

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
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JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Florida State University Research Foundation, Inc.:

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 direct-support organization and component unit of Florida State University, as of and for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 out 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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 the 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 judgement, 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.

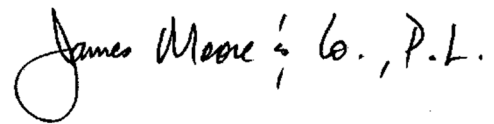
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal-control related matters that we identified during the audits.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Research Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "C" for "Co.".

Tallahassee, Florida
October 11, 2023

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022

Florida State University Research Foundation, Inc. (the Research Foundation) is pleased to present its financial statements for fiscal years 2023 and 2022. The intent of this discussion and analysis of financial performance is to provide readers with a comprehensive picture of the Research Foundation's financial condition and results of operations. It should be read in conjunction with the audited financial statements and related footnotes as details provided there are not necessarily repeated in this analysis.

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

FINANCIAL HIGHLIGHTS

The net position of the Research Foundation increased from \$168.5 million to \$177.6 million at June 30, 2023. The net increase is a result of the gains from investments and operations. Net position indicates the overall financial strength of the Research Foundation and is equal to assets less liabilities. The net position will provide the resources necessary to continue funding research programs and research facilities, as well as to meet other obligations in the coming years.

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

- Licensing fees and royalty revenues decreased from the previous year. License fees and royalties were approximately \$251,031 in fiscal year 2023 as compared to \$297,602 in fiscal year 2022. The decrease of approximately \$46,600 is related to financial impact on several companies holding licenses with the Research Foundation over the past fiscal year.
- Contract and grant revenues decreased from the prior year. Contract and grant revenues were \$9.5 million in 2023 as compared to \$10.1 million in 2022. This decrease in contract and grant revenue is attributed to the decrease of contract and grant research activity recognized during fiscal year 2023.
- Building rental revenues decreased slightly from the previous year. Building rental revenues were \$3.1 million in fiscal year 2023 as compared to \$3.2 million in fiscal year 2022, with a decrease of approximately \$75,000. The small decrease is primarily attributable to the completion time of construction projects due to changes in tenants.
- Investment earnings consisted of a gain of \$12.9 million during fiscal year 2023 compared to a loss of \$14.4 million during fiscal year 2022. During the fiscal year 2023, the Research Foundation realized an investment return of approximately 8.0% as compared to -11.6% the previous fiscal year.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

RESEARCH FOUNDATION FUNDED PROGRAMS HIGHLIGHTS

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

- ***Krafft Professorships*** – assist the University in recruiting national scholars by providing a \$40,000 annual grant to selected scholars employed by the University in various disciplines. Past recipients include Pulitzer Prize winners in literature and music composition, a four-time Emmy Award winner, and a former chair of the National Endowment for the Arts. Krafft Professors bring new opportunities to students and campus. The grants are funded from investment earnings with up to \$800,000 committed to this program annually. During fiscal year 2023 there were four full Krafft professors, one partial Krafft professor, and two Edgar professors for a total commitment of \$208,000 to the program.

- ***Grants for Application Proof of Concept (GAP) Funding Program*** – support enhancements of inventions or other original works that have been disclosed to the University. It funds projects that University researchers and other interested parties agree will quickly improve the odds that current research results will lead to public availability of a new product or service. The Research Foundation has funded \$250,000 per year for over fifteen years.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of the Research Foundation as of the end of the fiscal years. From the data presented, readers are able to determine the net position available to continue the operations of the organization. In 2023, there was an increase in total assets of \$7.1 million.

The current assets increased by \$6.7 million. Cash and cash equivalents were higher at year end because less cash was transferred to current investments to cover expenses. Current investments (unrestricted and restricted) increased by approximately \$6.3 million due to a positive upturn in the market during the current year. Of the current investments, the restricted portion decreased by \$3.6 million as principal payments were made during the fiscal year per the Arbitrage Monitoring agreement.

Grants receivable had a slight increase of \$167,000 due to normal operating situations for the current year.

Non-current investments decreased by \$189,000 during fiscal year 2023, primarily due to the estimated value of the Research Foundation's equity investment related to Royalty contracts.

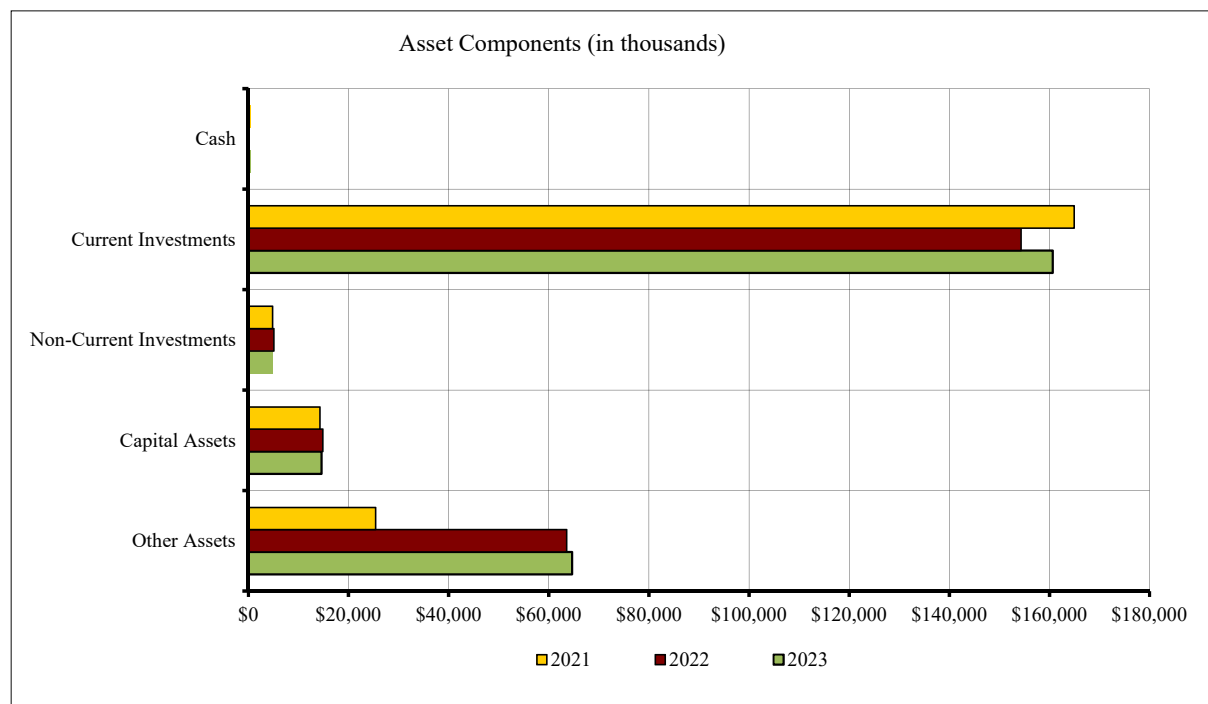
FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

The non-current portion of notes receivable increased by approximately \$1 million. The increase is due to the issuance of \$2.7 million of new notes offset by payments received against the previous outstanding notes balance based on the corresponding payment schedules.

Deposits held with Florida State University (the University) decreased by \$170,000. The decrease is related to the costs of completed building renovations being recognized as a depreciable capital asset.

Capital assets (net) decreased by \$278,000. This is the result of the annual amortization of the various properties under the capital lease agreements offset by newly capitalized building renovations and construction in-progress. These assets represent the current amortized cost of various Research Foundation leasehold agreements in Innovation Park.

The following chart illustrates the asset components as June 30, 2023, 2022, and 2021:



The royalty allocations payable consists primarily of past royalties not yet spent by departments, which are held on deposit at the Research Foundation, plus the current year department allocations. For the 2023 fiscal year, this payable increased by \$67,000 due to the departmental spending being less than additions to the departmental funds held by the Research Foundation.

Unearned revenue consists of the unexpended portions of contract and grant revenue receipts that are being administered by the Research Foundation. Revenue per the Statements of Revenues, Expenses and Changes in Net Position is recognized only to the extent expenses are incurred in executing the applicable contracts and grants. Unearned revenue increased by \$800,000 in 2023 due to the increase in contract and grant funding received by the Research Foundation but not yet spent during the current fiscal year.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

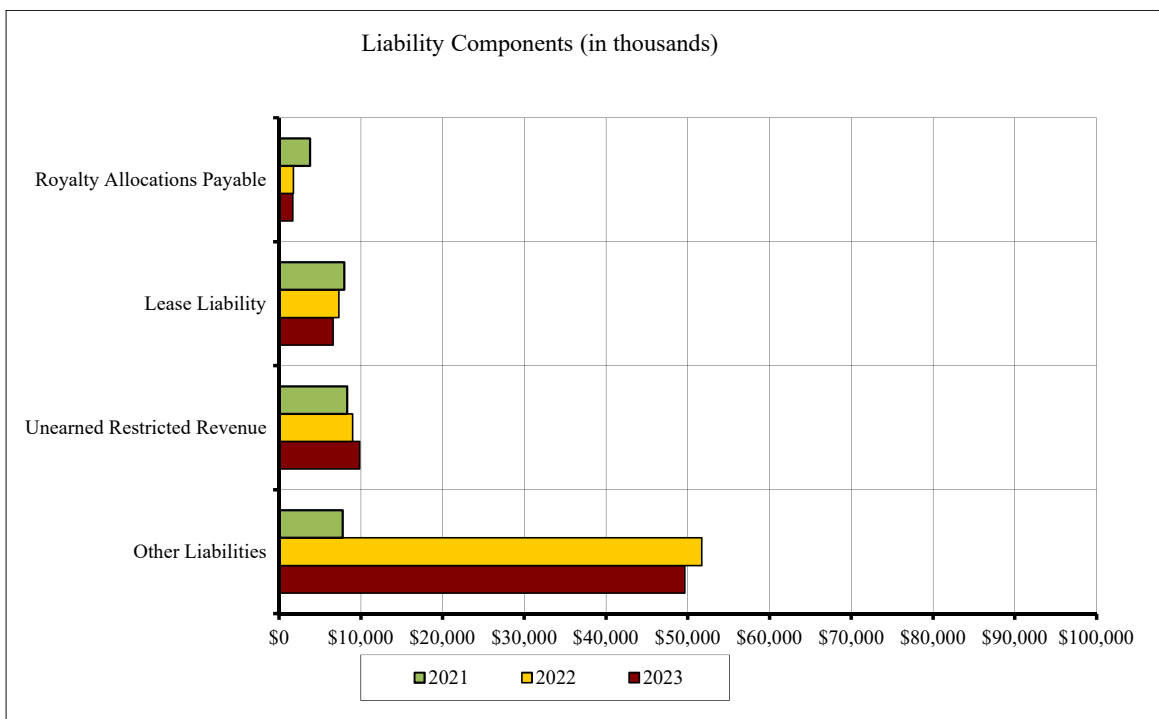
In addition, lease liability (current and non-current, net) decreased by \$706,000 which is equal to the annual principal payment to the State Board of Administration and the amortization of the bond premium.

The University fund payable increased by \$221,000 mainly due to an increased amount of indirect costs due to the University as of the end of the fiscal year.

Note Payable (current and non-current, net) decreased by \$2.4 million which is equal to the annual principal payment for both fiscal year 2023 and 2024 due to timing of when the fiscal year 2024 payment was withdrawn from our accounts.

In the 2023 fiscal year, total liabilities decreased by \$2.1 million. The change is primarily attributable to decreases in both the lease and note payable liabilities of \$3.1 million offset by the increase of unearned revenue.

The following chart illustrates the liability components at June 30, 2023, 2022, and 2021:



Computing and presenting the net position (the difference between assets and liabilities) is one way to illustrate the financial health or financial position of the Research Foundation. Over time, increases or decreases in net position are an indicator of whether the overall financial health is improving or deteriorating. The following table summarizes assets, liabilities, and net position as of June 30:

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Net Position (in millions)	Years Ended June 30,		
	2023	2022	2021
Current and Other Assets	\$ 230.7	\$ 223.3	\$ 194.0
Capital Assets and Land	14.6	14.9	16.0
Total Assets	\$ 245.3	\$ 238.2	\$ 210.0
Debt Outstanding - Capital Assets	\$ 6.6	\$ 7.3	\$ 8.0
Other Liabilities	61.1	62.4	19.9
Total Liabilities	\$ 67.7	\$ 69.7	\$ 27.9
Restricted for Debt Service	\$ 44.9	\$ 48.5	\$ -
Net Investment in Capital Assets	7.8	7.4	7.8
Unrestricted	124.9	112.6	174.3
Net Position	\$ 177.6	\$ 168.5	\$ 182.1

The Research Foundation's overall financial condition remains healthy with total assets exceeding total liabilities by \$177.6 million and \$168.5 million, respectively.

Capital Assets and Debt Administration

Capital Assets: At June 30, 2023, the Research Foundation had \$33.7 million in capital assets, less accumulated depreciation of \$19.1 million, for net capital assets of \$14.6 million. Amortization and depreciation expenses totaled \$1,138,868 and \$1,128,753 for the fiscal years ended June 30, 2023 and 2022, respectively.

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

	2023	2022
Land	\$ 2,618,820	\$ 2,618,820
Right to use leased asset	11,174,584	12,207,817
Construction in progress	769,909	-
Equipment and software	10,675	25,274
Total capital assets, net	<u>\$ 14,573,988</u>	<u>\$ 14,851,911</u>

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

Debt Administration: As of June 30, 2023, the Research Foundation had \$47.4 million in outstanding debt representing a decrease of \$3 million from the prior fiscal year balance of \$50.4 million. Additional information about the Research Foundation's long-term debt is presented in the notes to the financial statements.

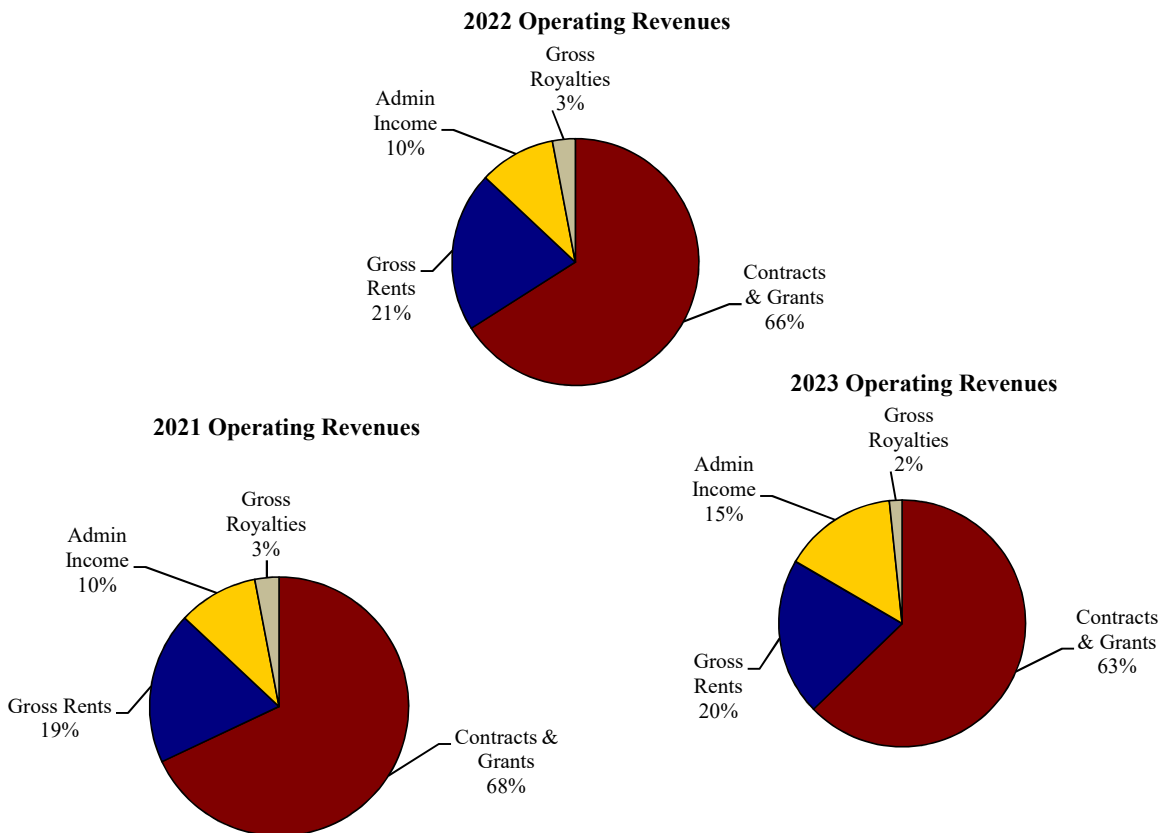
FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Statements of Revenues, Expenses and Changes in Net Position

Revenues from licenses and copyrights, contracts and grants, administrative income, rental of research facilities, and investments provide the primary resources used to fund Research Foundation activities. The Research Foundation received \$28 million in total revenues during fiscal year 2023 compared to \$15.3 million in fiscal year 2022. The increase in revenues is primarily attributable to an investment gain of \$12.9 million in fiscal year 2023 compared to an investment loss of \$14.4 million in fiscal year 2022. The year over year change in investment earnings was approximately \$27.2 million in fiscal year 2023. Contract and grant revenue decreased by \$558,000 from the prior year for a total of \$9.5 million in fiscal 2023. The Research Foundation also recognized \$3.1 million in rental revenue during fiscal year 2023.

The largest source of income in fiscal year 2023 resulted from the \$12.9 million of investment earnings. During fiscal year 2022, the largest source of income resulted from the \$11.9 million in license and grant revenue.

The following charts depict the sources of operating revenues for the periods ending June 30, 2023, 2022, and 2021.



FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Other operating expenses were \$3.5 million and \$1.5 million in fiscal year 2023 and 2022, respectively.

Contributions to Florida State University increased by \$1.8 million from the prior year. The University partially reimburses the Research Foundation for overall patent expenses incurred. Due to changes in patent activity and patent expenses, reimbursements by the University to the Research Foundation were higher than in the previous year. The \$607,889 reimbursement from the University was less than the \$2.7 million in contributions made by the Research Foundation.

The following list describes the types of receipts and disbursements made as Contributions (from) to the University in 2023, 2022, and 2021:

	Years Ended June 30,		
	2023	2022	2021
Contributions toward Office of Commercialization	\$ 21,930	\$ 16,473	\$ 36,936
Residuals available for research spending	458,900	43,985	47,800
Contracted services, recruiting, and other	2,142,192	788,492	921,295
Indirect Cost Distributed to Departments	120,000	90,000	50,000
Projects established at the Research Foundation, for the benefit of the University	-	-	-
Transfer from the Office of Research to fund University projects at the Research Foundation	-	-	-
Contributions from the University	(607,889)	(510,360)	(697,389)
	\$ 2,135,133	\$ 428,590	\$ 358,642

Non-operating revenues were approximately \$24.6 million more in 2023 compared to 2022. This increase is primarily due to an investment gain related to favorable market conditions. The Research Foundation had investment gains of \$12.9 million in 2023 compared to \$14.4 million of investment losses in 2022.

Economic Factors and Next Year's Budget

The Research Foundation finished the 2023 fiscal year with an increase in grant activity. While the total number of contracts and grants awarded decreased from 161 in the previous to 150 in the current year, the amount of awards totaled over \$16 million, up from \$14.3 million. This increase can be attributed to the faculty's focus on proposal activity not only during the pandemic but also resulting from the goal of Florida State University to expand the university's research enterprise. While the total awards have decreased, the Research Foundation is beginning to see larger award amounts from new sponsors. These external awards to the Research Foundation stem primarily from private companies, foundations, and foreign governments.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Another steady income source for the Research Foundation is the management of our seven buildings. Revenue continues to remain stable due to the almost 99% occupancy rate. Fiscal year 2023 saw a slight decrease in rental revenue as two floors of Research Building B were under renovations for most of the fiscal year. These renovations were necessary to account for changes to the tenants on both floors. Both projects were near completion as of June 30, 2023, and were fully occupied by September 2023. We anticipate this to continue as we engage in long term planning with our tenants to allow for the expansion and contractions of our research centers.

While the Research Foundation saw a rebound in our investment portfolio from the negative returns of the 2022 fiscal year back to positive returns in fiscal year 2023, this is the part of our organization that is most unpredictable. Interest rate changes, a volatile market, and Board expenditures are examples of items that could impact our investment balance. We do not anticipate investments in new capital projects or large non-operating transactions.

For fiscal year 2024, the Research Foundation's Board of Directors approved a net operating budget of \$50,000 which represents a \$93,250 or 65% decrease from the prior year. This decrease is a combination of increased legal and litigation costs related to an ongoing lawsuit offset by an expected increase of receipts related to indirect costs and earnings on short term investments.

Component Unit

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

Request for Information

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

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>	2023	2022
Current assets		
Cash and cash equivalents	\$ 457,975	\$ 259,598
Current investments, unrestricted	38,477,945	105,840,070
Current investments, restricted	-	48,482,500
Due from related party- restricted investment	44,869,000	-
Due from related party- investment	77,315,657	-
License fees and royalties receivable, net	115,083	144,421
Grants receivable, net	2,431,051	2,264,062
Notes receivable, current portion	1,672,589	1,639,495
Accounts receivable, other, net	613,426	612,063
Prepaid expenses	95,989	108,862
Total current assets	166,048,715	159,351,071
Noncurrent assets		
Non-current investments	4,905,340	5,094,635
Notes receivable, long term portion	14,713,524	13,707,103
Deposit held with Florida State University	45,036,023	45,205,665
Capital assets:		
Non-depreciable	3,388,729	2,618,820
Depreciable, net	10,675	25,274
Right to use leased asset, net	11,174,584	12,207,817
Total noncurrent assets	79,228,875	78,859,314
Total assets	245,277,590	238,210,385
<u>LIABILITIES</u>		
Current liabilities		
Inventors' royalty allocations payable	156,783	102,483
Departmental royalty allocations payable	1,680,111	1,667,396
Other liabilities	118,213	182,313
Unearned restricted revenue	9,783,948	8,984,269
Florida State University fund payable	8,408,751	8,187,616
Lease liability, current portion	670,000	640,000
Note payable, current portion	-	655,000
Total current liabilities	20,817,806	20,419,077
Noncurrent liabilities		
Lease liability, long-term portion	5,931,550	6,667,369
Note payable, long-term portion	40,790,000	42,510,000
Annuity obligations	143,346	162,127
Total noncurrent liabilities	46,864,896	49,339,496
Total liabilities	67,682,702	69,758,573
<u>NET POSITION</u>		
Net position		
Restricted for debt service	44,869,000	48,482,500
Net investment in capital assets	7,829,092	7,382,415
Unrestricted	124,896,796	112,586,897
Total net position	\$ 177,594,888	\$ 168,451,812

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

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
License and grant revenues		
Licensing fees and royalties	\$ 251,031	\$ 297,602
Contracts and grants - restricted	9,492,973	10,051,436
Administrative - unrestricted:		
Contracts and grants	2,211,583	1,572,599
Total license and grant revenues	11,955,587	11,921,637
License and grant expense		
Inventors' royalty allocations	(106,348)	-
Departmental royalty allocations	(307,678)	(129,288)
Patent and licensing costs, net	(1,271,072)	(1,146,924)
Contracts and grants	(9,492,973)	(10,051,436)
Total license and grant expenses	(11,178,071)	(11,327,648)
Net license and grant income	777,516	593,989
Rent revenues (expenses)		
Rental revenue	3,119,761	3,194,790
Building occupancy costs:		
Interest on bonds	(162,881)	(187,681)
Amortization and depreciation	(1,138,868)	(1,128,753)
Other	(181,217)	(229,817)
Net rental income	1,636,795	1,648,539
Other operating revenues (expenses)		
Personnel costs	(847,249)	(874,080)
Contributions (to) from Florida State University	(2,135,133)	(380,791)
Miscellaneous	(79,359)	400,232
Research Foundation funded programs	(414,771)	(627,797)
Total other operating expenses	(3,476,512)	(1,482,436)
Operating (loss) income	(1,062,201)	760,092
Nonoperating revenues (expenses)		
Investment revenue (expense)	12,857,531	(14,385,071)
Investment portfolio fees	(1,349,909)	(75,731)
Interest income	95,299	139,752
Interest on debt service	(1,344,902)	-
Change in annuity value	(48,729)	(50,100)
Miscellaneous	(4,013)	110
Total nonoperating revenues (expenses)	10,205,277	(14,371,040)
Change in net position	9,143,076	(13,610,948)
Net position, beginning of year	168,451,812	182,062,760
Net position, end of year	\$ 177,594,888	\$ 168,451,812

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

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Licensed products and building program:		
Licensing fees and royalties	\$ 280,369	\$ 526,347
Rental income	3,116,700	3,194,989
Departmental allocation payments	(347,011)	(2,145,641)
Patent and licensing costs	(1,273,907)	(1,344,723)
Building occupancy	(241,395)	(288,992)
Interest paid on obligations under lease liabilities	(162,881)	(187,681)
IDC receivable from Florida State University	(7,921)	(3,669)
Net cash provided by (used in) licensed products and building program	1,363,954	(249,370)
Contracts and grants:		
Receipts	12,337,246	12,140,509
Disbursements	(9,449,717)	(10,149,325)
Net cash provided by contracts and grants	2,887,529	1,991,184
Other receipts or disbursements:		
Personnel costs	(847,249)	(874,080)
Research Foundation funded programs	(525,229)	(520,298)
Contributions (to) from Florida State University	(1,913,998)	379,685
Other (disbursements) receipts	(56,573)	394,640
Net cash used in other receipts or disbursements	(3,343,049)	(620,053)
Net cash provided by operating activities	908,434	1,121,761
Cash flows from noncapital financing activities		
Administrative fees and other	(4,013)	110
Deposits returned from (made to) Florida State University	-	(41,055,000)
Proceeds from loan	-	44,075,000
Payments on note payable	(2,375,000)	(910,000)
Interest on debt service	(1,344,902)	-
Net cash (used in) provided by noncapital financing activities	(3,723,915)	2,110,110
Cash flows from investing activities		
Purchase of investments	(128,001,342)	(77,717,318)
Sale of investments	133,358,228	73,594,108
Interest income	95,299	139,752
Collections on notes receivable	1,660,486	1,749,815
Advances on notes receivable	(2,700,000)	-
Net cash provided by (used in) investing activities	4,412,671	(2,233,643)
Cash flows from capital and related financing activities		
Principal payments on obligations under lease liabilities	(640,000)	(620,000)
Gift annuity payments	(67,510)	(67,510)
Construction of buildings	(691,303)	(602,230)
Net cash used in capital and related financing activities	(1,398,813)	(1,289,740)
Net increase (decrease) in cash and cash equivalents	198,377	(291,512)
Cash and cash equivalents, beginning of year	259,598	551,110
Cash and cash equivalents, end of year	\$ 457,975	\$ 259,598

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

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

	2023	2022
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:		
Operating (loss) income	\$ (1,062,201)	\$ 760,092
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:		
Amortization and depreciation of capital and right to use lease assets	1,138,868	1,128,753
Amortization of bond premium	(65,819)	(65,819)
Changes in operating assets and liabilities:		
License fees and royalties receivables	(40,662)	153,912
Other receivables	(168,353)	(322,684)
Prepaid expenses	12,872	(3,509)
Change in allowance	70,000	65,833
Royalty allocations payable	67,015	(2,016,353)
Florida State University fund payable	221,135	743,264
Other liabilities	(64,100)	11,668
Unearned restricted revenue	799,679	666,604
Net cash provided by operating activities	\$ 908,434	\$ 1,121,761
Supplemental noncash information		
Unrealized net investment (loss) gain	\$ 3,783,462	\$ (26,836,092)
Long term investment purchased with accounts payable	\$ 189,295	\$ 270,779

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

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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.

(2) Summary of Significant Accounting Policies:

(a) **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.

(b) **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.

(c) **Cash and cash equivalents**—Cash consists of deposits with a financial institution.

(d) **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.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(e) **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.

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

(g) **Notes receivable**—Notes receivable include an amount due from the Florida State University Board of Trustees for and on behalf of its Department of Intercollegiate Athletics, an amount due from the Florida State University Real Estate Foundation, and an amount due from the Leon County Research Development Authority.

(h) **Capital and right to use lease assets**—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 five 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.

(i) **Royalty allocations payable**—Royalty allocations payable consists of two balance sheet components, the inventors' allocations payable and the inventors' department allocations payable.

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

(k) **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.

(l) **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.

(m) **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.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(n) **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.

(o) **Revenue recognition**—

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

(p) **Net position**—Net position is classified and displayed in three components:

- (i) 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.
- (ii) 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.
- (iii) 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.

(q) **Pronouncements issued**— GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Research Foundation evaluated the effect that Statement No. 96 has on its financial statements, noting no material impact to the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance on the accounting and financial reporting for public-private and public-public partnership arrangements. The Research Foundation has considered the impact on the financial statements and determined that there was no impact on the financial statements related to implementation.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. It aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. Generally, a liability for leave that has not been used would be recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The provisions in GASB 101 are effective for periods beginning after December 15, 2023. The Research Foundation is currently evaluating the effects that implementation of the new standards will have on its financial position, results of operations, and cash flows.

(r) **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 (FSUF). 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 FSUF Board and/or its Investment Committee. Performance is not guaranteed by FSUF. Therefore, risks are present which may adversely affect the value of this investment. An annual administrative fee of 75 basis points is paid to FSUF quarterly. The fair value of this investment at June 30, 2023 was \$122,184,657. Earnings are reported as investment income.

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

(s) **Subsequent events**—The Research Foundation evaluated all events and transactions that occurred from July 1, 2023 through October 11, 2023, the date the financial statements were available for issuance. No additional events have been recognized or disclosed.

(t) **Reclassification**—Certain prior year amounts have been reclassified to conform to current year presentation.

(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 of the years ended June 30, the deposits held with Florida State University were as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 45,205,665	\$ 3,546,887
Additions	850,267	41,658,778
Deductions	(1,019,909)	-
Ending Balance	<u>\$ 45,036,023</u>	<u>\$ 45,205,665</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 Florida State University Foundation. Non-Current Investments have maturities of greater than one year. As of June 30, 2023 and June 30, 2022, non-current investments consist of equity interests in two Florida Limited Liability Companies and a commercial real estate property in which the sole purpose is to generate cash flows.

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.

Level 2 – Inputs are significant other observable inputs.

Level 3 – Inputs are significant unobservable inputs.

- The real estate investment is valued using a combination of valuation methods including a professional appraisal and estimated capitalization value based on actual revenues.
- The amounts held by FSUF 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 FSUF 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.
- Partnership investments in which the Research Foundation does not exercise significant influence over the operations and financial policies of the partnership are reported at cost.

<u>As of June 30, 2023</u>	<u>Reported Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Due from related party- restricted investment	\$ 44,869,000	\$ -	\$ -	\$ 44,869,000
Due from related party- investment	77,315,657	-	-	77,315,657
Real estate investment	3,730,000	-	-	3,730,000
Partnership investment	37,625	37,625	-	-
Total Investments by Fair Value Level	<u>\$125,952,282</u>	<u>\$ 37,625</u>	<u>\$ -</u>	<u>\$125,914,657</u>
Investments not reported at fair value				
SBA Florida PRIME (<i>amortized cost</i>)	\$ 38,477,945			
Partnership investment (<i>cost</i>)	1,137,715			
Total investments not reported at fair value	<u>39,615,660</u>			
Total Investments	<u>\$ 165,567,942</u>			

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) **Deposits and Investments:** (Continued)

<u>As of June 30, 2022</u>	<u>Reported Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Domestic equity mutual funds	\$ 96,374,745	\$ 96,374,745	\$ -	\$ -
Domestic bond mutual funds	18,832,398	18,832,398	-	-
Real estate investment	3,730,000	-	-	3,730,000
Total Investments by Fair Value Level	<u>\$ 118,937,143</u>	<u>\$ 115,207,143</u>	<u>\$ -</u>	<u>\$ 3,730,000</u>
Investments not reported at fair value				
SBA Florida PRIME (<i>amortized cost</i>)	\$ 39,115,427			
Partnership investment (<i>cost</i>)	1,364,635			
Total investments not reported at fair value	40,480,062			
Total Investments	<u>\$ 159,417,205</u>			

At June 30, 2023, the Research Foundation has the following investments and maturities:

	<u>Reported Value</u>	<u>Years</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Money Market Accounts	\$ 38,477,945	\$ 38,477,945	\$ -	\$ -	\$ -
Due from related party-restricted investment	44,869,000	44,869,000	-	-	-
Due from related party-investment	77,315,657	77,315,657	-	-	-
Commercial real estate	3,730,000	No Maturity	-	-	-
Partnership Investment (<i>cost</i>)	1,137,715	No Maturity	-	-	-
Partnership Investment (<i>FMV</i>)	37,625	37,625	-	-	-
	<u>\$ 165,567,942</u>	<u>\$ 160,700,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Money Market Accounts includes \$38,477,945 invested in SBA Florida PRIME with a Weighted Average Maturity (WAM) of 37 days.

At June 30, 2022, the Research Foundation has the following investments and maturities:

	<u>Reported Value</u>	<u>Years</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Money Market Accounts	\$ 39,115,427	\$ 39,115,427	\$ -	\$ -	\$ -
Domestic Equity Mutual Funds	96,374,745	No Maturity	-	-	-
Domestic Bond Mutual Funds	18,832,398	69,680	7,465,163	6,045,200	5,252,355
Commercial real estate	3,730,000	No Maturity	-	-	-
Partnership Investment	1,364,635	No Maturity	-	-	-
	<u>\$ 159,417,205</u>	<u>\$ 39,185,107</u>	<u>\$ 7,465,163</u>	<u>\$ 6,045,200</u>	<u>\$ 5,252,355</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) **Deposits and Investments:** (Continued)

Money Market Accounts includes \$39,115,427 invested in SBA Florida PRIME with a Weighted Average Maturity (WAM) of 28 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 FSUF are governed by their policy to manage credit risk in an appropriate manner.

As of June 30, 2023, the Research Foundation has the following debt instrument credit quality ratings:

	<u>Reported Value</u>	<u>U.S. Government</u>	<u>AAA (AAAm)</u>	<u>AA</u>	<u>A</u>	<u>Less than A rated</u>	<u>Not Rated</u>
Money Market Accounts	\$ 38,477,945	\$ -	\$ 38,477,945	\$ -	\$ -	\$ -	\$ -

As of June 30, 2022, the Research Foundation has the following debt instrument credit quality ratings:

	<u>Reported Value</u>	<u>U.S. Government</u>	<u>AAA (AAAm)</u>	<u>Aa</u>	<u>A</u>	<u>Less than A rated</u>	<u>Not Rated</u>
Money Market Accounts	\$ 39,115,427	\$ -	\$ 39,115,427	\$ -	\$ -	\$ -	\$ -
Domestic Bond Mutual Funds	18,832,398	12,657,255	721,281	564,972	2,199,624	2,687,383	1,883
	<u>\$ 57,947,825</u>	<u>\$ 12,657,255</u>	<u>\$ 39,836,708</u>	<u>\$ 564,972</u>	<u>\$ 2,199,624</u>	<u>\$ 2,687,383</u>	<u>\$ 1,883</u>

Investment revenues consisted of the following amounts:

	<u>Years Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Realized gains on current investments	\$ 9,074,069	\$ 12,451,021
Unrealized gains (losses) on current investments	3,783,462	(26,836,092)
Total investment revenues (expense)	<u>\$ 12,857,531</u>	<u>\$ (14,385,071)</u>

Custodial credit risk—Custodial credit risk is the risk of loss attributed to the magnitude of the Research Foundation’s investments held by outside parties. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor or collateralized with securities in Florida’s multiple financial institution collateral pool pursuant to Chapter 280, Florida Statutes. At June 30, 2023, the carrying amount of deposits totaled \$457,975. At June 30, 2022 the carrying amount of deposits totaled 259,598. The Research Foundation has not experienced any losses in such accounts.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) Deposits and Investments: (Continued)

Partnership investment—The Research Foundation has invested in equity holdings in two Florida Corporations that are in the business of producing materials resulting from intellectual property of Florida State University. One holding is measured at cost (Private Corporation) and the other at fair market value (Public Corporation). Both holdings are reported as a non-current investment on the Statements of Net Position.

During the year ended June 30, 2023 and 2022 the Research Foundations equity interest in the Private Corporation was approximately 34% of the total shares outstanding with a recorded value of \$1,137,715 and \$1,149,635 respectively.

The Public Corporation went public in fiscal year 2023. The Research Foundation owns approximately 5% of all shares outstanding at a value of \$37,625 as of June 30, 2023. During the year ended June 30, 2022, the Research Foundation's holding was recorded at a cost value of \$215,000.

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, 2023, 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, 2023 and 2022.

(5) Commitments:

The Florida State University Research Foundation, Inc. has commenced construction on the Interdisciplinary Research and Commercialization Building (IRCB). As total construction costs have recently increased to approximately \$125 million, the Research Foundation has agreed to contribute to the additional construction costs. However, the total future commitment has not been finalized.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(6) License Fees & Royalty Receivables, Grant Receivables, and Accounts Receivable:

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

<u>As of June 30,</u>	<u>2023</u>	<u>2022</u>
License fees and royalties receivable, gross	\$ 304,916	\$ 264,254
Allowance for doubtful accounts	(189,833)	(119,833)
License fees and royalties receivable, net	<u>\$ 115,083</u>	<u>\$ 144,421</u>

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

<u>As of June 30,</u>	<u>2023</u>	<u>2022</u>
Grants receivable, gross	\$ 2,431,051	\$ 2,264,062
Allowance for doubtful accounts	-	-
Grants receivable, net	<u>\$ 2,431,051</u>	<u>\$ 2,264,062</u>

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

<u>As of June 30,</u>	<u>2023</u>	<u>2022</u>
Due from Florida State University, gross	\$ 146,869	\$ 138,948
Patent & license cost reimbursement receivable, gross	463,496	473,115
Rent	3,061	-
Allowance for doubtful accounts	-	-
Accounts Receivable – other, net	<u>\$ 613,426</u>	<u>\$ 612,063</u>

(7) Designated Unrestricted Net Position:

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

<u>As of June 30</u>	<u>2023</u>	<u>2022</u>
Designated		
Building Maintenance & Equipment Reserve	\$ 3,305,497	\$ 2,998,898
Building Vacancy & Renovation Reserve	1,057,933	1,617,577
Building Debt Guaranty Reserve	972,413	940,413
Inter-disciplinary Research & Commercialization Building	4,197,638	44,507,073
Research Enhancement	1,927,797	3,427,226
GAP Program	315,936	173,124
Total Designated	<u>11,777,214</u>	<u>53,664,311</u>
Total Non-Designated	113,119,582	58,922,586
Total Unrestricted Net Position	<u>\$ 124,896,796</u>	<u>\$ 112,586,897</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(8) Notes Receivable:

On August 15, 2018, the Research Foundation provided an \$8,000,000 loan bearing interest of 3.25% to the Florida State University Board of Trustees for and on behalf of its Department of Intercollegiate Athletics (the Department) to fund the Seminole Golf Course and Club Capital Improvement Project. The promissory note calls for monthly payments of \$123,778 beginning January 15, 2019 and ending on December 15, 2024, with interest accruing from August 15, 2018 through the first payment on January 15, 2019. The Department intends to fund the repayment from pledged donations to the Seminole Golf Course and Club Capital Improvement Project. Note receivable balances as of June 30, 2023 and 2022 were \$2,174,548 and \$3,566,533, respectively.

On June 4, 2021, the Research Foundation provided a \$12,000,000 loan bearing interest of 3.25% to the Florida State University Real Estate Foundation to fund the purchase of the Champions Hall living facilities. The promissory note calls for monthly payments of \$52,225 beginning August 1, 2021 and ending on July 1, 2028, with all remaining principal and interest payments due at that time. The note receivable balance as of June 30, 2023 and 2022 were \$11,511,565 and \$11,780,065, respectively.

On May 2, 2022, the Research Foundation provided two promissory notes for \$3,000,000 and \$1,000,000, bearing interest of 2.98% and 4.5%, respectively. These notes are governed by a combined loan agreement. The Research Foundation provided the loan to the Leon County Research Development Authority (LCRDA) to help fund the construction of a research facility. The loan acts as a line of credit to be drawn upon, and the LCRDA is not obligated to borrow the entire loan amount. The loan initially requires an interest-only payment due twelve months after issuance date of certificate of occupancy or forty months after the date of the loan, whichever is sooner. Amortization of the outstanding balance will be paid in annual installments over twelve years following the interest-only payment. Loan payments of principal balance, therefore, will begin no later than August 19, 2026 and end no later than August 19, 2037. The portion of the loan that has been distributed as of June 30, 2023 is \$2,700,000, with \$1,300,000 available for draw.

(9) Unearned Restricted Revenue:

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

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 8,984,269	\$ 8,317,665
Contracts and grants receipts	12,504,235	12,290,639
Restricted contracts and grants expenditures	(9,492,973)	(10,051,436)
Administrative contracts and grants expenditures	(2,211,583)	(1,572,599)
Ending balance	<u>\$ 9,783,948</u>	<u>\$ 8,984,269</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(10) **Patent and Licensing Costs:**

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

	June 30,	
	2023	2022
Patent and licensing costs, gross	\$ 1,455,841	\$ 1,740,751
Reimbursements collected and receivable, gross	(184,769)	(593,827)
Increase in allowance for doubtful accounts	-	-
Patent and licensing costs, net	\$ 1,271,072	\$ 1,146,924

(11) **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, 2023 and June 30, 2022 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, 2023 and June 30, 2022, the Research Foundation had \$366,820 recorded as land and land improvements related to the Conradi property.

At June 30, 2023 and June 30, 2022, land consists of the Complex land and a donated property related to the gift annuity program as described in Note 13.

Right to Use Lease Assets:

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

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:

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(11) **Capital Assets:** (Continued)

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 2,618,820	\$ -	\$ -	\$ 2,618,820
Construction in Progress	-	769,909	-	769,909
Total Capital Assets Not Being Depreciated	<u>2,618,820</u>	<u>769,909</u>	<u>-</u>	<u>3,388,729</u>
Capital Assets Being Depreciated/Amortized:				
Right to use leased asset	30,013,696	91,036	-	30,104,732
Equipment	123,907	-	-	123,907
Computer software	79,658	-	-	79,658
Total Capital Assets Being Depreciated/Amortized	<u>30,217,261</u>	<u>91,036</u>	<u>-</u>	<u>30,308,297</u>
Less Accumulated Depreciation/Amortization For:				
Right to use leased asset	(17,805,879)	(1,124,269)	-	(18,930,148)
Equipment	(98,633)	(14,599)	-	(113,232)
Computer software	(79,658)	-	-	(79,658)
Total Accumulated Depreciation/Amortization	<u>(17,984,170)</u>	<u>(1,138,868)</u>	<u>-</u>	<u>(19,123,038)</u>
Total Capital Assets, Net of Depreciation/Amortization	<u>12,233,091</u>	<u>(1,047,832)</u>	<u>-</u>	<u>11,185,259</u>
Capital Assets, Net	<u>\$ 14,851,911</u>	<u>\$ (277,923)</u>	<u>\$ -</u>	<u>\$ 14,573,988</u>
	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 2,618,820	\$ -	\$ -	\$ 2,618,820
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>2,618,820</u>	<u>-</u>	<u>-</u>	<u>2,618,820</u>
Capital Assets Being Depreciated/Amortized:				
Right to use leased asset	30,015,243	-	(1,547)	30,013,696
Equipment	123,907	-	-	123,907
Computer software	79,658	-	-	79,658
Total Capital Assets Being Depreciated/Amortized	<u>30,218,808</u>	<u>-</u>	<u>(1,547)</u>	<u>30,217,261</u>
Less Accumulated Depreciation/Amortization For:				
Right to use leased asset	(16,691,725)	(1,115,701)	1,547	(17,805,879)
Equipment	(84,033)	(14,600)	-	(98,633)
Computer software	(79,658)	-	-	(79,658)
Total Accumulated Depreciation/Amortization	<u>(16,855,416)</u>	<u>(1,130,301)</u>	<u>1,547</u>	<u>(17,984,170)</u>
Total Capital Assets, Net of Depreciation/Amortization	<u>13,363,392</u>	<u>(1,130,301)</u>	<u>-</u>	<u>12,233,091</u>
Capital Assets, Net	<u>\$ 15,982,212</u>	<u>\$(1,130,301)</u>	<u>\$ -</u>	<u>\$ 14,851,911</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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.

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, 2023 and 2022, is \$941,600 and \$875,867, 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, 2023 and 2022 is \$242,059 and \$220,836, 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 during 2018 and 2019 (after the FSU Foundation vacated the space) of \$1,485,000 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%.

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(12) **Leases:** (Continued)

Buildings A and B (Continued)

The table below summarizes future maturities of lease payments:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,526,277	\$ 63,595	\$ 1,589,872
2025	1,526,277	63,595	1,589,872
2026	1,516,571	63,190	1,579,761
2027	1,398,521	58,272	1,456,793
2028-2031	2,714,244	113,094	2,827,338
Total	<u>\$ 8,681,890</u>	<u>\$ 361,746</u>	<u>\$ 9,043,636</u>

Other Managed Properties

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

The Research Foundation recognizes rental income from subleases from the properties described above in the amounts of \$3,119,761 and \$3,194,790, 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, 2023 and 2022, the Research Foundation determined that these leases do not meet the thresholds set forth in their capital and right to use lease assets policy.

(13) **Long Term Liabilities:**

Lease Liabilities – Guaranty Agreements:

As of June 30, 2023, and 2022, the Research Foundation has assets recorded under leases (see Notes 11 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, 2023 and 2022, lease liabilities consist of:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Obligations under leases	\$ 6,075,000	\$ 6,715,000
Bond premium	526,550	592,369
Total lease liability	<u>\$ 6,601,550</u>	<u>\$ 7,307,369</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(13) **Long Term Liabilities:** (Continued)

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

Gift Annuity Program

In July of 2002, the Research Foundation accepted a donation of land with an appraised value at the time of donation of \$785,000. As a condition of the donation, the Research Foundation entered into a charitable gift annuity agreement with the donor. Required payments under the annuity agreement are \$67,510 per year, payable in equal quarterly payments beginning September 30, 2002. At June 30, 2023 and 2022, the annuity payable is recorded at its present value of \$143,346 and \$162,127, respectively. A discount rate of 4.7% is used. The annuity obligation is adjusted at the end of each year based on life expectancy tables.

Florida Statutes require that qualified organizations that enter into annuity agreements with a donor must maintain admitted assets at least equal to the sum of the reserves on its outstanding annuity agreements. In addition, the organization must maintain a surplus of 25% of such reserves. To comply with these Statutes, it is management's intention to maintain assets equal to the required reserve until the annuity obligation is satisfied.

Note payable

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

The table below summarizes long term liabilities for the years ended June 30, 2023 and June 30, 2022:

	June 30, 2022	Additions	Deletions	June 30, 2023	Due Within One Year
Lease liability, net	\$ 7,307,369	\$ -	\$ 705,819	\$ 6,601,550	\$ 670,000
Annuity obligations	162,127	-	18,781	143,346	-
Note payable	43,165,000	-	2,375,000	40,790,000	-
Total long-term liabilities	<u>\$ 50,634,496</u>	<u>\$ -</u>	<u>\$ 3,099,600</u>	<u>\$ 47,534,896</u>	<u>\$ 670,000</u>
	June 30, 2021	Additions	Deletions	June 30, 2022	Due Within One Year
Lease liability, net	\$ 7,993,187	\$ -	\$ 685,818	\$ 7,307,369	\$ 640,000
Annuity obligations	179,537	-	17,410	162,127	-
Note payable	-	44,075,000	910,000	43,165,000	655,000
Total long-term liabilities	<u>\$ 8,172,724</u>	<u>\$ 44,075,000</u>	<u>\$ 1,613,228</u>	<u>\$ 50,634,496</u>	<u>\$ 1,295,000</u>

FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(13) **Long Term Liabilities:** (Continued)

The table below summarizes future maturities of obligations under leases:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 670,000	\$ 203,100	\$ 873,100
2025	695,000	176,300	871,300
2026	720,000	148,500	868,500
2027	750,000	119,700	869,700
2028	775,000	97,200	872,200
2029-2032	2,465,000	149,250	2,614,250
Total	<u>\$ 6,075,000</u>	<u>\$ 894,050</u>	<u>\$ 6,969,050</u>

The table below summarizes future maturities of the note payable:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 511,915	\$ 511,915
2025	2,695,000	990,007	3,685,007
2026	2,760,000	921,547	3,681,547
2027	2,830,000	851,392	3,681,392
2028	2,905,000	779,418	3,684,418
2029-2033	15,640,000	2,752,843	18,392,843
2034-2037	13,960,000	710,581	14,670,581
Total	<u>\$ 40,790,000</u>	<u>\$ 7,517,703</u>	<u>\$ 48,307,703</u>

(14) **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, 2023 and 2022, the inventors' allocations payable balance was \$156,783 and \$102,483, 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, 2023 and 2022, the inventors' department allocations payable balance was \$1,680,111 and \$1,667,396, respectively.

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

The Board of Directors
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 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), as of and for the year ended June 30, 2023, 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 11, 2023.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control over financial reporting. 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.

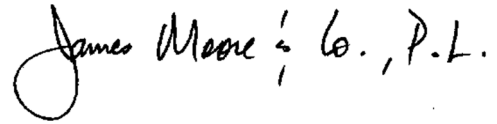
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Research Foundation's financial statements are free of 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
October 11, 2023