



Financial Statements and Other Information

***The University of Central Florida Research
Foundation, Inc.***

Years Ended June 30, 2026 and 2025

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The University of Central Florida
Research Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The University of Central Florida Research Foundation, Inc. (the Research Foundation), a component unit of The University of Central Florida, as of and for the years ended June 30, 2026 and 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 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 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* (GAS), issued by the Comptroller General of the United States. 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.

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 issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAS 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 GAS, 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 management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits 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 August 31, 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 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.

PYA, P.C.

Tampa, Florida
August 31, 2026

Management's Discussion and Analysis

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Management's Discussion and Analysis

INTRODUCTION

The University of Central Florida Research Foundation's (the Research Foundation), a direct support organization of the University of Central Florida (the University or UCF), management prepared the following discussion and analysis of the Research Foundation's financial statements, as of and for the years ended June 30, 2026 and 2025. This discussion and analysis is intended to serve as an introduction to the Research Foundation's basic financial statements. It should be read in conjunction with the basic financial statements and notes thereof.

The report consists of the following:

- Management's Discussion and Analysis
- Basic Financial Statements, which include:
 - Statements of Net Position;
 - Statements of Revenue, Expenses, and Changes in Net Position;
 - Statements of Cash Flows; and
 - Notes to the Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position present all of the Research Foundation's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Research Foundation is improving or declining.

The statements of revenue, expenses, and changes in net position explain whether revenue and other support exceed expenses, which results in an increase in net position, or whether there is a decrease in net position. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The statements of cash flows are another way of assessing the Research Foundation's financial viability. The primary purpose of the statements of cash flows is to provide relevant information about cash receipts and cash payments of the Research Foundation throughout the fiscal year.

These financial statements include all assets and liabilities using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Footnotes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Management's Discussion and Analysis - Continued

FINANCIAL SUMMARY

The following is a summary of the financial performance of the Research Foundation, segregated by Statements of Net Position, Statements of Revenue, Expenses, and Changes in Net Position, and Statements of Cash Flows.

Statements of Net Position:

	<i>June 30,</i>	
	<i>2026</i>	<i>2025</i>
ASSETS		
Current assets	\$ 46,004,315	\$ 42,840,476
Noncurrent assets	274,818	177,818
TOTAL ASSETS	<u>\$ 46,279,133</u>	<u>\$ 43,018,294</u>
LIABILITIES		
Current liabilities	\$ 26,031,117	\$ 24,184,848
TOTAL LIABILITIES	<u>\$ 26,031,117</u>	<u>\$ 24,184,848</u>
NET POSITION		
Unrestricted	\$ 16,864,271	\$ 14,470,812
Restricted	3,383,745	4,362,634
TOTAL NET POSITION	<u>\$ 20,248,016</u>	<u>\$ 18,833,446</u>

Statements of Revenue, Expenses, and Changes in Net Position:

	<i>2026</i>	<i>2025</i>
UNRESTRICTED NET POSITION		
Operating revenue	\$ 27,930,027	\$ 26,041,969
Restricted resources utilized for research initiatives	2,036,629	1,806,412
Operating expenses	(29,884,341)	(27,208,475)
OPERATING INCOME	82,315	639,906
NON-OPERATING REVENUE	2,311,144	1,512,420
INCREASE IN NET POSITION	2,393,459	2,152,326
NET POSITION, BEGINNING OF YEAR	14,470,812	12,318,486
UNRESTRICTED NET POSITION, END OF YEAR	<u>\$ 16,864,271</u>	<u>\$ 14,470,812</u>

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Management's Discussion and Analysis - Continued

Statements of Cash Flows:

	<u>2026</u>	<u>2025</u>
NET CASH PROVIDED BY (USED IN) BY OPERATING ACTIVITIES	\$ (489,476)	\$ 2,262,850
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,214,144</u>	<u>1,352,126</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,724,668	3,614,976
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>36,359,589</u>	<u>32,744,613</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 38,084,257</u>	<u>\$ 36,359,589</u>

DETAILED ANALYSES

Assets and Liabilities: During fiscal year 2026, total assets increased by \$3,260,839, driven primarily by growth in accounts receivable and amounts Due from UCF. Total liabilities increased by \$1,846,269, resulting from a \$2,440,186 increase in unearned/restricted grant and contract liabilities for sponsored research initiatives. This increase was partially offset by a \$593,917 reduction in combined accounts payable and allocations payable (including Facilities & Administrative balances).

A portion of the Due from UCF is designated for use on contracts, grants, donations, and other agreements. In fiscal year 2026, this amount was \$11,525,855.

Net Position: The statements of net position report all financial resources of the Research Foundation as of the end of the fiscal year. Net position over time can be a useful indicator of an entity's financial position. The Research Foundation's assets exceed liabilities as of June 30, 2026 and 2025 by \$20,248,016 and \$18,833,446, respectively. Those amounts include the net position, which was restricted as of June 30, 2026 and 2025 of \$3,383,745 and \$4,362,634, respectively.

Analysis of Operating Revenue: Operating revenue includes contracts and grants, contributions, royalties and licensing fees, other agreements, and research initiatives. In fiscal year 2026, total operating revenue and net position released from restrictions increased by \$2,118,275 compared to fiscal year 2025. This growth was driven by a \$1,327,829 increase in operating revenue, a \$560,229 increase in facilities and administration (F&A) revenue and miscellaneous income, and a \$230,217 increase in net position released from restrictions.

Analysis of Operating Expenses: Operating expenses increased by \$2,675,866 in fiscal year 2026 compared to fiscal year 2025. This growth was driven primarily by a \$1,889,515 increase in contracts and grants, contributions, royalties and licensing allocations, other agreements, and

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Management's Discussion and Analysis - Continued

research initiatives. Additionally, miscellaneous activities and other expenses increased by \$856,494. These increases were partially offset by a \$93,321 reduction in salaries and employee benefits.

Analysis of Non-operating Revenue (Expenses): Non-operating revenue consists of interest, investment gains and losses, and dividends. In fiscal year 2026, non-operating revenue was greater than fiscal year 2025 by \$798,724, primarily driven by stronger investment performance.

Analysis of Restricted Net Position: Restricted net position consists of donor-restricted contributions dedicated to specific purposes, such as targeted research initiatives. Restricted funds are transferred to unrestricted net position as donor terms and program requirements are met. Total restricted contribution revenue grew by \$230,217 in fiscal year 2026, reaching \$2,036,629 compared to \$1,806,412 in fiscal year 2025.

Cash Flow Analysis: Cash and cash equivalents increased by \$1,724,668 during fiscal year 2026. This growth was primarily driven by \$2,214,144 in net cash provided by investing activities, along with a \$1,292,121 net surplus from Facilities and Administrative (F&A) revenue and miscellaneous receipts exceeding related disbursements. These increases were partially offset by sponsored programs activity, where cash payments for contracts, grants, contributions, and research initiatives exceeded cash collections by \$1,571,951.

OTHER SIGNIFICANT EVENTS

The Research Foundation has a wholly owned subsidiary, the UCF Research Foundation Real Estate LLC, which was created to hold any land and buildings that the Research Foundation obtained. Currently, there is no activity in the subsidiary.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The University provides vital infrastructure and personnel to support the Research Foundation's operations. During the fiscal years ended June 30, 2026 and 2025, the Research Foundation reimbursed the University for specific administrative salaries and related benefits, while the University provided office space and covered minor operating expenses. The University is expected to continue providing this support. However, should broader economic conditions significantly reduce state appropriations to the University, this could impact the resources available for the Research Foundation's future activities.

Financial Statements

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Statements of Net Position

	<i>June 30,</i>	
	<i>2026</i>	<i>2025</i>
ASSETS		
CURRENT ASSETS		
Cash	\$ 415,989	\$ 415,989
Due from University of Central Florida	37,668,268	35,943,600
Accounts receivable (net of allowance for doubtful accounts)	7,715,132	6,293,735
Prepaid expenses	204,926	187,152
TOTAL CURRENT ASSETS	46,004,315	42,840,476
NONCURRENT ASSETS		
Investments	274,818	177,818
TOTAL NONCURRENT ASSETS	274,818	177,818
TOTAL ASSETS	\$ 46,279,133	\$ 43,018,294
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 88,081	\$ 352,060
Allocations and Facilities and Administrative payable	2,996,507	3,326,445
Unearned restricted revenue	22,946,529	20,506,343
TOTAL CURRENT LIABILITIES	26,031,117	24,184,848
NET POSITION		
Unrestricted	16,864,271	14,470,812
Restricted	3,383,745	4,362,634
TOTAL NET POSITION	20,248,016	18,833,446
TOTAL LIABILITIES AND NET POSITION	\$ 46,279,133	\$ 43,018,294

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Statements of Revenue, Expenses, and Changes in Net Position

	<i>Year Ended June 30,</i>	
	<i>2026</i>	<i>2025</i>
UNRESTRICTED NET POSITION:		
OPERATING REVENUE		
Royalties and licensing fees	\$ 677,464	\$ 852,730
Contracts and grants	20,984,750	18,921,612
Other agreements income	1,232,126	1,632,361
Research initiatives	1,223,284	1,383,092
Facilities and Administration revenue and miscellaneous income	3,812,403	3,252,174
Restricted resources utilized for research initiatives	2,036,629	1,806,412
TOTAL OPERATING REVENUE	29,966,656	27,848,381
OPERATING EXPENSES		
Royalties and licensing allocations	604,107	639,548
Contracts and grant expenses	20,984,750	18,921,612
Other agreements expense	1,232,126	1,632,361
Contribution expense	2,036,629	1,806,412
Research initiatives	1,250,496	1,218,660
Miscellaneous activities and other expenses	1,208,001	351,507
Salaries and other benefits	2,525,679	2,619,000
Professional expenses	42,553	19,375
TOTAL OPERATING EXPENSES	29,884,341	27,208,475
NET OPERATING REVENUE	82,315	639,906
NON-OPERATING REVENUE (EXPENSE)		
Investment revenue	2,312,660	1,511,118
Investment gain (loss)	(1,516)	1,302
TOTAL NON-OPERATING REVENUE	2,311,144	1,512,420
INCREASE IN UNRESTRICTED NET POSITION	2,393,459	2,152,326
UNRESTRICTED NET POSITION, BEGINNING OF YEAR	14,470,812	12,318,486
UNRESTRICTED NET POSITION, END OF YEAR	\$ 16,864,271	\$ 14,470,812

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Statements of Revenue, Expenses, and Changes in Net Position - Continued

	<i>Year Ended June 30,</i>	
	<i>2026</i>	<i>2025</i>
RESTRICTED NET POSITION		
Restricted contribution revenue	\$ 1,057,740	\$ 3,119,044
Restricted resources utilized for research initiatives	(2,036,629)	(1,806,412)
INCREASE (DECREASE) IN RESTRICTED NET POSITION	(978,889)	1,312,632
RESTRICTED NET POSITION, BEGINNING OF YEAR	4,362,634	3,050,002
RESTRICTED NET POSITION, END OF YEAR	3,383,745	4,362,634
TOTAL NET POSITION	\$ 20,248,016	\$ 18,833,446

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Statements of Cash Flows

	<i>Year Ended June 30,</i>	
	<i>2026</i>	<i>2025</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received (used) for:		
Licensing fees and royalties	\$ 724,399	\$ 198,663
Contracts, grants, contributions, and research	25,469,755	26,390,156
Miscellaneous activities and other expenses	3,769,849	3,232,802
Royalties and licensing allocations	(934,045)	(948,119)
Contracts, grants, contributions, and research	(27,041,706)	(22,040,474)
Other disbursements	(2,477,728)	(4,570,178)
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	(489,476)	2,262,850
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment revenue	2,312,660	1,511,118
Purchase of investments	(98,516)	(158,992)
NET CASH PROVIDED BY		
INVESTING ACTIVITIES	2,214,144	1,352,126
NET INCREASE IN CASH		
AND CASH EQUIVALENTS	1,724,668	3,614,976
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	36,359,589	32,744,613
CASH AND CASH EQUIVALENTS,		
END OF YEAR	\$ 38,084,257	\$ 36,359,589
CASH AND CASH EQUIVALENTS PRESENTED		
IN THE FINANCIAL STATEMENTS AS:		
Cash	\$ 415,989	\$ 415,989
Due from University of Central Florida	37,668,268	35,943,600
TOTAL CASH AND CASH EQUIVALENTS		
PRESENTED IN THE FINANCIAL STATEMENTS	\$ 38,084,257	\$ 36,359,589

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Statements of Cash Flows - Continued

	<i>Year Ended June 30,</i>	
	<i>2026</i>	<i>2025</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net operating revenue	\$ 82,315	\$ 639,906
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
(Decrease) increase in restricted net position	(978,889)	1,312,632
Provision for doubtful accounts	208,154	305,620
Increase in accounts receivable	(1,629,551)	(1,020,734)
Increase in prepaid expenses	(17,774)	(144,652)
Decrease (increase) in accounts payable	(263,979)	83,554
Decrease in allocations and Facilities and Administrative payable	(329,938)	(308,571)
Increase in unearned restricted revenue	2,440,186	1,395,095
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (489,476)	\$ 2,262,850

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The University of Central Florida Research Foundation, Inc. and Subsidiary (the Research Foundation) is a not-for-profit Florida Corporation incorporated April 30, 1991. The Research Foundation is operated exclusively for the benefit of The University of Central Florida (the University or UCF). The Research Foundation is a University Direct-Support Organization within the definition of Florida Statutes Section 240.299, and as such is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. Since the Research Foundation's purpose complements that of the University's Office of Research, many functions are coordinated to maximize the benefit to the University's research community.

The purposes of the Research Foundation include the following:

- Promotion and encouragement of, and assistance to, the research activities of faculty, staff, and students of the University.
- Development of research.
- Development of the provision of buildings for such research activities and related or complementary uses.
- Providing a means by which inventions and copyrightable materials may be developed, patented, applied, and utilized in order that the results of the University research shall be made available to the public and that funds be made available from inventions and copyrightable materials to support education and research at the University.

The Research Foundation formed a wholly owned subsidiary, UCF Research Foundation Real Estate LLC (the LLC), for the purpose of holding land and a building that was donated by Intersil Corp in April 2010 but was subsequently returned to Intersil. There were no assets, liabilities, net position, or activity for the LLC as of and for the years ended June 30, 2026 and 2025. As such, no accounts for the LLC are reflected in these financial statements.

Basis of Accounting and Financial Reporting: The financial statements of the Research Foundation are 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.

In accordance with GAAP, the Research Foundation qualifies for treatment as a component unit of the University of Central Florida; therefore, the Research Foundation's financial statements are included in the University's financial statements.

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

For financial reporting purposes, the Research Foundation is considered a special-purpose government organization engaged only in business-type activities. Accordingly, the Research Foundation's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Changes in the net position of the Research Foundation as a result of support, revenue, expenses, gains, and losses are classified based on the existence of any funding restrictions. Accordingly, the net position of the Research Foundation and changes therein are classified and reported as follows:

- *Unrestricted:* Net position that is not subject to funding restrictions. The unrestricted net position may be designated for specific purposes by action of the Board of Directors.
- *Restricted:* Net position whose use by the Research Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Research Foundation pursuant to those stipulations or that expire by the passage of time.

Expenses are reported as decreases in the unrestricted net position. Expirations of donor-imposed stipulations that simultaneously increase one class of net position and decrease another are reported as reclassifications between the applicable classes of net position. Residual funds from fixed-priced contracts remain restricted as unearned restricted revenue for the principal investigator to spend on research-related activities. Revenue is recognized as the respective project expenditures occur. When both restricted and unrestricted resources are available for use, it is the Research Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

These financial statements are entirely those of the Research Foundation alone and, accordingly, are not intended to present the financial position or the results of operations of the University.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Research Foundation, the accounts of the Research Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Research Foundation's financial activity is accounted for in a single enterprise fund.

Cash and Cash Equivalents: Cash and cash equivalents consist of amounts on deposit with financial institutions in a checking repurchase sweep account and amounts held by UCF under a fiscal agent arrangement.

A portion of the Due from UCF is restricted for contracts and grants, and project balances.

Due from UCF consists of amounts held by UCF to be invested in investment opportunities which are permissible under the current investment policy.

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

Investments: The Research Foundation accounts for investments with a readily determinable value in accordance with GASB Codification Section I50, *Investments*. Under this provision, investments are recorded at fair value on the statements of net position. Investment income, including changes in the fair value of investments, is reported as revenue in the statements of revenue, expenses, and changes in net position.

Fair value is based on the quoted market price for securities and is adjusted to fair value upon known relevant information.

The equity method is utilized for investments in which the Research Foundation has significant influence, and the cost method is utilized for investments in which a readily determinable fair value is not available. Under the equity method, the investment is recorded at historical cost and increased or decreased by the investor's share of the Research Foundation's profit or loss and the Research Foundation's share of dividends. Under the cost method, a long-term investment is recorded at cost and carried at that amount until it is sold or otherwise disposed of or if there is an impairment in the value.

Receivables: Receivables 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. The allowance as of June 30, 2026 and 2025, was \$1,657,510 and \$1,449,356, respectively.

Fair Value of Financial Instruments: The Research Foundation did not hold any derivative instruments for trading purposes at June 30, 2026 and 2025, and does not invest in derivative instruments. The carrying amount of cash receivables and payables approximates fair value.

Capital Assets: It is the Research Foundation's policy to capitalize fixed assets with a cost or estimated fair value over \$5,000 at the date of purchase or donation, respectively, and a useful life of over one year. Maintenance and repairs are charged to expense when incurred, and betterments are capitalized.

Allocations Payable: Allocations payable consist of royalty and license fee distributions accrued to individuals and University departments responsible for the development of various patented or copyrighted research. The Research Foundation calculates the amount due to those parties and accrues a liability for this amount. Also included is the Facilities and Administrative (F&A) payable accrued to University departments responsible for the project.

Unearned Restricted Revenue: Unearned restricted revenue consists primarily 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.

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

Classification of Revenue: The Research Foundation classifies its revenue as operating or non-operating according to the following criteria:

- *Operating Revenue:* Includes activities that have the characteristics of exchange transactions, such as royalty and licensing transactions, and contracts and grants. Exchange transactions are transactions in which each party receives and gives up essentially equal values. Contribution income is also considered operating revenue.
- *Non-operating Revenue:* Includes activities that are not normal Research Foundation operating activities, such as investment income and investment gains and losses.

Revenue Recognition: The Research Foundation negotiates with licensees for their purchase of, or license to use, inventions and the related patents, trademarks, and copyrights developed by the University and its employees. Pursuant to its operating agreement with the University, the Research Foundation collects the licensees' payments and distributes the proceeds to the inventors and the University. The Research Foundation recognizes royalty and licensing revenue when amounts are earned with licensees in accordance with the terms in the license agreement. Patent, trademark, and copyright application costs are expensed when incurred. Revenue is recognized on contracts and grants, other agreements, and research initiatives when disbursements are incurred. Revenue is recognized on contributions when received or when an enforceable promise is made.

Income Taxes: The Research Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income tax expense or liability has been made.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Facilities Use and Personnel: Facilities and personnel are provided to the Research Foundation by the Office of Research and Commercialization, a division of the University. During fiscal years ended June 30, 2026 and 2025, the Research Foundation reimbursed the University for certain administrative personnel costs. Annually, the Research Foundation and the University agree to what expenses will be reimbursed.

NOTE B--CASH AND CASH EQUIVALENTS

Custodial Credit Risk: At June 30, 2026 and 2025, funds of approximately \$37,668,000 and \$35,944,000 were invested in the Special Purpose Investment Account and other UCF investment accounts with the funds being held by UCF. These amounts are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) and are included in the accompanying statements of net position as due from UCF.

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

The Research Foundation maintains a repurchase sweep account with a local bank. The target balance in the main operating account is “swept” overnight by the bank and is collateralized by mortgage-backed securities issued by the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, which have been temporarily sold to the Research Foundation under the terms of the repurchase agreement. The balance in the repurchase account as of June 30, 2026 and 2025, was \$415,989 and \$415,989, respectively. These amounts are not included in the deposit amount uninsured by the FDIC.

NOTE C--INVESTMENTS

The Research Foundation has adopted an investment policy that includes objectives, performance measures, and guidance on authorized investments. The Research Foundation’s primary investment objective is to preserve and protect its assets by earning a total return for each category of assets which is appropriate for each fund’s time horizon, distribution requirements, and risk tolerance. All investments are held in the name of the Research Foundation.

Investments consist of the following as of June 30:

	<i>Stated Value Method</i>	<i>2026</i>	<i>2026 Portfolio Percentage</i>	<i>2025</i>
Investment in Banyan Fund	FMV	\$ 2,014	1%	\$ 2,014
Investment in Inflexion, LLC	FMV	15,296	5%	16,812
Investment in Relativity Networks	COST	257,508	94%	158,992
		<u>\$ 274,818</u>	<u>100%</u>	<u>\$ 177,818</u>

Credit Risk and Concentration of Credit Risk: Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2026 and 2025, investments were uncollateralized and therefore exposed to credit risk. Further, all investments were subject to a concentration of credit risk. The percentage allocation of each investment type in the portfolio is shown in the table above.

NOTE D--RISK MANAGEMENT

The Research Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Research Foundation has acquired commercial liability insurance coverage to secure against potential losses.

NOTE E--FAIR VALUE MEASUREMENT

GASB emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

that market participants would use in pricing the asset or liability. As such, GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB describes fair value as an exit price where measurement assumes a transaction takes place in an entity's principal market, or most advantageous market in the absence of a principal market, and the market participants are acting in their economic best interests. GASB requires an entity to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques should be applied consistently and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Valuation Hierarchy: GASB establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels which are defined as follows:

- *Level 1:* Inputs to the valuation technique are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation technique, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- *Level 3:* Inputs to the valuation technique are unobservable.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Research Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table presents assets reported at fair value as of June 30, 2026 and 2025, and their respective classification under the GASB valuation hierarchy:

	<i>Carrying Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
June 30, 2026				
Cash equivalents: Repurchase Agreement	\$ 415,989	\$ 415,989	\$ -	\$ -
Investment in Banyan Fund	2,014	-	2,014	-
Investment in Inflexion, LLC	15,296	-	15,296	-
	<u>\$ 433,299</u>	<u>\$ 415,989</u>	<u>\$ 17,310</u>	<u>\$ -</u>

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

	<i>Carrying Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
June 30, 2025				
Cash equivalents: Repurchase Agreement	\$ 415,989	\$ 415,989	\$ -	\$ -
Investment in Banyan Fund	2,014	-	2,014	-
Investment in Inflexion, LLC	16,812	-	16,812	-
	<u>\$ 434,815</u>	<u>\$ 415,989</u>	<u>\$ 18,826</u>	<u>\$ -</u>

The fair value measurement of the cash equivalents in the repurchase agreement is based on quoted market prices. The fair value measurements of the investments in the Banyan Fund and Inflexion, LLC are based off quarterly valuations from the respective fund managers.

NOTE F--LEASES

The Research Foundation renewed a lease for an office building in September 2019 in Kissimmee, Florida for a term of three years with base rent payment to be \$1 per year. In September 2022 through 2025, this lease was renewed for a one-year term with a base rent annual payment of \$1. In the current year, this lease was renewed again in September 2025 for an additional one-year term with a base annual rent payment of \$1. The premises shall be used and occupied as general business offices related to the Kissimmee business incubator, and other related incubator activities, and for no other purpose. The rental amounts are chargeable to a funded contract agreement. Total rental expense associated with the lease was approximately \$1 for fiscal years ended June 30, 2026 and 2025, respectively.

The Research Foundation renewed a lease for an office building in Winter Springs, Florida with a term from October 2020 to September 2023. The lease was amended in July 2023 to extend the term of the lease through September 2024. This lease was renewed again in September 2024 for a three-year term through September 2027. The premises are limited to use as general business offices related to the Winter Springs business incubator, and other related incubator activities, and for no other purpose. The rental amounts are chargeable to a funded contract agreement. Total rental expense associated with the lease was approximately \$244,000 and \$281,000 for fiscal years ended June 30, 2026 and 2025, respectively. The lease is a pass-through arrangement. Termination clauses exist in the lease agreement, and the Research Foundation is not responsible for the payments. The Research Foundation also does not receive the benefit of the space.

The Research Foundation entered into a lease in May 2024 for an office building in Orlando, Florida for a term of four years beginning June 2024. The premises were limited to use as general business offices related to the Orlando business incubator, and other related incubator activities, and for no other purpose. Total rent expense associated with the lease was approximately \$134,000 and \$130,000 for the fiscal years ended June 30, 2026 and 2025, respectively. The lease is a pass-through arrangement. Termination clauses exist in the lease agreement, and the Research

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

Foundation is not responsible for the payments. The Research Foundation also does not receive the benefit of the space.

The Research Foundation entered into a lease in July 2025 for office space in Heathrow, Florida, for a term of one year ending June 2026. The premises are limited to use as general business offices related to the Heathrow business incubator, and other related incubator activities, and for no other purpose. Total rental expense associated with the lease is \$13,750 for fiscal year ended June 30, 2026. The lease is a pass-through arrangement. Termination clauses exist in the lease agreement, and the Research Foundation is not responsible for the payments. The Research Foundation also does not receive the benefit of the space.

The Research Foundation entered into a lease in September 2023 for office space in Eustis, Florida, for a term of three years. The premises are limited to use as general business offices related to the Eustis business incubator, and other related incubator activities, and for no other purpose. The rental amounts are chargeable to a funded contract agreement. Total rental expense associated with the lease was approximately \$21,000 and \$20,900 for fiscal years ended June 30, 2026 and 2025, respectively. The lease is a pass-through arrangement. Termination clauses exist in the lease agreement, and the Research Foundation is not responsible for the payments. The Research Foundation also does not receive the benefit of the space.

NOTE G--RESTRICTED NET POSITION

Restricted net position represents resources restricted by donors and other external parties for research initiatives. Restricted net position totaled \$3,383,745 and \$4,362,634 at June 30, 2026 and 2025, respectively. Restricted resources are expended in accordance with donor and grantor requirements.

NOTE H--FISCAL AGENT ARRANGEMENTS

The Research Foundation acts as fiscal agent for four entities: Florida High Tech Corridor Council (FHTCC), International Consortium for Advanced Manufacturing Research (ICAMR, Inc. d/b/a BRIDG), the National Entrepreneur Center (NEC), and the Academy of Science, Engineering, and Medicine of Florida (ASEM-FL). As fiscal agent, the Research Foundation earned a management fee from one out of the four entities (NEC) in 2026 and 2025 by providing administrative oversight of financial matters, including collection, administration, and disbursement of funds. Management fees were approximately \$32,000 and \$56,000 for the years ended June 30, 2026 and 2025.

NOTE I--UNIVERSITY OF CENTRAL FLORIDA APPLIED RESEARCH INSTITUTE

The University of Central Florida Applied Research Institute (UCFARI) was created during the year ended June 30, 2016, as a DBA to compete for contracts and grants related to applied research

THE UNIVERSITY OF CENTRAL FLORIDA RESEARCH FOUNDATION, INC.

Notes to Financial Statements - Continued

Years Ended June 30, 2026 and 2025

efforts (TRL 4-7). The UCFARI project was suspended during the year ended June 30, 2022, and there were no new projects created during 2026 or 2025. There were no revenue or expenses related to these projects for the years ended June 30, 2026 or 2025.

NOTE J--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2026, financial statements.

Other Information

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The University of Central Florida
Research Foundation, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Central Florida Research Foundation, Inc. (the Research Foundation), which comprise the statement of net position as of June 30, 2026; the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated August 31, 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 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 Research Foundation'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 were not 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 Research Foundation'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 Research Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PYA, P.C.

Tampa, Florida
August 31, 2026