



UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
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**UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEAR ENDED JUNE 30, 2021

Management's Discussion

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2021

Condensed Statements of Net Position

The following summarizes the Research Foundation's assets, deferred outflows of resources, liabilities, and net position at June 30:

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets	\$ 77,492,540	\$ 44,452,893
Restricted cash	670,833	645,833
Capital assets, net	40,930,703	41,080,273
Other noncurrent assets	<u>10,022,879</u>	<u>10,384,874</u>
Total Assets	<u>129,116,955</u>	<u>96,563,873</u>
LIABILITIES		
Current	16,662,973	9,019,203
Noncurrent	<u>16,561,755</u>	<u>17,618,496</u>
Total Liabilities	<u>33,224,728</u>	<u>26,637,699</u>
NET POSITION		
Net investment in capital assets	23,983,040	23,071,893
Restricted	15,389,003	2,513,917
Unrestricted	<u>56,520,184</u>	<u>44,340,364</u>
Total Net Position	<u>\$ 95,892,227</u>	<u>\$ 69,926,174</u>

Total current assets were \$77.5 million at June 30, 2021 for an increase of \$33.0 million (74.3%) from total current assets of \$44.5 million at June 30, 2020. \$20.2 million of the increase in total current assets is attributed to recording the fair value of equity securities acquired pursuant to intellectual property license agreements in fiscal year 2021. Investments also increased \$9.5 million (22.4%) in fiscal year 2021 to \$52.2 million from \$42.7 million at June 30, 2020. Operating cash increased \$3.1 million at June 30, 2021.

The net increase in investments of \$9.5 million at June 30, 2021 resulted from investment gains of \$11.3 million, less redemptions of \$1.8 million to fund the base rent (interest expense) and annual principal payment as required by the master lease for the new Research Park building construction project.

Net capital assets of \$40.9 million at June 30, 2021 decreased slightly from \$41.1 million at June 30, 2020. The net decrease resulted from fiscal year 2021 depreciation charges of \$2.7 million offset by capital asset additions of \$500 thousand and \$2.0 million expended for various construction in process projects for a total of \$2.5 million.

Total liabilities increased \$6.6 million (24.7%) to \$33.2 million at June 30, 2021 from June 30, 2020, with current liabilities increasing \$7.6 million (84.7%) offset by \$1.0 million decrease (6.0%) in noncurrent liabilities. The current liability for amounts due to the University of South Florida ("due to USF") increased by a net amount of \$7.3 million (120.2%) to \$13.3 million at June 30, 2021. The current liability of due to USF includes a payable of \$7.4 million that is associated with the fair value of equity securities acquired pursuant to intellectual property license agreements based on their fair value at June 30, 2021.

Scheduled principal payment on note payable and capital lease obligation payments account for the decrease in noncurrent liabilities of \$1.0 million at June 30, 2021.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2021

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The following summarizes the Research Foundation's activities for the fiscal years ended June 30:

	2021	2020
Operating revenues	20,355,140	

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2021

Operating Expenses

The following summarizes the operating expenses for the fiscal years ended June 30:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Property rental expenses	\$ 7,220,574	\$ 7,164,108	\$ 56,466	0.8%
Inventor royalties	1,098,827	1,109,457	(10,630)	-1.0%
Inventing department and other royalties	593,251	592,223	1,028	0.2%
Intellectual property costs	143,948	124,399	19,549	15.7%
Seed capital expense	87,050	(30,500)	117,550	-385.4%
Contracts and grants	286,911	418,677	(131,766)	-31.5%
University support	-	86,485	(86,485)	-100.0%
Management and general	792,435	896,026	(103,591)	-11.6%
Total Operating Expenses	<u>\$ 10,222,996</u>	<u>\$ 10,360,875</u>	<u>\$ (137,879)</u>	-1.3%

Property rental expenses which remained consistent with the prior fiscal year at \$7.2 million, include Research Park operating expenses as well as costs associated with the operating lease of other office space.

Total intellectual property costs of \$1.8 million in fiscal year 2021 were consistent with \$1.8 million for fiscal year 2020. Intellectual property costs in fiscal year 2021 include royalties of \$1.1 million to inventors, \$545 thousand of royalties to University departments and colleges to support their research and education activities, other royalties of \$48 thousand, and other direct technology costs of \$144 thousand.

In fiscal year 2021, an additional expense to reserve for unlikely collection of the Seed Capital notes and interest receivables was recorded to reduce the estimated net realizable value of the notes and interest receivable, given consideration of conversion features associated with the note and specific review of the start-up company's ability to pay. Based on repayment activity in fiscal year 2021, the debt reserve was increased \$87 thousand.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2021

Nonoperating Revenues and Expenses

Certain revenue sources including investment income are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the Research Foundation's nonoperating revenues and expenses for the 2021 and 2020 fiscal years:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Nonoperating Revenues (Expenses):				
Investment income	\$ 17,373,197	\$ 1,917,072	\$ 15,456,125	806.2%
Interest income	8,063	17,781	(9,718)	-54.7%
Interest expense	<u>(1,547,351)</u>	<u>(1,059,780)</u>	<u>(487,571)</u>	46.0%
Total Net Nonoperating Revenues	<u>\$ 15,833,909</u>	<u>\$ 875,073</u>	<u>\$ 14,958,836</u>	1709.4%

Nonoperating investment income of \$17.4 million increased \$15.5 million (806.2%) in fiscal year 2021. In addition to increased market performance of the investment portfolio in fiscal year 2021 over the prior fiscal year 2020, the current year increase includes \$5.5 million unrealized gain to record an increase in fair value as of June 30, 2025c.467 0 d an i

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
STATEMENT OF NET POSITION

JUNE 30, 2021

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:

Property rental receipts	\$	9,549,781
Royalties, licenses, and option fees		2,409,488
Contract and grant receipts		45,136
Administrative fee receipts		163,898
Total Receipts		12,168,303
Property rental disbursements		(4,358,106)
Intellectual property disbursements		(1,275,728)
Contract and grant disbursements		(265,286)
Management and general		(695,325)
Total Disbursements		(6,594,445)
Net cash flows from operating activities		5,573,858

Cash flows from capital and related financing activities:

Acquisition of capital assets		(2,520,648)
Collection of note receivable		35,003
Principal payment on note payable		(775,000)
Capital lease payments		(260,716)
Interest paid on notes and capital lease obligation		(1,549,404)
Net cash flows from capital and related financing activities		

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
STATEMENT OF CASH

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
STATEMENT OF CHANGES IN

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2—Summary of significant accounting policies

Basis of Presentation – The financial statements of the Research Foundation conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) as prescribed by GASB. The Research Foundation’s financial statements are presented in the form of an enterprise fund and a fiduciary custodial fund.

Custodial funds are used to account for assets held by or as an agent for the benefit of other organizations outside the reporting entity, to include the University. Custodial funds are custodial in nature and do not involve measurement of results of operations. The assets and liabilities for custodial funds are presented on the statement of fiduciary net position and additions and deductions on the statement of changes in fiduciary net position. Custodial funds include the USF Tampa Bay Technology Incubator, USF Economic Development, USF Institute for Advanced Discov

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2—Summary of significant accounting policies (continued)

Subsequent Events – The Research Foundation evaluated all events and transactions that occurred from July 1, 2021 through October 13, 2021, the date the financial statements were available for issuance. See Note 16.

Note 3—Investments and other investments

At June 30, 2021, the Research Foundation has the following investments and maturities:

	Fair Market Value	Less Than 1	Years		
			1 5	6 10	More Than 10
Money market accounts	\$ 3,816,112	\$ 3,816,112	\$ -	\$ -	\$ -
Short-term corporate bond index funds	2,673,150	33,682	2,556,868	82,600	-
Bonds	1,468,940	48,747	598,489	250,920	570,784
Equity securities	22,186,497	No Maturity	-	-	-
Mutual funds	5,662,919	No Maturity	-	-	-
Partnership accounts	449,999	No Maturity	-	-	-
Pooled investments:					
Fixed Income	7,142,142	38,373	7,103,769	-	-
Equity mutual funds	23,057,879	23,057,879	-	-	-
Real assets	3,299,162	No Maturity	-	-	-
Alternative assets	3,277,335	No Maturity	-	-	-
	<u>\$ 73,034,135</u>	<u>\$ 26,994,793</u>	<u>\$ 10,259,126</u>	<u>\$ 333,520</u>	<u>\$ 570,784</u>

Pooled investments represent the Research Foundation's interest in the University of South Florida Foundation's Agency Investment Program (the "Program"). The Program consists of an agency investment fund (the "Fund") which includes USF Foundation funds as well as funds invested by the Research Foundation and other University DSOs. No specific investments are assigned to the Research Foundation, rather the value of the Research Foundation's investment is equal to the total fund net asset value times the Research Foundation's units as a percentage of total units outstanding. The primary long-term investment strategy of the Program is to preserve the intergenerational equity of endowed gifts while providing a consistent source of funding for the University. The investment strategy is to earn a total rate of return that exceeds the spending rate, plus long-term inflation, plus the costs of managing the investment fund.

The Program pays a monthly dividend based on the results of the Fund. Such dividends can either be withdrawn or reinvested. In addition, with 60-days' notice, the Research Foundation may withdraw either a portion of or its entire investment in the Program; however, the Research Foundation is limited to one withdrawal, other than any monthly dividend, per calendar year. There were no unfunded commitments related to the Program as of June 30, 2021.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3—Investments and other investments (continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Research Foundation’s investment in a single issuer. The Research Foundation’s investment policy provides that the maximum amount that may be invested in the securities of an individual issuer not backed by the full faith and credit of the U.S. government shall not exceed 5% of the market value of its investment portfolio. Direct investments in securities of the U.S. government, government agencies, and State of Florida Investment Pools or Pooled Funds comprised solely of U.S. government securities are not subject to these restrictions.

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. At June 30, 2021, the book balances of cash funds were \$5,329,878 and the bank balances were \$5,684,849. The Research Foundation’s bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Research Foundation from time to time may have amounts in excess of insured limits. At June 30, 2021, the Research Foundation had bank balances of \$5,434,849 in excess of these insured limits.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Research Foundation has responded to this risk and has an investment in a short-term bond index fund. Overall, the Research Foundation limits the fixed income portfolio (United States Treasury securities, United States government agency obligations, mortgage-backed securities, corporate debt, and state and municipal securities investments) to a weighted average duration of less than five years. The Research Foundation’s investment policy provides for interest rate risk. The risk varies depending on the type of investment.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Research Foundation’s investment policy provides that all fixed income security investments at time of purchase, shall be rated in the top three rating classifications as defined by both Moody’s Investors Services and Standard & Poor’s or First Tier consistent with Securities and Exchange Commission (“SEC”) Rule 2a-7 if not rated and being no load funds. Eligible investments for long-term funds authorize pooled funds which are professionally managed and registered with the SEC and invested in various indexed and actively managed funds. The Research Foundation’s investment policy provides for credit rate risk. The risk varies depending on the type of investment.

At June 30, 2021, the Research Foundation has the following debt instrument quality ratings:

	Fair Market Value	AAA	AA	A	Less Than A Rated	Not Rated
Money market accounts	\$ 3,816,112	\$ -	\$ -	\$ -	\$ -	\$ 3,816,112
Short-term bond index	2,673,150	23,791	225,881	1,151,058	1,269,479	2,941
Bonds	1,468,940	545,086	29,948	313,590	286,304	294,012
Mutual funds	5,662,919	-	-	-	-	5,662,919
Fixed income	7,142,142	607,812	127,330	319,278	2,744,856	3,342,866
	<u>\$ 20,763,263</u>	<u>\$ 1,176,689</u>	<u>\$ 383,159</u>	<u>\$ 1,783,926</u>	<u>\$ 4,300,639</u>	<u>\$ 13,118,850</u>

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3—Investments and other investments (continued)

Investments, Investment Valuation, and Income Recognition – Investments are reported at fair value. Fair value is 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. Fair value determinations, other than those measured using the net asset value (“NAV”) as a practical expedient, are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Research Foundation has the ability to access.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3—Investments and other investments (continued)

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Research Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Research Foundation's investments carried at fair value as of June 30, 2021.

	Total Fair Value	Level 1	Level 2	Level 3
Investments by fair value level:				
Money market accounts	\$ 3,816,112	\$ 3,816,112	\$ -	\$ -
Short-term corporate bond index funds	2,673,150	2,673,150	-	-
Bonds	1,468,940	-	1,468,940	-
Equity securities	22,186,497	22,186,497	-	-
	- 2,673,155			
	2, ta-6 ()-3099.1	(1,468,940)	J7191186

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 5—Capital assets

Capital assets consist of the following at June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 8,739,633	\$ -	\$ -	\$ 8,739,633
Construction in process	395,464	2,379,813	(342,964)	2,432,313
Total capital assets not being depreciated	<u>9,135,097</u>	<u>2,379,813</u>	<u>(342,964)</u>	<u>11,171,946</u>
Capital assets being depreciated:				
Buildings	60,910,433	322,492	-	61,232,925
Equipment	3,343,244	161,307	-	3,504,551
Total capital assets being depreciated	<u>64,253,677</u>	<u>483,799</u>	<u>-</u>	<u>64,737,476</u>
Less accumulated depreciation for:				
Buildings	(29,178,037)	(2,591,266)	-	(31,769,303)
Equipment	(3,130,464)	(78,952)	-	(3,209,416)
Total accumulated depreciation	<u>(32,308,501)</u>	<u>(2,670,218)</u>	<u>-</u>	<u>(34,978,719)</u>
Total capital assets being depreciated, net	<u>31,945,176</u>	<u>(2,186,419)</u>	<u>-</u>	<u>29,758,757</u>
Total capital assets, net	<u>\$ 41,080,273</u>	<u>\$ 193,394</u>	<u>\$ (342,964)</u>	<u>\$ 40,930,703</u>

Note 6—Developer rights to Research Park

Other noncurrent assets include development rights for the 87.32 acre USF Research Park of Tampa Bay, formerly known as the University Technology Center, which the Research Foundation has accounted for as a prepaid lease of \$8,384,270 net of accumulated amortization of \$1,506,851. The intent of the Board of Trustees of the internal improvement trust fund, when granting these rights, was for a research and development park to be at the entrance to the University campus. While it is expected that the development rights will be renewed beyond the current 2081 expiration, the value of the rights are being amortized on a straight-line basis over 72 years. Annual amortization expense was \$115,912 for fiscal year 2021.

Note 7—Notes receivable Seed Capital Accelerator Program

The seed capital accelerator committee was approved by the Board of Directors of the Research Foundation (the "Board") in fiscal year 2014, to assist the Board in fulfilling responsibilities regarding the venture investment fund which had been established by the Board in 1996.

The purpose of the venture investment fund had been to assist faculty in development and business activities in which the Research Foundation may participate in future revenues generated from the commercialization of the projects. The Seed Capital Accelerator Program was designed to support new and existing USF Tampa Bay Technology Incubator program affiliated start-up companies that have been formed, based on the licensing of University technologies.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 7—Notes receivable Seed Capital Accelerator Program (continued)

The Seed Capital Accelerator Program provides up to \$50,000 of loan funding to enable start-ups to quickly improve the odds of overcoming immediate obstacles to commercialization that would provide a measurable outcome and return on investment in the near term. The companies execute convertible promissory notes in an aggregate principal amount of up to \$50,000. The maturity date of each note is five years from initial closing date and the interest rate on each note is fixed at an annual rate equal to the Wall Street Journal prime rate plus 3% as of the date of the first advance.

Notes receivable are recorded at net realizable value of \$70,000 as of June 30, 2021, to include current portion of \$51,250 and noncurrent portion of \$18,750. Note maturities are as follows:

<u>Year</u>	<u>Notes</u>		
	<u>Receivable</u>	<u>Reserve</u>	<u>Net</u>
2022	\$ 506,997	\$ (455,747)	\$ 51,250
2023	50,000	(37,500)	12,500
2024	25,000	(18,750)	6,250
	<u>\$ 581,997</u>	<u>\$ (511,997)</u>	<u>\$ 70,000</u>

<u>Year</u>	<u>Interest</u>		
	<u>Receivable</u>	<u>Reserve</u>	<u>Net</u>
2022	\$ 83,605	\$ (76,170)	\$ 7,435
2023	6,401	(4,801)	1,600
2024	2,967	(2,225)	742
	<u>\$ 92,973</u>	<u>\$ (83,196)</u>	<u>\$ 9,777</u>

Note 8—Accounts payable and accrued liabilities

Non fiduciary accounts payable and accrued liabilities consist of the following at June 30, 2021:

Vendors payable	\$ 384,016
Inventor royalties payable	1,331,799
Escrow payable	220,626
Interest payable	38,783
Other payables	167,333
	<u>\$ 2,142,557</u>

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 9—Long term

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 10— Operating lease commitment

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 12—Property rental revenues

The Research Foundation leases grounds, office, and laboratory space to customers, primarily in the technology research and development industry, under operating leases. Initial lease terms generally range from 36 to 120 months.

Investments in assets subject to operating leases are as follows at June 30, 2021:

Buildings, at cost	\$ 56,770,784
Accumulated depreciation	(30,436,572)
Net inh	

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 14—Related party transactions (continued)

Included in the due to University of South Florida payable in the statement of net position as of June 30, 2021 are Research funds held on behalf of University faculty, department, and colleges in the amount of \$4,279,667 that will be utilized to support their research and education activities. The Research Foundation distributes royalties from intellectual property net revenue to these research funds. During fiscal year 2021, the Research Foundation

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Total
Depreciation expense	\$ 2,640,645	\$ 29,573	\$ 2,670,218
Royalty expense	1,692,078	-	1,692,078
Utilities	1,443,400	-	1,443,400
Repairs and maintenance	1,305,366	17,657	1,323,023
Salary and wages	612,260	452,000	1,064,260
Rental expense	651,692	-	651,692
Fringe benefits	193,985	147,171	341,156
Insurance	270,579	9,173	279,752
Real estate tax	137,864	-	137,864
Bad debt expense	118,553	-	118,553
Amortization expense	115,912	-	115,912
Technology costs	112,445	-	112,445
Professional fees	4,315	78,540	82,855
Independent contractors	27,720	30,815	58,535
Telephone	34,481	11,064	45,545
Materials and supplies	28,511	11,264	39,775
Grant administrative fees	23,527	-	23,527
Travel	11,764	10	11,774
Subscriptions and memberships	3,540	1,280	4,820
Bank fees	1,525	2,105	3,630
Postage and freight	-	1,315	1,315
Printing costs	99	468	567
Participant stipends and tuition	300	-	300
Total Operating Expenses	\$ 9,430,561	\$ 792,435	\$ 10,222,996



**Report of Independent Auditor 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***

To the Board of Directors
University of South Florida
Research Foundation, Inc.
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the University of South Florida Research Foundation, Inc. (the "Research Foundation"), as of and for the year ended June 30, 2017 (-1 whi.15 Td [(Foun5e)5.1 (ra2.3 (o3tio539.1 (as of cnite)5.81.15iv

Purpose of this Report

The purpose of this report is solely to describe the sco