

DIRECT SUPPORT ORGANIZATIONS

QUARTER 2 FOR FISCAL YEAR 2024-2025

Period Ended December 31, 2024



DSO Q2 Financial Reports for FY 2025

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Unaudited Interim Financial Statements

For the Quarter ended December 31, 2024

Records of the University of South Florida are subject to disclosure under the Florida Public Records law unless exempt by law. Documents made or received by a USF Foundation agent in connection with the transaction of business by the USF Foundation are confidential and exempt from F.S. 119 pursuant to F.S. 1004.28(5) and in accordance with the USF Foundation Policy on Confidentiality of USF Foundation Documents.



EXECUTIVE SUMMARY

MAJOR BUSINESS INITIATIVES - FY 2025

- Several initiatives for the USF Foundation and the Division of University Advancement are underway to facilitate and grow the crucial impact of philanthropy for USF. The talent acquisition for these new initiatives and restructuring of resources will continue throughout fiscal year 2025. The Principal Gifts Team will continue to produce transformative gift opportunities that will generate an expansion of resources over the long term for the University. The established Regional Fundraising Team will provide an enhanced regional presence aiding college and unit development teams with additional resources to increase overall engagement outside of the USF campus areas. In an effort to adapt to a rapidly changing donor base, the Annual Giving Team will expand as well.
- The Foundation's investment strategy is to maximize support to the University while not endangering the ability to maintain the original purchasing power of donor investments over the long term. The Foundation's Investment Committee guides this process by actively monitoring the performance of our asset allocation, prudently considering the risks associated with each asset class and taking action if necessary to enhance the growth of the endowment over the long-term. The goal is to grow the endowment through continued solid investment returns and gifts. In order to provide for a consistent, reliable stream of income to the University the Foundation Board annually establishes a spending policy from the endowment to help mitigate the impact of market volatility on University programs that depend on the income to operate. The spending policy employs a 5 year average market value in its calculation which helps suppress the risk of volatility. Further, the Board approved a 4% dividend for fiscal year 2025, consistent with prior years.
- The Foundation supports program activities of the University for USF faculty & staff, student scholarships, research initiatives, and capital projects according to donor restrictions. These expenses can be funded by current gifts estimated on the annual plan, existing balances in accounts from gifts and distributions received in prior years, or projected endowment distributions during the year of about \$25.8 million. With the assistance of the Foundation, spending from these sources is directed by the colleges and units designated by our donors as the beneficiaries of their gifts.

EXPLANATION OF MAJOR VARIANCES

Statement of Net Position

- Cash in the Foundation's checking account is managed based on a frequent evaluation of gifts received and funding requests to be
 paid. The larger balance was necessary due to significant pending funding requests due to USF for salaries and other facilities
 projects.
- The increase in current investments is due to the performance of the market netted with gifts, distributions for dividends and
 administrative fees. Funds held for upcoming capital calls as well as an increased fixed income allocation have driven up the value of
 our current investments at quarter end. The estimated return for the second quarter is a gain of 4.37% driven by postive portfolio
 performance of international and domestic equities offset by decreases in private equities and priate real assets.
- A large portion of the overall contribution receivable balance shifted to current assets as large installments are scheduled to be
 received in the upcoming fiscal year. In addition, several large pledges were received in Q2 increasing the current balance by \$7.3M
 and the noncurrent by \$22M. The prior year current receivable included \$6.5M for a deferred pledge payment which was received in
 the first quarter of FY25.
- During the previous fiscal year, the Foundation received a gift of real estate to be sold with the proceeds to benefit the MCOB Nault Center for Entrepreneurship. The land was sold in November of 2024.
- The increase in the current and non current Due from USF is primarily driven by draws on loans for construction projects. These
 include the USF Health Morsani College of Medicine and Heart institute build out project and USF Health Pediatric Clinic expansion
 and renovation project.
- The decrease in non current Subscription liabilities is driven by the next salesforce payment, due within next 12 months, moving from non current to current.

Statement of Revenues, Expenses and Changes in Net Position

- Investment gains and losses are represented as operating revenues on the statement of revenues, expenses and changes in net position. This presentation is consistent with GASB standards as a primary function of the Foundation is the management and investment of charitable gifts made to benefit the university. The change in investment returns at December 2024 impacts the fluctuation of investment income, realized/unrealized gains and losses. A decreased allocation and changes to managers in International equites are responsible for large swings in both realized and Unrealized gains netting about \$52M generated in realized gains followed by about a (\$52M) loss reported in Unrealized gains. For FY25 the year-to-date gain was 4.37% and the prior year-to-date gain was 6.0%.
- · The overall increase in Fundraising activities is being driven by increases of WUSF underwriting costs of about 150K.
- Program Service Expenses overall are lower from last year due to a \$21M Transfer to state cost that occurred in the previous fiscal
 year related to the stadium project. Individual increases to Contractual services and Travel, are related to an increase in athletic
 spending. A decrease to Provision for Doubtful accounts is due to items related to Reliance medical facilities and the basketball
 facilities being added for the previous fiscal year.
- The overall Increase to Fundraising expenditures is primarily driven by an increase in grant money from the state to support the
 university.
- The overall Increase to Operating expenditures is primarily driven by the Foundation office move and re-equipping of staff.
- Endowment Contributions is up compared to the previous fiscal year due to a large increase of Bequest related payments being received.
- The presentation of endowment contributions is consistent with GASB standards as a separate line item from contributions in
 operating revenues. Endowment contributions are recognized when payments are received rather than when pledged. Endowment
 contributions consist of outright gifts made to endowments, bequest or planned gift distributions to endowments and endowment
 pledge payments. The timing of endowment contributions payments may fluctuate based on the payment terms associated within the
 donors' pledge agreements

Statement of Cash Flows

Change in cash balance is due to the fluctuations in receipt of major gifts, dividend distributions and movement between the checking
account, operating investment pool and the long-term endowment pool.



STATEMENT OF NET POSITION

Current assets:

Cash and cash equivalents

Investments

Contribution receivable, net

Lease and other receivable

Real estate held for sale

Due from University of South Florida

Total Current Assets

Non-current assets:

Investments

Contribution receivable, net of current portion

Beneficial interest assets

Lease and other receivable, net of current portion

Due from the University of South Florida

Land

Buildings, equipment, right-of-use assets and other, net

Works of Art

Right-to-Use Subscriptions, net

Total noncurrent assets

Total assets

LIABILITIES

Current liabilities:

Accounts payable

Due to USF Leases payable

Subscription liability

Mortgage payable

Life beneficiaries obligations

Total current liabilities

Non-current liabilities:

Mortgage payable, net of current portion

Leases payable, net of current portion

Due to USF, net of current portion

Suscription liability, net of current portion

Life Beneficiaries obligations, net of current portion

Total non-current liabilities

Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred inflows from remainder interest assets

Deferred inflows from beneficial interest assets

Deferred inflows from leases

Total Deferred Inflows

NET POSITION

Net investment in capital assets

Restricted

Expendable

Nonexpendable endowments

Unrestricted

Total net position

Current Year 12/31/2024		Prior Fiscal Year 6/30/2024	Variance \$	%	
	5,852,781	1,673,154	4,179,627	2500	
123	3,850,544	92,307,435	31,543,109	349	
39	9,136,317	35,309,881	3,826,436	110	
	638,499	616,093	22,406	40	
	-	1,250,000	(1,250,000)	1000	
	1,393,830	1,171,316	222,514	199	
\$ 170	0,871,971	\$ 132,327,879	38,544,092	290	
\$ 700	5,385,193	\$ 705,984,423	400,770	00	
49	,886,790	36,880,297	13,006,493	35%	
24	,467,250	23,045,103	1,422,147	60	
3	3,034,442	3,256,391	(221,949)	-79	
1	1,800,000	800,000	1,000,000	1259	
	5,620,414	6,620,414	-	09	
	3,946,512	4,048,773	(102,261)	-30	
(5,535,298	6,418,098	117,200	2	
	735,004	959,918	(224,914)	-23	
803	3,410,903	788,013,417	15,397,486	20	
974	1,282,874	920,341,296	53,941,578	60	
	, - ,				
4	1,293,296	3,759,059	534,237	14	
	2,826,688	3,227,457	(400,769)	-12	
_	68,083	65,830	2,253	30	
	502,544	510,984	(8,440)	-20	
	440,453	434,716	5,737	16	
	233,488	231,888	1,600	10	
8	3,364,552	8,229,934	134,618	2	
2	2,047,232	2,268,902	(221,670)	-10	
	145,787	180,126	(34,339)	-19	
	314,685	314,685	(0 1,555)	0	
	190,397	365,879	(175,482)	-48	
	1,135,428	1,205,238	(69,810)	-6'	
	3,833,529	4,334,830	(501,301)	-12	
1′	2,198,081	12,564,764	(366,683)	-3'	
1	2,170,001	12,504,704	(300,083)	-5	
		1.604.606	450 (50	4.0	
	1,758,298	1,604,626	153,672	10	
	1,467,250	23,045,103	1,422,147	6	
	3,475,449	3,691,653	(216,204)	-6'	
29	9,700,997	28,341,382	1,359,615	5	
	1 440 500	4.220 = : :	221.011	-	
14	1,442,732	14,220,766	221,966	2	
	,320,239	415,018,760	34,301,479	8	
	5,158,490	422,273,813	12,884,677	3	
33	3,462,335	27,921,811	5,540,524	20	
\$ 932	2,383,796	\$ 879,435,150	\$ 52,948,646	6	



STATEMENT OF REVENUES, EXPENSES and CHANGES IN NET POSITION

	6 months ended	Year-to-Date Fiscal Year 202 6 months (2020	25 Variance	
Operating Revenues:	12/31/2024	12/31/2023	<u> </u>	%
Contributions, gifts and bequests Investment income Unrealized investment (losses) gains Realized investment gains Fundraising activities	\$ 45,448,099 9,294,278 (48,672,763) 69,445,872 1,392,294	\$ 47,514,080 8,322,036 27,702,449 4,675,114 1,225,682	(2,065,981) 972,242 (76,375,212) 64,770,758 166,612	-4% 12% -276% 1385% 14%
Total operating revenues	76,907,780	89,439,361	(12,531,581)	-14%
Operating Expenditures:				
Salaries and benefits Scholarships/fellowships Contractual services Supplies Transfers to state - other Travel, meals & auto Community relations Depreciation Repairs and maintenance Provision for doubtful accounts Other	13,612,283 5,573,016 5,756,607 1,036,712 3,792,259 1,868,271 579,112 59,399 255,541 29,859 1,307,979	12,519,551 5,028,291 3,473,274 691,429 24,681,948 1,447,941 470,004 59,399 210,054 1,332,725 1,084,671	1,092,732 544,725 2,283,333 345,283 (20,889,689) 420,330 109,108 - 45,487 (1,302,866) 223,308	9% 11% 66% 50% -85% 29% 23% 0% 22% -98% 21%
Total program service expense	33,871,038	50,999,287	(17,128,249)	-34%
Fundraising & operating costs: Salaries and benefits Contractual services Other transfers and expenses Total fundraising & operating expense	12,636,604 850,244 2,707,932 16,194,780	11,016,803 940,615 1,894,687 13,852,105	1,619,801 (90,371) 813,245 2,342,675	15% -10% 43% 17%
Total operating expenditures	50,065,818	64,851,392	(14,785,574)	-23%
Net Operating Gain	26,841,962	24,587,969	2,253,993	9%
Nonoperating revenue University support Total nonoperating revenues	13,134,602 13,134,602	10,833,994 10,833,994	2,300,608 2,300,608	21% 21%
Income before endowment contributions	39,976,564	35,421,963	4,554,601	13%
Endowment contributions	12,972,082	10,451,436	2,520,646	24%
Increase in net position	52,948,646	45,873,399	7,075,247	15%
Net position - beginning of year	879,435,150	798,227,993	81,207,157	10%
Net position - end of year	932,383,796	844,101,392	88,282,404	10%

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Change in net position

Operating Activities

Investment (gains) losses, net Depreciation and amortization Change in assets/liabilities:

Contributions receivable, net
Lease and other receivables, net
Books and art objects
Real Estate held for sale
Accounts payable & accrued expenses
Amts due to third-party beneficiaries
Subscription based information technology arrangements
Due to University of South Florida

Net cash flow from operating activities

Investing Activities

Redemption of Shares from Agency
Disposal or purchase of fixed assets
Proceeds from sale of investments
Purchases of investments
Interest & dividends reinvested
Repayment of loans to the University of South Florida
Net cash flow from investing activities

Financing Activities

Proceeds from endowment contributions Acquisition of lease payable Lease payments Beneficiary payments Interest paid on mortgage Principle payments on mortgage payable Net cash flow from investing activities

Net increase in cash Cash at the beginning of the year Cash at the end of the year

6 months ended	Prior Fiscal Year	Variance	
12/31/2024	06/30/2024	\$	%
52,948,646	39,085,046	13,863,600	35 %
(20,773,109)	(68,864,908)	48,091,799	70%
102,260	118,799	(16,539)	-14%
(29,805,011)	(23,767,426)	(6,037,585)	-25%
1,755,592	418,026	1,337,566	320 %
(117,200)	(915,700)	798,500	87%
326,356	(1,250,000)	1,576,356	126%
582,771	1,000,736	(417,965)	-42%
-	4,257	(4,257)	(100)%
(183,921)	(216,832)	32,911	15%
(1,623,283)	(1,426,284)	(196,999)	-14%
3,213,101	(55,814,286)	59,027,387	106 %
(8,500,000)	_	(8,500,000)	%
923,644	_	923,644	%
360,973,344	334,096,429	26,876,915	8%
(355,709,197)	(310,034,484)	(45,674,713)	-15%
(9,294,278)	14,233,455	(23,527,733)	-165%
-	- ,,	- %	
(11,606,487)	38,295,400	(42,325,531)	-111%
12,972,082	19,500,390	(6,528,308)	-33%
, , , <u>-</u>	-	-	%
(32,086)	(76,343)	44,257	58%
(116,744)	(231,888)	115,144	50 %
(34,307)	(77,015)	42,708	55 %
(215,933)	(423,467)	207,534	49 %
12,573,012	18,691,677	(6,118,665)	-33%
4,179,627	1,172,791	3,006,836	256 %
1,673,154	500,363	1,172,791	234%
5,852,781	1,673,154	4,179,627	250 %

University of South Florida Alumni Association, Inc. Executive Summary December 31, 2024

BALANCE SHEET

<u>Due from USF</u>: This amount represents the amount owed to the University for payroll services. The Association made a large transfer at the end of the prior year's 2nd quarter, which increased the asset held at the university.

<u>Accounts Receivable:</u> The decrease in accounts receivable is due to a payment on an outstanding sponsorship.

<u>Accounts Payable and accrued expenses:</u> The Association had expenses accrued for at the end of the prior fiscal year that caused accounts payable to be higher then the end of the second quarter of the current year.

SUMMARY OF REVENUES AND EXPENSES

<u>Membership</u>: A portion of membership revenue is allocated to funding operations. In the prior year, this split was 50% to operations, 50% to the endowment. In the current year, the percentage split was changed to 75% to the endowment and 25% to operations. This is getting the Association closer to its pre-COVID split of 90%/10%.

<u>Affinity:</u> The Association had a one year contract with the USFFCU associated with marketing to recent graduates. This program did not continue into the current fiscal year, causing a decrease in affinity revenue.

<u>Event expenses:</u> Due to the hurricanes, events occurred later in the quarter during the current year then they were held in the prior year.

CASH FLOW

Increase in cash is due to operating income from the prior year. This will be bought into the endowment during the third quarter.

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University of South Florida Alumni Association, Inc. Operating Balance Sheet

	December 31, 2024	June 30, 2024	Variance \$	Variance %
ASSETS				
Cash and cash equivalents	331,838	226,280	105,558	47%
Pooled investments within Foundation	526,452	526,452	0	0%
Due from USF	34,935	73,243	(38,308)	100%
Accounts receivable	43,158	84,855	(41,697)	-49%
Prepaid expenses	21,619	11,189	10,430	93%
Total assets	958,002	922,019	35,983	4%
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	67,115	97,543	(30,428)	31%
Deferred payroll support	-	25,929	(25,929)	100%
Deferred revenue	57,259	73,756	(16,497)	22%
Total liabilities	124,374	197,228	(72,854)	37%
Net Assets:				
Unrestricted net assets	833,628	724,791	108,837	15%
Total liabilities and net assets	958,002	922,019	35,983	4%

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University of South Florida Alumni Association, Inc. Summary of Revenues and Expenses December 31, 2024

	Current Month Totals				Year to Date Totals (50%)			
	Actual	Prior Year			Actual	Prior Year		
	Dec-24	Dec-23	Variance \$	Variance %	YTD	YTD	Variance \$	Variance %
REVENUES:								
Membership	6,747	12,861	(6,114)	-48%	45,289	83,832	(38,543)	-46%
License Plates	25,875	21,700	4,175	19%	216,353	211,010	5,343	3%
Budget Support	148,413	131,938	16,475	12%	822,091	860,888	(38,797)	-5%
Affinity Royalty	14,083	37,917	(23,834)	-63%	104,542	145,438	(40,896)	-28%
Investment Income	22,861	21,526	1,335	100%	136,427	128,773	7,654	6%
Sponsorships	17,493	24,133	(6,640)	-28%	80,942	75,898	5,044	7%
Event Revenue	20,894	510	20,384	3997%	56,170	45,220	10,950	24%
Gifts	17,804	48,845	(31,041)	-64%	39,557	75,402	(35,845)	-48%
Other Revenue	-	-	-	0%	15,538	13,485	2,053	15%
Total Operating Revenue	274,171	299,430	(25,260)	-8%	1,516,910	1,639,946	(123,036)	-8%
EXPENSES								
Salaries	160,296	136,699	(23,597)	-17%	909,399	870,198	(39,201)	-5%
Membership and membership services	11,604	5,588	(6,016)	-108%	17,195	34,212	17,017	50%
Printing & Postage	54,307	23,219	(31,088)	-134%	63,390	80,923	17,533	22%
Event Services	65,593	5,536	(60,057)	-1085%	243,175	146,336	(96,839)	-66%
Professional Services	415	11,038	10,623	96%	32,283	41,930	9,647	23%
Travel	-	8,375	8,375	100%	22,280	48,359	26,079	54%
Advertising & Marketing	4,611	(554)	(5,165)	932%	16,970	7,388	(9,582)	-130%
Insurance	(0)	7,992	7,992	100%	23,448	20,669	(2,779)	-13%
Community Relations	5,161	(880)	(6,040)	100%	8,181	9,856	1,676	17%
Credit Card Fees and other services	2,672	2,633	(39)	-1%	10,899	11,475	576	5%
Scholarships	5,175	4,340	(835)	-19%	43,771	42,702	(1,069)	-3%
Other expenses	4,144	1,250	(2,894)	-232%	17,083	14,051	(3,032)	-22%
Total Operating Expenses	313,978	205,236	(108,741)	-53%	1,408,073	1,328,099	(79,974)	-6%
NET INCOME FROM OPERATIONS	(39,807)	94,194	(134,001)	142%	108,837	311,847	(203,010)	-65%

Change in net assets

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Net assets, beginning

Net assets, end

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640,592 749,429

108,837

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University of South Florida Alumni Association, Inc. Operating Cash Flow

	December 31, 2024		June	30, 2024	Variance \$	Variance %
Operating activities						
Change in net assets	\$	108,837	\$	84,199		
Adjustments to reconcile change in net assets to net cash						
provided by operating activities:						
Changes in assets and liabilities:						
Accounts receivable		41,697		(76,834)		
Prepaid expenses		(10,430)		6,213		
Due from University of South Florida		38,308		(58,600)		
Deferred payroll support		(25,929)		6,689		
Due to University of South Florida		_		_		
Accounts payable and accrued expenses		(30,428)		(90,024)		
Deferred revenue		(16,497)		7,137		
Net cash provided by operating activities		105,558		(121,220)		
Proceeds for sales of investments		(0)		(14)		
Net cash used in investing activities		(0)		(14)		
Change in cash and cash equivalents		105,558		(121,234)		
Cash and cash equivalents, beginning of year		226,280		347,514		
Cash and cash equivalents, end of year	\$	331,838	\$	226,280	\$ 105,558	47%
	\$	(0)	\$	_		

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FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

EXECUTIVE SUMMARY

State the DSO's Statutory Mission which Supports the Goals of the University

• The Financing Corporation is the University's financing arm and is expected to provide low cost, low risk, long-term financing for the University's major capital projects.

MAJOR BUSINESS INITIATIVES - FY 2025

- Finance, Develop and Manage New and Existing Capital Projects.
 - §340 M Stadium Project: Financing Corporation is working closely with the University and construction manager to ensure that
 the Project is delivered on time and on budget, while managing operating and financial risks. The University held a successful
 groundbreaking event in November 2024. Construction is expected to be completed by Fall 2027.
 - §46.5 M Sarasota-Manatee Housing and Student Center Project: Construction on the USF Sarasota Manatee Housing and
 Student Center was substantially completed and placed in service in August 2024. The Financing Corporation and University
 will work closely with the construction manager on final close out documents. While the Project Funds held at the Financing
 Corporation have been fully exhausted, the University will pay the remaining construction costs with auxiliary funds.

• Series 2012B Remarketing Transaction

o On August 1, 2024, the Financing Corporation Board of Directors authorized the remarketing of the outstanding \$43,725,000 Series 2012B Certificates, previously placed directly with Wells Fargo Bank. Wells Fargo exercised its option to cause Financing Corporation to repurchase the Series 2012B Certificates on October 1, 2024. The Financing Corporation sought proposals from various financial institutions to purchase the Series 2012B Certificates, and selected the proposal submitted by JPMorgan Chase Bank, N.A. to purchase the Certificates through its wholly owned subsidiary DNT Asset Trust. The amended Supplemental Trust Agreement, the Continuing Covenant Agreement and all necessary related agreements, certificates and opinions were executed and the transaction closed on October 1, 2024.

• Protect USF's "AA" credit ratings.

- To protect USF's "AA" credit ratings, formal presentations will be made to Moody's, Standard & Poor's and Fitch in spring 2025 emphasizing USF's strengths in management and governance, market position and enrollment demand, operating performance, wealth and liquidity, and leverage. USF's "AA" credit rating, along with all of its system ratings, were most recently affirmed by Moody's and S&P with Stable Outlooks (December 2023).
- Ongoing oversight of DSOs and Auxiliaries with debt to ensure they are managing revenues and expenses to maintain pledged revenues and debt service coverage ratios, preserve essential liquidity, and maintain required reserves.
- Ongoing compliance with covenants for 15 series of debt, including IRS rules on tax-exempt bonds and required SEC reporting.
- Wind-up and dissolution of INTO USF, Inc. USF Financing Corporation was fully dismissed from the INTO litigation matter on January 31, 2024.

EXPLANATION OF MAJOR VARIANCES FROM PRIOR YEAR - YTD

• <u>Balance Sheet: Total Assets</u> - Total Assets decreased by more than \$16 million due to the use of cash for capital expenditures and the amortization of all Financing Receivables.

- <u>Balance Sheet: Liabilities</u> Total Liabilities decreased by more than \$19 million primarily due to paying down long-term debt and the change in fair value of the interest rate swap. Project related payables decreased as construction on the Sarasota-Manatee project is nearly complete. The increase in net obligation due to related parties reflects project-related interest earnings due to USF.
- <u>Income Statement: Revenues</u> Total Operating Revenues increased by approximately \$5.1 million driven by the collection of Stadium loan debt service due on December 1, 2024, categorized as Athletics lease revenue. Otherwise, revenues are on par with prior year. Pursuant to lease and operating agreements, Operating Revenues essentially cover Operating Expenses plus the interest expense on debt service, which will decline over time as debt is paid down. Revenues are on track to meet or exceed the FY 2025 Financial Plan revenue target.
- <u>Income Statement: Expenses</u> Total Operating Expenses increased by \$684,000 primarily due to increased Property Liability insurance premiums and service consulting expenses from the prior year.
- <u>Income Statement: Nonoperating Revenues (Expenses)</u> Nonoperating Expenses increased by approximately \$4.2 million due to higher Interest Expense from the new Stadium loan debt service obligation, offset by the increased net interest income from the prior year due to the investment expense incurred during the purchase of the Stadium escrow investment.
- <u>Income Statement: Operating Profit</u> Operating profit increased by \$242,000 from the prior year. Due to its conduit structure, the Financing Corporation's operating profit typically declines over time consistent with the amortization of the debt service payments and related lease revenues. However, operating profit tends to temporarily increase with new transactions (such as the Stadium project). The operating profit of \$636,000 is below the FY 2025 Financial Plan but is on track to meet the \$1.9 million in FY 2025 as projected in the Mid-Year Forecast.
- <u>Statement of Cash Flows</u> Total Cash and Investments are down approximately \$3.7 million from the prior year reflecting the use of cash for capital expenditures. As of December 31, 2024, the strong liquidity measure of 438 days cash on hand is above the FY 2025 Financial Plan target of 386 days cash on hand at June 30, 2025.



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

STATEMENT OF NET POSITION

in thousands) As of Dec. 31, Dec. 31,		Variance		As of June 30,	
`	2024	2023	\$	%	2024
<u>ASSETS</u>					
Current Assets:					
Cash	\$2,946	\$3,989	\$(1,043)	(26)%	\$3,940
Restricted:					
Cash and cash equivalents	12,345	18,568	(6,223)	(34)%	18,954
Accounts receivable	1,944	2,048	(105)	(5)%	2,211
Financing receivable, current portion	18,263	17,635	628	4 %	18,120
Total current assets	35,498	42,240	(6,742)	(16)%	43,225
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	37,983	35,255	2,727	8 %	32,156
Investments	201,409	200,530	879	0 %	198,852
Financing receivable, noncurrent portion	271,492	284,479	(12,987)	(5)%	281,099
Total noncurrent assets	510,884	520,264	(9,380)	(2)%	512,107
Total assets	546,381	562,504	(16,122)	(3)%	555,332
Deferred Outflows of Resources:					
Interest Rate swap agreement	2,223	3,747	(1,525)	(41)%	2,502
Deferred losses on refunding of debt	478	616	(138)	(22)%	544
Total deferred outflows of resources	2,701	4,364	(1,663)	(38)%	3,046
Total Assets and Deferred Outflows	\$549,082	\$566,868	\$(17,785)	(3)%	\$558,378
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$127	\$5,299	\$(5,172)	(98)%	\$769
Interest payable	5,923	6.404	(481)	(8)%	6,160
Due to (from) related parties	7,130	807	6,324	784 %	2,025
Long-term debt, current portion	17,604	17,024	580	3 %	17,024
Total current liabilities	30,785	29,534	1,251	4 %	25,979
Noncurrent Liabilities:	30,703	27,334	1,231	7 70	25,717
Interest rate swaps payable	2,223	3,747	(1,525)	(41)%	2,502
Long-term debt, noncurrent portion	485,424	504,270	(18,846)	(41)%	502,439
Total noncurrent liabilities	487,647	508,017	(20,370)	(4)%	504,942
Total Liabilities	518,432	537,551	(19,120)	(4)%	530,921
	,	,	() /		,
Net Position:					
Restricted	27,704	25,327	2,377	9 %	23,517
Unrestricted	2,946	3,989	(1,043)	(26)%	3,940
Total Net Position	\$30,651	\$29,316	\$1,334	5 %	\$27,458
Total Liabilities and Net Position	\$549,082	\$566,868	\$(17,785)	(3)%	\$558,378



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(In thousands)	6 Mos. Ending Dec. 31,	Dec. 31,	Variance		June 30,	FINANCIAL PLAN
	2024	2023	\$	%	2024	FY 2025
OPERATING REVENUES						
USF housing system lease revenue	\$5,099	\$4,701	\$398	8 %	\$9,196	\$10,501
USF Marshall Center lease revenue	566	597	(31)	(5)%	1,196	1,224
USF athletics system lease revenue	6,661	1,731	4,930	285 %	8,134	13,305
USF arena revenue	255	324	(69)	(21)%	608	638
UMSA lease revenue	964	1,009	(46)	(5)%	1,825	1,712
HPCC lease revenue	197	203	(5)	(3)%	344	327
Research lease revenue	467	518	(51)	(10)%	981	872
Total Operating Revenues	\$14,210	\$9,083	\$5,126	56 %	\$22,284	\$28,579
ODED ATING EVENING						
OPERATING EXPENSES						
Management expense	472	442	31	7 %	851	911
General and administrative expense	1,390	736	654	89 %	1,257	812
Total Operating Expenses	\$1,862	\$1,177	\$684	58 %	\$2,108	\$1,723
NONOPERATING REVENUES (EXPENSES)						
Interest expense on debt	(12,538)	(7,065)	(5,474)	(77)%	(20,078)	(25,178)
Net interest income	826	(448)	1,274	285 %	1,926	1,500
Total Nonoperating Revenues (Expenses)	\$(11,712)	\$(7,512)	\$(4,200)	(56)%	\$(18,152)	\$(23,678)
OPERATING PROFIT BEFORE						
NON-CASH CHANGES	\$636	\$394	\$242	62 %	\$2,024	\$3,178
	4000	407.1	*	<u> </u>	*-,*-1	40,110
Unrealized Investment Gains (Losses)	2,557	1,898	659	35 %	220	300
Total Non-Cash Changes	\$2,557	\$1,898	\$659	35 %	\$220	\$300
CHANGE IN NET POSITION	\$3,193	\$2,291	\$902	39 %	\$2,244	\$3,478
Operating Profit Margin	4.5%	4.3%		0 %	9.1%	11.1%



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	6 Mos. Ending Dec. 31,	Dec. 31,	Variance		June 30,	FINANCIAL PLAN
	2024	2023	\$	%	2024	FY 2025
OPERATING ACTIVITIES						
Lease payments received from USF	\$19,409	\$12,049	\$7,359	61 %	\$29,569	\$38,650
Lease payments received from UMSA	2,260	2,289	(29)	(1)%	4,415	4,372
Lease payments received from HPCC	780	752	29	4 %	1,476	1,474
Lease payments received from Research Foundation	1,659	1,663	(4)	(0)%	2,259	2,203
Payment to USF for management services	(472)	(442)	(31)	(7)%	(851)	(911)
General and administrative disbursements	(1,745)	(737)	(1,007)	(137)%	(826)	(812)
Total Cash from Operating Activities	\$21,891	\$15,574	\$6,317	41 %	\$36,042	\$44,975
CAPITAL AND FINANCING ACTIVITIES						
Capital expenditures	\$(7)	\$(10,162)	\$10,155	100 %	\$(22,725)	\$(5,500)
Debt issuance costs	0	(260)	260	100 %	\$(22,723)	\$(3,300)
Proceeds from issuance of long-term debt	0	200,000	(200,000)	(100)%	200,000	0
Principal paid on debt	(15,830)	(14,873)	(957)	(6)%	(16,020)	(17,024)
Interest paid on debt	(13,318)	(7,064)	(6,254)	(89)%	(20,479)	(26,259)
Receipt of pledged revenues from University of South Florida	19,049	19,106	(58)	(0)%	36,658	0
Return of excess pledged revenues to University of South Florida	(18,034)	(17,746)	(289)	(2)%	(36,658)	0
Total Cash From Capital and Financing Activities	\$(28,141)	\$169,001	\$(197,142)	(117)%	\$140,776	\$(48,784)
INVESTING ACTIVITIES						
Purchase of investments	0	(198,632)	198,632	100 %	(198,632)	0
Interest income, net	4,473	113	4,360	3,846 %	5,109	10,000
Total Cash From Investing Activities	\$4,473	\$(198,519)	\$202,992	102 %	\$(193,523)	\$10,000
CHANGE IN CASH	(1,777)	(13,943)	12,166	87 %	(16,705)	6,191
Cash, Beginning of Year	55,051	71,755	(16,705)	(23)%	71,755	257,223
Cash, End of Year	\$53,274	\$57.812	\$(4,538)	(8)%	\$55,051	\$263,414
Casil, End of Tear	\$55,274	\$57,012	\$(4,536)	(8)%	\$55,051	\$203,414
Total Cash & Investments	\$254,682	\$258,342	\$(3,660)	(1)%	\$253,902	\$263,414
Days Cash on Hand	438	433	5	1 %	378	386



FY 2025 Quarter 2

	FY 2024	FY 2024	FY 2025		
	ACTUALS	QUARTER 2	QUARTER 2	\$	%
<u>ASSETS</u>			•		
Cash & Investments	\$37,402,545	\$50,716,071	\$36,582,950	\$(14,133,121)	-28%
Fixed Assets	70,801,124	71,035,155	66,802,472	(4,232,683)	-6%
Other Assets	121,372,069	86,483,029	95,138,790	8,655,761	10%
Total Assets	\$229,575,738	\$208,234,255	\$198,524,212	\$(9,710,043)	-5%
<u>LIABILITIES</u>					
Payables	\$60,288,944	\$31,178,585	\$34,831,347	\$3,652,762	12%
Long-Term Debt	53,317,151	56,251,336	53,317,147	(2,934,189)	-5%
Other Liabilities and deferred inflows	31,829,719	28,861,046	36,919,384	8,058,338	28%
Total Liabilities	\$145,435,813	\$116,290,967	\$125,067,878	\$8,776,911	8%
NET ASSETS	\$84,139,925	\$91,943,288	\$73,456,334	(18,486,954)	-20%
Days Cash on Hand	42	42	33		
REVENUES					
Net Patient Service	\$203,634,792	\$101,698,289	\$106,391,445	\$4,693,156	5%
Grants, Contracts & Awards	134,333,766	\$62,393,099	\$52,050,852	(10,342,247)	-17%
UPL/PCIP	31,167,308	\$16,125,408	\$15,583,811	(541,597)	-3%
Other Revenue	25,292,645	\$22,398,887	\$53,219,539	30,820,652	138%
Total Revenues	\$394,428,511	\$202,615,683	\$227,245,647	\$24,629,964	12%
EXPENSES					
Faculty Support	\$239,926,200	\$117,463,924	\$141,657,992	\$24,194,068	21%
Housestaff Support	12,625,776	8,772,413	8,635,547	(136,866)	-2%
Other Staff Support	28,163,009	11,569,505	12,460,509	891,004	8%
USFTGP Staff Support	71,421,450	35,413,733	41,139,065	5,725,332	16%
Other Expenses	39,160,277	\$23,611,999	\$26,594,020	2,982,021	13%
Total Expenses	\$391,296,711	\$196,831,574	\$230,487,133	\$33,655,559	17%
Operating Profit Before Non-Cash Changes	\$3,131,800	\$5,784,109	\$(3,241,486)	\$(9,025,595)	-156%
Total Non-Cash Changes	\$(7,976,684)	\$(3,631,357)	\$(3,534,214)	\$97,143	-3%
NET OPERATING PROFIT	\$(4,844,884)	\$2,152,752	\$(6,775,700)	\$(8,928,452)	-415%
Operating Profit Margin	1%	3%	-1%	2%	78%
Unrealized Investment Gains (Losses)	\$2,864,898	\$1,104,594	\$1,812,675	\$1,052,223	95%
Gain (Loss) on Disposal of Capital Assets	0	\$0	0	0	0%
Other Non Operating Expense	(1,964,696)	\$(1,125,851)	(960,553)	165,298	-15%
Contribution to MCOM	(7,162,223)	(5,435,036)	(4,760,012)	675,024	-12%
Total Non-Operating Changes	\$(6,262,021)	\$(5,456,293)	\$(3,907,890)	\$(2,354,131)	43%
NET OPERATING PROFIT	\$(11,106,904)	\$(3,303,541)	\$(10,683,590)	\$(11,282,583)	342%



FY 2025 Quarter 2

INCOME STATEMENT

	FY 2024	FY 2024	FY 2025		
REVENUES	ACTUALS	QUARTER 2	QUARTER 2	\$	%
Net Patient Service	\$203,634,792	\$101,698,289	106,391,445	\$4,693,156	5 %
Grants, Contracts & Awards	134,333,766	62,393,099	52,050,852	\$(10,342,247)	(17)%
UPL/PCIP	31,167,308	16,125,408	15,583,811	\$(541,597)	(3)%
Other Revenue	25,292,645	22,398,887	53,219,539	\$30,820,652	138 %
Total Revenues	\$394,428,511	\$202,615,683	\$227,245,647	\$24,629,964	6 %
EVDENICEC					
EXPENSES	Ф220 026 200	Ф11 7 462 024	141 655 000	(04.104.060)	(21)0/
Faculty Support	\$239,926,200	\$117,463,924	141,657,992	(24,194,068)	(21)%
Housestaff Support	12,625,776	8,772,413	8,635,547	136,866	2 %
Other Staff Support	28,163,009	11,569,505	12,460,509	(891,004)	(8)%
USFTGP Staff Support	71,421,450	35,413,733	41,139,065	(5,725,332)	(16)%
Depreciation/Amortization	7,976,684	3,631,357	3,534,214	97,143	3 %
Other Expenses	39,160,277	23,611,999	26,594,020	(2,982,021)	(13)%
Total Expenses	\$399,273,395	\$200,462,931	\$234,021,347	(\$33,558,416)	(8)%
OPERATING PROFIT BEFORE					
NON-CASH CHANGES	\$(4,844,884)	\$2,152,752	\$(6,775,700)	\$58,188,380	(1,201)%
Unrealized Investment Gains (Losses)	2,864,898	1,104,594	1,812,675	(708,081)	(64)%
Contribution to MCOM	(7,162,223)	(5,435,036)	(4,760,012)	(675,024)	12 %
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0 %
Other Non Operating Expense	(1,964,696)	(1,125,851)	(960,553)	(165,298)	15 %
Total Non-Cash Changes	(\$6,262,021)	(\$5,456,293)	(\$3,907,890)	(\$1,548,403)	25 %
NET OPERATING PROFIT	(\$11,106,904)	(\$3,303,541)	(\$10,683,590)	\$56,639,977	(510)%
Operating Profit Margin	2%	1%	-3%	236%	7,528 %



FY 2025 QUARTER 2 REPORT - DECEMBER 31 2024

EXECUTIVE SUMMARY

State the DSO's Statutory Mission which Supports the Goals of the University

- The University of South Florida Research Foundation was established to promote, encourage, and enhance the research activities of University of South Florida faculty, staff and students.
- The Research Foundation owns and operates real property assets that include the USF Research Park and various buildings that are located within
 the Research Park. DSO revenue is generated primarily through long-term leases of facilities utilized by the University research enterprise and
 private sector entities.
- The USF Innovation Enterprise, which encompasses the Research Foundation, USF Research Park, Technology Transfer Office, and the USF
 Tampa Bay Technology Incubator, contributes to a robust innovation-based ecosystem to include community startups and corporate partnerships
 with the University.
- As a DSO, the Research Foundation provides a mechanism for the funding of licensed research and development activities at the University. The
 Research Foundation provides broad and flexible financial mechanisms to administer private research contracts and grants, including corporate and
 private foundation-sponsored programs. We assist the University by working in cooperation with the University's Technology Transfer Office in
 the commercialization of University inventions including license agreements, and receipt and distribution of royalties related to intellectual
 property.

Major Business Initiatives - FY25

- Negotiations on the remaining space in the 3814 Spectrum building continue with interest from several university units along with external marketing for corporate research teams. An LOI for space on the second floor was signed and the resulting sublease agreement is currently in negotiations. The Soft Landing Labs consisting of 5 wet lab/work modules are fully leased with a waitlist. A grant application will be resubmitted for the development of additional incubator facilities that will add new labs, offices, and collaborative spaces to serve the university spinout and technology startup community. The incubator program's existing wet lab facilities have a three-year waitlist and an external demand study validates the need for additional facilities. All other space in the Research Park remains fully leased.
- Technology Transfer (TTO) continues to place an emphasis on the monetization of the IP portfolio licensing as well as patent infringement litigation. Technology Transfer/Research Foundation are collaborating with the University for support of the metrics produced by the Technology Transfer Office which contribute to preeminence and AAU.
- Technology Transfer is actively seeking partnering opportunities with third parties to provide technology transfer services as a fee-for-service and has secured arrangements with Florida Gulf Coast University and the University of West Florida.

Explanation Of Major Variances

Balance Sheet

- Investments decreased \$2.2 million mainly due to net redemption of \$6 million for operating and capital expenditures offset by increase in market value.
- Lease receivables decreased \$4.9 million mainly due to amortization of long-term lease agreements in accordance with GASB 87.
- Capital assets increased \$3.2 million due to build out of 3814 Spectrum
- Non-Depreciable Items increased \$1.5 million mainly due to the increase in CIP for the build out of 3814 Spectrum.
- Unearned revenue increased \$522K mainly due to 2 grants received in FY25 that were not received in FY24.
- Accounts payable decreased \$1.4 million mainly due to decrease in TTO cost allocation to DSO, which decreased \$1.1 million from prior year.
- Deferred Inflows of Resources (Leases) decreased \$5.4 million due to amortization of long-term lease agreements in accordance with GASB 87.

Income Statement

- Rental revenue increased \$343K due to 2 leases commencing in November 2024 in 3814 Spectrum
- The IP University Exp TTO Cost Allocation to DSO expense is \$1.1m less than the prior year period mainly due to decrease in allocated costs to the Research Foundation. For FY25 the Research Foundation is only responsible for 100% of legal costs while the University covers 100% of operating costs.

Cash Flow Statement

• Changes in Assets and Liabilities (net) decreased \$14.3 million from prior year mainly due to campus relocation project which the Research Foundation managed on behalf of the University.



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

BALANCE SHEET

(In thousands)	As of Deco	ember 31,	Variance		
	2024	2023	\$	%	
<u>ASSETS</u>					
Current Assets					
Cash and Cash Equivalents	\$4,162	\$3,816	\$346	9 %	
Investments	37,084	39,323	(2,239)	(6)%	
Receivables	2,211	2,389	(178)	(7)%	
Other Current Assets	166	104	62	60 %	
Total Current Assets	\$43,624	\$45,631	\$(2,007)	(4)%	
Noncurrent Assets	0015	400.5	A (0)	(1)0/	
Other Receivables	\$217	\$225	\$(8)	(4)%	
Lease Receivables	46,027	50,933	(4,906)	(10)%	
Capital Assets	99,891	96,694	3,197	3 %	
Less: Accumulated Depreciation	(47,464)	(43,484)	(3,979)	(9)%	
Non-Depreciable Items (CIP, Land, etc.)	18,129	16,666	1,463	9 %	
Reserve for Debt Service	2,514	2,514	-	0 %	
Developer Rights to Research Park, net	6,414	6,530	(116)	(2)%	
Total Noncurrent Assets	\$125,728	\$130,078	\$(4,349)	(3)%	
Total Assets	\$169,352	\$175,709	\$(6,357)	(4)%	
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts Payable	\$2,422	\$3,772	\$(1,350)	(36)%	
Due to Primary Unit	7,460	7,228	232	3 %	
Unearned Revenue	1,199	677	522	77 %	
Other Current Liabilities	1,418	1,155	263	23 %	
Total Current Liabilities	\$12,499	\$12,832	\$(333)	(3)%	
Noncurrent Liabilities					
Note Payable & Finance Purchase Lease Obligations	\$35,392	\$37,633	\$(2,241)	(6)%	
Total Noncurrent Liabilities	\$35,392	\$37,633	\$(2,241)	(6)%	
Deferred Inflows of Resources (Leases)	\$43,763	\$49,207	\$(5,443)	(11)%	
	ψ 10,7 00	ψ12 ,2 07	(C, 110)	(11)/0	
Total Liabilities & Deferred Inflows	\$91,654	\$99,672	\$(8,018)	(8)%	
Net Position	\$77,698	\$76,037	\$1,661	2 %	
Total Liabilities & Net Position	\$169,352	\$175,709	\$(6,357)	(4)%	



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

INCOME STATEMENT

(In thousands)	Period Ending	December 31,	Variance	
	2024	2023	\$	%
REVENUES				
Rental Revenue	\$5,708	\$5,364	\$343	6 %
Intellectual Property Revenue (TTO Initiator)	881	1,037	(156)	(15)%
Other Operating Revenues	102	88	15	17 %
Total Revenues	\$6,691	\$6,489	\$202	3 %
<u>EXPENSES</u>				
Salaries & Benefits	\$708	\$604	\$104	17 %
Intellectual Property Program Expense	627	715	(88)	(12)%
IP University Exp - TTO Cost Allocation to DSO	1,261	2,379	(1,118)	(47)%
Operations - Research Park	2,324	2,450	(126)	(5)%
Other Operating Expenses	183	152	31	21 %
UBC Net Expense (University Business Center)	-	13	(13)	(100)%
Interest Expense	612	681	(68)	(10)%
Depreciation & Amortization	2,158	2,165	(8)	(0)%
Total Expenses	\$7,873	\$9,159	\$(1,285)	(14)%
OPERATING INCOME (LOSS) BEFORE				
NON-OPERATING REVENUE (LOSS)	\$(1,182)	\$(2,670)	\$1,488	56 %
Investment Income (Loss)	\$1,638	\$2,011	\$(373)	(19)%
Investment Income (Loss) - IP Equity Transaction	(30)	(666)	635	95 %
Total Non-Operating Income (Expense)	\$1,608	\$1,346	\$262	19 %
NET INCOME (LOSS)	\$426	\$(1,324)	\$1,750	132 %



FY 2025 QUARTER 2 REPORT - DECEMBER 31, 2024

STATEMENT OF CASH FLOWS

(In thousands)	Period Ending	December 31,	Variance	9
	2024	2023	\$	%
OPERATING ACTIVITIES				
Net Income (Loss)	\$426	\$(1,324)	\$1,750	132 %
Adjustments for Non-Cash Activities:				
Add back (Deduct) Non-Cash Investment Loss (Gain	(1,315)	(1,114)	(201)	(18)%
Add back Depreciation/Amortization Expense	2,158	2,165	(8)	(0)%
Add back Other Non-Cash Expense	-	(0)	0	100 %
Change in Assets and Liabilities (net)	(16,266)	(1,884)	(14,382)	(763)%
Total Cash From Operating Activities	\$(14,998)	\$(2,158)	\$(12,840)	(595)%
INVESTING ACTIVITIES	Φ(2 , 5 0.0)	40	Φ(2 , 5 0.0)	0.7
Purchase of Investments	\$(2,500)	\$0	\$(2,500)	%
Capital Expenditures	(177)	(876)	699	80 %
Total Cash From Investing Activities	\$(2,677)	\$(876)	\$(1,801)	(206)%
FINANCING ACTIVITIES				
Redeem Investments	\$8,500	\$4,000	\$4,500	113 %
Finance Purchase Lease Obligation - 3814 Bldg	(1,056)	(1,014)	(41)	(4)%
Finance Purchase Lease Obligation - UDI Bldg	(142)	(136)	(6)	(4)%
Payment - UBC Lease Liability	-	(114)	114	100 %
Principal Payment - Note Payable	(905)	(870)	(35)	(4)%
Total Cash From Financing Activities	\$6,398	\$1,866	\$4,531	243 %
CHANGE IN CASH	(11,277)	(1,167)	(10,110)	(866)%
Cash, Beginning of Year	15,439	4,983	10,456	210 %
Cash, End of Period	\$4,162	\$3,816	\$346	9 %

FY 2025 QUARTER 2 REPORT - December 31, 2024

USF Health Professions Conferencing Corporation EXECUTIVE SUMMARY

MAJOR BUSINESS INITIATIVES - FY 2025

- HPCC, through the CAMLS facility, continues to support USF's mission by providing access to flexible simulation, education, and anatomical/cadaveric training space to our students, including Morsani College of Medicine Undergraduate Medical Education (UME), Graduate Medical Education (GME), and Physician's Assistant (PA), College of Nursing Certified Registered Nurse Anesthetist (CRNA) Program, Muma College of Business, and most recently Taneja College of Pharmacy. HPCC provides these services at cost, inclusive of all PO&M funding received for CAMLS.
- HPCC has implemented several strategies to increase business volume from its already diversified client base. Volume discounts, off season discounts, increased travel to conferences for face-to-face contact with clients, adding a .5 FTE to the business development team, will counter the effects of smaller trainings, requiring less space since COVID, and many medical associations are choosing venues outside of Florida due to their organization's perspectives related to recent changes in Florida laws.
- CAMLS has successfully leveraged its unique capabilities and expertise to build out a research division focused on emerging technologies in training and education including virtual reality, artificial intelligence, and simulation. This division has already achieved its first milestone by being awarded a National Institutes of Health SBIR Phase 2 grant in partnership with Immertec, a local virtual reality startup, for a combined award amount of \$1.6M (\$530K USF) which will also help support USF's goal of maintaining AAU status. The USF effort is also matched with a Florida High Tech Corridor matching grant. Currently, HPCC does not receive indirect support from the university for the use of simulation and vivarium space for research, but the desired long term is to receive indirect fees from research which will offset costs for staff and space, leading to a positive impact on HPCC's operating income. In July, CAMLS was awarded two SSTR Phase 2 grants by the US Department of Defense to develop VR Medical Trainings for Women's Health and Perioperative Expeditionary Medical Support in the amount of \$2.5M (\$750K USF) in collaboration with SimX, for AFWERX with the US Department of Air Force Research Laboratory.
- The Office of Continuing Professional Development (OCPD) has expanded its portfolio of online programming in partnership with medical
 education companies (MECs) and although it will produce similar results in FY25 compared prior FY24, continued support will be required
 from MCOM to underwrite USF programming.

EXPLANATION OF MAJOR VARIANCES FROM PRIOR YEAR

- 'Cash and cash equivalents' increased \$631K from 6/30/2024 as a result of increasing current liabilities 'Unearned revenue' increased \$326K and 'Due to USF/DSOs' increased \$640K from underfunding of HPCC's USF convenience account and \$224K in Observorship residuals and department payouts. 'Deferred inflows related to grants' increased \$31K while \$681K of cash was used for 'Lease obligations'.
- Contracts & grants non USF', which includes MEC related grants, decreased year over year. MEC related grants were down \$1.8M as MEC revenue fluctuates due to programs having a two-year lifespan. Approximately 95% of grant revenue is recognized in the first quarter of inception and is paid out to the MEC, which is why 'Programming Services' was also down \$1.6M year over year. Price increases by OCPD and continued efforts by CAMLS Business Development, produced an increase of \$200K in Other Healthcare and \$300K in Industry clients providing an offset to the \$1.8M decrease of grant revenues and expenses.
- Salaries & benefits' increased year over year as facility and event staffing shifted to HPCC from other USF Health areas along with merit and equity increases.
- Rent, utilities, and equipment leases, along with other operating expenses, decreased due to the increased efficiency of new chillers, which
 require less wattage to operate, as well as the consolidation of maintenance contracts.
- Operating loss decreased by \$278K, driven by effective management of operating expenses, a strategic marketing push to secure contracts, and successful pricing increases.
- Transfers from UMSA increased \$498K due to receiving remaining funds HPCC qualified for through the HEERF COVID funding.
- Days cash on hand' decreased from 47 to 44 year-over-year, as we focus on improving the underfunded balance in the convenience account
 through steady bi-monthly payments, while also ensuring sufficient cash reserves to cover all expenses.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Net Position

as of December 31, 2024 and June 30, 2024

	Cı	urrent Year as of 12/31/24]	Prior Year as of 6/30/24	,	Variance \$	Variance
<u>Assets</u>							
Current Assets:							
Cash and cash equivalents	\$	1,495,703	\$	865,001	\$	630,702	73 %
Accounts receivable		668,837		313,055		355,782	114 %
Due from USF/DSO		74,015		223,022		(156,457)	(70)%
Prepaid expenses		217,920		127,920		90,000	70 %
Lease receivable		281,271		288,917		(7,646)	(3)%
Other current assets		23,486		24,444		(958)	(4)%
Total Current Assets		2,761,232		1,842,359		911,423	49 %
Non-current Assets:							
Capital assets, net		1,471,586		1,572,546		(100,960)	(6)%
Right-of-use assets, net		13,395,774		13,704,611		(308,837)	(2)%
Lease receivable, non-current		557,159		719,897		(162,738)	(23)%
Total Non-current Assets		15,424,519		15,997,054		(572,535)	(4)%
Total Assets	\$	18,185,751	\$	17,839,413	\$	338,888	2 %
Deferred Outflows of Resources							
Bond Prepayment Premium	\$	53,709	\$	62,001	\$	(8,292)	(13)%
<u>Liabilities</u>							
Current Liabilities:							
Lease obligations, current portion	\$	1,358,346	\$	1,323,549	\$	34,797	3 %
Accounts payable		80,894		450,786		(369,892)	(82)%
Accrued expenses - other		82,332		47,398		34,934	74 %
Due to USF/DSO's		1,991,041		1,125,583		865,458	77 %
Unearned revenue		1,299,829		966,238		326,141	34 %
Other current liabilities				-		-	100 %
Total Current Liabilities		4,812,442		3,913,554		891,438	23 %
Non-current Liabilities:							
Lease obligations, net of current portion		7,582,339		8,263,475		(681,136)	(8)%
Total Non-current Liabilities		7,582,339		8,263,475		(681,136)	(8)%
Total Liabilities		12,394,781		12,177,029		210,302	2 %
Deferred Inflows of Resources							
Deferred inflows related to grants		465,063		433,936		31,127	7 %
Deferred inflows related to leases		838,430		1,008,813		(170,383)	(17)%
Total Deferred Inflow of Resources	\$	1,303,493	\$	1,442,749	\$	(139,256)	(10)%
Net Position							
Net investment in capital and right-of-use assets		5,926,675		5,690,134		236,541	4 %
Operating unrestricted		(1,385,489)		(1,408,498)		23,009	(2)%
Total Net Position	\$	4,541,186	\$	4,281,636	\$	259,550	6 %
		[Page25 of 31]					_

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Revenues, Expenses and Changes in Net Position

For the Six months ended December 31, 2024 and 2023

	rrent Year as of 2/31/24]	Prior Year as of 12/31/23	Variance \$	Variance %
Operating Revenues	 2,01,21		12/01/20	 Ψ	variance /o
Contracts & grants - non USF	\$ 3,850,935	\$	5,139,966	\$ (1,289,031)	(25)%
Contracts & grants - USF	1,756,438		1,757,529	(1,091)	(0)%
Program registration & exhibits	268,329		287,717	(19,388)	(7)%
Rental revenue	218,387		175,894	42,493	24 %
Rebates & commissions	 41,115		17,840	 23,275	130 %
Total Operating Revenues	 6,135,204		7,378,946	 (1,243,742)	(17)%
Operating Expenses					
Program services B	2,892,165		4,484,506	(1,592,341)	(36)%
Supporting services					
Salaries & benefits	2,268,703		2,120,891	147,812	7 %
Wages - program driven temporary staffing	66,465		58,620	7,845	13 %
Rent, utilities & equipment leases	525,111		606,457	(81,346)	(13)%
Other operating expenses	288,226		301,932	(13,706)	(5)%
Right-of-use asset amortization	112,489		102,655	9,834	10 %
Depreciation expense	 308,837		309,030	 (193)	(0)%
Total Operating Expenses:	 6,461,996		7,984,091	 (1,522,095)	(19)%
Operating Loss	\$ (326,792)	\$	(605,145)	\$ 278,353	(46)%
Non-operating Revenues (Expenses)					
Transfers from UMSA- Continuing Ed - Faculty, Students	\$ 693,439	\$	195,000	\$ 498,439	256 %
USF carryforward funding	-		597,000	(597,000)	(100)%
Investment income	17,374		1,997	15,377	770 %
Bond prepayment premium Interest expense on lease obligations	(8,292)		(9,217)	925	(10)%
Gain on asset disposal	(116,179)		(129,699) 400	13,520 (400)	(10)% (100)%
Total Net Non-operating Revenue	 586,342		655,481	(69,139)	(11)%
Increase in Net Postion	259,550		50,336	209,214	416 %
increase in Net Postion	239,330		30,330	209,214	410 %
Net Position, beginning of year	4,281,636		4,177,201	104,435	3 %
Net Position, end of period	\$ 4,541,186	\$	4,227,537	\$ 313,649	7 %
Contribution Margin Ratio A - B A	50%		37%		

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Cash Flow

For the Six months ended December 31, 2024 and 2023

		rrent Year as of 12/31/24		Prior Year as of 12/31/23		Variance \$	Variance %
Cash flows provided by (used in) operating activities	•	5 001 005	Φ	0.222.440	Φ.	(2.422.255)	200/
Programmatic receipts Facility operations receipts	\$	5,801,085 646,487	\$	8,223,440 646,487	\$	(2,422,355)	-29% 0%
Rents & rebate receipts		248,602		186,877		61,725	33%
Total Receipts		6,696,174		9,056,804		(2,360,630)	-26%
Programmatic disbursements		(3,311,853)		(4,571,644)		1,259,791	-28%
Staffing disbursements		(1,800,000)		(1,250,000)		(550,000)	44%
Operations disbursements		(892,945)		(897,916)		4,971	-1%
Total Disbursements		(6,004,798)		(6,719,560)		714,762	-11%
Net cash flows provided by (used in) operating activities		691,376		2,337,244		(1,645,868)	-70%
Cash flows provided by non-capital and related financing activities							
Transfers from UMSA- Continuing Ed - Faculty, Students		693,439		195,000		498,439	256%
Net cash provided by non-capital and related financing activities		693,439		195,000	_	498,439	256%
Cash flows provided by (used in) capital and related financing activities							
Purchases of capital assets		(8,970)		(289,170)		280,200	-97%
Proceeds on sale of fixed assets		-		400		(400)	-100%
Principal payments under lease obligations		(646,338)		(606,603)		(39,735)	7%
Interest payments on lease obligations		(116,179)		(129,699)		13,520	-10%
Net cash used in capital and related financing activities:		(771,487)		(1,025,072)		253,585	-25%
Cash flows provided by investing activities							
Investment Income		17,374		1,997		15,377	770%
Net cash provided by investing activities		17,374		1,997		15,377	770%
Net increase (decrease) in cash and cash equivalents		630,702		1,509,169		(878,467)	-58%
Cash and cash equivalents, beginning of year		865,001		476,489		388,512	82%
Cash and cash equivalents, end of period	\$	1,495,703	\$	1,985,658	\$	(489,955)	-25%
Cash:							
Cash and cash equivalents - Checking		1,359,519		1,849,542		(490,023)	-26%
Cash and cash equivalents - Designated Savings		136,184		136,116		68	0%
	\$	1,495,703	\$	1,985,658	\$	(489,955)	-25%
Days cash on hand		44		47			

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

	_					
Operating income (loss)	\$	(326,792) \$	(605,145)	\$	278,353	-46%
Adjustments to reconcile operating income to net cash provided by operating						
activities:						
Depreciation expense		112,489	102,655		9,834	10%
Right-of-use asset amortization		308,837	309,030		(193)	0%
USF carryforward funding for non-cash expense		-	597,000	((597,000)	-100%
Changes in operating assets and liabilities and deferred inflows of resources						
which provided (used) cash:						
Accounts receivable and due fr USF/DSO		(199,326)	(65,249)	((134,077)	205%
Prepaid expenses		(90,000)	(25,547)		(64,453)	252%
Lease receiveable		170,384	113,979		56,405	49%
Fixed asset accruals		(2,559)	(487,820)		485,261	-99%
Other current and non-current assets		958	1,926		(968)	-50%
Accounts payable, accrued expenses and other noncurrent liabilities		530,500	851,110	((320,610)	-38%
Refunds due to sponsors and other current liabilities		-	-		-	100%
Unearned revenue		326,141	584,187	((258,046)	-44%
Deferred inflows of resources		(139,256)	961,118	(1,	100,374)	-114%
Net cash flows from operating activities	\$	691,376 \$	2,337,244	\$ (1,	,645,868)	-70%



USF Institute of Applied Engineering, Inc

FY 2025 REPORT - DEC 31, 2024

INCOME STATEMENT

(In thousands)	CURRENT YEAR	PRIOR FISCAL YEAR	Varian	ce
REVENUES	9/30/2024	6/30/2024	\$	%
Contracts Revenues	5,872	9,850	(3,978)	(40)%
Hillsborough County Grant	111	832	(721)	(87)%
Other Revenues	1,240	1,485	(245)	(17)%
Total Revenues	7,222	12,167	(4,945)	(41)%
<u>EXPENSES</u>				
Direct Project Expenses				
Salaries & Benefits	1,755	3,475	(1,721)	(50)%
Subcontractors	1,635	3,107	(1,472)	(47)%
Other Direct Costs	182	399	(218)	(55)%
USF Shared Services	133	179	(46)	(26)%
Total Direct Project Expenses	3,704	7,161	(3,457)	(48)%
General Administrative Expenses (Non-USF Funded)				
Salaries & Fringe	378	1,650	(1,272)	(77)%
Sales & Marketing	63	201	(138)	(69)%
Professional Services	74	191	(117)	(61)%
Human Resources		35	(35)	(99)%
Facilities	231	111	120	107 %
Other G&A Expenses	118	475	(357)	(75)%
Sub-Total G&A Expenses (Non-USF Funded)	864	2,664	(1,799)	(68)%
General Administrative Expenses (USF Funded)				
USF Contribution Expenses	1,328	1,642	(314)	(19)%
Sub-Total G&A Expenses (USF Funded)	1,328	1,642	(314)	(19)%
Total Expenses	5,897	11,467	(5,570)	(49)%
OPERATING PROFIT BEFORE	,	,	() /	,
NON-CASH CHANGES	1,325	700	626	89 %
Danuaciation & Association	208	451	(243)	(54)%
Depreciation & Amortization Total Non-Cash Changes	208	451	(243)	(54)%
NET INCOME	1,117	249	868	349 %
Operating Profit Margin	18%	6%		



USF Institute of Applied Engineering, Inc

FY 2025 REPORT - SEP 30, 2024

BALANCE SHEET

(In thousands)	CURRENT	PRIOR	Varian	ce
	YEAR	FISCAL YEAR	Φ.	0.4
	9/30/2024	6/30/2024	<u> </u>	%
ASSETS				
Current Assets				
Cash and Cash Equivalents	5,017	3,203	(1,814)	(57)%
Accounts Receivable	1,574	967	(607)	(63)%
Prepayments and Other Current Assets	211	84	(126)	(150)%
Total Current Assets	6,802	4,254	(2,547)	(60)%
Noncurrent Assets				
Capital Assets:	• • • • •			
Laboratory Equipment and Fixtures, Net	3,808		437	10 %
TOTAL ASSETS	10,610	8,499	(2,111)	(25)%
LIABILITIES				
Current Liabilities				
Accounts Payable	5,325	4,008	(1,317)	(33)%
Accrued Expenses	86	67	(19)	(29)%
Current portion of right-to use lease liability	188	176	(12)	(7)%
Total Current Liabilities	5,599	4,251	(1,348)	(32)%
Long-term Liabilities				
Long Term Lease Liability	2,449	2,803	354	13 %
Total Current Liabilities	2,449	2,803	354	13 %
NET POSITION	2,561	1,446	(1,116)	(77)%



USF Institute of Applied Engineering, Inc

FY 2025 REPORT - SEP 30, 2024

STATEMENT OF CASH FLOWS

(In	tl	housands)	
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OPERATING ACTIVITIES

Net Income

Less: Adjustments
Depreciation & Amortization

Change in Working Capital Current Asset Changes Current Liability Changes

Total Cash From Operating Activities

INVESTING ACTIVITIES

Capital Expenditures

Total Cash From Investing Activities

FINANCING ACTIVITIES

Capital Lease Non-Interest Payments **Total Cash From Financing Activities**

CHANGE IN CASH

Cash, Beginning of Year Cash, End of Year

Total Cash & Investments

Days Cash on Hand

CURRENT	PRIOR	Vari	ance
YEAR 9/30/2024	FISCAL YEAR 6/30/2024	\$	%
9/30/2024	0/30/2024	J)	/0
1,117	249	868	349 %
208	451	(243)	(54)%
(733)	1,293	(2,027)	(157)%
1,375	192	1,183	615 %
1,967	2,185	(218)	(10)%
0	(916)	916	(100)%
0	(916)	916	(100)%
(126)	(88)	(38)	43 %
(126)	(88)	(38)	43 %
(120)	(88)	(38)	43 /0
1,841	1,181	659	56 %
3,203	2,022	1,181	58 %
5,044	3,203	1,841	57 %
		-	-
5,044	3,203	1,841	57 %
77	102	(25)	(24)%