

UWF BUSINESS ENTERPRISES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

UWF BUSINESS ENTERPRISES, INC.
TABLE OF CONTENTS
JUNE 30, 2026 AND 2025

	Page(s)
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 6
Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 18
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19 – 20
Supplemental Information	21
Schedule of General and Administrative Expenses	22
Schedule of Argonaut Village Expenses	23
Schedule of GoLearn Expenses	24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
UWF Business Enterprises, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UWF Business Enterprises, Inc. ("BEI"), a direct-support organization and component unit of the University of West Florida, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise BEI's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWF Business Enterprises, Inc. as of June 30, 2026 and 2025, and the changes in its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWF Business Enterprises, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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

BEI's management is responsible for the preparation and fair presentation of these 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 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 UWF Business Enterprises, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 UWF Business Enterprises, Inc.'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 UWF Business Enterprises, Inc.'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.

Supplementary information

The schedule of general and administrative expenses, schedule of Argonaut Village and Schedule of GoLearn Expenses expenses are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general and administrative expenses, schedule of Argonaut Village expenses and schedule of GoLearn expenses are fairly stated, in all material respects, in relation to the basic 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 on September 30, 2026, on our consideration of UWF Business Enterprises, Inc.'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 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 UWF Business Enterprises, Inc.'s internal control over financial reporting and compliance.

 James Moore & Co., P.L.

Tallahassee, Florida
September 2, 2026

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026 AND 2025

Reporting Entity

At the September 23, 2011, University of West Florida ("the University") Board of Trustees meeting, a motion was passed unanimously by Board members to establish a new Direct Support Organization of the University under Florida Statute Section 1004.28 and University Regulation 5.016. BEI was established as a Florida not-for-profit corporation.

On October 18, 2011, BEI's Articles of Incorporation were filed under the laws of the State of Florida and were certified by the Florida Department of State Division of Corporations on October 19, 2011.

BEI received official notice from the IRS of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code on April 17, 2012. UWF Business Enterprises Inc. received tax-exempt status under code section 170(b)(1)(A)(v) as a governmental unit, political subdivision.

BEI was established to build and manage public-private partnerships, create new services and businesses to support the University campus community, and enhance current auxiliaries and businesses to increase alternative sources of revenue for the University.

BEI is focused on entrepreneurial ideas that will enhance academic training and enhance university-community life, allowing the University to continue to develop and grow, and increase revenue from alternative sources to further the University's strategic priorities.

In May 2018, the University appointed Dr. Edward Ranelli, Dean Emeritus and Professor of the UWF College of Business, to serve as CEO. Previously, Dr. Ranelli was appointed as the President's Designee to the BEI Board of Directors and then effective May 8, 2017, was elected to serve as BEI Board Treasurer.

In November 2022, the BEI Board of Directors approved a revision of the BEI Bylaws. The revised bylaws were approved by the UWF General Counsel in December 2022. The purpose of the revision included reducing the number of BEI board members. An election of officers was held in April 2023, and the number of BEI Board members decreased to three with a Chairperson, Vice Chairperson, and Secretary-Treasurer.

This section presents management's discussion and analysis (MD&A) of the financial position and results of operations of UWF Business Enterprises, Inc. (BEI) for the fiscal years ended June 30, 2026, and 2025. BEI is a direct-support organization and component unit of the University of West Florida (UWF). The analysis should be read in conjunction with the basic financial statements and accompanying notes.

Overview of the Financial Statements

BEI's basic financial statements consist of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the accompanying notes. The Statements of Net Position report BEI's assets, liabilities, deferred inflows of resources, and net position. The Statements of Revenues, Expenses and Changes in Net Position report the results of operations and distinguish operating revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses. The Statements of Cash Flows provide information about cash receipts and payments by operating, investing, and capital and related financing activities.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026 AND 2025

Financial Summary

The following condensed financial information compares fiscal year 2026 with fiscal year 2025. Consistent with GASB Statement No. 103, the MD&A focuses on the current year and prior year and on the significant reasons for changes.

Condensed Statements of Net Position

	<u>2026</u>	<u>2025</u>	<u>Change</u>
Assets			
Assets, excluding capital assets	\$ 3,390,049	\$ 3,526,444	\$ (136,395)
Capital assets, net	2,990,403	3,117,460	(127,057)
Total Assets	<u>\$ 6,380,452</u>	<u>\$ 6,643,904</u>	<u>\$ (263,452)</u>
Liabilities			
Current liabilities	\$ 511,529	\$ 619,355	\$ (107,826)
Noncurrent liabilities	6,616,921	6,517,489	99,432
Total Liabilities	<u>\$ 7,128,450</u>	<u>\$ 7,136,844</u>	<u>\$ (8,394)</u>
Deferred Inflows of resources	<u>\$ 1,311,174</u>	<u>\$ 1,737,728</u>	<u>\$ (426,554)</u>
Net Position			
Net investment in capital assets	\$ 2,990,403	\$ 3,117,460	\$ (127,057)
Unrestricted	(5,049,575)	(5,348,128)	298,553
Total Net Position	<u>\$ (2,059,172)</u>	<u>\$ (2,230,668)</u>	<u>\$ 171,496</u>

Total assets decreased \$263,452, or approximately 4.0%, from fiscal year 2025. Current financial assets increased overall, including increases in certificates of deposit and investments; however, the long-term lease receivable decreased by \$478,645 and capital assets decreased by \$127,057 from depreciation. Total liabilities decreased modestly by \$8,394 as lower current liabilities were substantially offset by an increase in long-term unearned service and management arrangement income. Deferred inflows related to leases decreased \$426,554. Total net position improved by \$171,496, from \$(2,230,668) to \$(2,059,172).

Detailed Analyses

GASB Statement No. 103 changes the presentation of BEI's results by defining nonoperating revenues and expenses and requiring noncapital subsidies to be reported separately. For this draft, \$6,114 of contributed administrative and other in-kind support from UWF is presented as a noncapital subsidy received. The \$292,806 donation of capital improvements to UWF is presented as a capital subsidy provided and therefore as other nonoperating expense. These classifications should be confirmed by management and the independent auditor based on the underlying agreements and the final facts and circumstances.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026 AND 2025

GASB 103 Results of Operations

	<u>2026</u>	<u>2025</u>	<u>Change</u>
Operating revenues	\$ 1,867,594	\$ 1,413,612	\$ 453,982
Operating expenses	1,461,415	1,132,147	329,268
Operating income	406,179	281,465	124,714
Noncapital subsidies received	6,114	6,081	33
Operating income and noncapital subsidies	412,293	287,546	124,747
Other nonoperating revenues (expenses), net	(240,797)	102,811	(343,608)
Change in net position	171,496	390,357	(218,861)

Operating revenues increased \$453,982, primarily from higher food service and bookstore commissions and significant growth in GoLearn subscription income, which increased from \$68,794 in fiscal year 2025 to \$395,458 in fiscal year 2026. Operating expenses increased \$329,268, driven primarily by GoLearn expenses and higher dining and bookstore management costs. The resulting operating income increased to \$406,179.

After the \$6,114 noncapital subsidy received from UWF, operating income and noncapital subsidies totaled \$412,293. Other nonoperating revenues and expenses were a net expense of \$240,797, consisting principally of \$51,517 of interest income, \$65,814 of lease interest income, \$65,322 loss on lease cancellation, and the \$292,806 capital subsidy provided to UWF. BEI's net position increased \$171,496.

Significant Capital Asset and Long-Term Financing Activity

Capital assets, net, decreased from \$3,117,460 at June 30, 2025 to \$2,990,403 at June 30, 2026 as a result of \$127,058 of depreciation expense and no reported capital additions during fiscal year 2026. BEI's long-term unearned service and management arrangement income increased to \$6,616,921, while the current portion increased to \$468,561. BEI continues to recognize the effects of its long-term dining and bookstore arrangements and related commitments.

Currently Known Facts, Decisions, or Conditions

BEI continues to manage Argonaut Village and the campus dining and bookstore vendor relationships. GoLearn, which BEI began hosting in fiscal year 2025 in partnership with the UWF Center for Behavioral Analysis, generated substantially higher subscription activity in fiscal year 2026. BEI also received the contractual \$300,000 bookstore payment associated with extending the bookstore agreement through September 30, 2029. Management should update this section before issuance for any other currently known facts, decisions, or conditions expected to have a significant financial effect in fiscal year 2027.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to UWF Business Enterprises, Inc., 11000 University Parkway, Building 20E, Pensacola, FL 32514.

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 432,101	\$ 389,297
Certificates of deposit	1,048,879	814,667
Accounts receivable, net	23,954	87,983
Prepaid expenses and other assets	20,053	22,570
Lease receivable	160,940	141,730
Investments	408,242	294,165
Interest receivable, leases	4,290	5,797
Total current assets	<u>2,098,459</u>	<u>1,756,209</u>
Noncurrent assets		
Long term lease receivable	1,291,590	1,770,235
Capital assets, net	2,990,403	3,117,460
Total assets	<u><u>\$ 6,380,452</u></u>	<u><u>\$ 6,643,904</u></u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 5,987	\$ 65,501
Accrued liabilities	2,960	4,141
Due to the University of West Florida	34,021	105,964
Unearned service and management arrangement income, current portion	468,561	443,749
Total current liabilities	<u>511,529</u>	<u>619,355</u>
Noncurrent liabilities		
Unearned service and management arrangement income, long term portion	6,616,921	6,517,489
Total Liabilities	<u><u>\$ 7,128,450</u></u>	<u><u>\$ 7,136,844</u></u>
<u>DEFERRED INFLOWS</u>		
Deferred inflows		
Leases	\$ 1,311,174	\$ 1,737,728
Total Deferred Inflows	<u><u>\$ 1,311,174</u></u>	<u><u>\$ 1,737,728</u></u>
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	\$ 2,990,403	\$ 3,117,460
Unrestricted	(5,049,575)	(5,348,128)
Total Net Position	<u><u>\$ (2,059,172)</u></u>	<u><u>\$ (2,230,668)</u></u>

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

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Operating revenues		
Food service commissions	\$ 395,149	\$ 355,278
Bookstore commissions	356,126	297,362
Service and management arrangements	468,561	443,749
Lease revenue	252,188	248,084
Subscription income	395,458	68,794
Miscellaneous income	111	345
Total operating revenues	<u>1,867,593</u>	<u>1,413,612</u>
Operating expenses		
Food service management	395,149	355,277
Bookstore management	356,126	297,362
General and administrative	225,831	214,906
Argonaut Village	73,607	73,228
GoLearn	283,644	64,220
Depreciation	127,057	127,154
Total operating expenses	<u>1,461,414</u>	<u>1,132,147</u>
Operating income	<u>406,179</u>	<u>281,465</u>
Noncapital subsidies		
University support - contributed services and in-kind	6,114	6,081
Total noncapital subsidies	<u>6,114</u>	<u>6,081</u>
Operating income and noncapital subsidies	<u>412,293</u>	<u>287,546</u>
Nonoperating revenues (expenses)		
Interest income	51,517	41,852
Lease interest	65,814	83,391
Unrealized gain on investments	-	344
Loss on lease cancellation	(65,322)	(32,776)
Gain on sale of capital assets	-	10,000
Capital subsidy provided - donation to UWF	(292,806)	-
Total other nonoperating revenues (expenses)	<u>(240,797)</u>	<u>102,811</u>
Change in net position	<u>171,496</u>	<u>390,357</u>
Net position, beginning of year	(2,230,668)	(2,621,025)
Net position, end of year	<u><u>\$ (2,059,172)</u></u>	<u><u>\$ (2,230,668)</u></u>

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

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities		
Cash received from contracts	\$ 2,023,427	\$ 1,060,845
Cash payments to suppliers for goods and services	(1,458,364)	(976,590)
Net cash provided by (used in) operating activities	<u>565,063</u>	<u>84,255</u>
Cash flows from investing activities		
Purchase of certificate of deposit	(234,214)	(814,667)
Purchase of investments	(114,077)	(294,165)
Proceeds from sale of investments	-	100,000
Interest received	51,517	41,852
Net cash provided by (used in) investing activities	<u>(296,774)</u>	<u>(966,980)</u>
Cash flows from capital and related financing activities		
Capital subsidy to UWF	(292,806)	-
Lease interest received	67,321	84,231
Sale of capital asset	-	10,000
Net cash provided (used in) by capital and related financing activities	<u>(225,485)</u>	<u>94,231</u>
Increase (decrease) in cash and cash equivalents	<u>42,804</u>	<u>(788,494)</u>
Cash and cash equivalents, beginning of year	389,297	1,177,791
Cash and cash equivalents, end of year	<u><u>\$ 432,101</u></u>	<u><u>\$ 389,297</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 406,179	\$ 281,465
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	127,057	127,154
Noncapital subsidy	6,114	6,081
Decrease (increase) in accounts receivable	64,029	42,111
Decrease (increase) in prepaid expenses	2,517	1,283
Decrease (increase) in lease receivable	394,113	224,044
Increase (decrease) in due to UWF	(71,943)	(34,454)
Increase (decrease) in accounts payable	(59,514)	65,501
Increase (decrease) in accrued liabilities	(1,181)	(3,927)
Increase (decrease) in unearned revenue	124,246	(343,748)
Increase (decrease) in deferred inflows	(426,554)	(281,255)
Total adjustments	<u>158,884</u>	<u>(197,210)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 565,063</u></u>	<u><u>\$ 84,255</u></u>

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

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of UWF Business Enterprises, Inc. ("BEI"), which affect significant elements of the accompanying financial statements:

(a) **Organization and operations**—UWF Business Enterprises, Inc. was formed in 2011 as a Florida corporation, organized as a direct support organization of the University of West Florida (the University or UWF) under Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University. BEI was organized for the explicit purpose of supporting the University of West Florida by the development of properties and facilities used or useful in the University's educational endeavors, to lessen the burdens of government and provide assistance to the faculty, staff and students of the University. BEI is a public charity under section 501(c)(3) of the Internal Revenue Code.

(b) **Basis of presentation and accounting**—Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurements focus applied.

The accompanying financial statements of the business-type activities of BEI have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. BEI applies all applicable GASB pronouncements.

BEI uses enterprise fund accounting. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Adoption of GASB Statement No. 103—Effective July 1, 2025, BEI implemented GASB Statement No. 103, Financial Reporting Model Improvements. Statement No. 103 revised the presentation of management's discussion and analysis and established definitions for operating and nonoperating revenues and expenses, including separate presentation of noncapital subsidies and the subtotal for operating income (loss) and noncapital subsidies. Comparative fiscal year 2025 amounts have been reclassified, as applicable, to conform to the fiscal year 2026 presentation. Upon adoption, fiscal year 2025 lease interest of \$83,391 was reclassified from operating lease revenue to nonoperating revenue, and \$6,081 of University-contributed in-kind support was reclassified from operating revenue to noncapital subsidies. These reclassifications reduced previously reported operating income by \$89,472 but had no effect on change in net position or ending net position.

(c) **Operating revenues and expenses**—Operating revenues and expenses are revenues and expenses other than those classified as nonoperating under applicable GASB guidance. Nonoperating revenues and expenses include subsidies received and provided, financing-related revenues and expenses, resources from the disposal of capital assets and inventory, investment income and expenses, and contributions to permanent and term endowments. Noncapital subsidies are reported separately after operating income (loss), followed by the subtotal 'Operating income (loss) and noncapital subsidies.' Subsidies limited to capital purposes are reported with other nonoperating revenues and expenses.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

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

Subsidies—For purposes of financial reporting under GASB Statement No. 103, BEI classifies qualifying subsidies as nonoperating revenues or expenses. Noncapital subsidies are presented separately on the Statements of Revenues, Expenses and Changes in Net Position. Subsidies that are limited to capital purposes are reported with other nonoperating revenues and expenses. For fiscal year 2026, BEI has classified contributed administrative and other in-kind support from UWF as a noncapital subsidy received and the transfer of qualifying capital improvements to UWF as a capital subsidy provided.

(d) **Cash and cash equivalents**—For the purposes of reporting cash flows, BEI considers all cash accounts and certificates of deposit with original maturities of three months or less to be cash or cash equivalents.

(e) **Accounts receivable**—Accounts receivable are stated net of an allowance for doubtful accounts. BEI estimates for doubtful accounts based on an analysis of certain customers taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. Accounts are considered past due when the payments due are not made within certain designated timeframes. Allowance for doubtful accounts was \$0 at June 30, 2026 or 2025.

(f) **Due to/from the University of West Florida**—Due to the University of West Florida, includes commissions owed to the University by BEI related to bookstore and dining operations.

(g) **Investments**—In general, investments are reported at fair value when available. BEI categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

(h) **Capital assets**—Capital assets consist of land, buildings and improvements, equipment, furniture and fixtures, and construction in progress. Assets are capitalized and recorded at cost at the date of acquisition or at estimated acquisition value at the date received in the case of donations. 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. BEI has a capitalization threshold of \$50,000 for buildings, building improvements, infrastructure, infrastructure improvements, and leasehold improvements and a \$5,000 capitalization threshold for tangible personal property. Depreciation is calculated on the straight-line basis over the following estimated useful lives of the related assets:

Buildings	40 Years
Maintenance Equipment	7 to 10 Years
Furniture and Fixtures	7 Years
Office Equipment	5 Years
Software	5 Years

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

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

(i) **Lease receivable**—BEI receives rental income from several vendors who lease space from BEI. Typically, rental agreements are structured with payment increases over the life of the lease. BEI recognizes revenue with lease assets and deferred inflows, per GASB 87. As per GASB 87, leases receivable now has a current portion and long-term portion and a related deferred inflow. The current and long-term portion represent the future cash payments and associated interest, while the deferred inflow represents the lease revenue to be recognized over the lease. Lease receivables were \$1,452,530 and \$1,911,965 with a current portion of \$160,940 and \$141,730 as of June 30, 2026 and 2025 respectively.

(j) **Income taxes**—Pursuant to a determination letter received from the Internal Revenue Service, the BEI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income tax expense or liability has been made. There are currently no Internal Revenue Service audits in progress for any tax period. With few exceptions, the BEI is no longer subject to examination by major tax jurisdictions for years ended June 30, 2023 and prior.

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

(l) **Unearned service and management arrangement income**—Unearned service and management arrangement income represents amounts received in advance related to service and management arrangement contracts. Typically, amounts are recognized as revenue on a straight-line basis over the contract period, as indicated in the contracts.

(m) **Net Position**—Equity is classified as net position and is further classified into the following components:

Net Investment in Capital Assets – Consists of all capital assets, reduced by outstanding debt that is attributable to the acquisition of those assets.

Unrestricted – Consists of all other assets and liabilities not included in the above category.

(2) **Deposits:**

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, BEI's deposits may not be returned. At year end, the carrying amount of BEI's deposits was \$432,101 and the bank balance was \$433,531. Of each of the bank balances, \$250,000 was covered by Federal depository insurance with remaining balance covered by collateral held by the BEI's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(3) Investments:

Fair value of investments—In general, investments are reported at fair value when available. BEI categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The Fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

Level 1 – Inputs are quoted prices in active markets for identical assets.

Level 2 – Inputs are significant other observable inputs.

Level 3 – Inputs are significant unobservable inputs.

BEI's investments were entirely comprised of Charles Schwab money market accounts, which are considered Level 1 investments.

(4) Capital Assets:

Capital assets consisted of the following at June 30, 2026:

	Beginning Balance	Additions	Disposals	Ending Balance
Buildings	\$ 3,752,664	\$ -	\$ -	\$ 3,752,664
Building Improvements	447,425	-	-	447,425
	<u>4,200,089</u>	<u>-</u>	<u>-</u>	<u>4,200,089</u>
Less: Accumulated Depreciation	(1,082,629)	(127,057)	-	(1,209,686)
Total	<u>\$ 3,117,460</u>	<u>\$ (127,057)</u>	<u>\$ -</u>	<u>\$ 2,990,403</u>

Capital assets consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Disposals	Ending Balance
Buildings	\$ 3,752,664	\$ -	\$ -	\$ 3,752,664
Building Improvements	447,425	-	-	447,425
Furniture and Fixtures	121,548	-	(121,548)	-
	<u>4,321,637</u>	<u>-</u>	<u>(121,548)</u>	<u>4,200,089</u>
Less: Accumulated Depreciation	(1,077,023)	(127,154)	121,548	(1,082,629)
Total	<u>\$ 3,244,614</u>	<u>\$ (127,154)</u>	<u>\$ -</u>	<u>\$ 3,117,460</u>

Depreciation expense amounted to \$127,057 and \$127,154 for the years ended June 30, 2026 and 2025, respectively.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(5) Service and Management Arrangements:

Dining services- On May 6, 2018, BEI entered into a management services contract with a new dining services vendor. The agreement terms were through June 30, 2028, with an option to extend for an additional five years upon agreement of both parties. Either party may terminate the agreement during the contract period with proper notice. Any guaranteed commissions owed to BEI shall be paid by the dining services vendor within 90 days of the termination date. Upon expiration or termination, the amount of unamortized financial commitment disbursed as of the date of expiration or termination and unrestricted grant shall become due to the vendor within 120 days.

In conjunction with the new contract, BEI received \$6.1 million to buyout and repay the unamortized balances of the old service agreement's capital investments and unearned advanced commissions. The agreement also provided a \$900,000 unrestricted grant to be used in furthering BEI's mission and up to \$3.575 million in dining and retail capital improvements. As of June 30, 2026, \$3.385 million in renovations were completed and began being amortized. All capital improvements provided under the contract are donated to the University.

During the year ended 2021, BEI entered into a new MOU with the dining services vendor which replaced the original contract language that amortized the service and management arrangement payments through May 2033 with new language that now will now amortize the service and management service arrangement payments through May 2038. The increase in the amortization period resulted in an increase in the unearned service and management arrangement income liability of approximately \$500,000 and is reported as a reduction on service and management arrangement income during the years ended June 30, 2026 and 2025.

The \$6.1 million contract buyout funds, the \$900,000 unrestricted grant, current capital improvements and any future improvements to be made under the agreement are recorded as unearned service and management arrangement income when received and amortized to revenue on a straight-line basis through May 2038.

During the year ended 2024, BEI entered into a new MOU with the dining services vendor, which replaced the original contract language that amortized the service and management arrangement payments through May 2038 with new language that will now amortize the service and management arrangement payments through June 2043.

Bookstore operations- On August 18, 2009, the University and a bookstore operations vendor entered into a Bookstore Operating Agreement pertaining to the operation of the University's bookstore facilities and certain bookstore upgrades. Bookstore services became an Assigned Function of BEI on October 15, 2012, and the Bookstore Operating Agreement was amended on this date to substitute BEI as party to the agreement in lieu of the University. The amendment additionally extended the contract between BEI and the bookstore operations vendor through September 2024. In February 2025, another amendment was signed that extended the contract between BEI and the bookstore operations vendor through September 2029.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(5) Service and Management Arrangements: (Continued)

Under the contract, a \$600,000 initial contribution was provided to BEI by the bookstore operations vendor. This initial contribution was recorded as unearned income and was being amortized on a straight-line basis over a 10-year contract period. The bookstore operations vendor has also agreed to invest up to an additional \$300,000 for store upgrades throughout various campus locations. The vendor has spent approximately \$295,131 as of the fiscal year ended June 30, 2026, related to these upgrades. Per the amendment executed in February 2025, the bookstore operations vendor agreed to make a \$300,000 one-time payment to BEI, subject to amortization through September 2029. This payment was received in July 2025.

All equipment, fixtures, and furniture included as store upgrades from the capital investments of the bookstore operations vendor or from future capital investments will remain the property of the bookstore operations vendor until the investment is fully amortized, over a five-year period commencing on the date of the first disbursement of funds, at which time the upgrades will become property of the University. As of June 30, 2026 and 2025, there were no fully amortized store upgrades. Upon such time that store upgrade titles are transferred to the University, the fair value of the assets will be recognized as donations to the University and income by BEI.

As discussed above, BEI received as part of a service and management arrangement an initial contribution of \$600,000 from the vendor for the operation of the bookstore. This unearned income was amortized on a straight-line basis from October 2012 through September 2022. In addition, as discussed above, BEI received, as part of a service and management arrangement, a contribution of \$300,000 from the vendor for the operation of the bookstore. This unearned income is being amortized on a straight-line basis from July 2025 through September 2029.

Unearned income consisted of the following as of June 30:

	<u>2026</u>	<u>2025</u>
Unamortized Unearned Income from Dining Service Agreement	\$ 6,856,070	\$ 6,961,238
Unamortized Unearned Income from Bookstore Services Agreement	229,412	-
Total Unearned Income from Service and Management Arrangements	<u>\$ 7,085,482</u>	<u>\$ 6,961,238</u>

Changes in unearned service and management arrangement income for the year ended June 30, 2026:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Unearned Service and Management Arrangement Income	<u>\$ 6,961,238</u>	<u>\$ 592,806</u>	<u>\$ (468,561)</u>	<u>\$ 7,085,482</u>	<u>\$ 468,561</u>

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(5) **Service and Management Arrangements:** (Continued)

Changes in unearned service and management arrangement income for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Unearned Service and Management Arrangement Income	<u>\$ 7,304,986</u>	<u>\$ 100,000</u>	<u>\$ (443,748)</u>	<u>\$ 6,961,238</u>	<u>\$ 443,749</u>

(6) **Related Parties:**

The University provides administrative, managerial and facilities support for BEI. For the years ended June 30, 2026 and 2025, BEI disbursed \$395,149 and \$355,277, respectively, to the University for food service management pursuant to the Agreement discussed in Note (5). For the years ended June 30, 2026 and 2025, BEI disbursed \$356,126 and \$297,362, respectively, to the University for bookstore management pursuant to the Agreement discussed in Note (5). Amounts owed to the University for auxiliary services at June 30, 2026 and 2025 were \$34,021 and \$105,964, respectively.

(7) **Management agreement with the University of West Florida:**

On December 9, 2011, BEI and the University entered into a Master Management Agreement (the Agreement) which authorizes the President of the University to assign management and operation of certain University facilities and programs (Assigned Functions) to BEI. The Agreement requires BEI to use any excess funds to support University operations. However, BEI may retain funds (operating capital) that are necessary for the purposes of future projects and programs.

(8) **Risk Management:**

BEI is exposed to various levels of loss including, but not limited to, losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BEI is insured for these risks. There were no insurance losses related to these risks for the years ended June 30, 2026 and 2025. BEI is not aware of any liabilities related to these risks as of June 30, 2026.

BEI has established a Low-Value Asset Policy to manage and account for certain property items that are portable and susceptible to theft or loss. No low-value assets have been identified as missing as of June 30, 2026, and 2025.

(9) **Revenue Concentrations:**

During the year ended June 30, 2026, and 2025, BEI received approximately 61% and 71% of its operating revenues from its two largest vendors.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(10) In-kind Contributions:

Each state university board of trustees is authorized to permit the use of property, facilities, and personnel services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to the University direct support organization BEI by the University at no cost.

Rent for space utilized by BEI and owned by the University estimated at \$6,114 and \$6,081 for the years ended June 30, 2026 and 2025, respectively, and are included in the financial statements. Administrative and fiscal services provided to BEI were estimated at \$279,563 and \$294,442, respectively, for the years ended June 30, 2026, and 2025 and are not included in the financial statements.

(11) Property Leased to Others:

BEI leases space to University-affiliated tenants, and other commercial tenants under operating lease agreements. As of June 30, 2026, the approximate future minimum rental payments to be received under the operating leases are as follows:

Year Ending June 30,	University-Affiliated Tenants		Commercial Tenants		Total
	Principal	Interest	Principal	Interest	
2027	\$ 67,171	\$ 6,291	\$ 93,769	\$ 51,166	\$ 218,397
2028	71,135	3,429	99,568	47,278	221,410
2029	43,269	605	106,660	42,875	193,409
2030	-	-	89,269	38,632	127,901
2031	-	-	87,098	35,082	122,180
2032-2036	-	-	490,630	114,497	605,127
2037-2041	-	-	123,500	49,769	173,269
2042-2046	-	-	150,424	23,033	173,457
2047-2051	-	-	30,036	580	30,616
Total	<u>\$ 181,575</u>	<u>\$ 10,325</u>	<u>\$1,270,954</u>	<u>\$ 402,912</u>	<u>\$ 1,865,766</u>

Total GASB 87 lease revenue for the years ended June 30, 2026 and 2025 was \$252,188 and \$248,084, respectively. Total interest income for leases was \$65,813 and \$83,391 for the years ended June 30, 2026 and 2025, respectively.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

(12) Recently Issued Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2026, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on BEI's financial statements:.

- (a) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this Statement is to improve the accounting and financial reporting requirements for subsequent events by clarifying the subsequent-events time frame and establishing requirements for the recognition and disclosure of events occurring after the financial statement date. The Statement is intended to enhance consistency in application and improve the usefulness of information provided to financial statement users. The provisions of GASB Statement No. 105 are effective for subsequent events associated with fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

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

To the Board of Directors,
UWF Business Enterprises, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of UWF Business Enterprises, Inc., which comprise the statement of net position as of June 30, 2026, and the related statements of revenue, expenses, and change of net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated September 2, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWF Business Enterprises, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UWF Business Enterprises, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of UWF Business Enterprises, Inc.'s internal control.

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

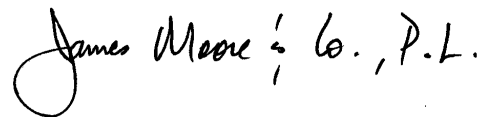
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWF Business Enterprises, Inc.'s 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Tallahassee, Florida
September 2, 2026

SUPPLEMENTARY INFORMATION

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Bank fees	\$ 25	\$ -
Miscellaneous	2,232	2,533
Office supplies	9,015	8,535
Postage	10	5
Professional fees	21,092	20,538
Taxes and licenses	61	61
Wages	193,396	183,234
Total	<u>\$ 225,831</u>	<u>\$ 214,906</u>

- SEE INDEPENDENT AUDITORS' REPORT -

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF ARGONAUT VILLAGE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Insurance	\$ 20,419	\$ 23,759
Miscellaneous	725	2,492
Postage	65	431
Repairs and maintenance	37,076	27,727
Taxes and licenses	-	1,155
Utilities	15,322	17,664
Total	<u>\$ 73,607</u>	<u>\$ 73,228</u>

- SEE INDEPENDENT AUDITORS' REPORT -

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF GOLEARN EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Credit card fees	\$ 15,320	\$ 2,622
Distributions to university	265,875	61,598
Distributions to author	2,449	-
Total	<u>\$ 283,644</u>	<u>\$ 64,220</u>

- SEE INDEPENDENT AUDITORS' REPORT -