

**FLORIDA STATE UNIVERSITY
RESEARCH FOUNDATION, INC.**

FINANCIAL STATEMENTS

June 30, 2025 and 2024

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.

FINANCIAL STATEMENTS
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida State University Research Foundation, Inc.
Tallahassee, Florida

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Florida State Research Foundation, Inc. (the "Research Foundation"), a component unit of the Florida State University, as of and for the years ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Research Foundation, as of June 30, 2025, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Research Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Research Foundation for the year ended June 30, 2024, were audited by other auditors whose report thereon dated October 14, 2024, expressed an unqualified opinion on the respective financial statements.

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 Research Foundation'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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Research Foundation'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 Research Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 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 15, 2025 on our consideration of the Research Foundation'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 Research Foundation'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 Research Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The script is cursive and fluid, with the "C" being particularly large and stylized.

Crowe LLP

Indianapolis, Indiana
October 15, 2025

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Florida State University Research Foundation, Inc. (the Research Foundation) is pleased to present its financial statements for fiscal years 2025 and 2024. The intent of this discussion and analysis of financial performance is to provide readers with a comprehensive picture of the Research Foundation's financial condition and results of operations. It should be read in conjunction with the audited financial statements and related footnotes as details provided there are not necessarily repeated in this analysis.

This annual report consists of a series of financial statements. The Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements provide information about the activities of the Research Foundation as a whole and present an overall view of the Research Foundation's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are considered regardless of when cash was received or disbursed. The primary purpose of the Statements of Cash Flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement aids in the assessment of an organization's ability to generate future net cash flows and meet obligations as they come due. The accompanying footnotes to the financial statements provide further information related to amounts presented on the financial statements. The following discussion is meant to focus on key changes that occurred during the current financial period.

FINANCIAL HIGHLIGHTS

The net position of the Research Foundation decreased from \$157.3 million to \$154.2 million at June 30, 2025. The decrease is primarily due to a decrease in long term investments and Contributions to Florida State University (the University) exceeding investment income after accounting for portfolio fees. Net position indicates the overall financial strength of the Research Foundation and is equal to assets less liabilities. The net position will provide the resources necessary to continue funding research programs and research facilities, as well as to meet other obligations in the coming years.

Revenues at the Research Foundation consist of licensing and royalty revenues, privately-funded contracts and grants, building rentals, and investment earnings.

- **Licensing fees and royalties** increased from the previous year. Licensing Fees and Royalties were approximately \$381,932 in fiscal year 2025 as compared to \$345,507 in fiscal year 2024. The increase of approximately \$36,400 is related to current agreements seeing positive advancements and sales related to the licensed technology.
- **Contract and grant revenues** increased from the prior year. Contract and grant revenues were \$12.3 million in 2025 as compared to \$10 million in 2024. This increase in contract and grant revenue is attributed to the increase of contract and grant research activity recognized during fiscal year 2025.
- **Building rental revenues** increased from the previous year. Building rental revenues were \$3.5 million in fiscal year 2025 as compared to \$3.3 million in fiscal year 2024, with an increase of approximately \$242,000. With an occupancy rate of 98.9%, the increase is attributable to standard rental rate increases.
- **Investment earnings** increased from the previous year. Investment earnings were \$17.6 million during fiscal year 2025 compared to \$14.7 million during fiscal year 2024. The Research Foundation realized an investment return related to current investments of approximately 8.8% for both the 2025 and 2024 fiscal year.

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RESEARCH FOUNDATION FUNDED PROGRAMS HIGHLIGHTS

Past royalty revenue and investment earnings provide resources for various internal research programs developed at the University. Spending for these programs is listed as "Research Foundation funded programs" on the Statements of Revenues, Expenses and Changes in Net Position. These programs include:

- ***Krafft Professorships*** – assist the University in recruiting national scholars by providing a \$40,000 annual grant to selected scholars employed by the University in various disciplines. Past recipients include Pulitzer Prize winners in literature and music composition, a four-time Emmy Award winner, and a former chair of the National Endowment for the Arts. Krafft Professors bring new opportunities to students and campus. The grants are funded from investment earnings with up to \$800,000 committed to this program annually. During fiscal year 2025 there were five full Krafft professors, one partial Krafft professor, and one Edgar professor for a total commitment of \$228,000 to the program.
- ***Grants for Application Proof of Concept (GAP) Funding Program*** – support enhancements of inventions or other original works that have been disclosed to the University. It funds projects that University researchers and other interested parties agree will quickly improve the odds that current research results will lead to public availability of a new product or service. The Research Foundation has funded \$250,000 per year for over fifteen years.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of the Research Foundation as of the end of the fiscal years. From the data presented, readers are able to determine the net position available to continue the operations of the organization. In 2025, there was a decrease in total assets of \$5.3 million.

The current assets increased by \$21.7 million. Cash and cash equivalents remained steady between fiscal years. Current investments (unrestricted and restricted) increased by approximately \$20.2 million due to the market moving in a positive direction during the current year. Of the current investments, the restricted portion decreased by \$3 million as principal payments were made during the fiscal year per the Note Payable Arbitrage Monitoring agreement.

Grants receivable increased by approximately \$592,000 due to normal operating situations for the current year.

Non-current investments decreased by \$1.2 million during fiscal year 2025, primarily due to the dissolution of the Private Company of which the Research Foundation held an equity investment.

Notes receivable decreased by approximately \$11.3 million. The decrease is primarily due to an early payoff of an outstanding notes balance and scheduled payments received on the remaining outstanding notes balances.

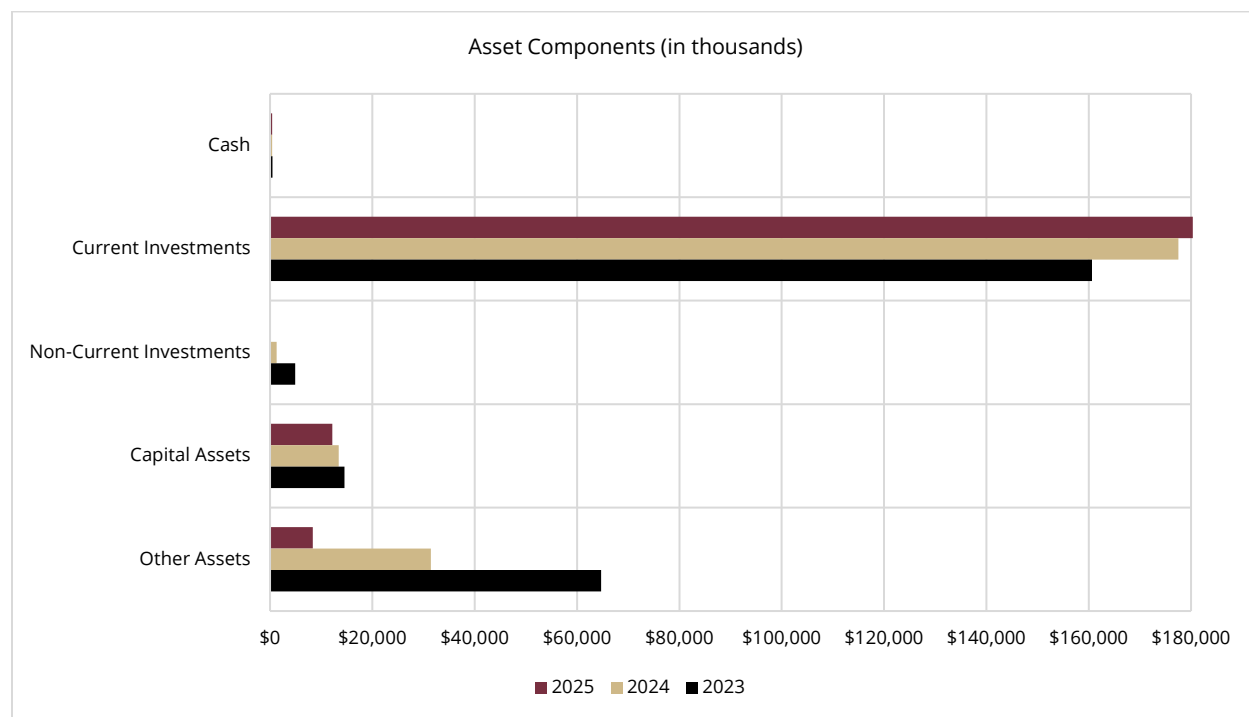
Deposits held with the University decreased by \$13.3 million. The decrease is mainly related to the University using the remaining funds from the \$44 million deposit provided by the Research Foundation towards the construction of the Interdisciplinary Research and Commercialization Building.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Capital assets (net) decreased by \$1.2 million. This is the result of the annual amortization of the various properties under the capital lease agreements offset. These assets represent the current amortized cost of various Research Foundation leasehold agreements in Innovation Park.

The following chart illustrates the asset components as June 30, 2025, 2024, and 2023:



The royalty allocations payable consists primarily of past royalties not yet spent by departments, which are held on deposit at the Research Foundation, plus the current year department allocations. For the 2025 fiscal year, this payable increased by \$87,000 due to the departmental spending being less than additions to the departmental funds held by the Research Foundation.

Unearned revenue consists of the unexpended portions of contract and grant revenue receipts that are being administered by the Research Foundation. Revenue per the Statements of Revenues, Expenses and Changes in Net Position is recognized only to the extent expenses are incurred in executing the applicable contracts and grants. Unearned revenue increased by \$412,000 in 2025 due to the increase in contract and grant funding received by the Research Foundation but not yet spent during the current fiscal year.

The University fund payable increased by \$926,000 mainly due to the Research Foundation owing the University for contract and grant expenses paid on the Research Foundation's behalf whereas in the prior year, the Research Foundation had a \$900,000 credit towards contract and grant expenses.

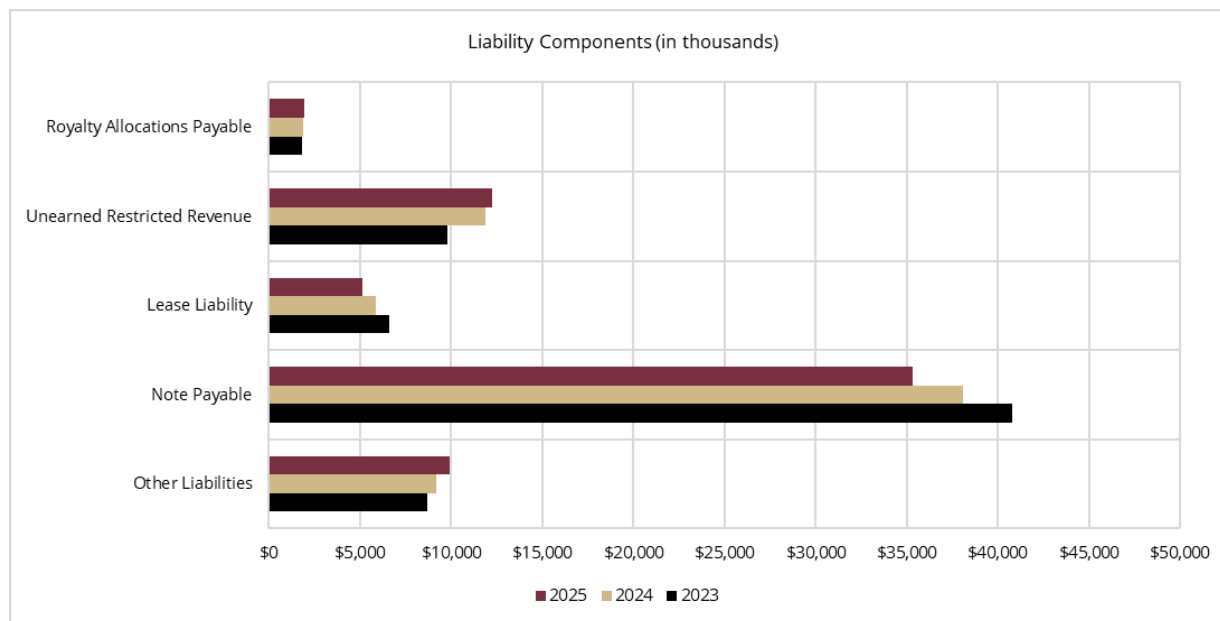
Lease liability (current and non-current, net) decreased by \$761,000 which is equal to the annual principal payment to the State Board of Administration and the amortization of the bond premium. Note Payable (current and non-current, net) decreased by \$2.8 million which is equal to the annual principal payment for fiscal year 2025.

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

In the 2025 fiscal year, total liabilities decreased by \$2.2 million. The change is primarily attributable to decreases in both the lease and note payable liabilities of \$3.4 million offset by the increase of unearned revenue of \$412,000 and University fund payable of \$926,000.

The following chart illustrates the liability components at June 30, 2025, 2024, and 2023:



Computing and presenting the net position (the difference between assets and liabilities) is one way to illustrate the financial health or financial position of the Research Foundation. Over time, increases or decreases in net position are an indicator of whether the overall financial health is improving or deteriorating. The following table summarizes assets, liabilities, and net position for the:

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Net Position (in Millions)

	Years Ended June 30,		
	2025	2024	2023
Current and Other Assets	\$ 206.6	\$ 210.7	\$ 230.7
Capital Assets and Land	12.2	13.4	14.6
Total Assets	\$ 218.8	\$ 224.1	\$ 245.3
Debt Outstanding - Capital Assets	\$ 5.1	\$ 5.9	\$ 6.6
Other Liabilities	59.5	60.9	61.1
Total Liabilities	\$ 64.6	\$ 66.8	\$ 67.7
Restricted for Debt Service	\$ 38.9	\$ 41.9	\$ 44.9
Net Investment in Capital Assets	7.1	7.4	7.8
Unrestricted	108.2	108.0	124.9
Net Position	\$ 154.2	\$ 157.3	\$ 177.6

The Research Foundation's overall financial condition remains healthy with total assets exceeding total liabilities by \$154.2 million and \$157.3 million, for the fiscal years ended June 30, 2025, and 2024, respectively.

Capital Assets and Debt Administration

Capital Assets: At June 30, 2025, the Research Foundation had \$33.8 million in capital assets and land, less accumulated depreciation of \$21.6 million, for net capital assets of \$12.2 million. Amortization and depreciation expenses totaled \$1,232,347 and \$1,276,769 for the fiscal years ended June 30, 2025, and 2024, respectively.

The following table summarizes the Research Foundation's capital assets, net of accumulated amortization and depreciation, as of June 30:

	2025	2024	2023
Land	\$ 2,618,820	\$ 2,618,820	\$ 2,618,820
Right to use leased asset	9,558,690	10,791,038	11,174,584
Construction in progress	-	-	769,909
Equipment	-	-	10,675
Total capital assets, net	\$ 12,177,510	\$ 13,409,857	\$ 14,573,988

Additional information about the Research Foundation's capital assets is presented in the notes to the financial statements.

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

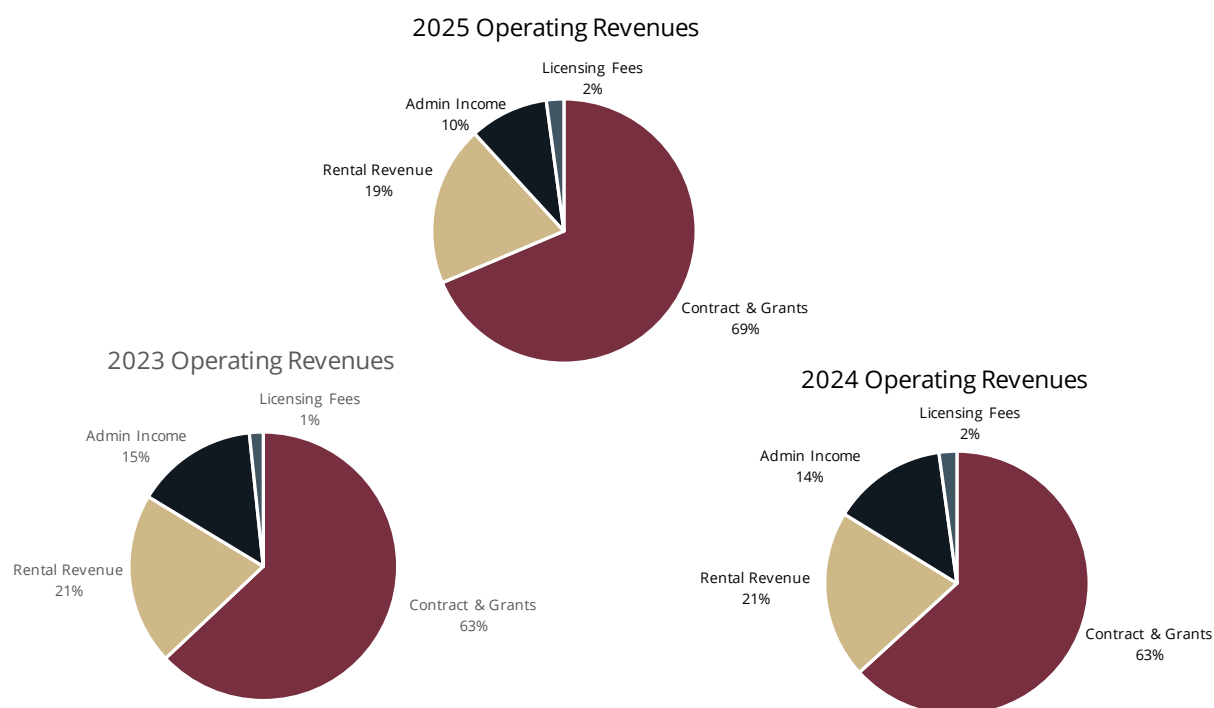
Debt Administration: As of June 30, 2025, the Research Foundation had \$40.4 million in outstanding debt representing a decrease of \$3.5 million from the prior fiscal year balance of \$44 million. Additional information about the Research Foundation's long-term debt is presented in the notes to the financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Revenues from licenses and copyrights, contracts and grants, administrative income, rental of research facilities, and investments provide the primary resources used to fund Research Foundation activities. The Research Foundation received \$35.6 million in total revenues during fiscal year 2025 compared to \$30.6 million in fiscal year 2024. The \$5 million increase in revenues is primarily attributable to an investment gain of \$17.6 million in fiscal year 2025 compared to \$14.7 million in fiscal year 2024. The year over year change in investment earnings was approximately \$3 million in fiscal 2025. Contract and grant revenue increased by \$2.2 million from the prior year for a total of \$12.2 million in fiscal 2025. The Research Foundation also recognized \$3.5 million in rental revenue during fiscal year 2025.

The largest source of income in fiscal year 2025 and 2024 was investment earnings.

The following charts depict the sources of operating revenues for the periods ending June 30, 2025, 2024, and 2023.



Other operating expenses were \$19.1 million and \$33.3 million in fiscal year 2025 and 2024, respectively.

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Contributions to Florida State University and its related entities decreased by \$14.2 million compared to the previous year. This decrease is mainly attributed to a reduction in the construction expenses for the Interdisciplinary Research and Commercialization Building, which were recorded against the \$44 million deposit provided by the Research Foundation.

The following list describes the types of receipts and disbursements made as Contributions (from) to the University in 2025, 2024, and 2023:

	Years Ended June 30,		
	2025	2024	2023
Contributions toward Office of Commercialization	\$ 72,100	\$ 25,963	\$ 21,930
Residuals available for research spending	246,256	401,793	458,900
Contracted services, recruiting, and other	1,656,071	1,390,064	2,142,192
Construction Costs	16,372,654	30,510,214	-
Indirect Cost Distributed to Departments	423,000	432,000	120,000
Initiatives funded by the Research Foundation, for the benefit of the University	-	900,000	-
Contributions from the Florida State University Foundation to support Research Foundation initiatives	(175,000)	(175,000)	-
Contributions from the University	(801,274)	(1,498,726)	(607,889)
	<u>\$ 17,793,807</u>	<u>\$ 31,986,308</u>	<u>\$ 2,135,133</u>

Non-operating revenues were approximately \$2.8 million higher in 2025 compared to 2024. This increase is primarily due to an investment gain related to favorable market conditions offset by an increase of investment portfolio fees. The Research Foundation had investment gains of \$17.6 million in 2025 compared to \$14.7 million of investment gains in 2024.

(Continued)

Economic Factors and Next Year's Budget

The Research Foundation concluded the 2025 fiscal year with notable growth compared to the previous year in three key areas: proposals submitted, awards received, and total award funding. The number of proposals increased from 214 in fiscal year 2024 to 270 in fiscal year 2025. Awards rose from 156 to 173 over the same period. Total award funding grew by more than \$5 million, reaching \$16.1 million at the end of fiscal year 2025.

This growth is largely attributed to principal investigators actively pursuing privately funded grant opportunities in response to increasing instability in federal funding sources. The majority of these new awards were secured from private companies, foundations, and foreign government entities.

In her third year as the University's Vice President for Research and Research Foundation's President, Stacey Patterson continues to bring more focus to industry funded research. We are currently in the third year of the five-year ASPIRE Strategic Plan, which sets a goal of reaching \$500 million in total research expenditures from both public and private sources. As of the end of fiscal year 2025, total research expenditures stand at approximately \$486.3 million, with the Research Foundation contributing a modest portion of that total. Given the ongoing uncertainty surrounding public research funding, we anticipate that faculty will continue to seek privately funded opportunities. In light of this trend, the Research Foundation expects the upward momentum observed in fiscal year 2025 to persist in the coming years.

The Research Foundation continues to actively support the Commercialization Team in its efforts to expand intellectual property activity and generate revenue. Commercialization has been identified as a significant growth opportunity for the University's Research Division. As the team increases its capacity and intensifies its efforts, we anticipate measurable outcomes in the coming years.

A consistent revenue stream for the Research Foundation comes from managing our seven buildings, which currently maintain an occupancy rate of nearly 99%. We anticipate continuing to operate at full capacity for fiscal year 2026. Construction of the new FSU Health Building is anticipated to be completed by the end of the 2026 fiscal year. We expect several of our health-focused tenants from Buildings A and B to relocate to the new facility. Planning is already underway to strategically repopulate the vacated space with high-performing research teams.

The \$130 million, of which the Research Foundation contributed approximately \$49 million towards, Interdisciplinary Research and Commercialization Building was completed in Spring 2025. New and existing research faculty and centers are starting to move in. The intention is for this new space to increase capacity and research output.

Although the Research Foundation experienced continued growth in its investment portfolio during fiscal year 2025, this remains the most unpredictable area of our operations. Factors such as interest rate fluctuations, market volatility, and Board-approved expenditures can significantly impact both the investment balance and associated returns.

In accordance with the executed agreement with the University, the Research Foundation is nearing completion of the demolition of the Burt Reynolds Hall apartments. Once demolition is finalized this fall, the property will be donated to the University. Additionally, we are working with the Real Estate division within the University to sell the property associated with the gift annuity that was fully satisfied during the current financial year.

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Over the years, the Research Foundation has provided financial support—through grants and loans—alongside contributions from local government and the Federal Economic Development Authority, to assist the Leon County Research Development Authority (LCRDA) in constructing the North Florida Innovation Labs. This business incubator is designed to support early-stage companies. Due to the potential redistribution of LCRDA's assets, it has been proposed that the Research Foundation assume ownership of the building, which has already been rebranded as IGNITE Tallahassee. This transfer may occur in the fall of 2025.

For fiscal year 2026, the Research Foundation's Board of Directors approved a net operating budget of \$965,600 which represents a \$242,000 increase from the prior year. This increase is a combination of an increase in licensing and building net operations offset by decreases in net operations of contract and grant and administration operations.

Component Unit

The Research Foundation is considered a component unit of Florida State University, and as such, submits required financial information to be included in their government-wide and fund financial statements. Florida State University financial statements can be viewed at the following website: <http://controller.vpfa.fsu.edu/Annual-Financial-Reports>.

Request for Information

Questions concerning the financial information included in this report or requests for additional information should be addressed to Florida State University Research Foundation, Inc., 2000 Levy Ave Building A., Suite 351, Tallahassee, FL 32310.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 398,494	\$ 397,761
Current investments, unrestricted	48,319,877	46,375,463
Due from related party- restricted investment	38,868,500	41,904,500
Due from related party- investment	110,549,026	89,260,687
License fees and royalties receivable, net	316,248	174,973
Grants receivable, net	1,893,679	1,301,202
Notes receivable, current portion	276,293	242,426
Accounts receivable, other, net	1,270,482	608,558
Prepaid expenses	<u>147,959</u>	<u>94,020</u>
Total current assets	202,040,558	180,359,590
Noncurrent assets		
Non-current investments	158,600	1,313,515
Notes receivable, long term portion	3,723,707	15,012,770
Deposit held with Florida State University	700,854	13,990,351
Capital assets:		
Non-depreciable	2,618,820	2,618,820
Right to use leased asset, net	<u>9,558,690</u>	<u>10,791,037</u>
Total noncurrent assets	<u>16,760,671</u>	<u>43,726,493</u>
 Total assets	 <u>\$ 218,801,229</u>	 <u>\$ 224,086,083</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current liabilities		
Inventors' royalty allocations payable	\$ 262,250	\$ 180,007
Departmental royalty allocations payable	1,695,653	1,690,629
Other liabilities	251,129	256,492
Unearned restricted revenue	12,260,370	11,848,378
Florida State University fund payable	9,688,737	8,762,746
Lease liability, current portion	720,000	695,000
Note payable, current portion	<u>2,830,000</u>	<u>2,760,000</u>
Total current liabilities	27,708,139	26,193,252
Noncurrent liabilities		
Lease liability, long-term portion	4,384,912	5,170,731
Note payable, long-term portion	32,505,000	35,335,000
Annuity obligations	<u>-</u>	<u>142,651</u>
Total noncurrent liabilities	<u>36,889,912</u>	<u>40,648,382</u>
 Total liabilities	 <u>64,598,051</u>	 <u>66,841,634</u>
Net position		
Restricted	38,868,500	41,904,500
Net investment in capital assets	7,072,598	7,401,475
Unrestricted	<u>108,262,080</u>	<u>107,938,474</u>
 Total net position	 <u>\$ 154,203,178</u>	 <u>\$ 157,244,449</u>

See accompanying notes to financial statements.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
License and grant revenues		
Licensing fees and royalties	\$ 381,932	\$ 345,507
Contracts and grants - restricted	12,253,218	10,015,194
Administrative - unrestricted:		
Contracts and grants	<u>1,725,825</u>	<u>2,224,861</u>
Total license and grant revenues	<u>14,360,975</u>	<u>12,585,562</u>
License and grant expense		
Inventors' royalty allocations	(158,267)	(180,689)
Departmental royalty allocations	(119,835)	(433,603)
Patent and licensing costs, net	(1,084,350)	(1,171,453)
Contracts and grants	<u>(12,253,218)</u>	<u>(10,015,194)</u>
Total license and grant expenses	<u>(13,615,670)</u>	<u>(11,800,939)</u>
Net license and grant income	745,305	784,623
Rent revenues (expenses)		
Rental revenue	3,498,821	3,256,877
Building occupancy costs:		
Interest on bonds	(90,473)	(122,031)
Amortization and depreciation	(1,232,347)	(1,276,768)
Other	<u>(335,358)</u>	<u>(316,081)</u>
Net rental income	<u>1,840,643</u>	<u>1,541,997</u>
Other operating revenues (expenses)		
Personnel costs	(1,001,116)	(958,973)
Contributions to Florida State University and related organizations	(17,793,807)	(31,986,307)
Miscellaneous	(39,549)	(72,254)
Research Foundation funded programs	<u>(235,046)</u>	<u>(300,749)</u>
Total other operating expenses	<u>(19,069,518)</u>	<u>(33,318,283)</u>
Operating loss	(16,483,570)	(30,991,663)
Nonoperating revenues (expenses)		
Investment revenue	17,611,564	14,668,829
Investment portfolio fees	(3,337,055)	(2,973,563)
Interest income	-	41,422
Interest on debt service	(956,185)	(1,023,829)
Change in annuity value	121,762	(66,815)
Miscellaneous	<u>2,213</u>	<u>(4,820)</u>
Total nonoperating revenues	<u>13,442,299</u>	<u>10,641,224</u>
Change in net position	(3,041,271)	(20,350,439)
Net position, beginning of year	<u>157,244,449</u>	<u>177,594,888</u>
Net position, end of year	<u>\$ 154,203,178</u>	<u>\$ 157,244,449</u>

See accompanying notes to financial statements.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Licensed products and building program:		
Licensing fees and royalties	\$ 240,657	\$ 285,617
Rental income	3,613,052	3,141,655
Departmental allocation payments	(190,835)	(580,550)
Patent and licensing costs	(1,782,123)	(918,972)
Building occupancy	(544,460)	(514,274)
Interest paid on obligations under lease liabilities	(33,088)	(116,728)
IDC receivable from Florida State University	34,877	(34,877)
Net cash provided by licensed products and building program	1,338,080	1,261,871
Contracts and grants:		
Receipts	13,800,717	15,434,334
Disbursements	(11,538,788)	(9,851,872)
Net cash provided by contracts and grants	2,261,929	5,582,462
Other receipts or disbursements:		
Personnel costs	(997,531)	(958,973)
Research Foundation funded programs	(164,230)	(309,249)
Contributions (to) from Florida State University	(1,470,459)	(1,116,198)
Other disbursements	(50,375)	(63,170)
Net cash used in other receipts or disbursements	(2,682,595)	(2,447,590)
Net cash provided by operating activities	917,414	4,396,743
Cash flows from noncapital financing activities		
Administrative fees and other	2,213	(4,820)
Deposits returned from (made to) Florida State University	(2,972,525)	422,820
Payments on note payable	(2,760,000)	(2,695,000)
Interest on debt service	(956,185)	(1,023,829)
Net cash used in noncapital financing activities	(6,686,497)	(3,300,829)
Cash flows from investing activities		
Purchase of investments	(35,061,240)	(28,881,877)
Sale of investments	30,291,748	27,290,921
Interest income	-	41,422
Collections on notes receivable	11,255,197	2,430,916
Advances on notes receivable	-	(1,300,000)
Net cash provided by (used in) investing activities	6,485,705	(418,618)
Cash flows from capital and related financing activities		
Principal payments on obligations under lease liabilities	(695,000)	(670,000)
Gift annuity payments	(20,889)	(67,510)
Construction of buildings	-	-
Net cash from noncapital financing activities	(715,889)	(737,510)
Net increase (decrease) in cash and cash equivalents	733	(60,214)
Cash and cash equivalents, beginning of year	397,761	457,975
Cash and cash equivalents, end of year	<u>\$ 398,494</u>	<u>\$ 397,761</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating (loss) income to net cash (used in) operating activities:		
Operating loss	\$ (16,483,570)	\$ (30,991,663)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Amortization and depreciation of capital and right to use lease assets	1,232,347	1,276,768
Amortization of bond premium	(65,818)	(65,820)
Changes in operating assets and liabilities:		
License fees and royalties receivables	(178,775)	109,943
Other receivables	(1,254,400)	1,134,717
Prepaid expenses	(53,939)	1,969
Deposit held with Florida State University	16,262,023	30,510,214
Change in allowance	37,500	(169,833)
Royalty allocations payable	87,267	33,742
Florida State University fund payable	925,993	353,995
Other liabilities	(5,366)	138,281
Unearned restricted revenue	<u>414,152</u>	<u>2,064,430</u>
Net cash provided by operating activities	<u>\$ 917,414</u>	<u>\$ 4,396,743</u>
 Supplemental noncash information		
Unrealized net investment gain	\$ 11,221,037	\$ 11,595,623

See accompanying notes to financial statements.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 - REPORTING ENTITY

The Florida State University Research Foundation, Inc. (the Research Foundation) is a direct support organization as provided for in Section 1004.28, Florida Statutes, Board of Governors Regulation 9.011, and Board of Trustees Regulation 6C2R-2.025. The Research Foundation is considered a component unit of Florida State University (the University). The Research Foundation was formed as a not-for-profit organization in September 1993, in the state of Florida. The purpose of the Research Foundation is to promote and assist the research and training activities of the University through income from contracts, grants, and other sources, including income derived from the development and commercialization of the University's work products.

The Research Foundation is responsible for (1) administering awards funded with private monies for research and development activities of the University where there is a commitment of the University's personnel, equipment, or other facilities; (2) administering income derived from patents and copyrights in accordance with the University's Policies on Patents and University-Sponsored Educational Materials (Copyrights); and (3) developing an infrastructure that supports research activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Research Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Research Foundation is considered a special purpose government entity engaged only in business-type activities. Accordingly, the Research Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash consists of deposits with a financial institution.

Investments: In general, investments are reported at fair value when available. The Research Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments in 2a7-like external investment pools are measured at amortized cost.

Accounts Receivable: Receivables include grants receivables, license fees and royalty receivables, and other receivables such as rents and expense reimbursements, all of which are valued at net realizable value and are unsecured. It is the Research Foundation's policy to provide an allowance for accounts receivable that are not expected to be collected.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits Held With Florida State University: The Research Foundation reports costs and contributions to Florida State University related to the architectural and engineering of the Interdisciplinary Research and Commercialization Building (IRCB) and deposits related to other construction projects as deposits held with Florida State University.

Notes Receivable: Notes receivable include an amount due from the Florida State University Real Estate Foundation and an amount due from the Leon County Research Development Authority.

Capital and Right to Use Lease Asset: Capital assets include land, construction in progress, equipment, and computer software with a useful life greater than one year. Building assets with an initial cost greater than \$100,000 and equipment assets with an initial cost greater than \$5,000 are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally 5 years for equipment and 12 to 30 years for buildings). Right to use lease assets with lease values exceeding \$100,000 are amortized over the shorter of the lease term or the useful life of the asset. Renovation costs on buildings under lease are capitalized as a right to use lease asset and amortized over the shorter of the useful life of the asset or the remaining life of the lease as of the date construction is completed.

Royalty Allocations Payable: Royalty allocations payable consists of two balance sheet components: the inventors' allocations payable and the inventors' department allocations payable.

Bond Premiums: The Research Foundation amortizes bond premiums over the term of the related obligations under capital leases (bonds) using the straight-line method.

Patent and Licensing Costs: The Research Foundation recognizes patent and licensing costs as incurred. The Research Foundation receives patent and license cost reimbursements from licensees, which are recorded as offsetting the patent and licensing cost expense incurred by the Research Foundation during the year.

Income Taxes: Pursuant to a determination letter received from the Internal Revenue Service, the Research Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income tax expense or liability has been made in either year presented. There are currently no Internal Revenue Service audits in progress for any tax periods, and no significant nonfederal tax jurisdictions. The Research Foundation's income tax returns for the past three years remain subject to examination.

Licensing Fees and Royalties: The Research Foundation recognizes licensing and royalty revenues on commercialization agreements resulting from intellectual property produced at Florida State University. Revenue is reported net of changes in allowance for doubtful accounts on related receivables.

Administrative Revenue – Unrestricted: The Research Foundation recognizes administrative overhead and residual revenues on restricted contracts, grants, and licenses on an annual basis. These amounts are considered unrestricted and remain on deposit with the Research Foundation to support research activity at the University.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Operating Revenues - includes activities that have the characteristics of exchange transactions, such as contracts and grants, building rental, and royalties and licensing. Exchange transactions are transactions in which each party receives and gives up essentially equal values.

Nonoperating Revenues - includes activities that have characteristics of nonexchange transactions, such as investment income. Nonexchange transactions are transactions in which an entity either gives or receives value to another party without directly giving or receiving equal value in return.

Net Position: Net position is classified and displayed in three components:

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

Restricted - consists of net position that has constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

Unrestricted - consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted net position is available for use, it is the Research Foundation's policy to use the restricted resources first, then unrestricted resources as they are needed.

Pronouncements Issued: Effective for the fiscal year ended June 30, 2025, the Research Foundation adopted the provisions of GASB issued Statement No. 101, *Compensated Absences*. This Statement provides updated guidance on the recognition and measurement of liabilities related to compensated absences. The implementation did not result in a material change to the Research Foundation's financial statements or disclosures.

The Research Foundation also adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ended June 30, 2025. This Statement requires disclosure of certain risks that could significantly affect financial position or operations. Based on management's assessment, no conditions exist during the reporting period that met the criteria for disclosure under this Statement. As such, the adoption did not have a material impact on the Research Foundation's financial statements.

GASB issued Statement No. 103, Financial Reporting Model Improvements in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. The provisions in GASB 103 are effective for fiscal years beginning after June 15, 2025.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from related parties: In accordance with an agreement executed in December 2022, the Research Foundation participates in the long-term investment pool of the Florida State University Foundation (the FSU Foundation). Funds are considered fully liquid and can be redeemed with a notice between 60 and 180 days. Decisions regarding the types of instruments and the portion of the Research Foundation's portfolio invested in each are in accordance with policies approved by the FSU Foundation Board and/or its Investment Committee. Performance is not guaranteed by the FSU Foundation. Therefore, risks are present which may adversely affect the value of this investment. An annual administrative fee of 75 basis points is paid to the FSU Foundation quarterly. The fair value of this investment at June 30, 2025 and 2024, was \$149,417,526 and \$131,165,187, respectively. Earnings are reported as investment income.

Further details regarding the investment holdings and activities of the FSU Foundation are included in the note disclosures of the FSU Foundation's annual financial statements, which may be found at <http://foundation.fsu.edu/about/financial-information>.

Subsequent Events: The Research Foundation evaluated all events and transactions that occurred from July 1, 2025 through October 15, 2025, the date the financial statements were available for issuance. No additional events have been recognized or disclosed.

NOTE 3 - DEPOSITS HELD WITH FLORIDA STATE UNIVERSITY

Deposits held with the University consist of deposit balances related to the architectural and engineering design agreement for the Inter-disciplinary Research and Commercialization Building (IRCB) entered into on May 4, 2015, and subsequent deposits made thereafter, as well as deposits related to other construction projects with the University. As of the years ended June 30, the deposits held with Florida State University were as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 13,990,351	\$ 45,036,023
Additions	2,972,526	820,628
Deductions	<u>(16,262,023)</u>	<u>(31,866,300)</u>
Ending balance	<u>\$ 700,854</u>	<u>\$ 13,990,351</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

Current investments have maturities of one year or less. Current investments consist of SBA Florida PRIME Money Market Pool and accounts held by the FSU Foundation. Non-current investments have maturities of greater than one year. As of June 30, 2025 and 2024, non-current investments consist of equity interests in three external companies.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - DEPOSITS AND INVESTMENTS(Continued)

Fair Value of Investments: In general, investments are reported at fair value when available. The Research Foundation categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

Level 1 - Inputs are quoted prices in active markets for identical assets.

- Stock shares in an external company traded on an active market. The Research Foundation does not exercise significant influence over the operations and financial policies of the partnership.

Level 2 - Inputs are significant other observable inputs.

Level 3 - Inputs are significant unobservable inputs.

- The amounts held by the FSU Foundation are valued at the Research Foundation's ownership of a share of an investment pool, not the underlying securities. The Research Foundation relies on policies developed and administered by the FSU Foundation for managing interest rate, credit, and foreign currency risk for the accounts invested in their investment pools.

Investments Not Reported at Fair Value:

- Investments in 2a7-like external investment pools are reported at amortized cost.
- Investments in external, non-public companies are recorded at cost. The Research Foundation does not exercise significant influence over the operations and financial policies of the partnership.

	Reported Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>As of June 30, 2025</u>				
Investments by Fair Value Level				
Due from related party- restricted investment	\$ 38,868,500	\$ -	\$ -	\$ 38,868,500
Due from related party- investment	110,549,026	-	-	110,549,026
Partnership investment	8,600	8,600	-	-
Total Investments by Fair Value Level	<u>\$ 149,426,126</u>	<u>\$ 8,600</u>	<u>\$ -</u>	<u>\$ 149,417,526</u>
Investments not reported at fair value				
SBA Florida PRIME (<i>amortized cost</i>)	\$ 48,319,877			
Partnership investment (<i>cost</i>)	150,000			
Total investments not reported at fair value	<u>48,469,877</u>			
Total Investments	<u>\$ 197,896,003</u>			

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - DEPOSITS AND INVESTMENTS(Continued)

As of June 30, 2024	Reported Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Due from related party- restricted investment	\$ 41,904,500	\$ -	\$ -	\$ 41,904,500
Due from related party- investment	89,260,687	-	-	89,260,687
Partnership investment	25,800	25,800	-	-
Total Investments by Fair Value Level	<u>\$ 131,190,987</u>	<u>\$ 25,800</u>	<u>\$ -</u>	<u>\$ 131,165,187</u>
Investments not reported at fair value				
SBA Florida PRIME (<i>amortized cost</i>)	\$ 46,375,463			
Partnership investment (<i>cost</i>)	1,287,715			
Total investments not reported at fair value	<u>47,663,178</u>			
Total Investments	<u>\$ 178,854,165</u>			

At June 30, 2025, the Research Foundation has the following investments and maturities:

	Reported Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Money Market Accounts	\$ 48,319,877	\$ 48,319,877	\$ -	\$ -	\$ -
Due from related party-restricted investment	38,868,500	38,868,500	-	-	-
Due from related party-investment	110,549,026	110,549,026	-	-	-
Partnership investment (<i>cost</i>)	150,000	No Maturity	-	-	-
Partnership investment (<i>FMV</i>)	8,600	8,600	-	-	-
	<u>\$ 197,896,003</u>	<u>\$ 197,746,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Money Market Accounts includes \$48,319,877 invested in SBA Florida PRIME with a Weighted Average Maturity (WAM) of 47 days.

At June 30, 2024, the Research Foundation has the following investments and maturities:

	Reported Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Money Market Accounts	\$ 46,375,463	\$ 46,375,463	\$ -	\$ -	\$ -
Due from related party-restricted investment	41,904,500	41,904,500	-	-	-
Due from related party-investment	89,260,687	89,260,687	-	-	-
Partnership investment (<i>cost</i>)	1,287,715	No Maturity	-	-	-
Partnership investment (<i>FMV</i>)	25,800	25,800	-	-	-
	<u>\$ 178,854,165</u>	<u>\$ 177,566,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Money Market Accounts includes \$46,375,463 invested in SBA Florida PRIME with a Weighted Average Maturity (WAM) of 45 days.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - DEPOSITS AND INVESTMENTS(Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Research Foundation. In accordance with the Research Foundation's investment policy, the minimum average credit quality rating of a bond mutual fund shall be investment grade or higher, or BBB/Baa or higher. Funds held by the FSU Foundation are governed by their policy to manage credit risk in an appropriate manner.

As of June 30, 2025, the Research Foundation has the following debt instrument credit quality ratings:

	Reported Value	U.S Government	AAA (AAA/m)	AA	A	Less Than A Rated	Not Rated
Money Market Accounts	\$ 48,319,877	\$ -	\$ 48,319,877	\$ -	\$ -	\$ -	\$ -

As of June 30, 2024, the Research Foundation has the following debt instrument credit quality ratings:

	Reported Value	U.S Government	AAA (AAA/m)	AA	A	Less Than A Rated	Not Rated
Money Market Accounts	\$ 46,375,463	\$ -	\$ 46,375,463	\$ -	\$ -	\$ -	\$ -

Investment revenues consisted of the following amounts:

	<u>2025</u>	<u>2024</u>
Realized gains on current investments	6,390,527	\$ 3,073,206
Unrealized gains on current investments	<u>11,221,037</u>	<u>11,595,623</u>
Total investment revenues	<u>\$ 17,611,564</u>	<u>\$ 14,668,829</u>

Custodial Credit Risk: Custodial credit risk is the risk of loss attributed to the magnitude of the Research Foundation's investments held by outside parties. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor or collateralized with securities in Florida's multiple financial institution collateral pool pursuant to Chapter 280, Florida Statutes. At June 30, 2025, the carrying amount of deposits totaled \$398,494. At June 30, 2024, the carrying amount of deposits totaled \$397,761. The Research Foundation has not experienced any losses in such accounts.

Partnership Investment: The Research Foundation has invested in equity holdings in three companies that are in the business of producing materials resulting from intellectual property of Florida State University. Two holdings are measured at cost (Private Company) and the other at fair market value (Public Company). Holdings are reported as a non-current investment on the Statements of Net Position.

During the year ended June 30, 2025, the Private Company of which the Research Foundation held an equity investment of approximately 34% of total shares dissolved resulting in a loss to the Research Foundation. The investment was recorded at a value of \$1,137,715 as of June 30, 2024.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

During the year ended June 30, 2024, the Research Foundation obtained a future equity interest of \$150,000 in an additional Private Company. As the organization is in the process of incorporating, shares have not been issued.

The Public Company went public in fiscal year 2023. The Research Foundation owns approximately 5% of all shares outstanding at a value of \$8,600 and \$25,800 as of June 30, 2025 and 2024, respectively.

Concentration of Credit Risk: The financial instruments exposed to concentrations of credit risk consist primarily of cash, cash equivalents, and investments. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Research Foundation. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Research Foundation limits its exposure by investing primarily in the SBA investment pools, which invest in higher quality investments with varying maturity rates.

As of June 30, 2025, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Florida PRIME. The occurrence of an event that has a material impact on liquidity or operations of the trust fund can cause limits on contributions or withdrawals. During the fiscal year there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. Separate financial statements for the pool are available by contacting the Florida State Board of Administration.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Research Foundation minimizes interest rate risk by limiting the average duration of the fixed income portfolio to not exceed the average duration of the broad US fixed income market - approximately six years as well as a maturity limit of nine years.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Research Foundation has no formal investment policy with regard to foreign currency risk for the investments. The Research Foundation was not exposed to foreign currency risk as of June 30, 2025 and 2024.

NOTE 5 - LICENSE FEES & ROYALTY RECEIVABLES, GRANT RECEIVABLES, AND ACCOUNTS RECEIVABLE

License fees and royalties receivables consist of the following as of the years ended June 30:

	<u>2025</u>	<u>2024</u>
License fees and royalties receivable, gross	\$ 373,748	\$ 194,973
Allowance for doubtful accounts	<u>(57,500)</u>	<u>(20,000)</u>
License fees and royalties receivable, net	<u>\$ 316,248</u>	<u>\$ 174,973</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 5 - LICENSE FEES & ROYALTY RECEIVABLES, GRANT RECEIVABLES, AND ACCOUNTS RECEIVABLE (Continued)

Grants receivables consist of the following as of the years ended June 30:

	<u>2025</u>	<u>2024</u>
Grants receivable, gross	\$ 1,893,679	\$ 1,301,202
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Grants receivable, net	<u>\$ 1,893,679</u>	<u>\$ 1,301,202</u>

Accounts receivable - other consists of the following as of the years ended June 30:

	<u>2025</u>	<u>2024</u>
Due from Florida State University, gross	\$ 296,685	\$ 298,475
Patent & license cost reimbursement receivable, gross	969,745	191,762
Rent	4,052	118,321
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Accounts Receivable - other, net	<u>\$ 1,270,482</u>	<u>\$ 608,558</u>

NOTE 6 - DESIGNATED UNRESTRICTED NET POSITION

Designated unrestricted net position balances are reserved by the Board for special use. The Board may rescind its action at any time. Since these designations are not the result of donor-imposed or contractual restrictions, they are reflected as a component of unrestricted net position in the Statement of Net Position. The Research Foundation's Board has designated portions of the unrestricted net position for the following purposes:

	<u>2025</u>	<u>2024</u>
Designated		
Building Maintenance & Equipment Reserve	\$ 3,780,077	\$ 3,534,583
Building Vacancy & Renovation Reserve	1,684,147	1,533,075
Building Debt Guaranty Reserve	1,028,413	1,003,413
Inter-disciplinary Research & Commercialization Building	11,944,309	6,892,637
Research Enhancement	3,615,055	4,342,449
GAP Program	<u>835,552</u>	<u>578,587</u>
Total Designated	22,887,553	17,884,744
Total Non-Designated	<u>85,374,527</u>	<u>90,053,730</u>
Total Unrestricted Net Position	<u>\$ 108,262,080</u>	<u>\$ 107,938,474</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 7 - NOTES RECEIVABLE

On August 15, 2018, the Research Foundation provided an \$8,000,000 loan bearing interest of 3.25% to the Florida State University Board of Trustees for and on behalf of its Department of Intercollegiate Athletics (the Department) to fund the Seminole Golf Course and Club Capital Improvement Project. The promissory note calls for monthly payments of \$123,778 beginning January 15, 2019, and ending on December 15, 2024, with interest accruing from August 15, 2018, through the first payment on January 15, 2019. In March 2024, the Department fully repaid the remaining balance of the loan.

On June 4, 2021, the Research Foundation provided a \$12,000,000 loan bearing interest of 3.25% to the Florida State University Real Estate Foundation (the Real Estate Foundation), a direct support organization of the University, to fund the purchase of the Champions Hall living facilities. The promissory note calls for monthly payments of \$52,225 beginning August 1, 2021 and ending on July 1, 2028, with all remaining principal and interest payments due at that time. The note receivable balance as of June 30, 2024 was \$11,255,196. The Board of the Real Estate Foundation voted on April 19, 2024, to formally dissolve the organization and begin selling all remaining assets. The University purchased the Champions Hall living facilities from the Real Estate Foundation for the amount of the loan outstanding with the Research Foundation. On May 30, 2025, the Real Estate Foundation used the proceeds from the sale to fully repay the remaining balance of the loan.

On May 2, 2022, the Research Foundation issued two promissory notes totaling \$4,000,000, with amounts of \$3,000,000 and \$1,000,000, bearing interest rates of 2.98% and 4.5%, respectively. These notes are governed by a combined loan agreement. The Research Foundation provided this loan to the Leon County Research Development Authority (LCRDA) to support the construction of a research facility. The loan functions as a line of credit, allowing LCRDA to draw funds as needed, without the obligation to borrow the entire amount. Initially, the loan requires an interest-only payment, due either twelve months after the issuance date of the certificate of occupancy or forty months after the loan date, whichever comes first. Following this period, the outstanding balance will be amortized in annual installments over twelve years. Consequently, principal payments will commence no later than August 19, 2026, and conclude by August 19, 2037. As of June 30, 2025, and 2024, the loan amounts disbursed were \$4,000,000. The Certificate of Occupancy for the building was issued on June 24, 2024, as a result the interest-only payment was due on June 24, 2025 and the first amortization payment will be due on June 24, 2026.

NOTE 8 - UNEARNED RESTRICTED REVENUE

Unearned restricted revenue consists of the unexpended portions of contracts and grants that are being administered by the Research Foundation. Revenue is recognized only to the extent expenses are incurred in executing the applicable contracts and grants.

Changes in unearned restricted revenue from these contracts and grants consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 11,848,378	\$ 9,783,948
Contracts and grants receipts	14,391,035	14,304,485
Restricted contracts and grants expenditures	(12,253,218)	(10,015,194)
Administrative contracts and grants expenditures	<u>(1,725,825)</u>	<u>(2,224,861)</u>
Ending balance	<u>\$ 12,260,370</u>	<u>\$ 11,848,378</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 9 - PATENT AND LICENSING COSTS

Patent and licensing costs activity for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Patent and licensing costs, gross	\$ 1,173,184	\$ 1,064,149
Reimbursements collected and receivable, gross	(88,834)	(101,781)
Reimbursements removed due to cancellations		209,085
Increase in allowance for doubtful accounts	<u>-</u>	<u>-</u>
Patent and licensing costs, net	<u>\$ 1,084,350</u>	<u>\$ 1,171,453</u>

NOTE 10 - CAPITAL ASSETS

Land and Land Improvements: During fiscal year 2015, Chieftan, Inc., purchased land with a building referred to as the Chieftan Green Apartment Complex (Complex) with the intention to demolish the facility and build a research building in the future after renting out the facility for a few years. During fiscal year 2016, ownership of the Complex was transferred from Chieftan, Inc., to the Research Foundation. The Complex was demolished once the leases ended July 31, 2018, and a parking lot was constructed for temporary use. The temporary parking lot is managed by Florida State University Parking and Transportation and will provide revenue to the Research Foundation. The long-term purpose of the property continues to be the building of a biomedical facility on the property. As of June 30, 2025 and June 30, 2024 the Research Foundation has \$1,467,000 recorded as land and land improvements related to the Chieftan property.

In August 2018, the Research Foundation purchased property adjacent to the Chieftan Green Apartment Complex, known as Conradi, to provide additional land for the future biomedical facility. During the 2020 fiscal year, the Research Foundation demolished the existing building and expanded the temporary parking lot from the Chieftan Green Apartment Complex property. As of June 30, 2025 and June 30, 2024, the Research Foundation had \$366,820 recorded as land and land improvements related to the Conradi property.

At June 30, 2025 and June 30, 2024, land consists of the Complex land and a donated property related to the gift annuity program as described in Note 13.

Right to Use Lease Assets: The Research Foundation operates all or portions of seven buildings owned by the University as lessor with associated lessee arrangements with the University. See Note 12.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 10 - CAPITAL ASSETS (Continued)

Other: The Research Foundation's capital assets also consist of various other assets meeting the criteria for capitalization such as software and equipment. A comprehensive summary of capital asset activity for the year is presented below:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets, Not Being Depreciated:				
Land	\$ 2,618,820	\$ -	\$ -	\$ 2,618,820
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	2,618,820	-	-	2,618,820
Capital Assets Being Depreciated/Amortized:				
Right to use leased asset	30,987,278	-	-	30,987,278
Equipment	123,907	-	-	123,907
Computer software	79,658	-	-	79,658
Total Capital Assets Being Depreciated/Amortized	31,190,843	-	-	31,190,843
Less Accumulated Depreciation/Amortization For:				
Right to use leased asset	(20,196,241)	(1,232,347)	-	(21,428,588)
Equipment	(123,907)	-	-	(123,907)
Computer software	(79,658)	-	-	(79,658)
Total Accumulated Depreciation/Amortization	(20,399,806)	(1,232,347)	-	(21,632,153)
Total Capital Assets, Net of Depreciation/Amortization	10,791,037	(1,232,347)	-	9,558,690
Capital Assets, Net	\$ 13,409,857	\$ (1,232,347)	\$ -	\$ 12,177,510

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 10 - CAPITAL ASSETS (Continued)

	Balance <u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2024</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 2,618,820	\$ -	\$ -	\$ 2,618,820
Construction in Progress	769,909	112,538	(882,447)	-
Total Capital Assets Not Being Depreciated	3,388,729	112,538	(882,447)	2,618,820
Capital Assets Being Depreciated/Amortized:				
Right to use leased asset	30,104,732	882,546	-	30,987,278
Equipment	123,907	-	-	123,907
Computer software	79,658	-	-	79,658
Total Capital Assets Being Depreciated/Amortized	30,308,297	882,546	-	31,190,843
Less Accumulated Depreciation/Amortization For:				
Right to use leased asset	(18,930,148)	(1,266,093)	-	(20,196,241)
Equipment	(113,232)	(10,675)	-	(123,907)
Computer software	(79,658)	-	-	(79,658)
Total Accumulated Depreciation/Amortization	(19,123,038)	(1,276,768)	-	(20,399,806)
Total Capital Assets, Net of Depreciation/Amortization	11,185,259	(394,222)	-	10,791,037
Capital Assets, Net	<u>\$ 14,573,988</u>	<u>\$ (281,684)</u>	<u>\$ (882,447)</u>	<u>\$ 13,409,857</u>

NOTE 11 - ROYALTY ALLOCATIONS PAYABLE

Inventor's Royalty Allocation Payable: The inventors' allocations payable is comprised of monies due to individuals responsible for the development of various patented or copyrighted research. As royalties are accrued, the Research Foundation calculates the amount due to the inventors, records an expense, and accrues a liability for this amount. Subsequent distributions are then charged against the accrued liability in the following fiscal year. As of June 30, 2025 and 2024, the inventors' allocations payable balance was \$262,250 and \$180,007, respectively.

Departmental Royalty Allocation Payable: The inventors' department allocations payable makes up the largest piece of this liability. The department or unit of which the inventor is a member receives a percentage of royalties earned. When royalties are accrued, the Research Foundation calculates the amount due to the department and records an expense and a liability. Allocations stay on deposit with the Research Foundation and departments have authority to spend down the balance on research-related items. At year end, the payable reflects amounts earned and available to the departments. As of June 30, 2025 and 2024, the inventors' department allocations payable balance was \$1,695,653 and \$1,690,629, respectively.

NOTE 12 - LEASES

The Research Foundation operates all or portions of seven buildings owned by the University as lessor with associated lessee arrangements with the University to cover related construction costs or debt service.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - LEASES (Continued)

Materials Research Building (MRB): The Research Foundation entered into an agreement with the University to construct the Materials Research Building. The costs of construction were to be funded primarily by the University and supplemented with additional funds by the Research Foundation. The construction of the building was substantially complete in December 2008. The Research Foundation entered into a lease agreement with the University to manage the building, with rental terms equal to the original costs expended by the Research Foundation net of University reimbursements of \$2,059,067. The right to use asset is amortized over the life of the lease, which runs through June 30, 2040. Accumulated amortization as of June 30, 2025 and 2024, is \$1,073,067 and \$1,007,334, respectively. Because the rental payments were made in advance during construction, there is no associated lease liability for this lease.

Aero-Propulsion, Mechatronics, and Energy (AME) Building: During fiscal year 2008, the Research Foundation entered into an agreement with the University to construct the AME Building. The costs of construction were to be funded primarily by the University and supplemented with additional funds by the Research Foundation. The construction of the building began in fiscal year 2009 and was substantially complete in December 2011. The Research Foundation entered into a lease agreement with the University to manage the building, with rental terms equal to the original costs expended by the Research Foundation net of University reimbursements of \$674,232. The right to use asset is amortized over the life of the lease, which runs through June 30, 2043. Accumulated amortization as of June 30, 2025 and 2024 is \$284,510 and \$263,285, respectively. Because the rental payments were made in advance during construction, there is no associated lease liability for this lease.

Buildings A and B: The Research Foundation entered into an agreement with the University to guarantee bonds associated with the construction of Buildings A and B and operate these buildings as lessor. Debt service payments are secured and paid from pledged lease payments from the tenants of the Research Foundation. Under the agreements, the Research Foundation receives rents, pays part of the operating costs, and is responsible for making the debt service payments on the related bonds. Construction costs for each of these buildings were funded from bond proceeds and an associated lease liability is recorded. See Note 13 for discussion of guaranty agreements for Buildings A and B. Subsequent renovation construction costs incurred by the Research Foundation since the initial build due to tenant needs of \$6,334,000 were capitalized into the right to use lease asset and amortized over the remaining life of the lease as of the date construction was completed. The terms of the lease expire in 2031 when the associated bond held by the University matures (see Note 13). The leases for Buildings A and B are discounted at an implicit rate of 4%.

The table below summarizes future maturities of lease payments:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,684,887	\$ 70,204	\$ 1,755,091
2027	1,716,045	71,502	\$ 1,787,547
2028	510,900	21,287	\$ 532,187
2029	337,021	14,043	\$ 351,064
2030	<u>91,869</u>	<u>3,828</u>	<u>\$ 95,697</u>
Total	<u>\$ 4,340,722</u>	<u>\$ 180,864</u>	<u>\$ 4,521,586</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - LEASES (Continued)

Other Managed Properties: The Shaw Building and the buildings located at 3000 and 3200 Commonwealth are owned by the University and are either fully or partially managed/leased by the Research Foundation

The Research Foundation recognizes rental income from subleases from the properties described above in the amounts of \$3,498,821 and \$3,256,877, for the years ended June 30, 2025 and 2024, respectively. Leases where a department of the University is lessee have an annual non-cancellable term. Leases with unrelated tenants have varying terms and as of June 30, 2025 and 2024, the Research Foundation determined that these leases do not meet the thresholds set forth in their capital and right to use lease assets policy.

NOTE 13 - LONG TERM LIABILITIES

Lease Liabilities - Guaranty Agreements: As of June 30, 2025, and 2024, the Research Foundation has assets recorded under leases (see Notes 10 and 12). Prior to 2013, the Research Foundation entered into a guaranty agreement for the issuance of Florida Board of Education Series 2001 Revenue Bonds, the proceeds of which were used to construct research and development facilities (Buildings A and B) for the benefit of the University. On January 4, 2013, the Research Foundation entered into a guaranty agreement for the issuance of \$11,920,000 of Series 2012 Revenue Refunding Bonds by the Florida Board of Governors. The proceeds, together with \$5,000,000 of available funds from the Research Foundation, were used to refund all of the outstanding Florida Board of Education Series 2001 Revenue Bonds, and to pay costs of issuance. The bonds bear interest rates ranging from 3.00% to 4.00%. The Research Foundation operates these buildings as lessor. Debt service payments are secured and paid from pledged lease payments received from the tenants of the Research Foundation. The refunding resulted in a reduction in future minimum lease payments of \$11,053,435 over the next 19 years and obtained a present value savings of \$3,792,528.

As of June 30, 2025 and 2024, lease liabilities consist of:

	<u>2025</u>	<u>2024</u>
Obligations under leases	\$ 4,710,000	\$ 5,405,000
Bond premium	<u>394,912</u>	<u>460,731</u>
Total lease liability	<u>\$ 5,104,912</u>	<u>\$ 5,865,731</u>

See Note 12 for additional disclosures related to the Research Foundation's leases.

Gift Annuity Program: In July of 2002, the Research Foundation accepted a donation of land with an appraised value at the time of donation of \$785,000. As a condition of the donation, the Research Foundation entered into a charitable gift annuity agreement with the donor. Required payments under the annuity agreement are \$67,510 per year, payable in equal quarterly payments beginning September 30, 2002 until the death of the donors. At June 30 2024, the annuity payable was recorded at its present value of \$142,651, based on a discount rate of 5.1%. During fiscal year ended June 30, 2025, the last living donor passed away terminating the annuity obligation.

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13 - LONG TERM LIABILITIES (Continued)

Note Payable: In April of 2022, the Research Foundation entered into a 15-year loan agreement with a national bank to finance its portion of the buildout of the Interdisciplinary Research and Commercialization Building. The total loan amount is \$44,075,000 at 2.51% interest per annum secured by a portion of the Research Foundation's investments. The investments are shown as restricted on the statement of net position. Payments on the note are made twice annually.

The table below summarizes long term liabilities for the years ended June 30, 2025 and June 30, 2024:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
Lease liability, net	\$ 5,865,731	\$ -	\$ 760,819	\$ 5,104,912	\$ 720,000
Annuity obligations	142,651	-	142,651	-	-
Note payable	<u>38,095,000</u>	<u>-</u>	<u>2,760,000</u>	<u>35,335,000</u>	<u>2,830,000</u>
Total long-term liabilities	<u>\$ 44,103,382</u>	<u>\$ -</u>	<u>\$ 3,663,470</u>	<u>\$ 40,439,912</u>	<u>\$ 3,550,000</u>

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Lease liability, net	\$ 6,601,550	\$ -	\$ 735,819	\$ 5,865,731	\$ 695,000
Annuity obligations	143,346	-	695	142,651	-
Note payable	<u>40,790,000</u>	<u>-</u>	<u>2,695,000</u>	<u>38,095,000</u>	<u>2,760,000</u>
Total long-term liabilities	<u>\$ 47,534,896</u>	<u>\$ -</u>	<u>\$ 3,431,514</u>	<u>\$ 44,103,382</u>	<u>\$ 3,455,000</u>

The table below summarizes future maturities of obligations under leases:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 720,000	\$ 148,500	\$ 868,500
2027	750,000	119,700	869,700
2028	775,000	97,200	872,200
2029	800,000	73,950	873,950
2030	820,000	49,950	869,950
2031	<u>845,000</u>	<u>25,350</u>	<u>870,350</u>
Total	<u>\$ 4,710,000</u>	<u>\$ 514,650</u>	<u>\$ 5,224,650</u>

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13 - LONG TERM LIABILITIES (Continued)

The table below summarizes future maturities of the note payable:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,830,000	\$ 886,909	\$ 3,716,909
2027	2,905,000	815,876	3,720,876
2028	2,975,000	742,960	3,717,960
2029	3,050,000	668,288	3,718,288
2030	3,125,000	591,733	3,716,733
2031-2035	16,850,000	1,741,564	18,591,564
2036	<u>3,600,000</u>	<u>90,359</u>	<u>3,690,359</u>
Total	<u>\$ 35,335,000</u>	<u>\$ 5,537,689</u>	<u>\$ 40,872,689</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

During fiscal year 2023, the Research Foundation's Board voted to transfer the endowment assets held with an external investment company to the FSU Foundation's long-term investment portfolio. In fiscal year 2025, an additional transfer of \$11,012,770 was made after the Real Estate Foundation satisfied their outstanding loan obligation. Also in fiscal year 2025, the FSU Foundation redeemed a portion of endowment investments held for the Research Foundation and transferred \$1,687,303 to support the IRCB construction project.

As of June 30, 2025 and 2024, the FSU Foundation held endowment investments on behalf of the Research Foundation totaling \$149,417,526 and \$131,165,187, respectively. These amounts are reflected in the Statements of Fiduciary Net Position.

In fiscal year 2024, the Research Foundation received 405,000 shares of a publicly traded company to fund future expenses of a sponsored research project. Due to the fact that the Research Foundation does not have a brokerage account, the stock was transferred to the FSU Foundation. The initial value of the stock when received on July 18, 2023 was \$1,082,362. During fiscal year 2024, Research Foundation requested 45,000 shares be sold and the proceeds transferred into the sponsored research project. The Research Foundation received proceeds of \$108,641 from these shares which were initially valued at \$120,262. During fiscal year 2025, the remaining 360,000 were requested to be sold. The Research Foundation received proceeds of \$26,325 from these shares which were initially valued at \$962,100. These transactions represent full realization of the transferred stock value, with total proceeds of \$134,966 returned to the Research Foundation.

Additionally, the FSU Foundation provided \$175,000 to the Research Foundation to support the funding of an Industry and Business Partnership position in the Office of the Vice President of Research in each of the fiscal years ended June 30, 2025 and 2024.

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

Board of Directors
Florida State University Research Foundation, Inc.
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Florida State University Research Foundation, Inc. (the "Research Foundation"), a component unit of the Florida State University, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Research Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation'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 Research Foundation'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 entity'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.


Crowe LLP

Indianapolis, Indiana
October 15, 2025