



**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, 2023, 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 13, 2023.

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 13, 2023
St. Petersburg, Florida



October 13, 2023

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, 2023 and have issued our report thereon dated October 13, 2023. 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 June 30, 2023. 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 2 to the financial statements. Other than the adoption of Governmental Accounting Standards Board (“GASB”) Statement No. 96, as described below, no new accounting policies were adopted and the application of existing policies was not changed during fiscal 2023. 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.

In fiscal 2023, HPCC adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, effective July 1, 2022. The statement requires a right-to-use asset and corresponding liability to be recorded for certain information technology arrangements, which most commonly applies to software licensing. Adoption of the standard resulted in the recording of SBITA right-of-use assets of approximately \$577,000 and an equivalent liability amount.

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.

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 auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Unusual Transactions

For purposes of this letter, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Organization or that otherwise appear to be unusual due to their timing, size or nature.

Related Party Relationships and Transactions

As part of our audit, we evaluated the Organization's identification of, accounting for, and disclosures of the Organization's relationships and transactions with related parties as required by professional standards. We did not identify any related parties or related party relationships or transactions that were previously undisclosed to us; significant related party transactions that have not been approved in accordance with the Organization's policies or procedures or for which exceptions to the Organization's policies or procedures were granted; or significant related party transactions that appeared to lack a business purpose.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2023.

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 auditors’ 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.

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.

Mayer Hoffman McCann P.C.
St. Petersburg, Florida

