

**LIMBITLESS SOLUTIONS, INC.  
(A COMPONENT UNIT OF THE UNIVERSITY  
OF CENTRAL FLORIDA)**

**FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**LIMBITLESS SOLUTIONS, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2022 AND 2021**

	<u>Page Number(s)</u>
<b>Independent Auditor’s Report</b>	1 – 3
<b>Required Supplementary Information</b>	
Management’s Discussion and Analysis	4 – 9
<b>Basic Financial Statements</b>	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 – 19
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	20 – 21
<b>Independent Accountant’s Report on Compliance with Ch.218.415, <i>Florida Statutes</i></b>	22

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Limbitless Solutions, Inc.  
Orlando, Florida

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Limbitless Solutions, Inc. (the "Corporation"), a direct support organization and component unit of the University of Central Florida, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

---

(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

---

(Continued)



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



Crowe LLP

Tampa, Florida  
December 2, 2022

**LIMBITLESS SOLUTIONS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**

The management discussion and analysis (MD&A) provides an overview of the financial position and activities of Limbitless Solutions, Inc. (the Corporation), for the fiscal years ended June 30, 2022 and 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of management. The MD&A contains financial activity of the Corporation for the fiscal years ended June 30, 2022 and 2021.

The Corporation is a not-for-profit entity incorporated on October 9, 2014. The Corporation was certified as a direct support organization of the University of Central Florida (the University) in December 2016. The Corporation is presented as a discrete component unit of the University. The purpose of the Corporation is to research, design, create, and deliver mechanical and electronic advancements in disability technology; promote access and engagement in STEM/STEAM education; and to enter into arrangements with third parties to facilitate research and innovations in related areas.

Pursuant to GASB Statement No. 35, the Corporation's basic financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

**THE STATEMENT OF NET POSITION**

The statement of net position reflects the assets, deferred inflows and liabilities of the Corporation and presents the financial position of the Corporation at a specified time. Assets, less liabilities and deferred inflows, equal net position, which is one indicator of the Corporation's current financial condition. The changes in net position that occurs over time indicate improvement or deterioration in the Corporation's financial condition. Unrestricted net position consists of net assets that do not meet the definition of either restricted or net investment in capital assets. The Corporations assets exceeded liabilities creating a positive net position of \$716,482 at June 30, 2022.

The following summarizes the Corporation's total net position for the fiscal years ended June 30:

**Condensed Statements of Net Position  
(For the Fiscal Years Ended June 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
Current assets	\$ 191,623	\$ 457,289	\$ 226,971
Noncurrent assets	<u>594,120</u>	<u>547,565</u>	<u>243,694</u>
<b>Total Assets</b>	<u>785,743</u>	<u>1,004,854</u>	<u>470,665</u>
<b>Liabilities</b>			
Current liabilities	<u>15,404</u>	<u>141,473</u>	<u>14,267</u>
<b>Total Liabilities</b>	<u>15,404</u>	<u>141,473</u>	<u>14,267</u>
<b>Deferred Inflows of Resources</b>	<u>53,857</u>	<u>69,046</u>	<u>112,665</u>
<b>Net Position</b>			
Net investment in capital assets	540,263	478,519	131,039
Unrestricted	<u>176,219</u>	<u>315,816</u>	<u>212,704</u>
<b>Total Net Position</b>	<u>\$ 716,482</u>	<u>\$ 794,335</u>	<u>\$ 343,743</u>

Total current assets of \$191,623 represents a decrease of \$265,666, or 58.1 percent, compared to June 30, 2021, primarily due to a decrease in cash donations collected by the Corporation.

Noncurrent assets consist of \$594,120 of net furniture and equipment. This balance reflects an increase of \$46,555, or 8.5 percent, compared to June 30, 2021, primarily due to the purchase of manufacturing equipment.

Liabilities totaled \$15,404 as of June 30, 2022. This balance reflects a \$126,069 decrease or, 89.1 percent, primarily due to timing of payments including the reduction of rent payments due to UCF Convocation Corporation prior year. Refer to Note 4 Related Party Transactions.

Resources transmitted before eligibility requirements are met are reported as deferred inflows. Donated software with a 3-year useful life resulted in deferred inflows of resources of \$53,857.

**THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The statement of revenues, expenses, and changes in net position presents the Corporation's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. GASB Statement No. 35 categorizes revenues and expenses as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

**LIMBITLESS SOLUTIONS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**

Operating revenue consists primarily of donations received by the Corporation. Operating expenses primarily include material costs related to the production of prosthetic limbs, promotional expenditures, and office related expenses.

The following summarizes the Corporation's changes in net position for the fiscal years ended June 30:

**Condensed Statements of Revenues, Expenses and Changes in Net Position**  
**(For the Fiscal Years Ended June 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 263,928	\$ 730,774	\$ 373,826
Operating expenses	1,224,317	315,044	443,803
<b>Operating income</b>	<u>(960,389)</u>	<u>415,730</u>	<u>(69,977)</u>
<b>Nonoperating revenues (expenses)</b>	785,772	(8,746)	12,972
<b>Capital contributions</b>	<u>96,764</u>	<u>43,608</u>	<u>18,170</u>
<b>Increase (decrease) in net position</b>	(77,853)	450,592	(38,835)
<b>Net position, beginning of year</b>	<u>794,335</u>	<u>343,743</u>	<u>382,578</u>
<b>Net position, end of year</b>	<u>\$ 716,482</u>	<u>\$ 794,335</u>	<u>\$ 343,743</u>

The Corporation's operating revenues totaled \$263,928 for the year ended June 30, 2022. This balance reflects a decrease of \$466,846, or 63.9 percent from the prior fiscal year, primarily due to a decrease in philanthropic donations that was generated in fiscal year 2021 to fund a lease improvement project. Operating expenses totaled \$1,224,317 for the year ended June 30, 2022. This balance reflects an increase of \$909,273, or 288.6 percent from the prior fiscal year, primarily due to the inclusion of management and general expenses that includes administrative costs.

Nonoperating expenses totaled \$785,772 for the year ended June 30, 2022. This balance reflects an increase of \$794,518, or 9,084.4 percent from the prior fiscal year, primarily due to the inclusion of support from UCF for administrative costs.

Capital contributions consist of donated software with an acquisition value of \$212,400 over a 3-year life. \$96,764 and \$43,608 was recognized in fiscal year ended June 30, 2022 and 2021 respectively.

The remaining balance has been deferred for future years in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

**LIMBITLESS SOLUTIONS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**

**THE STATEMENT OF CASH FLOWS**

The statement of cash flows provides information about the Corporation's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Corporation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the Corporation. Cash flows from non-capital financing activities include changes in the amounts due from related parties. Cash flows from capital and related financing activities include changes associated with the purchases of capital assets. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments and earning income on those investments.

The following summarizes the cash flows for the fiscal years ended June 30:

**Condensed Statements of Cash Flows**  
**(For the Fiscal Years Ended June 30)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Cash flows provided by (used) in			
Operating activities	\$ (78,405)	\$ 452,623	\$ 21,294
Non-capital financing activities	255,800	(131,684)	4,379
Capital and related financing activities	(170,037)	(315,387)	(8,630)
Investing activities	5,341	4,424	12,972
<b>Net increase in cash</b>	<b>12,699</b>	<b>9,976</b>	<b>30,015</b>
 <b>Cash and cash equivalents</b>			
Beginning of year	64,948	54,972	24,957
End of year	\$ 77,647	\$ 64,948	\$ 54,972

Cash flow provided by operating activities decreased by \$531,028, or 117.3 percent, primarily due to the inclusion of management and general expenses that includes administrative costs. Cash flow used in noncapital financing activities increased by \$387,484, or 294.3 percent, as reflected by the decrease in cash held by the university and support from UCF for administrative costs. Cash flow used in capital and related financing activities decreased by \$145,350, or 46.1 percent, due to purchase of manufacturing equipment.

**LIMBITLESS SOLUTIONS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**

**DONATIONS HELD BY THE UCF FOUNDATION**

The Corporation records donation revenue when the funds are received directly by the Corporation from donors or when donated funds are transferred to the Corporation from the UCF Foundation. These financial statements do not include \$998,549 in donations held by the UCF Foundation on behalf of the Corporation as of the fiscal year ending June 30, 2022. The UCF Foundation does not recognize a liability to the Corporation for the donated funds being held until the Corporation has proven that it has met the donor's intent.

**CAPITAL ASSETS**

At June 30, 2022, the Corporation had \$923,820 in capital assets, less accumulated depreciation of \$329,700, for net capital assets of \$594,120. Depreciation charges for the current fiscal year totaled \$194,225. The Corporation had \$0 in construction-in-progress not being depreciated at June 30, 2022. The following table summarizes the Corporation's capital assets, net of accumulated depreciation, at June 30:

**Capital Assets, Net**  
**(For the Fiscal Years Ended June 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Furniture & Equipment	\$ 594,120	\$ 249,078	\$ 243,694
Construction in progress	-	298,487	-
<b>Total</b>	<u>\$ 594,120</u>	<u>\$ 547,565</u>	<u>\$ 243,694</u>

**LIMBITLESS SOLUTIONS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**

**ECONOMIC OUTLOOK**

The Corporation has added great value to the University by aligning with the mission to support academic success, research, service and engagement of the communities we serve. The Corporation's economic condition is dependent on continued philanthropic support, grant opportunities, and sponsorships to continue providing state of the art 3D printed prosthetic limbs and other innovative devices for individuals in need. The Corporation started its first set of clinical trials in the summer of 2019 with the intention to secure future FDA clearance. Additional trials will begin in fiscal year 2023 that will aim in collecting additional data. The Corporation's outlook is positive, with donations received by the UCF Foundation exceeding budgeted expectations and due to additional revenue generating activities planned for the future.

Philanthropic and corporate partners provided funding that expanded student internship opportunities and provided additional manufacturing equipment. The expanded new space in the facility has provided an opportunity to expand the student program and manufacturing in the longer term, with focus on sustained success for the Corporation's mission and impact.

During the 2020 fiscal year, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. It is not expected to have an impact on the net results of the Corporation for fiscal year 2023. However, the extent to which the coronavirus will impact the Corporation's financial results will depend on future developments in the severity of and required response to the pandemic.

**REQUEST FOR INFORMATION**

These financial statements are designed to provide detailed information on the Corporation's operations to the Corporation's Board, management, investors, creditors, potential donors, and all others with an interest in the Corporation's financial affairs and to demonstrate the Corporation's accountability for the assets it controls and funds it receives and expends. Questions concerning any of the information provided in this report or any requests for additional financial information should be addressed to Assistant Vice President for DSO Accounting and Financial Reporting, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, FL 32826-3249.

**LIMITLESS SOLUTIONS, INC.**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 77,647	\$ 64,948
Due from the University of Central Florida	46,129	301,929
Due from the UCF Foundation	8,715	15,737
Due from the UCF Research Foundation	44,760	59,132
Inventory	13,832	10,543
Accounts receivable, net	540	5,000
Total current assets	191,623	457,289
<b>Noncurrent assets</b>		
Capital assets, net of accumulated depreciation	594,120	249,078
Capital assets not being depreciated	-	298,487
Total noncurrent assets	594,120	547,565
<b>Total Assets</b>	785,743	1,004,854
 <u>LIABILITIES</u> 		
<b>Current Liabilities</b>		
Accounts payable	15,404	91,480
Due to UCF Convocation Corporation	-	49,993
Total current liabilities	15,404	141,473
<b>Total Liabilities</b>	15,404	141,473
<b>Deferred Inflows of Resources</b>		
Deferred inflows from donated software	53,857	69,046
	53,857	69,046
 <u>NET POSITION</u> 		
Net investment in capital assets	540,263	478,519
Unrestricted	176,219	315,816
<b>Total Net Position</b>	\$ 716,482	\$ 794,335

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



**LIMBITLESS SOLUTIONS, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>		
Donations	\$ 207,357	\$ 510,997
Sponsorships	42,500	216,922
Other	14,071	2,855
Total operating revenues	263,928	730,774
<b>Operating expenses</b>		
Management and General	727,668	-
Services and supplies	186,466	186,699
Depreciation	194,225	98,345
Distributions to the University of Central Florida	115,958	30,000
Total operating expenses	1,224,317	315,044
<b>Operating income (loss)</b>	(960,389)	415,730
<b>Nonoperating revenues / (expenses)</b>		
Support from UCF - Noncash	791,263	-
Investment income	5,341	4,425
Loss on asset disposal	(10,832)	(13,171)
Total nonoperating revenues / (expenses)	785,772	(8,746)
<b>Income (loss) before capital contributions</b>	(174,617)	406,984
<b>Capital contributions</b>	96,764	43,608
<b>Increase (decrease) in net position</b>	(77,853)	450,592
<b>Net position, beginning of year</b>	794,335	343,743
<b>Net position, end of year</b>	\$ 716,482	\$ 794,335

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

**LIMBITLESS SOLUTIONS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Receipts from donations	\$ 228,751	\$ 452,751
Sponsorships	43,671	86,510
Other receipts	14,071	2,855
Payments to suppliers and others	(364,898)	(89,493)
Net cash provided by operating activities	(78,405)	452,623
<b>Cash flows from noncapital financing activities</b>		
Net change in funds held by the University of Central Florida	255,800	(131,684)
Net cash provided by (used) in noncapital financing activities	255,800	(131,684)
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(170,037)	(315,387)
Net cash used in capital and related financing activities	(170,037)	(315,387)
<b>Cash flows from investing activities</b>		
Investment income received	5,341	4,424
Net cash provided by investing activities	5,341	4,424
<b>Net increase in cash and cash equivalents</b>	12,699	9,976
<b>Cash and cash equivalents, beginning of year</b>	64,948	54,972
<b>Cash and cash equivalents, end of year</b>	\$ 77,647	\$ 64,948
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (960,389)	\$ 415,730
Adjustments to reconcile operating income to net cash provided by operating activities:		
Support from UCF - Noncash	791,263	-
Depreciation	194,225	98,345
Capital assets received in Sponsorship	-	(100,000)
Changes in assets and liabilities:		
Inventory	(3,289)	6,861
Due from UCF	-	(32,273)
Due from the UCF Foundation	7,022	(9,097)
Due from the UCF Research Foundation	14,372	(49,149)
Due to the UCF Convocation Corporation	(49,993)	49,993
Accounts payable	(76,076)	77,213
Accounts receivable	4,460	(5,000)
Net cash provided by operating activities	\$ (78,405)	\$ 452,623
<b>Supplemental disclosure of noncash investing and capital financing activities</b>		
Capital assets received in Sponsorship and not a cash transaction.	\$ -	\$ 100,000
The total value of the software is \$212,400 with \$96,764 and \$43,608 being recognized as capital contributions in fiscal year 2022 and 2021, respectively.	\$ 96,764	\$ 43,608
The University provides administrative support to the Corporation for salaries and related benefits which is reported as support from UCF – Noncash.	\$ 791,263	\$ -

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

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the significant accounting policies and practices of Limbitless Solutions, Inc. (the Corporation), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Corporation is a not-for-profit entity incorporated on October 9, 2014. The Corporation was certified as a direct support organization of the University of Central Florida (the University) in December 2016 whose purpose is to research, design, create, and deliver mechanical and electronic advancements in disability technology; promote access and engagement in STEM/STEAM education; and to enter into arrangements with third parties to facilitate research and innovations in related areas. As a direct support organization and component unit of the University, the Corporation operates for the service and convenience of the University. The Corporation is presented as a discrete component unit of the University on the University's financial statements.

(b) **Financial statement presentation**—The Corporation's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended, which requires the Corporation to present:

- ◆ Management's Discussion and Analysis
- ◆ Basic Financial Statements:
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Notes to Financial Statements

(c) **Basis of accounting**—Basis of accounting refers to when revenues, expenses, and related assets, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Corporation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The Corporation follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. The statement of revenues, expenses and changes in net position is presented in a format which distinguishes operating revenues and expenses from nonoperating items. Operating revenues are defined as revenues generated from the primary mission of the Corporation; and include revenues generated from donations provided to help advance disability technology, and other revenues earned from promoting STEM/STEAM education. Nonoperating revenues are defined as revenues not derived from the basic mission operations of the Corporation. Nonoperating revenues normally, but not always, result from nonexchange transactions, defined as value received with no good or service exchanged; and include interest earnings on funds held by the University. The statement of cash flows is presented using the direct method in compliance with GASB standards of accounting and financial reporting.

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(d) **Cash and cash equivalents**—Amounts reported as cash consist of cash on hand.

(e) **Capital assets**—The Corporation’s capital assets consist of furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition. Donated capital assets are recorded at acquisition values at the date of donation. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The Corporation has a capitalization threshold of \$5,000 for furniture and equipment additions and a threshold of \$100,000 for new buildings and improvements. Depreciation is computed on the straight-line basis over estimated useful lives ranging from 5 to 39 years.

The Corporation capitalizes donated software for current year software subscription, and records future software subscriptions as deferred inflows, which are not capitalized until the year in which the subscription is utilized. Depreciation is computed on the straight-line basis over the term of the license agreement ranging from 3 to 5 years.

(f) **Revenue recognition**—Revenues from donations are recorded in the year in which they are received by the Corporation from donors, or in the year in which donations are transferred from the UCF Foundation. Other revenues include speaking fees and summer camp revenues earned during the year.

The Corporation recognizes revenues from voluntary nonexchange transactions when all applicable eligibility requirements are met. Resources transmitted before eligibility requirements are met are reported as deferred inflows.

(g) **Net position**—The Corporation’s net position is classified as follows:

- Net investment in capital assets – This represents the total investment in capital assets, net of outstanding debt obligations and deferred inflows related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this component of net position.
- Unrestricted net position – This represents Corporation resources that do not meet the definition of “net investment in capital assets.”

(h) **Income taxes**—The Corporation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

When required, the Corporation files income tax returns in the U.S. federal jurisdiction and in the state of Florida. The Corporation’s income tax returns for the past three years are subject to examination by the tax authorities, and may change upon examination.

The Corporation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Corporation.

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(i) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities along with disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) **Inventory**—The Corporation uses the first in first out (FIFO) methodology to value its inventory. Inventory for the Corporation includes 3D printing materials for a total value of \$13,832 and \$10,543 as of June 30, 2022 and 2021, respectively.

(k) **Deferred inflows of resources**—The Corporation’s presentation of deferred inflows of resources is in accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Amounts that are required to be reported as deferred inflows are reported on the Statement of Net Position in a separate section following liabilities. The Corporation reports deferred inflows from donated software. The amount is deferred and amortized over the life of the software. The statement of net position includes deferred inflows of resources \$53,857 and \$69,046 at June 30, 2022 and 2021, respectively.

(l) **Operating and Nonoperating Activities** —Operating revenues and expenses represent ongoing activities of the Corporation. Operating activities relate to the Corporation’s principal function, which is to, research, design, create, and deliver mechanical and electronic advancements in disability technology; promote access and engagement in STEM/STEAM education; and to enter into arrangements with third parties to facilitate research and innovations in related areas. Nonoperating revenues include certain revenue sources that provide additional funding not included in operating revenues and include University related support.

(2) **Cash and Cash Equivalents:**

The Corporation has cash on hand totaling \$77,647 and \$64,948 at June 30, 2022 and 2021, respectively. The Corporation also has cash invested by the University of \$46,129 and \$301,929 at June 30, 2022 and 2021, respectively. The amounts are included in Due From the University of Central Florida on the accompanying statement of net position. Investment income shown on the statement of revenues, expenses and changes in net position includes interest earned on the cash held by a trust institution, as well as realized gains/losses allocated from the University on funds held and invested on behalf of the Corporation. Section 1011.42(5), *Florida Statutes*, authorizes universities and their component units to invest funds with the State Treasury and State Board of Administration, and requires that these entities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities and their component units are subject to the requirements of Chapter 218, Part IV, *Florida Statutes*. The University’s Board of Trustees has adopted a written investment policy establishing investment parameters within applicable *Florida Statutes* and the University investment manual. Pursuant to Section 218.415(16), *Florida Statutes*, the Corporation is authorized to invest in the Florida PRIME investment pool administered by the State Board of Administration (SBA); interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(2) **Cash and Cash Equivalents:** (Continued)

nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law.

Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. The money market funds invest in diversified portfolios of high-quality, dollar-denominated short-term debt securities.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), *Florida Statutes*, the Corporation's investments in securities must provide sufficient liquidity to pay obligations as they come due.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's investment policy and manual provides information on asset classes, target allocations, and ranges of acceptable investment categories.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to manage the custodial credit risk, the University's investment policy specifies certain requirements to pre-qualify financial institutions and brokers/dealers. The Corporation's investments are held by a third-party custodian, not in the name of the Corporation.

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(3) **Capital Assets:**

Capital assets activity for the year ended at June 30, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ 298,487	\$ -	\$ (298,487)	\$ -
Total capital assets not being depreciated	<u>298,487</u>	<u>-</u>	<u>(298,487)</u>	<u>-</u>
Depreciable Capital Assets:				
Furniture & Equipment	276,958	22,777	(34,062)	265,673
Donated software	130,825	81,575	-	212,400
Leasehold improvement	-	445,747	-	445,747
Total depreciable capital assets	<u>407,783</u>	<u>550,099</u>	<u>(34,062)</u>	<u>923,820</u>
Accumulated depreciation	(96,927)	(52,885)	23,230	(126,582)
Accumulated depreciation software donation	(61,778)	(96,765)	-	(158,543)
Accumulated depreciation leasehold improvement	-	(44,575)	-	(44,575)
Total accumulated depreciation	<u>(158,705)</u>	<u>(194,225)</u>	<u>23,230</u>	<u>(329,700)</u>
Total Capital Assets, Net	<u>\$ 547,565</u>	<u>\$ 355,874</u>	<u>\$ (309,319)</u>	<u>\$ 594,120</u>

**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(3) **Capital Assets:** (Continued)

Capital assets activity for the year ended at June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 298,487	\$ -	\$ 298,487
Total capital assets not being depreciated	<u>-</u>	<u>298,487</u>	<u>-</u>	<u>298,487</u>
Depreciable Capital Assets:				
Furniture & Equipment	272,498	116,900	(112,440)	276,958
Donated software	130,825	-	-	130,825
Total depreciable capital assets	<u>403,323</u>	<u>116,900</u>	<u>(112,440)</u>	<u>407,783</u>
Accumulated depreciation	(141,459)	(54,737)	99,269	(96,927)
Accumulated depreciation software donation	(18,170)	(43,608)	-	(61,778)
Total accumulated depreciation	<u>(159,629)</u>	<u>(98,345)</u>	<u>99,269</u>	<u>(158,705)</u>
Total Capital Assets, Net	<u>\$ 243,694</u>	<u>\$ 317,042</u>	<u>\$ (13,171)</u>	<u>\$ 547,565</u>

(4) **Related Party Transactions:**

The Foundation plans and implements annual giving, major giving, planned giving and stewardship for the University. It exercises fiduciary management of those gifts and complies with federal and state laws governing gifts. The Foundation receives, processes and acknowledges gifts, handles the investment of funds for gift-related funds and maintains all gift records of UCF. The Foundation transferred \$195,188 and \$499,784 of the donations they received to support the operating activities of the Corporation in 2022 and 2021, respectively. These transfers are included in donation revenue on the Statement of Revenue, Expenses, and Changes in Net Position. The Due from the University of Central Florida Foundation represents Corporation expenses submitted for reimbursement as of the end of the year.

The Corporation is a research and student development center for the University; in return, the University provides administrative support to the Corporation for salaries and related benefits which is reported as support from UCF – noncash, on the statement of revenues, expenses, and changes in net position.

The Research Foundation provides assistance to the research activities of University faculty, staff and students. It accepts and administers contracts, grants, and other sponsored activities as well as appropriate donations, the majority coming from private funds. The Due from the University of Central Florida Research Foundation represents cash balances remaining in accounts that support clinical activity for the Corporation as of the end of the year.



**LIMBITLESS SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(4) **Related Party Transactions:** (Continued)

The UCF Convocation Corporation operates residential halls, a convocation center, and surrounding retail spaces on behalf of the University. The Corporation and the UCF Convocation Corporation entered into a lease agreement in May of 2017 for the use of retail space surrounding the arena. Service and supplies expense includes rent totaling \$0 and \$65,147 in 2022 and 2021, respectively. This also includes additional rent for the newly renovated space, leased from the University of Central Florida in the amount of \$47,289 and \$25,895 in 2022 and 2021, respectively. The Due to UCF Convocation Corporation represents unpaid rent as of the end of the fiscal year 2022 and 2021.

Distributions to the University of \$115,958 and \$30,000 in fiscal year 2022 and 2021 respectively, represent sponsorship revenue received by the Corporation to support students working at the Limbitless lab space.

The Corporation has no policy requiring collateral or other security to support receivables from related parties. Related party receivables and payables are as follows at June 30:

	<b>2022</b>	<b>2021</b>
Due from the University of Central Florida	\$ 46,129	\$ 301,929
Due from the UCF Foundation	8,715	15,737
Due from the UCF Research Foundation	44,760	59,132
Due to the UCF Convocation Corporation	-	(49,993)

(5) **Recent Event:**

In the Spring of 2020, local, U.S. and world governments encouraged social distancing to curtail the spread of the coronavirus pandemic. Restrictions were imposed on the size and duration of social and business gatherings. Most industries are continuing to experience disruption to business operations and reduced consumer spending. Management continues to monitor the extent to which the coronavirus may impact clinical research activity and the donor landscape, but the extent of the financial impact will depend on future developments, which are highly uncertain and cannot be predicted.