University Technology Development Corporation (A Component Unit of the University of Nebraska)

Independent Auditor's Report and Financial Statements

March 31, 2025

University Technology Development Corporation
(A Component Unit of the University of Nebraska)
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Independent Auditor's Report

Board of Regents
University of Nebraska
Lincoln, Nebraska

Opinion

We have audited the financial statements of the University Technology Development Corporation (UTDC), a component unit of the University of Nebraska, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise UTDC'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 University Technology Development Corporation, as of March 31, 2025, and the changes in financial position and its cash flows for the year 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). 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 UTDC 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

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 UTDC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 UTDC'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 UTDC'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Forvis Mazars, LLP

Lincoln, Nebraska
September 4, 2025

University Technology Development Corporation
(A Component Unit of the University of Nebraska)
Statement of Net Position
March 31, 2025
(in thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 14,000
Cash and cash equivalents - restricted	41
Accounts receivable, net	9,603
Due from related parties	914
Lease receivable	6,125
Prepaid expense	261
Total current assets	30,944
Noncurrent assets:	
Investments - restricted	50
Lease receivable, net of current portion	4,904
Capital assets, net of accumulated depreciation	5,557
Right-to-use lease assets, net of accumulated amortization	9,166
Right-to-use subscription assets, net of accumulated amortization	278
Total noncurrent assets	19,955
Total assets	50,899
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable	1,463
Accrued compensated absences	746
Royalties	1,983
Due to related parties	6,745
Lease liability	1,229
Subscription liability	68
Total current liabilities	12,234
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	362
Lease liability, net of current portion	9,198
Subscription liability, net of current portion	55
Total noncurrent liabilities	9,615
Total liabilities	21,849
Deferred inflows of resources:	
Deferred lease arrangements	11,191
Total deferred inflows of resources	11,191
Net position:	
Net investment in capital assets	4,451
Restricted for:	
Expendable:	
Externally restricted funds for infrastructure and maintenance	148
Unrestricted	13,260
Total net position	$ 17,859

University Technology Development Corporation
(A Component Unit of the University of Nebraska)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ending March 31, 2025
(in thousands)

Operating revenues:	
License income	$ 6,555
Grants and contracts - Federal	28,572
Grants and contracts - State and Local	369
Other operating revenues	1,733
Total operating revenues	37,229
Operating expenses:	
Direct operating expenses:	
Compensation and benefits	16,276
Supplies and services	19,377
Depreciation of capital assets	2,237
Amortization of right-to-use assets	1,407
Total direct operating expenses	39,297
Distributions to campuses and inventors:	
Inventors	1,862
University colleges	857
University campuses	2,560
External sponsors	164
Total distributions to campuses and inventors	5,443
Total operating expenses	44,740
Operating loss	(7,511)
Nonoperating revenues (expenses):	
Investment income	193
Transfers from University sources	7,919
Transfers to University sources	(97)
Lease revenue and interest income on leases	498
Interest expense on right-to-use assets	(362)
Nonoperating revenues, net	8,151
Increase in net position	640
Net position:	
Beginning of year	17,219
End of year	$ 17,859

University Technology Development Corporation
(A Component Unit of the University of Nebraska)
Statement of Cash Flows
For the Year Ending March 31, 2025
(in thousands)

Cash flows from operating activities:		
Gifts, grants, and contracts received	$	27,536
License, patent, and research cash received		6,274
Other operating receipts		3,328
Payments to vendors		(21,211)
Payments to employees		(16,319)
Payments to campuses		(3,417)
Net cash flows used in operating activities		(3,809)
Cash flows from capital and related financing activities:		
Transfer of assets from other University sources		7,663
Purchase of capital assets		(306)
Interest paid on capital debt		(285)
Principal paid on capital debt		(1,359)
Receipts from leasing arrangements		234
Net cash flows provided by capital and related financing activities		5,947
Cash flows from investing activities:		
Investment income		193
Proceeds from sales and maturities of investments		49
Purchases of investments		(79)
Net cash flows provided by investing activities		163
Net change in cash and cash equivalents		2,301
Cash and cash equivalents – beginning of year		11,740
Cash and cash equivalents – end of year	$	14,041
Cash and cash equivalents - end of year as presented in statement of net position:		
Cash and cash equivalents	$	14,000
Cash and cash equivalents - restricted		41
Cash and cash equivalents, end of year	$	14,041
Reconciliation of operating loss to net cash flows used in operating activities:		
Operating loss	$	(7,511)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Depreciation of capital assets		2,237
Amortization of right-to-use assets		1,407
Changes in assets and liabilities:		
Accounts receivable, net and due from related parties		(13)
Prepaid expenses		(64)
Accrued compensated absences		232
Accounts payable, royalties, and due to related parties		(87)
Unearned revenue		(10)
Net cash flows used in operating activities	$	(3,809)
Noncash transactions:		
Lease obligation incurred for lease assets	$	1,372
Subscription obligation incurred for subscription assets		322

Note 1. Summary of Significant Accounting Policies

Organization

The University Technology Development Corporation (UTDC) is a public benefit corporation organized exclusively for charitable purposes within the scope of Section 501(c)(3) of the Internal Revenue Code (the Code). The purpose of UTDC is to promote, encourage, and assist research and scholarly activities of the faculty, staff, alumni, and students of the University of Nebraska (the University). UTDC is governed by a board of directors appointed by the President of the University. While UTDC is a legally separate entity, it is a blended component unit of the University. The major accounting principles and practices followed by UTDC are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

The financial statements are the responsibility of the UTDC board of directors and have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The statements include the activities of UTDC and its component units. All intercompany transactions have been eliminated in combination.

Reporting Entity

The reporting entity consists of UTDC and the following six nonprofit component units. In each case, UTDC is the sole member/stockholder. The primary purpose of the component units is to support the research mission of the University and its campuses and advance academic technology transfer globally by fostering strategic collaborations with industry through licensing, research, and new venture agreements.

- NUtech Ventures (NUtech) is a technology transfer organization primarily serving the University of Nebraska–Lincoln (UNL) and University of Nebraska-Kearney (UNK) campuses. The management of the affairs of the corporation is vested in a board of directors appointed by the Chancellor of UNL.

- UNeMed Corporation (UNeMed, formerly UNMC Tech) is a technology transfer organization primarily serving the University of Nebraska Medical Center (UNMC) and University of Nebraska-Omaha (UNO) campuses.

- Nebraska Innovation Campus Development Corporation (NICDC) facilitates the development of the former State Fair Park into a research park campus to promote, encourage, and assist the University in achieving its mission of education, research, and service to the State of Nebraska and its people.

- National Strategic Research Institute (NSRI) was organized as a University Affiliated Research Center (UARC) to conduct research and development in areas consistent with the educational, scientific, charitable, and service goals of the University of Nebraska and the core capabilities identified with a federally sponsored UARC.

- University Village Development Corporation of Kearney (UVDCK), a non-profit organization, provides support and oversight for the development of land near the UNK campus for residential, commercial, and recreational use to benefit the University, local community, region and State of Nebraska.

- Nebraska Defense Research Corporation (NDRC) was organized to create a nuclear command, control and communication network, collectively known as NC3, to help modernize the digital communications network utilized by the United States Government.

All of these entities are considered blended component units under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and have been presented in a single column within these financial statements.

Basis of Presentation

The financial statements of UTDC have been prepared using the economic resources measurement focus and the accrual basis of accounting. These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by GASB.

Classification of Revenues and Expenses

UTDC has classified its revenues and expenses as either operating or nonoperating revenues and expenses according to the following criteria:

- Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions.

- Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, contributions transferred from the University, investment income, and other revenue sources.

- Nonoperating Expenses – Nonoperating expenses are nonexchange activities of a nonoperating nature.

- Distributions to campuses and inventors – Distributions to campuses and inventors include the distribution of royalties to campuses and inventors as defined in royalty sharing agreements.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, savings accounts, and money market accounts.

Accounts Receivable, Net

Accounts receivable represent amounts resulting from business activities and are routinely cleared in the normal course of doing business. UTDC management has deemed an allowance for uncollectible accounts to be unnecessary as all amounts owed are deemed to be fully collectible.

Capital Assets

Capital assets are stated at cost at the date of acquisition or at fair value if contributed. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are 25 to 40 year for leasehold improvements and 20 to 30 year for land improvements. Equipment is generally depreciated from 2 to 10 year depending on its useful life. Leasehold improvements are depreciated over the estimated useful lives or the term of the related lease, whichever is shorter.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to the place asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

License Income

License income is recognized when earned on the accrual basis in accordance with the substance of the respective agreements and when the underlying right to receive payment has been established.

Grants and Contracts

Grants and contracts revenues are recognized as earned on an accrual basis as projects are completed and the results delivered to external sponsors.

Research Income

Research revenue is recognized when earned on an accrual basis as services are provided to clients and reflected primarily as grants and contracts in the statement of revenues, expenses, and changes in net position.

Income Distributions

Income distributions to inventors, departments, deans and directors, and research offices are determined based on established policy and agreements among NUtech Ventures and UNeMed Corporation, with their respective campuses. Distributions to campuses and inventors represent payments to the University, inventors, and research scientists for the use of or marketing of patented inventions or discoveries. UTDC and its component units undertake the identification and negotiation of nondisclosure agreements and technology licenses for technology developed by University faculty. Agreements for the marketing of technology include provisions for the distribution of revenues to the University campuses and faculty inventors.

Tax Status

UTDC and its component units qualify as nonprofit organizations under Section 501(c)(3) of the Code. Accordingly, no provision for federal or state income taxes is required on the related income pursuant to Section 501(a) of the Code.

Deferred Inflows of Resources

UTDC reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

Compensated Absences

NSRI and NDRC permit employees to accumulate leave that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for salary-related payments using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

Net Position

Net position consists of three parts. One is net investment in capital assets, which comprises right-to-use lease and subscription assets, net of accumulated amortization, and leasehold improvements and equipment, net of depreciation/amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets. Second, UTDC holds externally restricted funds for infrastructure, maintenance and economic development. The remaining portion includes the net amount of assets and liabilities that are not included in the determination of net investment in capital assets and restricted net position.

Estimates

The preparation of the 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 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.

Note 2. Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, UTDC's deposits may not be returned to it. UTDC does not have a formal custodial credit risk policy. At March 31, 2025, approximately $12,839 of UTDC's bank balances were uninsured and uncollateralized.

Note 3. Capital Assets

Capital asset activity for the year ending March 31, 2025 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Leasehold Improvements	$ 7,696	$ -	$ -	$ -	$ 7,696
Equipment	3,939	306	-	-	4,245
Right-to-use lease assets	11,295	1,372	653	-	12,014
Right-to-use subscription assets	339	322	263	-	398
Total	23,269	2,000	916	-	24,353
Less accumulated depreciation for:					
Leasehold Improvements	2,724	1,002	-	-	3,726
Equipment	1,423	1,235	-	-	2,658
Less accumulated amortization for:					
Right-to-use lease assets	1,620	1,287	59	-	2,848
Right-to-use subscription assets	264	120	264	-	120
Total	6,031	3,644	323	-	9,352
Capital assets, net	$ 17,238	$ (1,644)	$ 593	$ -	$ 15,001

Note 4. Leases

Lessee

UTDC leases office space from external parties. In accordance with GASB Statement No. 87, UTDC records right-to-use assets and lease liabilities based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University of Nebraska's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the year ended March 31, 2025, no variable payments were made. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. UTDC does not have any leases subject to a residual value guarantee. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life.

Lease liability activity for the year ended March 31, 2025 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Lease Liability	$ 10,699	$ 1,372	$ 1,644	$ 10,427	$ 1,229

As of March 31, 2025, the scheduled fiscal year maturities of lease liabilities and related interest expense are as follows:

Fiscal Year Ending March 31,	Principal	Interest
2025	$ 1,229	$ 371
2026	1,385	334
2027	1,438	290
2028	1,490	242
2029	799	200
2030-2034	4,086	415
	$ 10,427	$ 1,851

Lessor

UTDC leases land to external parties. In accordance with GASB Statement No. 87, UTDC records lease receivables and deferred inflows of resources based on the present value of remaining lease payments expected to be received during the lease term plus any payments received at or before the commencement of the lease term that relate to future periods. The expected receipts are discounted using the interest rate charged on the lease, if known, or the University of Nebraska's incremental borrowing rate. Variable receipts are excluded from the valuations unless they are fixed in substance. Future recognition of the deferred inflow of resources as revenue is performed in a systematic and rational manner over the term of the lease. Revenue recognized under the lease contracts referenced above totaled approximately $498 for the year ended March 31, 2025 and includes both lease revenue and interest.

Note 5. Related-Party Transactions

NUtech, UNeMed, NICDC, and NSRI have established operating agreements with UNL and UNMC relating to reimbursement of overhead costs incurred. The transfers from University sources are shown as other nonoperating revenues in the statement of revenues, expenses, and changes in net position. Amounts reimbursed during the year ended March 31, 2025 are as follows:

Reimbursement to UVDCK from University Sources	$ 95
Reimbursement to Nutech from University Sources	1,634
Reimbursement to NICDC from University Sources	2,300
Reimbursement to UNeMed from UNMC	2,335
Reimbursement to NSRI from University Sources	1,305
Reimbursement to UTDC from University Sources	250
	$ 7,919

The outstanding receivables from and payables to related parties at March 31, 2025 are the result of the agreements described herein, are current in nature, and are routinely cleared as a matter of business with the related parties.

Note 6. Retirement Plan

NUtech, UNeMed, NICDC, and UVDCK employees also receive retirement benefits according to the University's retirement plan. The defined-contribution plan covers all academic faculty, administrative, and classified staff and provides investment options administered by Teachers Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF) and Fidelity Investments. Under the plan, faculty and staff are required to contribute 3.5% or 5.5% if they participate in either Tier 1 or Tier 2 of the plan, respectively. The University matches faculty and staff participation by contributing 6.5% and 8.0% for Tier 1 and Tier 2, respectively. The policy is to fund costs accrued on an annual basis.

NDRC has adopted a Paychex Pooled Employer Plan. Under the plan, employee contributions are matched 100% by NDRC up to 3% of employee compensation. Employee contributions that exceed 3% but do not exceed 4% are matched 50% by NDRC. Any contributions exceeding 4% of compensation are not matched by NDRC.

NSRI has a retirement plan with Fidelity Investments. NSRI will match employee contributions up to 3.5% of employee compensation. Any contributions exceeding 3.5% of compensation are not matched by NSRI.

Contributions made by employees for the year ended March 31, 2025 were $787. Contributions made by the component units for the year ended March 31, 2025 were $470.

Note 7. Accrued Compensated Absences

NUtech, UNeMed, NICDC, and UVDCK pay employees through the payroll system of the University. The University is reimbursed for the salary and benefits expenses of these four UTDC component units. The remaining component units with employees, NSRI and NDRC, process payroll separately.

Accrued compensated absences for NSRI and NDRC are as follows at March 31:

Beginning Balance	Net Additions and Disposals	Ending Balance	Current Portion
$ 876	$ 232	$ 1,108	$ 746

Note 8. Commitments and Contingencies

UTDC is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that the ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.