



Item: AC: I-2c

Audit and Compliance Committee

Tuesday, November 14, 2023

SUBJECT: Review of the Financial Statements of FAU Direct Support Organizations: FAU Clinical Practice Organization Financial Report for the Year Ended June 30, 2023

PROPOSED COMMITTEE ACTION

Information Only

BACKGROUND INFORMATION

The audited financial statements of the FAU Clinical Practice Organization (FAU CPO) are presented to keep the Board of Trustees informed about the financial status of the Corporation. The audited financial statements are for the period ended June 30, 2023 and were presented to the FAU CPO Board of Directors on October 30, 2023.

IMPLEMENTATION PLAN/DATE

N/A

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: FAU CPO Financial Report for the Year Ended June 30, 2023

Presented by: Mr. Jayson Iroff, VP Financial Affairs and CFO;
Auditors, Rehmann

Phone: 561-297-6272

FAU Clinical Practice Organization,
Inc.
(A Component Unit of Florida
Atlantic University)

Year Ended
June 30, 2023

Financial
Statements

Rehmann

FAU CLINICAL PRACTICE ORGANIZATION, INC.

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INDEPENDENT AUDITORS' REPORT

October 30, 2023

To the Board of Directors
FAU Clinical Practice Organization, Inc.
Boca Raton, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **FAU Clinical Practice Organization, Inc.** (the "Organization"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization, as of June 30, 2023, and the respective changes in financial position and cash flows thereof 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent 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 of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of the Organization'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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Management's Discussion and Analysis

These financial statements are the responsibility of management of the *FAU Clinical Practice Organization, Inc.* (the "Organization"). We offer readers this narrative overview and analysis for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- Ending net position at June 30, 2023 \$ 64,501
- Change in total net position for the year ended June 30, 2023 (238,843)

Overview of the Financial Statements

Basic Financial Statements. The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Organization is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. See Note 1 to the financial statements for a summary of the Organization's significant accounting policies.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

The Organization's net position decreased \$238,847 over the course of the fiscal year 2023 to a total of \$64,497. Explanations for those changes are provided below.

	Net Position	
	2023	2022
Assets		
Current assets	\$ 1,421,042	\$ 813,982
Liabilities		
Current liabilities	<u>1,356,541</u>	<u>510,638</u>
Net position		
Unrestricted	<u>\$ 64,501</u>	<u>\$ 303,344</u>

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Management's Discussion and Analysis

The following condensed financial information was derived from the statement of revenues, expenses and changes in fund net position and reflects how the Organization's net position changed during the fiscal year:

	Change in Net Position	
	2023	2022
Operating revenues	\$ 5,192,475	\$ 5,158,910
Operating expenses	<u>5,431,318</u>	<u>5,084,198</u>
Change in net position	(238,843)	74,712
Net position, beginning of year	<u>303,344</u>	<u>228,632</u>
Net position, end of year	<u>\$ 64,501</u>	<u>\$ 303,344</u>

For the years ended June 30, 2023 and 2022, the decrease in net position was due to timing of cash transfers between the CPO and FAU at year end for the reimbursement of expenses that are paid by FAU on behalf of the CPO.

Economic Condition and Outlook

The Organization's revenues representing both medical staffing and patient service totaled approximately \$5,192,474 and \$5,158,910 for the years ended June 30, 2023 and 2022, respectively. This increase of \$33,564 in revenues, is primarily driven by increased patient service revenue for both the College of Nursing's sites and the College of Medicine's Primary Care site which have all experienced increases in patient visits over the past fiscal year. Operating expenses associated with the direct operations of the Organization totaled approximately \$5.4 million and \$5.1 million for the years ended June 30, 2023 and 2022, respectively. Personnel costs represent 94% of operating expenses and the increase in expenses is directly driven by the increased revenues of the clinics.

For fiscal year 2024, the College of Medicine is anticipating Primary Care revenue to reflect steady growth as the two additional full-time physicians will be reflected in revenues and continue to increase their patient population. In addition, the college's Integrative Health site is now operating with a full time medical director and expects to see increased patient volumes as a result. The college's medical staffing revenue is expected to remain consistent and any increases based on current medical staffing contracts will be due to increased physician clinical hours. The College of Nursing clinical sites anticipate increases in patient service revenue due to a reduction in provider and staff vacancies and greater patient volume.

Requests for Information

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Treasurer, Clinical Practice Organization, Florida Atlantic University, 777 Glades Road, BC-71 241, Boca Raton, Florida 33431.

BASIC FINANCIAL STATEMENTS

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Statement of Net Position

June 30, 2023

Assets

Current assets

Cash	\$ 522,568
Accounts receivable, net	<u>898,474</u>

Total assets

1,421,042

Liabilities

Current liabilities

Accounts payable and accrued liabilities	22,600
Due to University	<u>1,333,941</u>

Total liabilities

1,356,541

Net position

Unrestricted	<u><u>\$ 64,501</u></u>
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The accompanying notes are an integral part of these basic financial statements.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2023

Operating revenues

Patient service revenue, net of contractual adjustments and provision for bad debts	\$ 1,835,750
Medical staffing revenue, net of provision for bad debts	<u>3,356,725</u>

Total operating revenues

5,192,475

Operating expenses

Personnel costs	5,108,193
Contracted services	168,431
Other expenses	137,163
Medical and lab supplies	11,686
Insurance	<u>5,845</u>

Total operating expenses

5,431,318

Change in net position

(238,843)

Net position, beginning of year

303,344

Net position, end of year

\$ 64,501

The accompanying notes are an integral part of these basic financial statements.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities

Cash receipts from customers and patients	\$ 4,904,161
Cash paid to suppliers	<u>(4,585,415)</u>

Net change in cash **318,746**

Cash, beginning of year 203,822

Cash, end of year **\$ 522,568**

Reconciliation of change in net position to net cash provided by operating activities

Change in net position	\$ (238,843)
Adjustments to reconcile change in net position to net cash provided by operating activities	
Change in operating assets and liabilities that provided (used) cash	
Accounts receivable	(288,314)
Accounts payable and accrued liabilities	1,860
Due to University	<u>844,043</u>

Net cash provided by operating activities **\$ 318,746**

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *FAU Clinical Practice Organization, Inc.* (the "Organization") conform to generally accepted accounting principles as applied to business-type activities. The following is a summary of the significant policies.

Reporting Entity

On May 3, 2011, the FAU Clinical Practice Organization, Inc. (the "Organization") was incorporated as a not-for-profit organization under Chapter 617, Florida Statutes. Its articles of incorporation were last amended and restated on September 29, 2021. The Organization is a direct support organization and component unit of the Florida Atlantic University (the "University"), a part of the State university system of public universities. It was established to promote and support medical education, research, and patient care, including the collection, receipt, management, administration and distribution of funds, exclusively for the support of the mission and objectives of the University, its Charles E. Schmidt College of Medicine, its Christine E. Lynn College of Nursing, and other participating colleges or units within the University, in accordance with the University's College of Medicine Faculty Practice Plan and other faculty practice plans adopted by the University pursuant to applicable Florida Board of Governor's Regulations or other governing laws, rules or regulations. The governing body of the Organization is its Board of Directors (the "Board").

The Board is responsible for managing, supervising and controlling the business, property, affairs and funds of the Organization, and is appointed by the University. The University has the ability to impose its will upon and has a financial benefit/burden relationship with the Organization. Consequently, the Organization meets the criteria for inclusion in the University's reporting entity as a component unit.

Basis of Presentation

All operations of the Organization are accounted for in a single enterprise fund (a type of proprietary fund). Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Restricted net position is reported for assets that are subject to restrictions beyond the Organization's control, less any liabilities payable from such restricted assets. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

Assets, Liabilities and Equity

Cash

For purposes of the statements of cash flows, cash includes cash on deposit and cash on hand at the statement date.

Expenses

Operating expenses are administrative expenses of the University. The University also charges for medical personnel and medical administrative support (exclusive of overhead) provided to the Organization, to aid in its operations. Bad debt expense is recorded for accounts receivable balances not considered collectible and such amounts are netted against the related revenues on the financial statements.

Facilities and operational personnel are provided at no cost to the Organization by the University for the years ended June 30, 2023 and 2022.

Revenues

Medical Staffing Revenue

The University has entered into clinical practice service agreements with third party medical health care facilities (hereafter "facilities"), whereby the University provides the facilities with medical staffing (doctors, nurses, etc.) to oversee certain educational, administrative, and clinical activities at the facilities, as determined by the parties and pursuant to the clinical practice service agreements. In accordance with the clinical practice service agreements, the facilities pay the University a fee for the medical staffing and services provided. The fees earned from these contracts are assigned to and recognized by the Organization.

The University entered into various agreements on behalf of the College of Nursing ("CON") to provide medical staffing services performed by licensed nurse practitioners at clinics and health centers throughout Palm Beach County and the State of Florida.

The University on behalf of the College of Medicine ("COM") has entered into various agreements to provide clinical staffing services by FAU faculty physicians at healthcare settings throughout Palm Beach County, Florida. The College of Medicine also has an Intra-FAU Service and Affiliation agreement with Florida Atlantic University Student Health Services.

All medical staffing services rendered are invoiced in accordance with the agreements. The Organization's medical staffing revenues (net of bad debts) totaled \$3,356,725 for the year ended June 30, 2023.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

Net Patient Service Revenue

The College of Nursing CHC was designated as a Health Resources & Services Administration ("HRSA") Federally Qualified Health Center ("FQHC") Look-Alike effective May 1, 2021. With this designation, the CHC was required to establish a community board and adhere to federal guidelines with stated purpose/expectations as well as comply with HRSA Health Center Program's governance and composition requirements. As a FQHC Look-Alike, the CHC can be reimbursed higher Medicaid and Medicare rates than non-FQHC Look-Alike community health centers.

A HRSA FQHC Look-Alike health center's purpose and expectations include but not limited to the following: serve a medically underserved area or population ("MUA"/"MUP"), operate a sliding fee schedule, and offer comprehensive primary and preventative healthcare services, including oral and behavioral services.

Medicare

Services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The University is reimbursed as determined by the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services. Such rates are adjusted annually as published.

Medicaid

Services rendered to Medicaid program beneficiaries are reimbursed under a cost-reimbursement methodology. The University is reimbursed at an agreed-upon rate based on contract negotiations.

Other Payers

The University has also entered into payment arrangements with certain commercial insurance carriers and other community payer sources. The basis for payment to the University under these arrangements includes prospectively determined rates and discounts from established charges.

The University on behalf of MWC, CHC, FFP, FIH, and CSD entered into multiple agreements related to its patient service revenue activities. The funds received under these agreements are applied as payments against outstanding patient accounts. The net patient service revenue received by the University is assigned to and recognized by the Organization.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

The components of net patient service revenue for the year ended June 30, 2023, is summarized as follows:

Facility	Patient Service Revenue, Gross	Contractual Adjustment	Provision for Bad Debt	Patient Service Revenue, Net
Memory and Wellness Center	\$ 729,243	\$ (147,122)	\$ (4,614)	\$ 577,507
Community Health Center	840,429	(560,391)	-	280,038
FAUMedicine Faculty Practice	1,163,698	(265,334)	(14,138)	884,226
FAUMedicine Integrative Health Clinic	57,443	10,148	(119)	67,472
Communications and Speech Disorders Clinic	29,121	-	(2,614)	26,507
Total	\$ 2,819,934	\$ (962,699)	\$ (21,485)	\$ 1,835,750

Accounts Receivable

Accounts receivable as of June 30, 2023 are comprised of following:

Medical Staffing Accounts Receivable

The balance represents charges for medical staffing services provided prior to the end of the fiscal year but not yet collected. Allowances for doubtful accounts are recorded based on management's best estimate as of the fiscal year end considering type, collection history, and other factors deemed appropriate. Accounts receivable due from third parties for medical staffing services totaled \$487,878 for fiscal year ended 2023. There was no allowance for doubtful accounts recorded for fiscal year ended 2023.

Patient Service Accounts Receivable

Patient receivables, where a patient or a third party is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third-party payers. Accounts receivable (net of allowance for doubtful accounts) for patient services provided totaled \$410,596 for the fiscal year ended 2023. The allowance for doubtful accounts totaled \$423,758 for the fiscal year ended 2023.

Receivables include patients with insurance, self-pay/uninsured and, patients with deductible/copayment balances due for which third-party coverage exists for part of the bill. Management records an allowance for doubtful accounts in the period of service on the basis of its past experience.

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

The components of patient receivables for the year ended June 30, 2023 are summarized as follows:

Facility	Accounts receivable, net of contractual adjustment	Reserve for Uncollectible Accounts	Net Accounts Receivable
Memory and Wellness Center	\$ 98,499	\$ (5,630)	\$ 92,869
Community Health Center	162,962	(8,040)	154,922
FAUMedicine Faculty Practice	553,115	(402,489)	150,626
FAUMedicine Integrative Health Clinic	4,355	(3,152)	1,203
Communications and Speech Disorders Clinic	15,423	(4,447)	10,976
Total	\$ 834,354	\$ (423,758)	\$ 410,596

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS

Following is a reconciliation of deposit balances for the Organization as of June 30, 2023:

Statement of Net Position

Cash \$ 522,568

Deposits

Checking / savings accounts \$ 522,568

FAU CLINICAL PRACTICE ORGANIZATION, INC.

Notes to Financial Statements

Deposit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned. It is the Organization's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Under Florida statutes, Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. As of June 30, 2023, approximately \$270,000 of the bank balance was exposed to custodial credit risk.

Eligible collateral is dependent upon the depository institution's financial history and its compliance with Florida Statutes, Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

3. RELATED PARTY TRANSACTIONS

At June 30, 2023, the net amount due to the University totaled \$1,333,941, representing \$175,695 in revenue/deposits pending to be transferred and \$1,509,636 in expenses paid on behalf of the Organization pending reimbursement.

4. RISK MANAGEMENT

The Organization is a protected entity under the Florida Atlantic University College of Medicine Self-Insurance Program.

5. REGULATORY COMPLIANCE

The Organization has no knowledge of any intended or pending investigation by any Federal or State agency regarding the Organization's claims for reimbursement for health services or any other matter of the Organization's compliance with applicable laws and regulations.



INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

October 30, 2023

Honorable members of the Board of Directors
of the FAU Clinical Practice Organization
Boca Raton, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **FAU Clinical Practice Organization** (the "Organization"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

FAU Clinical Practice Organization
777 Glades Road
Boca Raton, FL 33431

October 30, 2023

Rehmann Robson
500 University Blvd, Suite 215
Jupiter, FL 33458

This representation letter is provided in connection with your audit of the financial statements of the **FAU Clinical Practice Organization, Inc.** (the "Organization") as of and for the year ended June 30, 2023, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the Organization in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 30, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 7, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility 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.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

FAU Clinical Practice Organization
777 Glades Road
Boca Raton, FL 33431

7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. There were no uncorrected misstatements.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. All required supplementary information is measured and presented within the prescribed guidelines.

Information Provided

21. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

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24. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
26. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
27. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
28. We have a process to track the status of audit findings and recommendations.
29. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
30. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
31. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
32. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
33. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
34. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
35. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
36. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
37. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
38. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
39. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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40. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Required Supplementary Information

41. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Jaclyn DeAquino, CPA, Treasurer



Curtis Whitehair, Interim Dean