# FLORIDA STATE UNIVERSITY
# RESEARCH FOUNDATION, INC.

## FINANCIAL STATEMENTS

June 30, 2026 and 2025

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.

FINANCIAL STATEMENTS
June 30, 2026 and 2025

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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 University Research Foundation, Inc. (the "Research Foundation"), a component unit of the Florida State University, as of and for the years ended June 30, 2026 and 2025, and the related notes to the 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, 2026 and 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, in during the year ended June 30, 2026, the Research Foundation adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements.* Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

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

(Continued)

***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.

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 4-9 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.

(Continued)

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

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2026 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.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 27, 2026

The Florida State University Research Foundation, Inc. (the Research Foundation) is pleased to present its financial statements for fiscal years 2026 and 2025. 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, with emphasis on fiscal year 2026 and comparison with fiscal year 2025. 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.

## 1. OVERVIEW OF THE FINANCIAL STATEMENTS

The Research Foundation is a direct-support organization and discretely presented component unit of Florida State University (the University). Its separately issued financial report presents the Research Foundation as a single business-type activity. The Research Foundation has no discretely presented component units of its own and does not present governmental funds; therefore, a separate major-fund analysis is not applicable.

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

The Statement of Net Position reports assets, liabilities, and net position at year-end. Net position is reported as net investment in capital assets, restricted, and unrestricted. This statement shows the resources available to meet current and future obligations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the current year activities that contribute to the change in net position. 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.

## 2. FINANCIAL SUMMARY

The following condensed information supports the analysis in the detailed analysis section. Amounts are expressed in thousands; differences are calculated using unrounded amounts.

**Condensed Net Position (in thousands)**

| | Years Ended June 30, | | | |
|---|---|---|---|---|
| | **2026** | **2025** | **Change** | **% Change** |
| Current and Other Assets | $ 219,504 | $ 206,623 | $ 12,881 | 6.2% |
| Capital Assets and Land | 10,293 | 12,178 | (1,885) | -15.5% |
| **Total Assets** | **$ 229,797** | **$ 218,801** | **$ 10,996** | **5.0%** |
| Debt Outstanding - Capital Assets | $ 4,319 | $ 5,105 | $ (786) | -15.4% |
| Other Liabilities | 54,011 | 59,493 | (5,482) | -9.2% |
| **Total Liabilities** | **$ 58,330** | **$ 64,598** | **$ (6,268)** | **-9.7%** |
| Restricted for Debt Service | $ 35,755 | $ 38,868 | $ (3,113) | -8.0% |
| Net Investment in Capital Assets | 5,974 | 7,073 | (1,099) | -15.5% |
| Unrestricted | 129,738 | 108,262 | 21,476 | 19.8% |
| **Net Position** | **$ 171,467** | **$ 154,203** | **$ 17,264** | **11.2%** |

(Continued)

**Condensed Changes in Net Position (in thousands)**

| | Years Ended June 30, | | | |
|---|---|---|---|---|
| | **2026** | **2025** | **Change** | **% Change** |
| Operating Revenues | | | | |
| Licensing fees and royalties | $ 390 | $ 382 | $ 8 | 2.1% |
| Contracts and grants - restricted | 13,093 | 12,253 | 840 | 6.9% |
| Rental Revenue | 3,500 | 3,499 | 1 | 0.0% |
| Administrated Revenue | 2,153 | 1,726 | 427 | 24.7% |
| **Total Operating Revenues** | **$ 19,136** | **$ 17,860** | **$ 1,276** | **7.1%** |
| Operating Expenses | | | | |
| Licensing activities | $ 1,760 | $ 1,362 | $ 398 | 29.2% |
| Contracts and grants - restricted | 13,093 | 12,253 | 840 | 6.9% |
| Building Occupancy Costs | 1,631 | 1,658 | (27) | -1.6% |
| Contributions to Florida State University and related organizations | 2,088 | 17,794 | (15,706) | -88.3% |
| Administrated Expenses | 1,592 | 1,274 | 318 | 25.0% |
| **Total Operating Expenses** | **$ 20,164** | **$ 34,341** | **$ (14,177)** | **-41.3%** |
| **Operating income (loss)** | **$ (1,028)** | **$ (16,481)** | **$ 15,453** | **-93.8%** |
| Nonoperating Revenues and Expenses | | | | |
| Investment Activity, net | $ 19,179 | $ 14,274 | $ 4,905 | 34.4% |
| Interest Expenses | (887) | (956) | 69 | -7.2% |
| Change in Annuity Value | - | 122 | (122) | -100.0% |
| **Total Nonoperating Revenues and Expenses** | **$ 18,292** | **$ 13,440** | **$ 4,852** | **36.1%** |
| **Change in net position** | **$ 17,264** | **$ (3,041)** | **$ 20,305** | **-667.7%** |
| **Net position, beginning of year** | **$ 154,203** | **$ 157,244** | **$ (3,041)** | **-1.9%** |
| **Net position, end of year** | **$ 171,467** | **$ 154,203** | **$ 17,264** | **11.2%** |

## 3. DETAILED ANALYSES

### Financial position

The net position of the Research Foundation increased $17.3 million, or 11.2%, to $171.5 million at June 30, 2026. The increase is a result of a positive investment performance and a substantial reduction in contributions to the University and related organizations due to the final payment of construction expenses for the Interdisciplinary Research and Commercialization Building. 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.

Total assets increased $11.0 million, or 5.0%. Current investments (unrestricted and restricted) increased by approximately $18.4 million due to the market moving in a positive direction during the current year. The increase was partly offset by a $3.1 million decrease in the restricted investment securing the note payable. The increase in the investments balance is consistent with the investment revenue exceeding portfolio fees by $19.2 million in 2026.

(Continued)

The $4.0 million reduction in Notes receivable is due to the debt being forgiven after the related building's ownership transferred from the Leon County Research and Development Authority to the University. Deposits held with the University decreased by $681,000 due to the demolition of the Burt Reynolds Hall project being substantially complete. Per the agreement with the University, the Research Foundation will be reimbursed for those expenses. As such, the transaction has been netted against the amount payable to the University as of June 30, 2026. Other receivables saw a decrease of $756,000 from 2025, due to timely payments of annual commitments in 2026.

Total liabilities decreased $6.3 million, or 9.7%. Scheduled principal payments, including bond related premium, reduced the Note payable and Lease liability by $2.8 million and $786,000, respectively. Unearned restricted revenue, which consists of unexpended portion of contract and grant revenue receipts, decreased $2.1 million because cash received in advance on sponsored projects was recognized faster than new advances accumulated.

Restricted net position decreased $3.1 million as restricted investments were released for scheduled note payable principal payments. Net investment in capital assets decreased $1.1 million as amortization, land activity, and debt changes affected the capital-related category. After recording the current year's increase, unrestricted net position is $129.7 million, an increase of $21.5 million. These balances indicate that the Research Foundation's overall financial condition remains healthy, with total assets exceeding total liabilities.

**Results of operations**

Operating revenues increased $1.3 million, or 7.1%, to $19.1 million. The increase was mainly driven by a $840,000 increase in sponsored research activity and a $427,000 increase in administrative contract and grant revenue. Rental revenue was essentially unchanged at $3.5 million.

Operating expenses decreased $14.2 million, or 41.3%, to $20.2 million. The decrease reflects a lower amount of Contributions made on behalf of the University and related organizations from $17.8 million to $2.1 million. The principal change was related to the final payment of construction expenses for the Interdisciplinary Research and Commercialization Building made in 2025. Higher sponsored research activity, a $398,000 increase in licensing activities, and higher Research Foundation administration and program costs offsets the decrease of Contributions on behalf of the University.

As a result, the operating loss improved to $1.0 million from $16.5 million.

The following list describes the types of receipts and disbursements made as Contributions (from) to the University during fiscal years 2026 and 2025.

(Continued)

| | Years Ended June 30, 2026 | 2025 |
|---|---|---|
| Contributions toward Office of Commercialization | $ 61,740 | $ 72,101 |
| Residuals available for research spending | 410,127 | 246,256 |
| Contracted services, recruiting, and other | 2,044,903 | 1,656,071 |
| Construction Costs | - | 16,372,654 |
| Indirect Cost Distributed to Departments | 446,000 | 423,000 |
| Contributions from the Florida State University Foundation to support Research Foundation initiatives | (175,000) | (175,000) |
| Contributions from the University | (700,000) | (801,274) |
| | $ 2,087,770 | $ 17,793,808 |

Other nonoperating revenues, net, increased $4.9 million to $18.3 million. Investment revenue increased $5.7 million to $23.3 million, driven primarily by a $4.8 million increase in unrealized gains and an approximately $831,000 increase in realized gains and interest. The increase in investment revenue was offset by a $777,000 increase in investment portfolio fees. Financing-related interest expense decreased approximately $69,300 based on standard payment schedules.

Fund net position increased $17.3 million in 2026, compared with a $3.0 million decrease in 2025. The $20.3 million year-over-year change reflects both market-sensitive investment performance and the timing of major contributions provided to the University.

## 4. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

**Capital assets**
Net capital assets decreased $1.9 million, or 15.5%, to $10.3 million. The main drivers of the decrease were the $1.2 million of annual amortization of the right-to-use assets and the $785,000 reduction of land, offset by a $132,000 addition to construction in progress for the InSPIRE building. In January 2026, the Research Foundation sold the property associated with a fully satisfied gift annuity for $1.6 million, an $815,000 gain.

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**Capital Asset Activity (in thousands)**

| | June 30, 2025 | Additions | Reductions | June 30, 2026 |
|---|---|---|---|---|
| Land | 2,619 | - | (785) | 1,834 |
| Construction in progress | - | 132 | - | 132 |
| Right-to-use leased assets | 30,987 | - | - | 30,987 |
| Equipment | 124 | - | - | 124 |
| Computer software | 80 | - | - | 80 |
| **Capital assets at cost** | **33,810** | **132** | **(785)** | **33,157** |
| Accumulated depreciation/amortization | (21,632) | (1,232) | - | (22,864) |
| **Capital assets, net** | **12,178** | **(1,100)** | **(785)** | **10,293** |

**Long-term financing**
As of June 30, 2026, the Research Foundation had $36.8 million in outstanding debt representing a decrease of $3.6 million from the prior fiscal year balance of $40.4 million. The lease liability, including the related premium, decreased approximately $786,000 to $4.3 million, including $750,000 due within one year. The outstanding Note payable principal decreased $2.8 million to $32.5 million, including $2.9 million due within one year. Both decreases were related to annual scheduled payments.

## 5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Research Foundation concluded the 2026 fiscal year with notable growth in the number of total proposals and awards. The number of proposals increased from 270 in fiscal year 2025 to 345 in fiscal year 2026. Awards rose from 173 to 190 over the same period. However, we saw a decrease in the total amount of awards from $16.1 million in fiscal year 2025, down to $13.3 million in fiscal year 2026.

The growth in number of proposals and awards is likely attributed to principal investigators actively pursuing privately funded grant opportunities in response to increasing instability in federal funding sources. It seems many of these new or potential sponsors are awarding smaller award amounts which can partially account for the decrease in total award dollars.

In her fourth year as the University's Vice President for Research and the Research Foundation's President, Stacey Patterson continues to bring more focus to industry funded research. We are currently in the fourth 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. It is anticipated that this goal will be surpassed once the University's numbers for fiscal year 2026 are finalized. 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 2026 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.

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An opportunity to support both the University's commercialization efforts and broader technology advancement within the community has emerged through IGNITE Tallahassee. Through a comprehensive suite of physical and programmatic resources, IGNITE Tallahassee helps technology-driven startups launch, grow, and scale. The program provides state-of-the-art facilities, expert mentorship, commercialization support, investor access, and a collaborative entrepreneurial ecosystem, empowering founders to transform innovative ideas into impactful real-world solutions. In April 2026, the Leon County Research and Development Authority (LCRDA) transferred the IGNITE Tallahassee facility and the related Economic Development Authority loan to the University. As part of this transition, the Research Foundation entered into a management agreement with the University to administer the operation, including the collection of revenues and payment of associated expenses.

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 2027. Construction of the new FSU Health Building is anticipated to be completed by the end of the 2026 calendar 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.

Although the Research Foundation experienced continued growth in its investment portfolio during fiscal year 2026, 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.

The construction of an Advanced Manufacturing Facility in support of the University's InSPIRE initiative represents a significant Board-approved investment of long-term endowment funds. The Board has authorized up to $13.5 million for the project. InSPIRE (Institute for Strategic Partnerships, Innovation, Research, and Education) will serve as a critical bridge between research and commercialization, enabling the development, testing, validation, and sustainable production of innovative technologies within an integrated environment.

The demolition of the Burt Reynolds Hall apartments has been completed. Once the construction firm has provided the finalized documents, the property will be donated to the University and the Research Foundation will be reimbursed for the costs of demolition.

For fiscal year 2027, the Research Foundation's Board of Directors approved a net operating budget of $447,222 which represents a $518,378 decrease from the prior year. The largest driver of the decrease in the operating budget is management of the IGNITE Tallahassee building, which is budgeted to increase expenses by $400,000.

**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.

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF NET POSITION
June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 212,314 | $ 398,494 |
| Current investments, unrestricted | 49,976,564 | 48,319,877 |
| Due from related party- restricted investment | 35,755,500 | 38,868,500 |
| Due from related party- investment | 130,395,770 | 110,549,026 |
| License fees and royalties receivable, net | 264,485 | 316,248 |
| Grants receivable, net | 2,013,564 | 1,893,679 |
| Notes receivable, current portion | - | 276,293 |
| Accounts receivable, other, net | 514,925 | 1,270,482 |
| Prepaid expenses | 197,874 | 147,959 |
| Total current assets | 219,330,996 | 202,040,558 |
| Noncurrent assets | | |
| Non-current investments | 153,764 | 158,600 |
| Notes receivable, long term portion | - | 3,723,707 |
| Deposit held with Florida State University | 20,000 | 700,854 |
| Capital assets: | | |
| Non-depreciable | 1,966,312 | 2,618,820 |
| Right to use leased asset, net | 8,326,342 | 9,558,690 |
| Total noncurrent assets | 10,466,418 | 16,760,671 |
| Total assets | $ 229,797,414 | $ 218,801,229 |

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FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF NET POSITION
June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **LIABILITIES** | | |
| Current liabilities | | |
| Inventors' royalty allocations payable | $ 249,953 | $ 262,250 |
| Departmental royalty allocations payable | 1,678,268 | 1,695,653 |
| Other liabilities | 449,017 | 251,129 |
| Unearned restricted revenue | 10,192,811 | 12,260,370 |
| Florida State University fund payable | 8,936,071 | 9,688,737 |
| Lease liability, current portion | 750,000 | 720,000 |
| Note payable, current portion | 2,905,000 | 2,830,000 |
| Total current liabilities | 25,161,120 | 27,708,139 |
| Noncurrent liabilities | | |
| Lease liability, long-term portion | 3,569,094 | 4,384,912 |
| Note payable, long-term portion | 29,600,000 | 32,505,000 |
| Total noncurrent liabilities | 33,169,094 | 36,889,912 |
| Total liabilities | 58,330,214 | 64,598,051 |
| Net position | | |
| Restricted | 35,755,500 | 38,868,500 |
| Net investment in capital assets | 5,973,560 | 7,072,598 |
| Unrestricted | 129,738,140 | 108,262,080 |
| Total net position | $ 171,467,200 | $ 154,203,178 |

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, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| Operating revenues | | |
| Licensing fees and royalties | $ 390,208 | $ 381,932 |
| Contracts and grants - restricted | 13,092,805 | 12,253,218 |
| Administrative - unrestricted: | | |
| Contracts and grants | 2,152,791 | 1,725,825 |
| Rental revenue | 3,499,960 | 3,498,821 |
| Total operating revenues | 19,135,764 | 17,859,796 |
| Operating expenses | | |
| Inventors' royalty allocations | 188,099 | 158,267 |
| Departmental royalty allocations | 53,483 | 119,835 |
| Patent and licensing costs, net | 1,518,632 | 1,084,350 |
| Contracts and grants | 13,092,805 | 12,253,218 |
| Building occupancy costs: | | |
| Interest on bonds | 62,713 | 90,473 |
| Amortization and depreciation | 1,232,348 | 1,232,349 |
| Other occupancy costs | 335,964 | 335,356 |
| Personnel costs | 1,044,186 | 1,001,116 |
| Contributions to Florida State University and related organizations | 2,087,770 | 17,793,807 |
| Miscellaneous | 251,212 | 37,336 |
| Research Foundation funded programs | 296,616 | 235,046 |
| Total operating expenses | 20,163,828 | 34,341,153 |
| **Operating loss** | (1,028,064) | (16,481,357) |
| Nonoperating revenues and expenses | | |
| Investment revenue | 23,292,808 | 17,611,564 |
| Investment portfolio fees | (4,113,813) | (3,337,055) |
| Interest on debt service | (886,909) | (956,185) |
| Change in annuity value | - | 121,762 |
| Total nonoperating revenues and expenses | 18,292,086 | 13,440,086 |
| Change in net position | 17,264,022 | (3,041,271) |
| Net position, beginning of year | 154,203,178 | 157,244,449 |
| **Net position, end of year** | $ 171,467,200 | $ 154,203,178 |

See accompanying notes to financial statements.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Licensed products and building program: | | |
| Licensing fees and royalties | $ 441,971 | $ 240,657 |
| Rental income | 3,470,349 | 3,613,052 |
| Departmental allocation payments | (271,265) | (190,835) |
| Patent and licensing costs | (679,198) | (1,782,123) |
| Building occupancy | (475,454) | (544,460) |
| Interest paid on obligations under lease liabilities | - | (33,088) |
| IDC receivable from Florida State University | 50,899 | 34,877 |
| Net cash provided by licensed products and building program | 2,537,302 | 1,338,080 |
| Contracts and grants: | | |
| Receipts | 13,058,152 | 13,800,717 |
| Disbursements | (14,102,244) | (11,538,788) |
| Net cash provided by (used in) contracts and grants | (1,044,092) | 2,261,929 |
| Other receipts or disbursements: | | |
| Personnel costs | (1,039,495) | (997,531) |
| Research Foundation funded programs | (357,931) | (164,230) |
| Contributions (to) from Florida State University | (1,864,678) | (1,470,459) |
| Other disbursements | (239,632) | (48,162) |
| Net cash used in other receipts or disbursements | (3,501,736) | (2,680,382) |
| Net cash provided by (used in) operating activities | (2,008,526) | 919,627 |
| **Cash flows from noncapital financing activities** | | |
| Deposits returned from (made to) Florida State University | 49,101 | (2,972,525) |
| Reimbursement due from FSU | 631,753 | - |
| Payments on note payable | (2,830,000) | (2,760,000) |
| Interest on debt service | (886,909) | (956,185) |
| Net cash used in noncapital financing activities | (3,036,055) | (6,688,710) |
| **Cash flows from investing activities** | | |
| Purchase of investments | (33,129,340) | (35,061,240) |
| Sale of investments | 37,922,741 | 30,291,748 |
| Collections on notes receivable | - | 11,255,197 |
| Write off notes receivable | - | - |
| Net cash provided by investing activities | 4,793,401 | 6,485,705 |
| **Cash flows from capital and related financing activities** | | |
| Principal payments on obligations under lease liabilities | (720,000) | (695,000) |
| Gift annuity payments | - | (20,889) |
| Proceeds from sale of land | 785,000 | - |
| Net cash provided by (used in) capital and related financing activities | 65,000 | (715,889) |
| **Net increase (decrease) in cash and cash equivalents** | (186,180) | 733 |
| Cash and cash equivalents, beginning of year | 398,494 | 397,761 |
| **Cash and cash equivalents, end of year** | $ 212,314 | $ 398,494 |

(Continued)

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash (used in) operating activities:** | | |
| Operating income | $ (1,028,064) | $ (16,481,357) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Amortization and depreciation of capital and right to use lease assets | 1,232,348 | 1,232,347 |
| Amortization of bond premium | (65,818) | (65,818) |
| Changes in operating assets and liabilities: | | |
| License fees and royalties receivables | 353,221 | (178,775) |
| Other receivables | 635,672 | (1,254,400) |
| Prepaid expenses | (49,915) | (53,939) |
| Deposit held with Florida State University | - | 16,262,023 |
| Change in allowance | (301,458) | 37,500 |
| Royalty allocations payable | (29,682) | 87,267 |
| Florida State University fund payable | (752,666) | 925,993 |
| Other liabilities | 65,395 | (5,366) |
| Unearned restricted revenue | (2,067,559) | 414,152 |
| Net cash provided by (used in) operating activities | $ (2,008,526) | $ 919,627 |
| Supplemental noncash information | | |
| Unrealized net investment gain | $ 16,071,234 | $ 11,221,037 |
| Write-off of LCRDA notes receivable | $ 4,000,000 | $ - |
| Construction in Progress | $ 132,492 | $ - |

See accompanying notes to financial statements.

## 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)

**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 construction projects as deposits held with Florida State University.

Notes Receivable: Notes receivable include an amount due from Leon County Research and Development Authority. During 2026, the promissory notes due from the Leon County Research and Development Authority were terminated. Additional information regarding the termination is provided in Note 7.

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, subsidies received, contributions to permanent and term endowments and resources from the disposal of capital assets. 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: During fiscal year 2026, the Research Foundation implemented Governmental Accounting Standards Board Statement No. 103, Financial Reporting Model Improvements. GASB Statement No. 103 amended certain financial statement presentation and disclosure requirements, including management's discussion and analysis, the statement of revenues, expenses, and changes in net position, budgetary comparison information, and presentation of unusual or infrequent items. The Statement revised the classification and presentation of operating and nonoperating revenues and expenses, including the separate presentation of noncapital subsidies.

Implementation of GASB Statement No. 103 resulted in the reclassification of certain amounts previously reported as operating revenues or operating expenses. Miscellaneous expenses were reclassified from nonoperating expenses to operating expenses. Prior-year amounts presented for comparative purposes have been reclassified to conform to the current-year presentation. These reclassifications had no effect on total change in net position, beginning net position, or ending net position. The following table summarizes the prior-year reclassifications:

| Previously Reported Line | GASB 103 Line | Prior-Year Amount Reclassified |
|---|---|---|
| Nonoperating revenues - Miscellaneous | Other operating revenues - Miscellaneous | 2,213 |

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

During fiscal year 2026, the Research Foundation also adopted GASB Statement No. 104, Disclosure of Certain Capital Assets. GASB Statement No. 104 requires separate disclosures of certain capital assets, including lease assets recognized under GASB Statement No. 87, intangible right-to-use assets recognized under GASB Statement No. 94, subscription assets recognized under GASB Statement No. 96, and other intangible assets. The statement also requires disclosure of historical cost, accumulated depreciation, ending balances by major class for capital assets held for sale, and the carrying amount of related debt when such assets are pledged as collateral. The requirements of GASB Statement No. 104 are effective for fiscal years beginning after June 15, 2025. Adoption of GASB Statement No. 104 did not have a material effect on the Research Foundation's financial position or results of operations.

The GASB issued Statement No. 105, Subsequent Events, in December 2025. This statement establishes accounting and financial reporting requirements for subsequent events, including management's evaluation of events and transactions occurring after the financial statement date but before the financial statements are available to be issued. The requirements are effective for fiscal years beginning after June 15, 2026. The Research Foundation does not expect adoption of GASB Statement No. 105 to have a material effect on its financial statements.

Management has evaluated other GASB pronouncements issued but not yet effective and does not expect them to have a material effect on the Research Foundation's financial position, changes in net position, or disclosures.

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, 2026 and 2025, was $166,151,270 and $149,417,526, 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, 2026 through October 27, 2026, the date the financial statements were available for issuance. No additional events have been recognized or disclosed.

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## 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:

| | 2026 | 2025 |
|---|---|---|
| Beginning balance | $ 700,854 | $ 13,990,351 |
| Additions | 8,320 | 2,972,526 |
| Deductions | (689,174) | (16,262,023) |
| Ending balance | $ 20,000 | $ 700,854 |

## 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, 2026 and 2025, non-current investments consist of equity interests in two external companies.

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.

(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

| As of June 30, 2026 | Reported Value | Fair Value Measurements Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments by Fair Value Level | | | | |
| Due from related party- restricted investment | $ 35,755,500 | $ - | $ - | $ 35,755,500 |
| Due from related party- investment | 130,395,770 | - | - | 130,395,770 |
| Partnership investment | 3,764 | 3,764 | - | - |
| Total Investments by Fair Value Level | $ 166,155,034 | $ 3,764 | $ - | $ 166,151,270 |
| Investments not reported at fair value | | | | |
| SBA Florida PRIME (*amortized cost*) | $ 49,976,564 | | | |
| Partnership investment (*cost*) | 150,000 | | | |
| Total investments not reported at fair value | 50,126,564 | | | |
| Total Investments | $ 216,281,598 | | | |

| As of June 30, 2025 | Reported Value | Fair Value Measurements Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| 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 | $ 149,426,126 | $ 8,600 | $ - | $ 149,417,526 |
| Investments not reported at fair value | | | | |
| SBA Florida PRIME (*amortized cost*) | $ 48,319,877 | | | |
| Partnership investment (*cost*) | 150,000 | | | |
| Total investments not reported at fair value | 48,469,877 | | | |
| Total Investments | $ 197,896,003 | | | |

At June 30, 2026, 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 | $ 49,976,564 | $ 49,976,564 | $ - | $ - | $ - |
| Due from related party-restricted investment | 35,755,500 | 35,755,500 | - | - | - |
| Due from related party-investment | 130,395,770 | 130,395,770 | - | - | - |
| Partnership investment (*cost*) | 150,000 | No Maturity | - | - | - |
| Partnership investment (*FMV*) | 3,764 | 3,764 | - | - | - |
| | $ 216,281,598 | $ 216,131,598 | $ - | $ - | $ - |

(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

Money Market Accounts includes $49,976,564 invested in SBA Florida PRIME with a Weighted Average Maturity (WAM) of 53 days.

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 (*cost*) | 150,000 | No Maturity | - | - | - |
| Partnership investment (*FMV*) | 8,600 | 8,600 | - | - | - |
| | $ 197,896,003 | $ 197,746,003 | $ - | $ - | $ - |

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

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, 2026, the Research Foundation has the following debt instrument credit quality ratings:

| | Reported Value | U.S Government | AAA *(AAAm)* | AA | A | Less Than A Rated | Not Rated |
|---|---|---|---|---|---|---|---|
| Money Market Accounts | $ 49,976,564 | $ - | $ 49,976,564 | $ - | $ - | $ - | $ - |

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

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

Investment revenues consisted of the following amounts:

| | 2026 | 2025 |
|---|---|---|
| Realized gains on current investments | $ 11,221,574 | $ 6,390,527 |
| Unrealized gains on current investments | 16,071,234 | 11,221,037 |
| Write off notes receivable | (4,000,000) | - |
| Total investment revenues | $ 23,292,808 | $ 17,611,564 |

(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

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, 2026, the carrying amount of deposits totaled $212,314. At June 30, 2025, the carrying amount of deposits totaled $398,494. The Research Foundation has not experienced any losses in such accounts.

Partnership Investment: The Research Foundation has invested in equity holdings in two companies that are in the business of producing materials resulting from intellectual property of Florida State University. One holding is 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, 2024, the Research Foundation obtained a future equity interest of $150,000 in a 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 $3,764 and $8,600 as of June 30, 2026 and 2025, 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, 2026, 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, 2026 and 2025.

(Continued)

## 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:

| | 2026 | 2025 |
|---|---|---|
| License fees and royalties receivable, gross | $ 623,443 | $ 373,748 |
| Allowance for doubtful accounts | (358,958) | (57,500) |
| License fees and royalties receivable, net | $ 264,485 | $ 316,248 |

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

| | 2026 | 2025 |
|---|---|---|
| Grants receivable, gross | $ 2,013,564 | $ 1,893,679 |
| Allowance for doubtful accounts | - | - |
| Grants receivable, net | $ 2,013,564 | $ 1,893,679 |

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

| | 2026 | 2025 |
|---|---|---|
| Due from Florida State University, gross | $ 245,786 | $ 296,685 |
| Patent & license cost reimbursement receivable, gross | 235,025 | 969,745 |
| Rent | 34,114 | 4,052 |
| Allowance for doubtful accounts | - | - |
| Accounts Receivable - other, net | $ 514,925 | $ 1,270,482 |

## 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:

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(Continued)

**NOTE 6 - DESIGNATED UNRESTRICTED NET POSITION** (Continued)

| | 2026 | 2025 |
|---|---|---|
| Designated | | |
| Building Maintenance & Equipment Reserve | $ 4,026,027 | $ 3,780,077 |
| Building Vacancy & Renovation Reserve | 1,888,206 | 1,684,147 |
| Building Debt Guaranty Reserve | 1,049,413 | 1,028,413 |
| Inter-disciplinary Research & Commercialization Building | 14,774,309 | 11,944,309 |
| Research Enhancement | 3,002,863 | 3,615,055 |
| GAP Program | 1,087,057 | 835,552 |
| Total Designated | 25,827,875 | 22,887,553 |
| Total Non-Designated | 103,910,265 | 85,374,527 |
| Total Unrestricted Net Position | $ 129,738,140 | $ 108,262,080 |

**NOTE 7 - NOTES RECEIVABLE**

On May 2, 2022, the Research Foundation entered into a loan agreement with the Leon County Research and Development Authority (LCRDA) and received two promissory notes with maximum principal amounts of $3,000,000 and $1,000,000. The notes bore interest at 2.98% and 4.50%, respectively. The loan operated as a line of credit and was provided to support construction of the North Florida Innovation Labs research facility, which was subsequently rebranded as IGNITE Tallahassee. As of June 30, 2025, the entire $4,000,000 had been advanced and remained outstanding. The certificate of occupancy for the facility was issued on June 24, 2024. Under the original loan terms, an interest-only payment was due June 24, 2025, and annual principal amortization was scheduled to begin June 24, 2026.

Effective April 8, 2026, LCRDA transferred the IGNITE Tallahassee building (formerly North Florida Innovation Labs) and the underlying real estate to Florida State University. In connection with that transfer, the $4,000,000 outstanding principal and all accrued interest due to the Research Foundation were forgiven. This loss is reported as a component of investment income on the statement of revenue, expenses and changes in net position.

**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.

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**NOTE 8 - UNEARNED RESTRICTED REVENUE** (Continued)

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

| | 2026 | 2025 |
|---|---|---|
| Beginning balance | $ 12,260,370 | $ 11,848,378 |
| Contracts and grants receipts | 13,178,037 | 14,391,035 |
| Restricted contracts and grants expenditures | (13,092,805) | (12,253,218) |
| Administrative contracts and grants expenditures | (2,152,791) | (1,725,825) |
| Ending balance | $ 10,192,811 | $ 12,260,370 |

**NOTE 9 - PATENT AND LICENSING COSTS**

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

| | 2026 | 2025 |
|---|---|---|
| Patent and licensing costs, gross | $ 1,712,613 | $ 1,173,184 |
| Reimbursements collected and receivable, gross | (193,981) | (88,834) |
| Reimbursements removed due to cancellations | | |
| Increase in allowance for doubtful accounts | - | - |
| Patent and licensing costs, net | $ 1,518,632 | $ 1,084,350 |

**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, 2026 and June 30, 2025 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, 2026 and June 30, 2025, the Research Foundation had $366,820 recorded as land and land improvements related to the Conradi property.

(Continued)

**NOTE 10 - CAPITAL ASSETS** (Continued)

At June 30, 2025, land consisted of the Complex land and a donated property. The donated property was sold during 2026.

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.

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, 2025 | Increases | Decreases | Balance June 30, 2026 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 2,618,820 | $ - | $ (785,000) | $ 1,833,820 |
| Construction in Progress | - | 132,492 | - | 132,492 |
| Total Capital Assets Not Being Depreciated | 2,618,820 | 132,492 | (785,000) | 1,966,312 |
| 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 | (21,428,588) | (1,232,348) | - | (22,660,936) |
| Equipment | (123,907) | - | - | (123,907) |
| Computer software | (79,658) | - | - | (79,658) |
| Total Accumulated Depreciation/Amortization | (21,632,153) | (1,232,348) | - | (22,864,501) |
| Total Capital Assets, Net of Depreciation/Amortization | 9,558,690 | (1,232,348) | - | 8,326,342 |
| Capital Assets, Net | $ 12,177,510 | $ (1,099,856) | $ (785,000) | $ 10,292,654 |

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**NOTE 10 - CAPITAL ASSETS** (Continued)

| | 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 |

**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, 2026 and 2025, the inventors' allocations payable balance was $249,953 and $262,250, 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, 2026 and 2025, the inventors' department allocations payable balance was $1,678,268 and $1,695,653, 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)

**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, 2026 and 2025, is $1,138,800 and $1,073,067, 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, 2026 and 2025 is $305,735 and $284,510, 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:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 1,735,433 | $ 72,310 | $ 1,807,743 |
| 2028 | 510,899 | 21,287 | 532,186 |
| 2029 | 337,020 | 14,043 | 351,063 |
| 2030 | 91,869 | 3,828 | 95,697 |
| Total | $ 2,675,221 | $ 111,468 | $ 2,786,689 |

(Continued)

**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.

In April 2026, the Leon County Research and Development Authority (LCRDA) transferred ownership of the IGNITE Tallahassee facility and the related Economic Development Authority loan to the University. Located in Innovation Park, IGNITE Tallahassee is a state-of-the-art, 40,000-square-foot facility that provides advanced scientific equipment, private and shared wet and dry laboratory space, secure office space, and meeting and co-working areas designed to support early-stage and growing technology companies. On August 3, 2026, the Research Foundation entered into a management agreement with the University, effective retroactively to April 2026, to administer facility operations, including the collection of revenues and payment of related operating expenses.

The Research Foundation recognizes rental income from subleases from the properties described above in the amounts of $3,499,960 and $3,498,821, for the years ended June 30, 2026 and 2025, 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, 2026 and 2025, 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, 2026, and 2025, 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, 2026 and 2025, lease liabilities consist of:

| | 2026 | 2025 |
|---|---|---|
| Obligations under leases | $ 3,990,000 | $ 4,710,000 |
| Bond premium | 329,094 | 394,912 |
| Total lease liability | $ 4,319,094 | $ 5,104,912 |

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

(Continued)

**NOTE 13 - LONG TERM LIABILITIES** (Continued)

Note Payable: In April of 2022, the Research Foundation entered into a 14-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, 2026 and June 30, 2025:

| | June 30, 2025 | Additions | Deletions | June 30, 2026 | Due Within One Year |
|---|---|---|---|---|---|
| Lease liability, net | $ 5,104,912 | $ - | $ 785,818 | $ 4,319,094 | $ 750,000 |
| Note payable | 35,335,000 | - | 2,830,000 | 32,505,000 | 2,905,000 |
| Total long-term liabilities | $ 40,439,912 | $ - | $ 3,615,818 | $ 36,824,094 | $ 3,655,000 |

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

The table below summarizes future maturities of obligations under leases:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 845,000 | 25,350 | 870,350 |
| Total | $ 3,990,000 | $ 366,150 | $ 4,356,150 |

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**NOTE 13 - LONG TERM LIABILITIES** (Continued)

The table below summarizes future maturities of the note payable:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 3,205,000 | 513,295 | 3,718,295 |
| 2032-2036 | 17,245,000 | 1,318,629 | 18,563,629 |
| Total | $ 32,505,000 | $ 4,650,781 | $ 37,155,781 |

**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.

As of June 30, 2026 and 2025, the FSU Foundation held endowment investments on behalf of the Research Foundation totaling $166,151,270 and $149,417,526, 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, 2026 and 2025.

# 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, 2026, 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 27, 2026.

**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.

(Continued)

**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

Crowe LLP

Indianapolis, Indiana
October 27, 2026