

**Institute for Commercialization  
of Public Research, Inc.**

**Consolidated Financial Statements  
with Supplemental Schedule  
and Information**

**June 30, 2016**

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## Independent Auditors' Report

To the Board of Directors  
Institute for Commercialization of Public Research, Inc.  
Boca Raton, Florida

### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of the Institute for Commercialization of Public Research, Inc. (the "Institute"), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued from previous page*

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Institute at June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650 Rules of the Auditor General of the State of Florida, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the Institute'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 Institute's internal control over financial reporting and compliance.

*Accountal Capital LLP*

Boca Raton, Florida  
November 21, 2016

Institute for Commercialization of Public Research, Inc.  
Consolidated Statement of Financial Position  
June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash	\$ 449,777	\$ -	\$ 4,028,244	\$ 4,478,021
Grants receivable	425,000	6,057	-	431,057
Prepaid expenses	17,649	-	-	17,649
Total current assets	<u>892,426</u>	<u>6,057</u>	<u>4,028,244</u>	<u>4,926,727</u>
Noncurrent assets:				
Seed funding loans and related interest	-	-	7,893,899	7,893,899
Allowance for loan losses	-	-	(1,200,000)	(1,200,000)
Convertible notes and related interest	-	-	2,721,494	2,721,494
Equity investments	-	-	5,684,593	5,684,593
Property and equipment, net	740	-	-	740
Deposits	1,500	-	-	1,500
Total non current assets	<u>2,240</u>	<u>-</u>	<u>15,099,986</u>	<u>15,102,226</u>
Total assets	<u>\$ 894,666</u>	<u>\$ 6,057</u>	<u>\$ 19,128,230</u>	<u>\$ 20,028,953</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 416,487	\$ -	\$ 276	\$ 416,763
Deferred seed funding fee revenue	91,194	-	-	91,194
Total current liabilities	<u>507,681</u>	<u>-</u>	<u>276</u>	<u>507,957</u>
Net assets	<u>386,985</u>	<u>6,057</u>	<u>19,127,954</u>	<u>19,520,996</u>
Total liabilities and net assets	<u>\$ 894,666</u>	<u>\$ 6,057</u>	<u>\$ 19,128,230</u>	<u>\$ 20,028,953</u>

See accompanying notes to the consolidated financial statements.

Institute for Commercialization of Public Research, Inc.  
Consolidated Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
State grants	\$ 1,500,000	\$ -	\$ 4,000,000	\$ 5,500,000
Administrative fee	200,000	-	-	200,000
Contributions	64,807	99,250	-	164,057
Programs	-	16,667	-	16,667
Net assets released from restrictions	162,022	(162,022)	-	-
Total support revenue	<u>1,926,829</u>	<u>(46,105)</u>	<u>4,000,000</u>	<u>5,880,724</u>
Expenses:				
Program services	1,628,958		1,689,570	3,318,528
Support services	414,409	-	-	414,409
Total expenses	<u>2,043,367</u>	<u>-</u>	<u>1,689,570</u>	<u>3,732,937</u>
Change in net assets before other income	<u>(116,538)</u>	<u>(46,105)</u>	<u>2,310,430</u>	<u>2,147,787</u>
Other income:				
Interest income	-	-	423,649	423,649
Fee income	120,100	-	32,307	152,407
Total other income	<u>120,100</u>	<u>-</u>	<u>455,956</u>	<u>576,056</u>
Change in net assets	3,562	(46,105)	2,766,386	2,723,843
Net assets, beginning of year	<u>383,423</u>	<u>52,162</u>	<u>16,361,568</u>	<u>16,797,153</u>
Net assets, end of year	<u>\$ 386,985</u>	<u>\$ 6,057</u>	<u>\$ 19,127,954</u>	<u>\$ 19,520,996</u>

See accompanying notes to the consolidated financial statements.

Institute for Commercialization of Public Research, Inc.  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2016

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	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 1,113,945	\$ 278,486	\$ 1,392,431
Loan loss expense	1,489,570	-	1,489,570
Entrepreneur in residence activity	379,584	-	379,584
Administrative fee	200,000	-	200,000
Professional fees	13,898	45,217	59,115
Government relations	-	60,000	60,000
Rent	42,235	4,693	46,928
Travel and entertainment	29,129	7,282	36,411
Conferences and meetings	7,929	1,982	9,911
Advertising	15,091	3,773	18,864
Subscriptions	8,415	2,104	10,519
Office supplies	3,163	351	3,514
Telephone	5,555	1,389	6,944
Insurance	-	6,847	6,847
Postage and printing	2,752	688	3,440
Depreciation	1,372	152	1,524
Miscellaneous	5,687	1,422	7,109
Repairs and maintenance	203	23	226
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 3,318,528	\$ 414,409	\$ 3,732,937
	<hr/>	<hr/>	<hr/>

See accompanying notes to the consolidated financial statements.

Institute for Commercialization of Public Research, Inc.  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2016

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Cash flows from operating activities:	
Change in net assets	\$ 2,723,843
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Allowance for loan losses	300,000
Write-off of uncollectable loans	880,996
Depreciation	1,524
Noncash interest income	(266,721)
(Increases) decreases in operating assets:	
Equity investments	(3,227,429)
Convertible notes receivable	(985,000)
Grants receivable	962,019
Prepaid expenses	(12,641)
Decreases (increases) in operating liabilities:	
Accounts payable and accrued expenses	29,637
Deferred seed funding fee revenue	(32,307)
Total adjustments	<u>(2,349,922)</u>
Net cash provided by operating activities	<u>373,921</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	373,921
Cash at beginning of year	<u>4,104,100</u>
Cash at end of year	<u>\$ 4,478,021</u>

See accompanying notes to the consolidated financial statements.

## **Note 1 – Organization and Purpose**

The Institute for Commercialization of Public Research, Inc. (the “Institute”) is a nonprofit organization, organized as a corporation under the laws of the State of Florida on July 13, 2007 and amended and restated on June 3, 2009. Formed by the Florida Legislature in 2007, the Institute works with the technology licensing offices at Florida universities and research institutions to uncover commercially-viable technologies and create new innovation-based products and companies. The Institute is a one-stop shop for investors and entrepreneurs who seek to identify new opportunities based on technologies developed through publicly-funded research. The Institute facilitates new venture creation through technologies in major industries that are driving the global economy, including clean energy, life science, information technology, aviation and aerospace, homeland security, and other sectors.

In 2011, the Institute was entrusted with \$10 million to establish the Seed Capital Accelerator Program (“SCAP”) to fill early funding gaps by providing financing to qualified start-up companies, and to continue to support applications for commercialization support.

The Florida Senate passed House Bill 705 (“HB 705”) and was approved by the Governor on July 1, 2013. HB 705 authorized the Institute to create a corporate subsidiary, the Florida Technology Seed Capital Fund, LLC (the “Fund”).

On September 11, 2013, the Fund was established as a limited liability company organized as a corporation under the laws of the State of Florida. The purpose of the Fund is to foster greater private sector investment funding, to encourage seed-stage investments in start-up companies, and to advise companies on how to restructure existing management, operations, or production to attract advantageous business opportunities and funding. The proceeds of a sale of investments held by the Fund will be retained by the Fund and used for reinvestment.

The Institute and the Fund (collectively, the “Organization”) implement seed funding programs with investment horizons that span three (3) to seven (7) years.

## **Note 2 – Significant Accounting Policies**

### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Organization. Since the Institute has both control and economic interest in the Fund, the financial statements of the Fund have been included in these consolidated financial statements. All significant intercompany transactions and balances have been eliminated in consolidation.

### **Basis of Presentation**

The accompanying consolidated financial statements are presented on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Revenues are reported as increases in unrestricted net assets, unless there are donor imposed purposes and/or time restrictions on the assets. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expenditures of funds received through government grants from the State of Florida are recorded as support services expenses when performance occurs under the terms of the grant agreements.

## Note 2 – Significant Accounting Policies, continued

### *Basis of Presentation, continued*

The Organization reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions. The three net asset categories are reflected in the accompanying consolidated financial statements as follows:

**Unrestricted Net Assets** – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purpose by the actions of the Board of Directors.

**Temporarily Restricted Net Assets** – subject to donor-imposed stipulations that may be fulfilled by the actions of the Board of Directors or become unrestricted at the date specified by the donor.

**Permanently Restricted Net Assets** – subject to donor-imposed stipulations that are to be maintained indefinitely.

### *Use of Estimates*

The preparation of the consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Reclassifications*

Certain prior year net asset balances have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the total previously reported activities.

### *Revenue Recognition*

All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

## Note 2 – Significant Accounting Policies, continued

### Revenue Recognition, continued

#### Institute

##### SCAP

In September 2011, the Institute was awarded a grant from the Department of Economic Opportunity of State of Florida (“DEO”) in nonrecurring funds in the amount of \$10,000,000 under SCAP, a performance based funding program. The purpose of the SCAP is to support job creation in the State of Florida. The terms of the SCAP agreement are subject to the availability of funds, legislative appropriations and/or statutory changes. Under the grant, \$8,500,000 was allocated for purposes of a seed capital loan program, which provides seed funding up to \$300,000 for each qualified applicant. The balance of \$1,500,000 was assigned to support operations and other relevant Institute programs. Revenue from the grant was deemed to be fully earned and recognized during the year ended June 30, 2012.

During June 2012, the Institute and the DEO entered into an amendment to the original SCAP agreement. According to the terms of the amendment, the SCAP was extended until June 30, 2013, and the Institute was appropriated \$1,000,000 in nonrecurring funds from the Florida's General Revenue Fund for administration of SCAP and support of the Institute's operations and other relevant programs. Revenue from the grant was deemed to be fully earned and recognized during the year ended June 30, 2013.

#### Fund

The Fund was awarded \$5,500,000 from the DEO for the period from July 1, 2013 to June 30, 2016, of which \$4,500,000 was allocated to the Fund and \$1,000,000 was allocated to the Institute for operations. Under this award, the Fund is responsible for processing business applications for commercialization, and to provide \$50,000 to \$300,000 of seed funding investments to qualifying companies with a one-to-one private sector match, with additional investment funding of up to \$200,000 with a two-to-one private sector match required for follow-on investments, not to exceed \$500,000 cumulatively.

The Fund may invest in the following types of securities:

- A convertible note, generally with a three (3) year maturity that provides for mandatory conversion into an equity security.
- A note with warrants, with the loan repaid at or before maturity and warrants to purchase the common stock of the company.
- If a qualifying company has matching funds in the form of equity, the Fund may invest for equity under the same terms.

## Note 2 – Significant Accounting Policies, continued

### Revenue Recognition, continued

#### Fund, continued

During October 2014, the Fund and the DEO entered into an amendment to the original agreement. According to the terms of the amendment, the Organization was awarded another \$5,500,000 for the period from July 1, 2014 through June 30, 2015, of which \$4,000,000 was allocated to the Fund to provide seed funding investments and \$1,500,000 was allocated to the Institute for its ongoing operations. Revenue from the grant was deemed to be fully earned and recognized during the year ended June 30, 2016.

During July 2015, the Fund was awarded an additional \$5,500,000 from the DEO for the period from July 1, 2015 to June 30, 2016. According to the terms of the grant agreement, \$4,000,000 was allocated to the Fund to provide seed funding investments and \$1,500,000 was allocated to the Institute for its ongoing operations. Revenue from the grant was deemed to be fully earned and recognized in the consolidated statement of activities during the year ended June 30, 2016.

#### Cash and Cash Equivalents

The Organization considers highly liquid investments with original maturities of three (3) months or less to be cash equivalents. The Organization held no cash equivalents at June 30, 2016. The Organization maintains its cash in interest and non-interest bearing bank accounts at one (1) financial institution which, at times, may exceed Federal Deposit Insurance Corporation ("FDIC") limits. Terms of the grant agreements require that certain funds to be segregated from other organizational funds and held in interest bearing accounts. Interest earned on the interest bearing account is periodically returned to the DEO in accordance with the terms of the grant agreements.

Temporarily and permanently restricted cash is held solely for disbursements to qualified grant recipients under the grant agreements.

#### Grants Receivable

The grants receivable balance at June 30, 2016 represents funds to be received from the 2015 DEO grant award.

All amounts are deemed collectible and therefore, no allowance for potentially uncollectible grants receivable has been provided for.

#### Seed Funding Loans and Related Interest

Seed funding loans provided through SCAP are comprised of five-year term loans issued to qualified applicants. Loans are stated at their unpaid principal balances and accrue interest at a fixed annual rate of 2.5% plus the effective interest rate on the 10-year U.S. Treasury Bond at the date of the first advance of the loan. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal balance amounts outstanding. Both principal and accrued interest on the loans are due at maturity.

## Note 2 – Significant Accounting Policies, continued

### *Seed Funding Loans and Related Interest, continued*

Loans are considered to be impaired if full principal and accrued interest are not expected to be received in accordance with the contractual terms due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, or for other reasons. Impaired loans are placed on nonaccrual status, and any accrued interest previously accrued is written-off, or an allowance is established. The allowance for loan losses at June 30, 2016 was \$1,200,000. Investments in portfolio company equity, convertible indebtedness or loans (financial instruments) are evaluated individually for establishing an allowance for impairment, and are based on management's review and analysis of the portfolio companies' operations in order to estimate the likelihood of recovery of the carrying amount of the financial instruments. This allowance represents management's best estimate at June 30, 2016 based upon these periodic reviews.

During the year ended June 30, 2016, seed loans to three companies were deemed uncollectible and written-off to loan loss expense.

### *Convertible Notes and Interest Receivable*

Three (3) to five (5) year-term loans issued to qualified applicants. Convertible notes are stated at their unpaid principal balances and accrue interest at a fixed annual rate of 4.0% plus the effective interest rate on the 10-year U.S. Treasury Bond at the date of the first advance of the convertible note. Interest on convertible notes is recognized over the term of the convertible note and is calculated using the simple-interest method on principal balance amounts outstanding. Both principal and accrued interest on the convertible notes are due at maturity.

Convertible notes are considered to be impaired if full principal and accrued interest are not expected to be received in accordance with the contractual terms due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, or for other reasons. Impaired convertible notes are placed on nonaccrual status, and any accrued interest previously accrued is written off or an allowance is established. At June 30, 2016, one convertible note in the amount of \$208,065 was reserved for and included in the allowance for loan losses at June 30, 2016.

### *Deferred Loan Fees*

Loan origination fees are deferred and amortized on a straight-line basis, over the lives of the related loans. Amortization of deferred loan fees would be suspended if a loan is placed on nonaccrual status. The unamortized loan fees would be written-off if the related loan were written-off.

### *Property and Equipment*

Property and equipment is stated at cost. Purchases greater than \$500 with a useful life in excess of one (1) year are capitalized. Maintenance and repair costs are expensed as incurred. Depreciation is computed using the straight line method over the estimated useful lives of three (3) to five (5) years.

## Note 2 – Significant Accounting Policies, continued

### Income Taxes

The Institute is a non-profit corporation which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, accordingly, generally would not incur income taxes. The Fund is a single member limited liability company and its results are included in the Institute's tax filings. As a result, the consolidated financial statements do not reflect a provision for income taxes.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the year. At June 30, 2016, the Organization has no liabilities for uncertain tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2012.

### Classification of Expenses

The costs of providing the program and other activities of the Organization have been summarized in the accompanying consolidated statement of activities on a functional basis. Accordingly, certain costs have been allocated among the program and support services benefited. Indirect salaries and related expenses have been allocated based on the function of the staff across the departments and all other indirect expenses consisting of insurance, supplies, utilities, and others have been allocated based on predetermined allocation percentages, related to the departments benefited.

### Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018. Management is evaluating the potential impact of this new guidance on the financial statements.

## Note 2 – Significant Accounting Policies, continued

### *Recent Accounting Pronouncements, continued*

In August 2016, the FASB issued ASU No. 2016-14 Not-For-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*. Under the new guidance, not-for-profit entities are required to: (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method reconciliation if using the direct method; (4) provide enhanced disclosure on (a) governing board designations, appropriation, and similar actions that result in self-imposed limits on use of resources without donor-imposed restrictions as of the end of the period; (b) composition of net assets with donor restrictions at the end of the period; (c) qualitative information that communicates how the Association manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date; (d) qualitative information that communicates availability of the Organization's financial asset at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date; (e) amount of expenses by both their natural and functional classification; (f) methods used to allocate costs among programs and support functions; (g) additional disclosures on underwater endowment funds. The new reporting guidance is effective for fiscal years beginning after December 15, 2017. Management is evaluating the potential impact of this new guidance on the financial statements.

### *Date of Management's Review*

The Organization evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through November 21, 2016, the date the consolidated financial statements were available to be issued.

**Note 3 – Equity Investments**

The investments consist of common stock, preferred stock, and member units which are not publicly traded.

Equity investments consist of the following at June 30, 2016:

	<u>Type</u>		
Company i	Common Stock	\$	200,000
Company ii	Common Stock		300,000
Company iii	Class A Member Units		300,000
Company iv	Preferred Stock		200,000
Company v	Common Stock		299,972
Company vi	Class C Member Units		137,500
Company vii	Class A-2 Member Units		200,000
Company viii	Common Stock		300,000
Company ix	Preferred Stock		312,919
Company x	Preferred Stock		206,773
Company xi	Common Stock		155,000
Company xii	Class A Voting Stock		200,000
Company xiii	Class A Common Stock		300,000
Company xiv	Series A Preferred Stock		200,000
Company xv	Class A Voting Stock		300,000
Company xvi	Series Seed Common Stock		200,000
Company vi	Class C Units		52,500
Company xiii	Class A Voting Stock		100,000
Company xvii	Seed Preferred Stock		300,000
Company xv	Class A Voting Stock		200,000
Company xviii	Class B Nonvoting Shares		300,000
Company ii	Series Seed Preferred Stock		221,567
Company xix	Class A Preferred Stock		211,079
Company xx	Series A Preferred Stock		210,060
Company xx	Series A Preferred Stock		51,249
Company v	Class B Common Stock		175,000
Company xx	Series A Preferred Stock		50,974
		\$	<u>5,684,593</u>

### Note 3 – Equity Investments, continued

Company i is a Gainesville-based company with technology developed at the University of Florida that provides a platform for medical, nursing and allied health students to engage in standardized simulated clinical experiences where the students use their computers to orally and physically examine a patient. These clinical simulations provide opportunities to develop better bedside manner, improve physical examination procedures and take better patient histories. Company i also has a loan under the SCAP program. (See Company 2 in Note 6)

Company ii is a Windermere-based company based on technology developed at Florida Atlantic University that provides integrated point-of-sale software for merchants to provide enhanced email receipts to customers, as well as a complementary mobile-enabled receipt portal application for consumers to manage all of their receipts. The company also plans to serve aggregated marketing data gathered from the receipts as market and demographic information to subscribed merchants. A portion of the company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016.

Company iii is a Newberry-based company based on technology developed at the University of Florida that is developing a medicinal beverage that is an amino acid-based, non-sugar beverage formulated to prevent and remedy dehydration and related symptoms associated with the treatment of life threatening or chronic illnesses such as cancer, as well as acute and chronic diseases of the bowel.

Company iv is a Miami-based pharmaceutical company with technology developed at the University of Miami that is discovering and developing novel therapies based on growth hormone-releasing hormone (GHRH) analogs. Company iv also has a loan under the SCAP program. (See Company 16 in Note 6)

Company v is a Boca Raton-based company based on technology developed at Florida Atlantic University that is developing point-of-care wireless, pocket-size and cordless ultrasound devices with touchscreen monitor user-interface at affordable cost making ultrasound available for all medical physicians. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016.

Company vi is a Boca Raton-based company based on technology developed at the University of South Florida, that is developing advanced speculum solutions that enable improved cervical examinations and improve patient outcomes. Company vi also has a loan under the SCAP program. (See Company 17 in Note 6)

Company vii is a Newberry-based company based on technology developed at the University of Florida that is a medical drink that is an amino acid-based, non-sugar beverage formulated to prevent and remedy dehydration and related symptoms associated with the treatment of life threatening or chronic illnesses, such as cancer, as well as acute and chronic diseases of the bowel. Company vii was formerly known as Company iii.

Company viii is a Tampa-based company with technology developed at the University of South Florida that is in the process of commercializing its 3D fibrous scaffold (FISS™) driven cell culture and tumoroid technology (TUMOR-ON-A-DISH™). The products are designed for use in 3D cell culture reagents for cancer researchers, 3D drug discovery (3D-DD™) for pharmaceutical companies and individualized cancer treatment (FITx™).

### Note 3 – Equity Investments, continued

Company ix is a Gainesville-based company based on technology developed at the University of Florida that has unique payload packages designed for unmanned aerial vehicles for accurate geographic mapping, agricultural surveys, civil surveys for government agencies and prime contractors. The company has licensed technology from UF for flight plan algorithms that allow the company's products to provide autonomous flight surveys. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016.

Company x is a Miami-based startup company with technology developed at the University of Miami that offers an effective, non-invasive and low-cost point-of-care oral rinse test strip to be used as an adjunctive screening test for oral cancer (i.e. head and neck squamous cell carcinoma - HNSCC) prior to observation of visual symptoms. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016. Company x also has a loan under SCAP program. (See Company 18 in Note 6)

Company xi is a Gainesville-based startup company with technology developed at the University of Florida that licenses an integrated software system for providing online mental health treatment. The company's system allows treatment at half the cost of traditional face-to-face psychotherapy, with no decrease in income for the therapist, resulting in improved patient outcomes. Company xi also has a loan under the SCAP program. (See Company 28 in Note 6)

Company xii is a Gainesville-based company based on technology developed at the University of Florida that will improve mobility for those living with a neurological disorder by using proprietary functional electrical stimulation techniques that improve patient outcomes and experiences.

Company xiii is an Orlando-based company based on technology developed at the University of Central Florida that is developing a smartphone-enabled platform for first-level point-of-care diagnostics, allowing rapid detection of infections and diseases.

Company xiv is a Tallahassee-based company with technology developed at Florida State University that produces diagnostic kits and reagents that detect viral and allergenic proteins for food safety and infectious disease markets. Company xiv also has a loan under the SCAP program. (See Company 15 in Note 6)

Company xv is an Orlando-based company based on technology developed at the University of Central Florida that solves specific payroll integration problems in the Workday SaaS ecosystem and has a "Golden Ticket" that will ensure high barriers to entry and a guaranteed market.

Company xvi is a Gainesville-based company with technology developed at the University of Florida that is converting consumer off-the-shelf depth cameras into powerful 3D mapping systems. Their software allows users to scan a space using commercially available cameras, upload their data to the company's cloud infrastructure, which converts the raw scan to a CAD file and download their model for use in the consumer's 3D CAD/Modeling tool of choice. Company xvi also has a loan under the SCAP program. (See Company 21 in Note 6)

Company xvii is a Gainesville-based company based on technology developed at Florida State University that provides adblocker analytics solutions for websites that are suffering revenue loss because of the proliferation of adblocker apps.

### Note 3 – Equity Investments, continued

Company xviii is a Gainesville-based company based on technology developed at the Florida Institute for Human and Machine Cognition that is a software application that provides legal professionals support in the legally defensible collection, investigation, and analysis of relevant social media history.

Company xix is a Gainesville-based company based on technology developed at the University of Florida that has developed a system that measures labor contractions as well as maternal and fetal heart rates. The product is an advanced, wireless electronic maternal-fetal monitor that will provide an advanced alternative to the current external sensors. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016. Company xix also has a loan under the SCAP program. (See Company 19 in Note 6)

Company xx is a Tampa-based company based on technology developed at the University of Florida that is a multi-city, multi-gym membership that allows consumers to attend the fitness classes they want without spending more than they need. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016.

### Note 4 – Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs at amortized cost, which approximates fair value.

#### Note 4 – Fair Value Measurements, continued

There are three acceptable techniques that can be used to measure fair value: the market approach, the income approach and the cost approach. Selection of the appropriate technique for valuing a particular asset requires consideration of the exit market, the nature of the asset and how a market participant would value the same asset. Ultimately, determination of the appropriate valuation method requires significant judgment. Due to the inherent uncertainty of valuation, estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Valuation inputs refer to the assumptions market participants would use in pricing a given asset or liability. Inputs can be observable or unobservable. Observable inputs are assumptions that are based on market data and obtained from independent sources. Unobservable inputs are assumptions based on the Organization's own information or assessment of assumptions used by other market participants in pricing the asset. Unobservable inputs are based on the best and most current information available on the measurement date.

All inputs, whether observable or unobservable, are ranked in accordance with a prescribed fair value hierarchy that gives the highest ranking to quoted prices in active markets for identical assets (Level 1) and the lowest ranking to unobservable inputs (Level 3). Fair values for assets classified as Level 2 are based on one or a combination of the following factors: (a) quoted prices for similar assets; (b) observable inputs for the assets; or (c) inputs derived principally from, or corroborated by, observable market data. The level within the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2016, the Fund has investments in early stage; non-publicly traded companies which are carried at fair value. In general, the Organization's funded cost initially is considered the investments' fair value until an "event" occurs. Such events would include further financing by the Fund (or a third party), significant changes in the financial position or commencement of operating results of the investment. If the investment's performance and potential have deteriorated, the investment value would be written down.

The method described above may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, Organization management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized.

**Note 4 – Fair Value Measurements, continued**

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at June 30, 2016 for each of the fair value hierarchy levels:

	Fair Value Measurements at June 30, 2016			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity investments:				
Company i	\$ 200,000	\$ -	\$ -	\$ 200,000
Company ii	300,000	-	-	300,000
Company iii	300,000	-	-	300,000
Company iv	200,000	-	-	200,000
Company v	299,972	-	-	299,972
Company vi	137,500	-	-	137,500
Company vii	200,000	-	-	200,000
Company viii	300,000	-	-	300,000
Company ix	312,919	-	-	312,919
Company x	206,773	-	-	206,773
Company xi	155,000	-	-	155,000
Company xii	200,000	-	-	200,000
Company xiii	300,000	-	-	300,000
Company xiv	200,000	-	-	200,000
Company xv	300,000	-	-	300,000
Company xvi	200,000	-	-	200,000
Company vi	52,500	-	-	52,500
Company xvii	300,000	-	-	300,000
Company xviii	100,000	-	-	100,000
Company xix	300,000	-	-	300,000
Company xx	200,000	-	-	200,000
Company xxi	300,000	-	-	300,000
Company xxii	221,567	-	-	221,567
Company xxiii	211,079	-	-	211,079
Company xxiv	210,060	-	-	210,060
Company xxv	51,249	-	-	51,249
Company xxvi	175,000	-	-	175,000
Company xxvii	50,974	-	-	50,974
Total assets	\$ 5,984,593	\$ -	\$ -	\$ 5,984,593

**Note 4 – Fair Value Measurements, continued**

Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been realized had a ready market for the investments existed, and the differences could be material.

The following table shows the change in the fair value of the Level 3 assets for the year ended June 30, 2016. An asset is classified as Level 3 if unobservable inputs are significant relative to the overall fair value measurement of the asset.

Changes in Level 3 assets measured at fair value for the year ended June 30 are as follows:

	<u>2016</u>
June 30, 2015	\$ 2,457,164
Realized gains or (losses)	-
Unrealized gains or (losses)	-
Loan loss expense	(289,570)
Purchases, issuance, and settlements	3,816,999
Transfers in and/or out of Level 3	-
June 30, 2016	<u>\$ 5,984,593</u>

**Note 5 – Grants Receivable**

The unrestricted grant receivable represents DEO amounts due to the Institute for support of the Organization's operations.

The temporarily restricted grants receivable represents amounts due to the Institute for the support of specific program initiatives.

**Note 6 – Seed Funding Loans Receivable**

The seed funding loans under SCAP are non-collateralized, with principal and related accrued interest on the loans due at maturity.

Seed funding loans consist of the following SCAP loans at June 30, 2016:

<u>Recipient</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Loan Principal</u>	<u>Accrued Interest</u>	<u>Deferred Loan Fees</u>
Company 1	11/02/11	11/02/16	4.625%	\$ 300,000	\$ 64,636	\$ 1,120
Company 2	11/17/11	11/17/16	4.500%	280,000	58,181	998
Company 3	04/26/12	04/26/17	4.500%	300,000	56,398	1,329
Company 4	05/10/12	05/10/17	4.500%	100,000	18,627	1,570
Company 5	05/24/12	05/24/17	4.250%	19,004 *	- *	- *
Company 6	08/29/12	08/29/17	4.150%	300,000	47,759	2,342
Company 7	10/26/12	10/26/17	4.125%	300,000	45,510	1,981
Company 4	10/16/12	10/16/17	4.500%	200,000	33,369	1,293
Company 8	11/16/12	11/16/17	4.125%	300,000	20,016	5,071
Company 9	12/31/12	12/31/17	4.250%	300,000	46,798	2,252
Company 10	01/29/13	01/29/18	4.125%	300,000	42,298	3,237
Company 11	02/25/13	02/25/18	4.500%	300,000	18,074	6,051
Company 12	04/17/13	04/17/18	4.500%	- *	- *	- *
Company 13	04/26/13	04/26/18	4.250%	300,000	42,935	2,729
Company 14	05/02/13	05/02/18	4.500%	300,000	42,713	2,729
Company 15	05/10/13	05/10/18	4.250%	150,000	20,031	1,393
Company 16	06/07/13	06/07/18	4.250%	300,000	39,086	2,901
Company 17	06/27/13	06/27/18	4.250%	300,000	38,390	2,984
Company 18	07/26/13	07/26/18	4.250%	300,000	37,377	3,103
Company 19	08/30/13	08/30/18	5.000%	225,000	31,901	3,563
Company 20	09/13/13	09/13/18	5.000%	50,000	6,993	1,250
Company 15	09/30/13	05/10/18	5.000%	76,000	10,442	1,271
Company 21	11/20/13	11/20/18	5.250%	300,000	41,123	3,584
Company 19	12/04/13	08/30/18	5.000%	75,000	9,647	1,900
Company 22	12/30/13	12/30/18	5.250%	149,999	3,927	3,376
Company 23	01/15/14	01/15/19	5.250%	- *	- *	- *
Company 24	03/26/14	03/26/19	5.250%	50,000	6,616	3,734
Company 22	04/23/14	12/30/18	5.250%	150,001	798	3,610
Company 25	07/11/14	07/10/19	5.000%	300,000	- *	6,045
Company 24	08/07/14	03/26/19	5.250%	250,000	24,884	5,088
Company 23	08/15/14	01/15/19	5.250%	- *	- *	- *
Company 26	08/26/14	08/26/19	4.880%	300,000	27,006	5,210
Company 27	07/29/14	07/29/19	5.000%	300,000	28,603	5,235
Company 23	09/18/14	01/15/19	5.250%	- *	- *	- *
Company 28	12/04/14	12/04/19	4.750%	144,000	10,757	4,245
				<u>\$ 7,019,004</u>	<u>\$ 874,895</u>	<u>\$ 91,194</u>

\* Written down to amounts deemed recoverable

**Note 6 – Seed Funding Loans Receivable, continued**

Company 1 is an Orlando-based company, with technology developed at the University of Florida, which develops nanomaterial for next generation video displays, solar cells, and a range of other photoelectric devices.

Company 2 is a Gainesville-based company with technology developed at the University of Florida that is developing a platform for medical, nursing and allied health students to engage in standardized simulated clinical experiences where the students use their computers to orally and physically examine a patient. These clinical simulations provide opportunities to develop better bedside manner, improve physical examination procedures and take better patient histories. The Company's goal is to provide students with more clinical learning experiences in healthcare education. Company i also has a loan under the SCAP program.

Company 3 is an Ocala-based technology company, with technology developed at the University of Florida, which has developed a specialized Internet marketing platform for small service providers. The platform facilitates the ease in which people can search for and purchase services over the Internet, and initially plans to target Florida's online adventure tourism market.

Company 4 is a Jupiter-based company, with technology developed at Moffitt Cancer Center, which is developing treatments for cancer and other proliferative diseases wherein cells grow or multiply rapidly. Its initial therapeutics are expected to aid in the treatment of a wide variety of cancers with potentially greater efficacy and significantly fewer side effects than existing therapies in the anti-cancer market.

Company 5 is a Newberry-based company based on technology developed at the University of Florida that focuses on innovative sensor and communications solutions. The company's platform uses ultra-low power circuits, energy harvesting self-power and unique sensor materials to deliver a low cost short-range wireless sensor and communications system for use in ingestible or implantable *in vivo* medical applications or in health care, commercial and industrial applications requiring indefinite shelf life. This company was deemed uncollectible and written down to settlement value received subsequent to June 30, 2016.

Company 6 is a Miami-based company with technology licensed at the University of South Florida that discovers and develops therapies derived from natural products to address significant unmet needs in epilepsy and related neurological diseases. The company develops novel therapies for neurodegenerative diseases that will help patients better manage their condition and achieve greater control over their lives. The company is also developing a number of other novel classes of small molecule compounds focused on neurological disease applications.

Company 7 is a Gainesville-based company with technology discovered at the University of Florida that is engaged in advancing the commercial development of a novel drug compound targeting pancreatic cancer. The new drug candidate targets DNA replication in the acinar/ductal cells of the pancreas from which cancerous tumors typically emerge. In animal models at two independent laboratories, the drug has demonstrated near 100% suppression of transplanted human pancreatic cancer, including metastatic pancreatic cancer growth.

**Note 6 – Seed Funding Loans Receivable, continued**

Company 8 is a Tampa-based company with research conducted at the University of South Florida that is engaged in development and commercialization of advanced platform polymer technology. The company's wound care technology delivers a water-based solution, ultimately providing hydration, cooling, and natural debridement to the wound bed while maintaining a moist wound environment. By offering a variety of topical products, the company is designed to promote healing, prevent infection, and reduce associated costs for care.

Company 9 is a Miami-based biotechnology company with technology developed at the University of Miami focused on providing non-invasive, genomic-based, clinical diagnostic tests for patients with heart failure. The new diagnostic tests will provide personalized and individualized information to each patient and their physician through the genomic analysis of the patient's heart tissue or blood sample, and with this information, the heart patient and physician can make substantially improved and clear treatment decisions.

Company 10 is a Tampa-based pharmaceutical company, with technology developed at Moffitt Cancer Center, which is dedicated to the development of novel treatments for multiple myeloma. The company is developing MTI-101, a drug with a novel, first in class mechanism of action for myeloma, an incurable blood cancer.

Company 11 is a Tallahassee-based company that, with technology developed at Florida State University, addresses the mild traumatic brain injury (mTBI) market. The company is formulating therapeutics for nasal delivery to ease use in the field and to maximize delivery to the brain.

Company 12 is a Tallahassee-based company with technology developed at Florida State University that is creating a more commercially viable fuel cell which incorporates a thin membrane composed of carbon nanotubes, reducing the need for expensive platinum that, until now, has made fuel cells too expensive to be widely marketed. This innovation will lead to power generation that is lower in cost, more efficient and cleaner for the environment, while bringing increased stability to the electric grid. This company's loan was deemed uncollectible and was fully written-off and charged to loan loss expense.

Company 13 is an Orlando-based company that, with technology developed at the University of Central Florida, focuses on developing low-cost, low-weight and high-strength materials without sacrificing critical features such as product durability, efficiency and performance.

Company 14 is a Gainesville-based company that, with technology developed at the Institute for Human and Machine Cognition, provides a learning enrichment program designed to help children improve motor skills, language, and information processing.

Company 15 is a Tallahassee-based company that, with technology developed at Florida State University, produces diagnostic kits and reagents that detect viral and allergenic proteins for food safety and infectious disease markets.

Company 16 is a Miami-based pharmaceutical company that, with technology developed at the University of Miami, is discovering and developing novel therapies based on growth hormone-releasing hormone (GHRH) analogs.

**Note 6 – Seed Funding Loans Receivable, continued**

Company 17 is a Boca Raton-based company, with technology developed at the University of South Florida, which is developing advanced speculum solutions that enable improved cervical examinations and improve patient outcomes.

Company 18 is Miami-based company that, with technology developed at the University of Miami, offers an effective, non-invasive and low-cost point-of-care oral rinse test strip to be used as an adjunctive screening test for oral cancer (i.e. head and neck squamous cell carcinoma – HNSCC) prior to observation of visual symptoms.

Company 19 is a Gainesville-based company based on technology developed at the University of Florida that has developed a system that measures labor contractions as well as maternal and fetal heart rates. The product is an advanced, wireless electronic maternal-fetal monitor that will provide an advanced alternative to the current external sensors. This company's seed funding was originally in the form of a convertible note that was converted to equity during the year ended June 30, 2016. Company 19 also has a loan under the SCAP program. (See Company 19 in Note 6)

Company 20 is a St. Petersburg-based company that, with technology created at the University of South Florida, is developing a platform for water analysis which provides real-time physical, chemical and biological characteristics of water resources.

Company 21 is a Gainesville-based company with technology developed at the University of Florida that is converting consumer off-the-shelf depth cameras into powerful 3D mapping systems. Its software allows users to scan a space using commercially available cameras, upload their data to a cloud infrastructure, which converts the raw scan to a CAD file and download their model for use in its consumer's 3D CAD/Modeling tool of choice.

Company 22 is a Gainesville-based company with technology developed at the University of Florida, that offers a non-contact, continuous vital signs monitoring device for equine heartbeat, respiration and temperature that will eliminate dangerous stress caused by intrusive contact monitoring, reduce response time for animals in distress, provide better tracking systems and lower the cost of animal care.

Company 23 is an Orlando-based company with technology developed at the University of Florida which conducts market research that turns static consumer segmentation and shopper marketing studies into a web application that continuously tracks changes in consumer segments including in-store consumer location. This company's loans were deemed uncollectible and were fully written-off and charged to loan loss expense.

Company 24 is a Miami-based company with technology developed at the University of Miami. The company is capitalizing on patented bio-technology designed to optimize stem cell treatments for cardiovascular disease. The company's founder and his team, in association with the University of Miami, have developed procedures for regulating human growth factors within stem cells or host tissues, and bio-engineering stem cells to provide an optimized therapy for ischemia related disease. The company currently is raising additional private investment capital to advance product development and testing.

**Note 6 – Seed Funding Loans Receivable, continued**

Company 25 is a Winter Park-based startup company with technology developed at the University of Florida that produces a biopolymer extraction from sugarcane bagasse, which results in a bio-renewable, water-degradable plastic product for short term uses.

Company 26 is a Sarasota-based company, with applied technology developed at the University of Florida that produces energy efficient plasma accelerators for open refrigeration systems for reducing airflow into surrounding ambient spaces, which will provide energy efficient solutions for open case refrigeration within the retail food and beverage segment.

Company 27 is a Delray Beach-based company with technology developed at Florida State University that created the Pacifier activated Lullaby (PAL®), a patented, FDA-approved system that teaches premature infants to suck productively and feed successfully.

Company 28 is a Gainesville-based startup company with technology developed at the University of Florida that licenses an integrated software system for providing online mental health treatment.

**Note 7 – Convertible Notes**

Convertible notes consist of the following notes at June 30, 2016:

<u>Recipient</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Loan Principal</u>	<u>Accrued Interest</u>
Company I	3/14/2014	3/14/2019	8.000%	\$ 12,669	\$ - *
Company II	06/06/14	06/06/17	6.500%	157,500	21,176
Company III	07/24/14	07/24/17	6.500%	300,000	37,771
Company II	12/04/14	06/06/17	6.500%	142,500	14,566
Company V	03/31/15	03/31/18	6.000%	300,000	22,488
Company VII	03/10/15	12/31/19	0.000%	70,000	- *
Company VII	08/07/15	12/31/19	0.000%	105,000	- *
Company VIII	08/21/15	08/21/20	5.000%	250,000	10,753
Company IX	10/29/15	10/29/17	6.000%	300,000	12,082
Company XX	11/12/15	11/12/18	6.000%	300,000	11,382
Company XXI	11/09/15	11/09/18	5.000%	130,000	4,167
Company XXII	11/30/15	11/30/18	10.000%	300,000	16,766
Company III	02/29/16	2/29/2019	4.000%	200,000	2,674
				<u>\$ 2,567,669</u>	<u>\$ 153,825</u>

\*Non-interest bearing

**Note 7 – Convertible Notes, continued**

Company I is a Newberry-based company based on technology developed at the University of Florida that focuses on innovative sensor and communications solutions. The Company's platform uses ultra-low power circuits, energy harvesting self-power and unique sensor materials to deliver a low cost short-range wireless sensor and communications system for use in ingestible or implantable *in vivo* medical applications or in health care, commercial and industrial applications requiring indefinite shelf life. Company I, also has a loan under the SCAP program. This company was deemed uncollectible and fully written-off however subsequent to year end, in September 2016, the Organization received a settlement totaling \$12,669 on the total note receivable thus the receivable amount was adjusted to reflect this remaining balance. (See Company 5 in Note 6)

Company II is a Gainesville-based company based on technology developed at the University of Florida that provides monitoring and tracking solutions to improve the operations of businesses that rely on perishable supply chains. The company has developed Bluetooth-enabled wireless sensor tags and seamless communication software to help managers accurately monitor perishable products.

Company III is a Miami-based company based on technology developed at the University of Miami that is an emerging specialty pharmaceutical company focused on developing treatments for the management of excessive bleeding.

Company IV is a Pensacola-based company based on technology developed at the Florida Institute for Human and Machine Cognition for the prevention of blindness through early detection and diagnosis of diabetic retinopathy and glaucoma.

Company V is a Miami Beach-based company based on technology developed at the University of Miami that is launching a novel drug discovery method, integrating a process that identifies pathogen gene targets with drug targets, with another process that matches molecules to drug targets. This combined data is then compiled in a database, which will significantly speed up time to market for pharma and allow the company to eventually bring its own drugs to market.

Company VI is a Pensacola-based company based on technology developed at the Florida Institute for Human and Machine Cognition that has developed robots that combine the mechanical simplicity of a wheel with the compliance of a leg. The company is targeting the entertainment and defense markets.

Company VII is a Gainesville-based company based on technology developed at the University of Florida that is developing and commercializing Oqulus, an image analysis and telemedical system for the diagnosis of retinal vascular disease and vision loss associated with diabetes.

Company VIII is a Miami-based company based on technology developed at the University of Central Florida that delivers facial recognition and emotion analysis through an easy to integrate software as a service (SaaS) product.

Company IX is a St. Petersburg-based company based on technology developed at Florida State University that is creating a sleep mask that suppresses the onset of preterm labor, stops contractions in preterm labor and provides monitoring and compliance capabilities.

**Note 7 – Convertible Notes, continued**

Company X is a Gainesville-based company based on technology developed at the University of Florida that creates low-cost, large scale, high-throughput genotyping platforms for any species and any number of samples to increase efficiency in agribusiness.

**Note 8 – Credit Quality of Loans and Convertible Notes**

The Organization's seed funding and convertible loans are from start-up and early stage companies that do not have positive cash flows. The Organization obtains quarterly reports from the companies it funds to monitor and assess company activity and risks in order to take corrective action if needed, taking into consideration the seed investment horizon span of three (3) to seven (7) years.

The internal risk ratings are as follows:

<u>Internal Risk Rating</u>	<u>Description of Creditworthiness</u>
Acceptable	Receivable is of the highest quality and shows no indication of collectability problems.
Special mention	Receivable has a potential weakness that deserves management's close attention. If the potential weakness remains uncorrected, it may result in collectability problems at some point in the future.
Substandard	Due to the nature of the start-up and early stage funding activities, the receivables have a defined weakness(es) and are inadequately protected by the current net worth, paying capacity of the borrower or other factors. There is a reasonable possibility that the Institute will sustain some losses.

The recorded loans and notes receivable by credit quality indicator at June 30, 2016 are as follows:

<u>Internal Risk Rating</u>	<u>Loans and Interest Receivable</u>	<u>Notes and Interest Receivable</u>
Acceptable	\$ -	\$ -
Special mention	-	-
Substandard	7,893,899	2,721,494
	<u>\$ 7,893,899</u>	<u>\$ 2,721,494</u>

### **Note 8 – Credit Quality of Loans and Convertible Notes, continued**

Management has rated the credit quality of its loans and convertible notes as substandard, as the debtors are comprised of start-up, development stage entities that have only just commenced or have not yet commenced substantive operations. Qualifications of the loan and note recipients were based on, among other things, the qualitative attributes of the applicant's in-process technology, and the applicant's ability to support job creation in the State of Florida.

Management has monitored the information used to internally rate the receivables through November 21, 2016, the date the consolidated financial statements were available to be issued.

### **Note 9 – Property and Equipment**

Property and equipment consist of the following at June 30, 2016:

Computer equipment	\$	10,784
Leasehold improvements		1,966
		<u>12,750</u>
Less: accumulated depreciation		(12,010)
	\$	<u>740</u>

Depreciation expense amounted to \$1,524 for the year ended June 30, 2016.

### **Note 10 – Commitments and Contingencies**

#### **Operating Leases**

The Organization leases office space at the Tampa Bay Technology Incubator at the University of South Florida on a month-to-month basis. Monthly rent under the agreement is \$400.

The Organization leases office space at the Florida Innovation Hub at the University of Florida under a lease agreement which expired on October 31, 2013. This lease has been amended annually, expired on October 31, 2015, and was subsequently renewed under the same terms through October 31, 2016. Monthly rent under the amended agreement is \$1,556.

The Organization leases office space at Florida Atlantic Research and Development Park under a month-to-month lease through March 16, 2019. Monthly rent under the agreement is \$1,680.

Rent expense incurred in 2016 for all leases totaled \$46,928.

### **Note 11 – Concentrations**

#### **Cash**

The Organization maintains its cash in bank deposit accounts with one financial institution, which at times, may exceed Federal Deposit Insurance Corporation ("FDIC") limits of \$250,000.

At June 30, 2016, the Organization's bank balances exceeded FDIC limits by \$4,005,021. The Organization maintains its funds in a qualified public depository financial institution as designated by Florida's Chief Financial Officer to accept funds from governmental units in the State of Florida. To date, the Organization has not experienced any losses on such accounts.

### **Note 11 – Concentrations, continued**

#### **Grant Revenue**

During the year ended June 30, 2016, 99% of the Organization's grant revenue was provided by the Florida state legislature. Given the nature of the legislative process and current budget shortfalls, there are no guarantees that future grants for the Organization's programs will be made available.

### **Note 12 – Conflict of Interest Policy**

It is the policy of the Organization that all officers, directors and committee members shall avoid any conflict between their own individual interests and the interests of the Institute and Fund. Included among the Organization's directors and members are volunteers from the financial, medical and education community, who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of grants. The Organization has a conflict-of-interest policy whereby board and committee members must advise the Board of any direct and indirect interest in any transaction or relationship with the Organization and not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

The Vice-Chairman of the Board of Directors of the Organization serves as a Director of the Office of Technology Licensing at the University of Florida ("UF").

### **Note 13 – Related Party Transactions**

Since January 2012, the Institute has engaged UF to provide personnel staffing services to the Organization at cost. The current agreement expires on June 30, 2017. The costs of these services for the year ended June 30, 2016 equaled \$1,392,431, and are included in the salaries and benefits expense category for the program services in the consolidated statement of functional expenses.

### **Note 14 – Subsequent Events**

In July 2016, the Institute awarded a 3-year seed funding convertible bridge note in the amount of \$50,000 to an Orlando-based company based on technology developed at the University of Central Florida that is a platform that helps university students keep track of exams and assignments, offers textbook services, facilitates, internships and supports collaborative learning. The loan bears interest at an annual rate of 10%

In July 2016, the DEO awarded \$5,500,000 to the Institute for the year ended June 30, 2017. Under the terms of the agreement, \$1,500,000 was allocated to the Institute for operations and \$4,000,000 was allocated for Fund investments. In addition, of the funds awarded, an administrative fee of \$200,000 was approved to be paid from the Fund's allocation to the Institute for its management of the Fund.

In July 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with Company xx for \$200,000 in exchange for 60,790 Series A Preferred Stock with a par value of .0001 per share.

**Note 14 – Subsequent Events, continued**

In July 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with an Orlando-based company based on technology developed at the University of Central Florida that is modernizing and improving patient experience while capturing lost revenue for physicians through proprietary triage, no-wait and telehealth technology. The Institute provided seed funding in the amount of \$300,000 in exchange for 283,050 of the Company's Class B Non-Voting Common Stock.

In July 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with a Panama City based company based on technology developed at Gulf Coast State College that focuses on the safety of miners by offering cutting-edge Self Contained Self Rescuers. The Institute provided seed funding in the amount of \$300,000 in exchange for 166,667 shares of Common Stock.

In July 2016, the Institute award a 5 year seed funding convertible loan in the amount of \$300,000 to a Keystone Heights-based company based on technology developed at Florida State University that creates commercially viable auxetic foam with applications in a variety of markets. The loan bears interest at an annual rate of 6%.

In August 2016, the Institute awarded a 18 month seed funding convertible bridge note in the amount of \$300,000 to a Pensacola-based company based on technology developed at the Florida Institute for Human and Machine Cognition that is creating a single comprehensive CMS dashboard eliminating the need for third party systems and fees while creating effective, real-time visualization and analytics reporting tools. The loan bears interest at an annual rate of 12%

In August 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with a Boca Raton-based company with technology developed at the University of South Florida that is focused on diagnostics test to be used in the screening, prognosis, therapy selection and monitoring of ovarian cancer. The Institute provided seed funding in the amount of \$300,000 in exchange for 150,000 Class A Units.

In September 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with a Crawfordville-based company with technology developed at Tallahassee Community College-Wakulla Environmental Institute that is cultivating a new full water column oyster farming community in Apalachee Bay. The Institute provided seed funding in the amount of \$300,000 in exchange for 75,000 shares of Series A Convertible Preferred Stock.

In October 2016, the Institute awarded a 18 month seed funding convertible loan in the amount of \$75,000 with a Pensacola-based company based on technology developed at the Florida Institute for Human and Machine Cognition for the prevention of blindness through early detection and diagnosis of diabetic retinopathy and glaucoma. The loan bears an annual interest rate of 6%.

In October 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with a Gainesville-based company with technology developed at the University of Florida that is developing microbial strains and bioconversion processes to produce environmentally-friendly biochemicals. The Institute provided seed funding in the amount of \$300,000 in exchange for 128,491 Preferred Shares.

**Note 14 – Subsequent Events, continued**

In October 2016, the Institute entered into a new Supplemental Equity Match Investment Agreement with an Orlando-based company with technology developed at NASA/Kennedy Space Center that is developing a novel method of CO<sub>2</sub> capture that will satisfy unfulfilled demand. The Institute provided seed funding in the amount of \$300,000 in exchange for 25,000 Common Shares.

In October 2016, the Institute awarded a 24 month seed funding convertible loan in the amount of \$100,000 with an Orlando-based company based on technology developed at the University of Central Florida that is creating a four-dimensional lung phantom and simulator for radiotherapy. The loan bears an annual interest rate of 12%.

In October 2016, the Institute awarded a 48 month seed funding convertible loan in the amount of \$100,000 with a Gainesville-based company that has licensed a question recommendation engine from the University of Florida that increases teacher productivity and improves educational outcomes. The loan bears an annual interest rate of 8%.

In November 2016, the Institute awarded a 36 month seed funding convertible loan in the amount of \$200,000 with a company based on technology developed at the University of Florida that provides monitoring and tracking solutions for businesses with perishable supply chains. The loan bears an annual interest rate of 6.5%.

## Note 15 – Company Cross References

### Note 3 - Equity Investments

Company i	Shadow Health
Company ii	flexReceipts
Company iii	Enterade USA
Company iv	Biscayne Pharmaceuticals
Company v	EyeLife
Company vi	ClearSpec
Company vii	Entrinsic Health
Company viii	TransGenex
Company ix	Altavian
Company x	Vigilant Biosciences
Company xi	Tao Connect
Company xii	Myolyn LLC
Company xiii	Aviana Molecular Technologi
Company xiv	Biofront Technologies
Company xv	InteCrowd
Company xvi	Paracosm
Company xvii	Leven Labs
Company xviii	Social Evidence
Company xix	OB Medical
Company xx	Peerfit

### Note 6 - Seed Funding Loans

Company 1	NanoPhotonica
Company 2	Shadow Health
Company 3	Ocoos/Advanced Travl
Company 4	GLG Pharma
Company 5	eTect
Company 6	Insero Health
Company 7	Sun BioPharma
Company 8	KeriCure
Company 9	Heart Genomics
Company 10	Modulation Therapeutics
Company 11	Prevacus
Company 12	Bing Energy
Company 13	Garmor
Company 14	NeuroNet Learning
Company 15	BioFront Technologies
Company 16	Biscayne Pharmaceuticals
Company 17	Clear Spec
Company 18	Vigilant Biosciences
Company 19	OB Medical Company
Company 20	Spyglass Technologies
Company 21	Paracosm
Company 22	TruVitals
Company 23	Coefficient
Company 24	Integene
Company 25	US BioPlastics
Company 26	Cool Flow Dynamics
Company 27	Powers Medical Devices
Company 28	TAO Connect

Note 15 – Company Cross References, continued

Note 7 - Convertible Notes

Company I	eTect
Company II	Comm-N-Sense
Company III	RxMP Therapeutics
Company IV	IRIS
Company V	Genetic Networks
Company VI	Robotics Unlimited
Company VII	Sentinel Diagnostics
Company VIII	Kairos AR Inc
Company IX	KynderMed
Company X	Rapid Genomics

# Supplemental Schedule

Institute for Commercialization of Public Research, Inc.  
 Consolidated Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2016

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<u>State Grantor, Pass-Through Entity, State Project Title</u>	<u>CFSA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
State of Florida Department of Economic Opportunity (DEO)			
General Revenue:			
Institute for the Commercialization of Public Research	40.012	SB16-002	\$ 1,500,000
Economic Enhancement and Development Trust Fund Trust Fund:			
Institute for the Commercialization of Public Research	40.012	SB16-002	<u>4,379,783</u>
Total Expenditures of State Financial Assistance			<u>\$ 5,879,783</u>

See notes to the consolidated schedule of expenditures of state financial assistance.

**Note 1 – Significant Accounting Policies**

The accompanying consolidated schedule of expenditures of state financial assistance includes the state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General, and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Subrecipients**

None of the state expenditures presented in the accompanying consolidated schedule of expenditures of state financial assistance was provided to subrecipients.

# Supplementary Information

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and other Matters Based on an Audit of the  
Consolidated Financial Statements Performed in Accordance  
with *Government Auditing Standards***

To the Board of Directors  
Institute for Commercialization of Public Research Inc.  
Boca Raton, 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 consolidated financial statements of the Institute for Commercialization of Public Research, Inc. (the "Institute"), a Florida nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 21, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Continued from previous page*

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Institute's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. 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 Institute'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accountal Capital LLP*

Boca Raton, Florida  
November 21, 2016

**Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance Required in Accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida**

To the Board of Directors  
Institute for Commercialization of Public Research Inc.  
Boca Raton, Florida

***Report on Compliance for Each Major State Project***

We have audited the Institute for Commercialization of Public Research, Inc. (the "Institute") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of its major State projects for the year ended June 30, 2016. The Institute's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the State statutes, regulations, and the terms and conditions of the State projects applicable to its State projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Institute's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter (10.650, as applicable), Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the Institute's compliance.

***Opinion on Each Major State Project***

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended June 30, 2016.

*Continued from previous page*

***Report on Internal Control Over Compliance***

Management of Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Wagtail Calyon LLP*

Boca Raton, Florida  
November 21, 2016

**Institute for Commercialization of Public Research, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

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I. SUMMARY OF AUDITORS' REPORT

Financial Statements

- A. Type of auditors' report issued: Unqualified Opinion
- B. Internal controls over financial reporting:
- Material weakness(es) identified? \_\_\_ Yes     X No
  - Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ Yes     X No
- C. Noncompliance material to financial statements noted? \_\_\_ Yes     X No

State Projects

- D. Type of auditors' report issued on compliance for major state projects: Unqualified Opinion
- E. Internal control over major projects:
- Material weakness(es) identified? \_\_\_ Yes     X No
  - Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ Yes     X No
- F. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida? \_\_\_ Yes     X No
- G. Identification of major programs:

State Projects

<u>CSFA Number</u>	<u>Name of Major State Project</u>
40.012	Seed Capital Accelerator Loan Program

- H. Dollar threshold used to distinguish between type A and type B state projects \$     500,000
- I. Auditee qualified as low-risk auditee? \_\_\_ Yes     X No

II. FINANCIAL STATEMENT FINDINGS

- A. Internal Control Reporting  
None reported.
- B. Compliance  
None reported.

Institute for Commercialization of Public Research, Inc.  
Schedule of Findings and Questioned Costs, continued  
For the Year Ended June 30, 2016

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III. STATE PROJECTS FINDINGS AND QUESTIONED COSTS

A. Internal Control Reporting

None reported.

B. Compliance

None reported.

IV. MANAGEMENT LETTER

None required. There were no findings related to State projects required to be reported in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida.

V. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None required. There were no prior audit findings related to State projects required to be reported in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida.

VI. CORRECTIVE ACTION PLAN

None required. There were no findings related to State projects required to be reported in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida.