

**AUGUSTA UNIVERSITY RESEARCH
INSTITUTE, INC.**

FINANCIAL STATEMENTS AND COMPLIANCE

***As of and for the Years Ended June 30, 2019 and 2018
EIN #1-58-1418202A1***

And Report of Independent Auditor

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

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Report of Independent Auditor

To the Board of Directors
Augusta University Research Institute, Inc.
Augusta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Augusta University Research Institute, Inc. (the "Institute"), which comprise the statements of net position as of and for the years ended June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of June 30, 2019 and 2018, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the 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 audits of the 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the Institute's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and 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 schedule of expenditures of federal awards is 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 September 4, 2019, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.



Augusta, Georgia
September 4, 2019

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Introduction

The Augusta University Research Institute, Inc. (the "Institute") was incorporated under the laws of the state of Georgia as a non-profit corporation on July 31, 1980, under the name The Medical College of Georgia Research Institute, Inc. The Institute qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Service Code. The purpose of the Institute is to serve Augusta University (the "University") and enhance its excellence as a research institution. The Institute contributes to the research function of the University by securing gifts, contributions, and grants from individuals, industries, private organizations, and government agencies and by obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs in the various University schools, departments, and other units.

In a Memorandum of Understanding ("MOU") dated April 1, 1981, the Board of Regents of the University System of Georgia authorized the Institute to serve as the official grantee for all contracts, grants, and gifts for the conduct of sponsored research at the University. The Board of Regents of the University System of Georgia has constitutional authority to govern, control, and manage the University System of Georgia. The MOU also assigned all intellectual property developed through the research programs or by the University personnel to the Institute. In addition, the Institute is the administrative organization for employee-related discoveries, innovations, inventions, patents, and copyrights. The ongoing objective of the Institute is to provide services to the University and, through those services, to enhance the University's programs and goals as a research institution.

Description of the Financial Statements

The statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows are designed to provide information that will assist in understanding the financial condition and performance of the Institute. The Institute's net position is one indicator of the Institute's financial health. Over time, increases or decreases in net position are one indicator of the changes in the Institute's financial condition when considered with other non-financial facts.

The *Statement of Net Position* presents the assets, liabilities, and net position of the Institute.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies investment earnings and changes in the fair value of investments as nonoperating revenues. As a result, the financial statements may show operating losses that are then offset by nonoperating revenues from a total financial perspective.

The *Statement of Cash Flows* presents information in the form of cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities.

In the following discussion, Fiscal 2019 and Fiscal 2018 refer to the years ended June 30, 2019 and June 30, 2018, respectively.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Financial Highlights

The condensed statements of net position are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Net Position
June 30, 2019, 2018, and 2017

	2019	2018	2017	2019 - 2018		2018 - 2017	
				Dollars	%	Dollars	%
ASSETS							
Current assets	\$ 9,747,923	\$ 8,466,958	\$ 13,650,325	\$ 1,280,965	15%	\$ (5,183,367)	-38%
Noncurrent assets	4,544,323	4,268,724	361,075	275,599	6%	3,907,649	1082%
Total Assets	14,292,246	12,735,682	14,011,400				
LIABILITIES							
Current liabilities	4,424,156	4,209,761	5,547,787	214,395	5%	(1,338,026)	-24%
Total Liabilities	4,424,156	4,209,761	5,547,787				
NET POSITION							
Restricted for program services	69,973	69,973	69,973				
Unrestricted	9,798,117	8,455,948	8,393,640				
Total Net Position	\$ 9,868,090	\$ 8,525,921	\$ 8,463,613	1,342,169	16%	62,308	1%

Fiscal 2019

Current assets increased by \$1,280,965 or 15% from Fiscal 2018 to Fiscal 2019, primarily due to an increase in cash and cash equivalents.

Noncurrent assets include restricted cash, investment in the Board of Regents Balanced Income Fund, and investments in a corporation and a limited liability company which are accounted for using the cost method. The balance at June 30, 2019, includes restricted cash of \$69,973, investment in the Board of Regents Balanced Income Fund of \$4,174,064, and cost method investments of \$300,286.

Total net position at June 30, 2019 and 2018, was \$9,868,090 and \$8,525,921, respectively, which represents an increase of \$1,342,169. The increase in net position is attributable primarily to a decrease in operating expenses and an increase in certain non-operating revenues.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Fiscal 2018

Current assets decreased by \$5,183,367 or 38% from Fiscal 2017 to Fiscal 2018, primarily due to a decrease in cash and cash equivalents due to the Institute moving funds from the Board of Regents Short-Term Fund to the Board of Regents Balanced Income Fund.

Noncurrent assets include restricted cash, investment in the Board of Regents Balanced Income Fund, and investments in a corporation and a limited liability company which are accounted for using the cost method. The balance at June 30, 2018, includes restricted cash of \$69,973, investment in the Board of Regents Balanced Income Fund of \$3,911,352, and cost method investments of \$287,399.

Total net position at June 30, 2018 and 2017, was \$8,525,921 and \$8,463,613, respectively, which represents an increase of \$62,308. The increase in net position is attributable primarily to a slight increase in indirect revenue as a percent of total revenue maintained by the Institute in Fiscal 2018.

The condensed statements of revenues, expenses, and changes in net position are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2019, 2018, and 2017

	2019	2018	2017	2019 - 2018		2018 - 2017	
				Dollars	%	Dollars	%
Operating Revenues:							
Research programs	\$ 60,236,160	\$ 60,657,292	\$ 60,166,858	\$ (421,132)	-1%	\$ 490,434	1%
Licensing and royalties	819,375	269,258	379,227	550,117	204%	(109,969)	-29%
Other operating revenue	184,107	173,692	222,221	10,415	6%	(48,529)	-22%
Total Operating Revenues	<u>61,239,642</u>	<u>61,100,242</u>	<u>60,768,306</u>	139,400	0%	331,936	1%
Operating Expenses:							
Grants and contracts	56,760,271	57,289,500	56,764,724	(529,229)	-1%	524,776	1%
Programs to support the University	2,523,209	2,973,037	2,462,626	(449,828)	-15%	510,411	21%
Licensing and royalty distributions	659,532	216,594	313,305	442,938	205%	(96,711)	-31%
Technology transfer operations	79,699	430,912	593,618	(351,213)	-82%	(162,706)	-27%
Management and general	181,707	178,313	362,523	3,394	2%	(184,210)	-51%
Total Operating Expenses	<u>60,204,418</u>	<u>61,088,356</u>	<u>60,496,796</u>	(883,938)	-1%	591,560	1%
Operating income	1,035,224	11,886	271,510	1,023,338	8610%	(259,624)	-96%
Nonoperating revenues	<u>306,945</u>	<u>50,422</u>	<u>(44,335)</u>	256,523	509%	94,757	-214%
Increase in net position	1,342,169	62,308	227,175	1,279,861	2054%	(164,867)	-73%
Net position, beginning of year	<u>8,525,921</u>	<u>8,463,613</u>	<u>8,236,438</u>				
Net position, end of year	<u>\$ 9,868,090</u>	<u>\$ 8,525,921</u>	<u>\$ 8,463,613</u>				

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Fiscal 2019

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$139,400 primarily due to an increase in licensing and royalties revenue.

Operating expenses decreased \$883,938 or 1% primarily due to a decrease in research incentive program expenses of approximately \$170,000, a decrease in Jinfiniti expenses of approximately \$370,000, and a decrease of technology transfer operations expenses of approximately \$350,000.

Operating income increased due to research and operating expenses being covered by the University in 2019.

Fiscal 2018

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$331,936 or 1% primarily due to an increase in foundation grants.

Operating expenses increased \$591,560 or 1% primarily due to an increase in grants and contracts expense and an increase in programs support to the University. The increase in grants and contracts expense was due to the increase in foundation grant expense and the increase in programs support to the University was mostly attributed to the increase in the Jinfiniti expenses of approximately \$325,000.

The condensed statements of cash flows are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Cash Flows
Years Ended June 30, 2019, 2018, and 2017

	2019	2018	2017	2019 - 2018		2018 - 2017	
				Dollars	%	Dollars	%
Net cash flows from operating activities	\$ 1,130,458	\$ (226,516)	\$ 579,744	\$ 1,356,974	-599%	\$ (806,260)	-139%
Net cash flows from investing activities	31,346	(3,857,227)	83,752	3,888,573	-101%	(3,940,979)	-4706%
Net change in cash and cash equivalents	1,161,804	(4,083,743)	663,496	5,245,547	-128%	(4,747,239)	-715%
Cash and cash equivalents, beginning of year	4,381,937	8,465,680	7,802,184				
Cash and cash equivalents, end of year	<u>\$ 5,543,741</u>	<u>\$ 4,381,937</u>	<u>\$ 8,465,680</u>				

Fiscal 2019

Cash flows from operations primarily include receipts from grantors and licenses. The increase in cash flow from operating activities in 2019 is attributable to increased payments for licensing and royalties, decreased research grant payments to the University, and decreased payments University programs.

The increase in cash flow from investing activities is attributable to the purchase of the investment in the Board of Regents Balanced Income Fund during Fiscal 2018.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Fiscal 2018

Cash flows from operations primarily include receipts from grantors and licenses. The decrease in cash flow from operating activities in 2018 is attributable to increased payments for the University programs.

The decrease in cash flow from investing activities is attributable to the purchase of the investment in the Board of Regents Balanced Income Fund.

Economic Outlook

The Institute is entering Fiscal 2020 projecting that grant and contract growth will remain relatively static with some minor increases due to a minimal increase in NIH appropriations for Fiscal 2020.

Questions concerning this report or requests for additional information should be directed to Diego Vazquez, Associate Vice President for Sponsored Programs Administration and Executive Director, at (706) 721-3087 or at 1120 15th Street, CJ 3301, Augusta, Georgia 30912.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,443,768	\$ 4,311,964
Grants and contracts receivable	4,304,155	4,154,994
Total Current Assets	<u>9,747,923</u>	<u>8,466,958</u>
Noncurrent Assets:		
Restricted assets - cash and cash equivalents	69,973	69,973
Investments	4,174,064	3,911,352
Other investments	300,286	287,399
Total Noncurrent Assets	<u>4,544,323</u>	<u>4,268,724</u>
Total Assets	<u>14,292,246</u>	<u>12,735,682</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	82,001	37,255
Grants and contracts payable to the University	4,130,749	4,000,488
Other liabilities payable to the University	192,427	153,482
Other liabilities	18,979	18,536
Total Current Liabilities	<u>4,424,156</u>	<u>4,209,761</u>
NET POSITION		
Restricted for program services	69,973	69,973
Unrestricted	9,798,117	8,455,948
Total Net Position	<u>\$ 9,868,090</u>	<u>\$ 8,525,921</u>

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Research programs:		
Federal	\$ 49,041,572	\$ 50,592,029
Business	7,434,697	4,805,745
Foundations	2,978,140	4,399,152
Other research grants	781,751	860,366
Total Research Revenue	<u>60,236,160</u>	<u>60,657,292</u>
Licensing and royalties	819,375	269,258
Rent	85,200	82,000
TEDDY income	66,409	61,862
Jinfiniti income	31,854	29,830
Other operating revenue	644	-
Total Operating Revenues	<u>61,239,642</u>	<u>61,100,242</u>
Operating Expenses:		
Research subcontracted to the University (including indirect cost reimbursements):		
Federal	45,956,110	47,497,834
Business	7,105,509	4,619,401
Foundations	2,945,297	4,337,401
Other research grants	753,355	834,864
Total Research Subcontracted to the Universtiy	<u>56,760,271</u>	<u>57,289,500</u>
Licensing and royalty distributions	659,532	216,594
AURI grants programs (IGP and RSCA)	380,969	223,914
Grant writing consultant	500	10,016
Research incentive program	1,092,753	1,265,030
Bridge funding program	217,508	289,420
Health Research Associates	75,822	76,362
Early retirement annuity	7,418	7,418
Council on government relations	10,500	10,500
Federal affairs consultant (Cornerstone)	22,507	-
School of Graduate Studies	131,917	137,759
TEDDY project	66,608	62,751
Research awards banquet	14,936	14,820
Jinfiniti expenses	31,854	430,780
Cathaid expenses	30,000	-
Georgia BIO expense	25,000	25,000
Federal demonstration partnership	1,000	-
Technology transfer operations	79,699	430,912
Technology transfer legal	333,282	298,761
Life Science Business Development Center	22,886	22,959
University support	57,749	97,547
Management and general	181,707	178,313
Total Operating Expenses	<u>60,204,418</u>	<u>61,088,356</u>
Operating income	<u>1,035,224</u>	<u>11,886</u>

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

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)***YEARS ENDED JUNE 30, 2019 AND 2018*

	<u>2019</u>	<u>2018</u>
Nonoperating Revenues (Expenses):		
Investment income	\$ 308,973	\$ 68,514
Loss on cost method investments	<u>(2,028)</u>	<u>(18,092)</u>
Total Nonoperating Revenues (Expenses)	<u>306,945</u>	<u>50,422</u>
Increase in net position	1,342,169	62,308
Net position, beginning of year	<u>8,525,921</u>	<u>8,463,613</u>
Net position, end of year	<u>\$ 9,868,090</u>	<u>\$ 8,525,921</u>

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from grantors	\$ 60,086,999	\$ 61,756,916
Receipts of licensing and royalties	819,375	269,258
Other receipts	184,107	173,692
Research grant payments disbursed to the University	(56,630,010)	(58,656,283)
Payments of royalties, licenses, patents, and copyright costs	(1,042,676)	(965,922)
Payments for the University programs	(2,073,096)	(2,604,695)
Payments to suppliers and others	(214,241)	(199,482)
Net cash from operating activities	<u>1,130,458</u>	<u>(226,516)</u>
Cash flows from investing activities:		
Investment income	46,261	42,354
Contributions to investments accounted for using the cost method	(16,177)	(14,389)
Distributions from InTouch Technologies, Inc.	1,262	-
Net purchases of investments	-	(3,885,192)
Net cash from investing activities	<u>31,346</u>	<u>(3,857,227)</u>
Net change in cash and cash equivalents	1,161,804	(4,083,743)
Cash and cash equivalents, beginning of year	4,381,937	8,465,680
Cash and cash equivalents, end of year	<u>\$ 5,543,741</u>	<u>\$ 4,381,937</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 1,035,224	\$ 11,886
Adjustments to reconcile operating income to net cash from operating activities:		
Changes in:		
Grants and contracts receivable	(149,161)	1,099,624
Accounts payable and grants and contracts payable	175,007	(1,386,648)
Other liabilities payable to the University	38,945	46,622
Other liabilities	443	2,000
Net cash from operating activities	<u>\$ 1,100,458</u>	<u>\$ (226,516)</u>
Schedule of noncash activity:		
Loss on cost method investments	\$ (2,028)	\$ (18,092)
Investment income (reinvested)	262,712	26,160
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 5,443,768	\$ 4,311,964
Restricted assets - cash and cash equivalents	69,973	69,973
Cash and cash equivalents	<u>\$ 5,513,741</u>	<u>\$ 4,381,937</u>

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

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Organization

Augusta University Research Institute, Inc. (the “Institute”) was established to contribute to the educational, research and service functions of Augusta University (the “University”) in obtaining grants and contracts from individuals, industrial, or other private organizations, government, or other public agencies for the performance of sponsored research, development, or other programs by the various units of the University. The Institute was incorporated under the laws of the state of Georgia as a non-profit corporation on July 31, 1980. All projects awarded to the Institute are sub-contracted to the University, which is responsible for the fiscal administration of the research projects.

Note 2—Summary of significant accounting policies

Basis of Presentation – The Institute’s financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

The GASB has issued Statement of Governmental Accounting Standards (“SGAS”) No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities* and SGAS No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the Institute’s assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows. These standards provide for the inclusion of Management’s Discussion and Analysis as required supplementary information.

Reporting Entity – In accordance with the criteria in SGAS No. 61, *The Financial Reporting Entity*, the Institute is a legally separate, tax exempt component unit of the state of Georgia (the “State”). Although the University is not fiscally accountable for the Institute, it has been determine that the nature and significance of the relationship between the University and the Institute is such that exclusion of the Institute from the University’s departmental financial statements would render those statements misleading.

Basis of Accounting – For financial reporting purposes, the Institute is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the Institute’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents and Investments – The Institute considers all short-term investments with an original maturity of three months or less to be cash equivalents. Short-term investments, which consist of marketable securities that are bought and held principally for the purpose of selling them in the near future, are reported at fair value with unrealized gains and losses recognized in nonoperating revenues.

Investments – In accordance with SGAS No. 72, *Fair Value Measurement and Application*, the Institute is required to present certain investments at their fair value if the investment has a readily determined market value. The Board of Regents Balanced Income Fund is included in investments.

Other investments, consisting of interests in a corporation and a limited liability company, for which the Institute does not have significant ownership or control, are carried at cost and the Institute recognizes dividends received that are distributed from net accumulated earnings of the company since the date of acquisition by the Institute. In the period losses of an investment are determined to be other than a temporary decrease in value of the investment, the loss is recognized. Investments in startup companies are deemed to have a readily determinable fair market value when the stock becomes publicly traded.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Net Position – Net position of the Institute is classified in two components. Unrestricted net position includes amounts not subject to donor or other stipulations imposed by outside sources. Restricted net position represents revenues that are subject to donor or other stipulations imposed by outside sources.

Revenue Recognition – Revenue from research grants is recognized as expenditures are made for approved research activities. Grants receivable are recorded for amounts expended for purposes authorized in the grant agreements but not yet reimbursed.

Royalty revenues are derived principally from licensure of rights to certain discoveries made by University personnel, and are generally based on sales of products made by third parties using the rights licensed from the Institute. Such royalty revenues are recognized when received. Generally, the Institute has arrangements with the University and others to share a portion of the royalties received. Such royalty sharing payments are recorded as expense when the related revenues are recognized.

Operating revenues and expenses are those that result from grant and related activities. Nonoperating revenues and expenses include capital, financing, investing, and other activities not related to grant and program activities.

Income Tax Status – The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”), whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. In addition, the Institute is not classified as a private foundation based on a determination received from the Internal Revenue Service.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires the Institute’s 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 may differ from those estimates.

Future Pronouncements – In June 2017, the GASB issued SGAS No. 87, *Leases*. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This standard will be effective for the fiscal year ending June 30, 2021. The Institute is currently in the process of evaluating the impact of adoption of this SGAS on the financial statements.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Cash and investments

SGAS No. 40, *Deposits and Investment Risk Disclosures*, requires certain disclosures regarding policies and practices with respect to deposits and the custodial risk, credit risk, interest rate sensitivity, and foreign investments associated with them.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Institute’s deposits may not be returned to it. The Institute does not have a deposit policy for custodial credit risk. The Institute places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Institute from time to time may have amounts on deposit in excess of these insured limits. As of June 30, 2019 and 2018, \$3,509,832 and \$2,421,691, respectively, of the Institute’s bank balance exceeded these insured amounts and was uncollateralized.

Interest Rate Risk and Credit Risk - Investments – The Institute has an investment policy that authorizes management to invest in the following types of investments:

1. Certificates of deposit and money market accounts with investment grade banks
2. United States Treasury securities
3. Commercial Paper rated at least A-1, P-1

The Institute’s investments were comprised of funds invested in the Board of Regents Investment Pool as follows:

	<u>2019</u>	<u>2018</u>
Board of Regents Investment Pool :		
Short-Term Fund - cash equivalents	\$ 1,560,463	\$ 1,515,870
Balanced Income Fund - investments	<u>4,174,064</u>	<u>3,911,352</u>
Total investment pool	<u>\$ 5,734,527</u>	<u>\$ 5,427,222</u>

Short-Term Fund – The Short-Term Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs and accordingly, is classified as a cash equivalent. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of three fourths to one year. The overall character of the portfolio is of agency quality, possessing a minimal degree of financial risk.

Balanced Income Fund – The Balanced Income is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic U.S. equities, domestic investment grade fixed income, and cash equivalents.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Cash and investments (continued)

The Short-Term Fund is classified as cash and cash equivalents in the accompanying statements of net position. The Balanced Income Fund is classified as investments in the accompanying statements of net position. The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The Board of Regents Investment Pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their web site at <http://www.audits.ga.gov>.

The effective duration of the Short-Term Fund at June 30, 2019 and 2018, is 0.63 years and 0.71 years, respectively. As June 30, 2019 and 2018, the Short-Term Fund consists of 100% debt securities. The effective duration of the Balanced Income Fund at June 30, 2019 and 2018, is 5.22 years and 4.01 years, respectively. At June 30, 2019 and 2018, the Balanced Income Fund consists of 32% equity securities, 67% debt securities, and 1% cash and cash equivalents.

Note 4—Other investments

During the year ended June 30, 2009, the Institute made a commitment to invest \$500,000 in the Georgia Research Alliance Capital Venture Fund (the "Fund"), a pool of private and public dollars that will provide early-stage financing to start-up organizations that commercialize university research. The Institute's ownership interest in this Fund is accounted for using the cost method. At June 30, 2019 and 2018, the total contributions of capital have been \$448,994 and \$432,817, respectively. At June 30, 2019 and 2018, the total cost of the Institute's investment, net of distributions of return of initial investment was \$357,515. During the years ended June 30, 2019 and 2018, the Institute recorded losses related to realized losses from investments which were determined to be other than temporary losses of \$2,028 and \$18,092, respectively due to liquidations in the Fund. At June 30, 2019 and 2018, the net carrying amount for this Fund was \$254,009 and \$239,860, respectively. As of June 30, 2019, the Institute has a remaining commitment of approximately \$51,000 for future investment in the Fund.

During the years ended June 30, 2011 and 2012, in connection with a licensing agreement, the Institute received shares of Series A and B stock of Reach Health, Inc., a company founded by and owned and governed, in part, by a doctor employed by the University who also serves on the Board of Directors of the Institute. Reach Health, Inc. is a start-up technology company specialized in developing and providing interactive physician-to-patient access. During the year ended June 30, 2013, the Institute purchased 89,837 shares of Series C Preferred Stock of Reach Health, Inc. The Institute's ownership interest in Reach Health, Inc. has been accounted for using the cost method.

The Institute had a license agreement with Reach Health, Inc. for the use of certain health care information technology developed at the Institute. The license agreement was terminated during the year ended June 30, 2017. In connection with the termination of the licensing agreement, the Institute received \$40,000 from Reach Health, Inc. and received a warrant to purchase 300,000 shares of common stock at a cost of \$0.01 per share. The Institute exercised the warrant in September 2016.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 4—Other investments (continued)

During the year ended June 30, 2018, Reach Health, Inc. was acquired by InTouch Technologies, Inc. In connection with this acquisition, the Institute was required to surrender all shares of the Reach Health, Inc. stock in exchange for 6,011 shares of InTouch Technologies, Inc. common stock. At June 30, 2018, the InTouch Technologies, Inc. investment balance was \$47,532, which was the carrying amount of the previously held Reach Health, Inc. investment.

During the year ended June 30, 2019, the Institute received \$1,262 of dispersed funds and an additional 3,379 of InTouch Technologies, Inc. common stock. At June 30, 2019, the InTouch Technologies, Inc. investment balance was \$46,270, which was the carrying amount of the previously held Reach Health, Inc. investment less the dispersed funds.

	<u>2019</u>	<u>2018</u>
Balance, July 1	\$ 287,399	\$ 291,102
Contributions of capital	16,177	14,389
Distributions	(1,262)	-
Loss on cost method investments	<u>(2,028)</u>	<u>(18,092)</u>
Balance, June 30	<u>\$ 300,286</u>	<u>\$ 287,399</u>

Note 5—Fair value measurements of assets and liabilities

The Institute has adopted SGAS No. 72, *Fair Value Measurements and Application*, which requires fair value measurement be classified and disclosed in one of the following three categories (“Fair Value Hierarchy”):

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. As required by U.S. GAAP, the Institute, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Institute holds a large position and a sale could reasonably impact the quoted price.
- Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition, corporate obligations, and U.S. Government and Agency Treasury Inflation Indices.
- Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Fair value measurements of assets and liabilities (continued)

The tables below summarize the valuation of the Institute’s financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

	Fair Value Measurement at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income:				
Board of Regents Investment Pool				
Short-Term Fund	\$ -	\$ 1,560,463	\$ -	\$ 1,560,463
Balanced Income Fund	4,174,064	-	-	4,174,064
Total fixed income	4,174,064	1,560,463	-	5,734,527
Total investments, recurring basis	<u>\$ 4,174,064</u>	<u>\$ 1,560,463</u>	<u>\$ -</u>	<u>\$ 5,734,527</u>

	Fair Value Measurement at June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income:				
Board of Regents Investment Pool				
Short-Term Fund	\$ -	\$ 1,515,870	\$ -	\$ 1,515,870
Balanced Income Fund	3,911,352	-	-	3,911,352
Total fixed income	3,911,352	1,515,870	-	5,427,222
Total investments, recurring basis	<u>\$ 3,911,352</u>	<u>\$ 1,515,870</u>	<u>\$ -</u>	<u>\$ 5,427,222</u>

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note 6—Net position restrictions and designations

Restricted net position represents amounts which are restricted in accordance with legal or contractual requirements, or donor stipulations that must be used for the specific purpose as indicated by the donor. From time to time, the Institute receives contributions to be used for specific research projects. The restricted net position at both June 30, 2019 and 2018, consist of the unspent proceeds of \$69,973.

Annually, amounts included in net position are designated for specific purposes by action of the governing board of the Institute. The Board of Directors of the Institute has designated the use of certain funds for Incentive Awards, the AURI Grants Programs (IGP and RSCA), and the School of Graduate Studies. The purpose of Incentive Awards is to reward faculty for productivity and provide discretionary funds to promote individual research programs. The AURI Grants Programs (IGP and RSCA) are used to support research projects that have a high likelihood of subsequently generating external funding. The purpose of the Intramural Grants Program is to assist faculty members in competing for major research funding from external sources. At June 30, 2019 and 2018, the Institute had \$4,236,761 and \$3,612,524, respectively, in unrestricted, designated net position.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 7—Grants and contracts receivable

Receivables consist of amounts due from foundations, businesses, universities, and the federal government for expenditures of federal and non-federal awards which have not yet been reimbursed. Management believes, based on past history, that any amounts which are not fully collectible would be immaterial to the financial statements.

Note 8—Facilities and administrative costs recovery

The Institute receives reimbursement from sponsors for facilities and administrative costs incurred. In accordance with the Memorandum of Understanding between the Institute and the University, the Institute retains approximately 10/46th of funds received for facilities and administrative costs which are considered to be unrestricted funds. The remaining approximately 78% is disbursed to the University. Under this agreement the Institute received approximately \$3,500,000 and \$3,400,000 for each of the years ended June 30, 2019 and 2018, respectively.

Note 9—Significant funding sources

Approximately 76% and 80% of the Institute's total operating revenue for the fiscal years ended June 30, 2019 and 2018, respectively, were awarded by the United States Department of Health and Human Services. Changes in governmental spending could have a significant impact on the operations of the Institute.

Note 10—Operating leases

The Institute is a lessee under a multiyear operating lease for an office building used by a principal investigator. The lease commenced on May 1, 2017, and expires on August 1, 2023. For the years ended June 30, 2019 and 2018, lease expense related to this lease was \$66,608 and \$62,751, respectively, and is included in the TEDDY project expense on the statement of revenues, expenses, and changes in net position. The Institute also receives reimbursement related to this expense from the Medical College of Georgia School of Medicine. For the years ended June 30, 2019 and 2018, reimbursement related to this lease was \$66,409 and \$61,862, respectively, and is included in TEDDY income on the statement of revenues, expenses, and changes in net position.

Future minimum lease payments are:

Years Ending June 30,

2020	\$ 87,176
2021	88,930
2022	90,722
2023	92,554
2024	23,607
	<u>\$ 382,989</u>

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 11—Related party transactions

The Institute reimburses the University for a portion of services rendered by employees of the University. The Institute reimbursed the University for personnel and other expenses in the amount of \$73,511 and \$411,262 for the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, the cost of the unreimbursed portion of the services was approximately \$591,000 and \$596,000, respectively.

During the year ended June 30, 2017, the Institute entered into an agreement with a company, Jinfiniti Diagnostics Inc., owned by a faculty member employed by the University to provide support for operations. The agreement provides for the availability of payments of \$100,000 during the year ended June 30, 2017; \$400,000 during the year ended June 30, 2018; and \$500,000 during the year ended June 30, 2019, to the company by the Institute. Under this agreement, payments of \$-0-, \$400,000, and \$100,000 were made to the company during the years ended June 30, 2019, 2018, and 2017, respectively. The remaining commitment under this agreement is \$500,000 as of June 30, 2019. In addition, the Institute has entered into an agreement with the company which provides for rental of space by the company in the Life Sciences Business Development Center for the purpose of life sciences research and product development. During the years ended June 30, 2019 and 2018, no amounts were received related to this agreement.

During the year ended June 30, 2019, the Institute entered into an agreement with a company, Cathaid Inc., owned by a faculty member employed by the University to provide support for operations. Under this agreement, \$30,000 was paid out to the company during the year ended June 30, 2019.

Note 12—Significant commitments and contingencies

The Institute receives proceeds from federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial to the financial statements. No provision has been made in the accompanying financial statements for the refund of grant monies due to periodic audits by granting agencies.

**Report of Independent Auditor 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
Augusta University Research Institute, Inc.
Augusta, Georgia

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 Augusta University Research Institute, Inc., (the "Institute") as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Institute's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Institute'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
September 4, 2019

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Augusta University Research Institute, Inc.
Augusta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Augusta University Research Institute, Inc.'s (the "Institute") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2019. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Chung Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
September 4, 2019

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Agency Name / Program	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
U.S. Department of Defense					
National Security Agency					
Mathematical Sciences Grants					
Direct Federal Awards:					
National Security Agency		12.901	\$ (35)	\$ (1)	\$ (34)
		CFDA #12.901 Total	(35)	(1)	(34)
Information Security Grants					
Direct Federal Awards:					
National Security Agency		12.902	517,164	485,778	31,386
		CFDA #12.902 Total	517,164	485,778	31,386
GenCyber Grants Program					
Direct Federal Awards:					
National Security Agency		12.903	72,083	70,945	1,138
		CFDA #12.903 Total	72,083	70,945	1,138
CyberSecurity Core Curriculum					
Direct Federal Awards:					
National Security Agency		12.905	163,660	158,465	5,195
		CFDA #12.905 Total	163,660	158,465	5,195
			752,872	715,187	37,685
<i>Total National Security Agency</i>					
<i>Total U.S. Department of Defense</i>			752,872	715,187	37,685
U.S. Department of Justice					
Federal Bureau of Investigation					
Department of Justice Other Financial Assistance					
Federal Pass Through from:					
Vigther Medical Group, LLC	J-FBI-13-060	16.U01	6,153	-	6,153
		CFDA #16.U01 Total	6,153	-	6,153
			6,153	-	6,153
<i>Total Federal Bureau of Investigation</i>			6,153	-	6,153
<i>Total U.S. Department of Justice</i>			6,153	-	6,153
U.S. Department of Veterans Affairs					
VA Medical Center					
Department of Veterans Administration Other Financial Assistance					
Direct Federal Awards:					
VA Medical Center		64.U02	1,366	1,357	9
		CFDA #64.U02 Total	1,366	1,357	9
			1,366	1,357	9
<i>Total VA Medical Center</i>			1,366	1,357	9
<i>Total U.S. Department of Veterans Affairs</i>			1,366	1,357	9
U.S. Department of Energy					
Environmental Remediation and Waste Processing and Disposal					
Federal Pass Through from:					
Savannah River Site Community Reuse Organization	SUBRECIPIENT DE-EM0004214	81.104	165,703	165,703	-
		CFDA #81.104 Total	165,703	165,703	-
			165,703	165,703	-
<i>Total U.S. Department of Energy</i>			165,703	165,703	-
U.S. Department of Education					
Office of Elementary and Secondary Education					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)					
Federal Pass Through from:					
University of Georgia	S367B160011	84.367	1,500	1,516	(16)
		CFDA #84.367 Total	1,500	1,516	(16)
			1,500	1,516	(16)
<i>Total Office of Elementary and Secondary Education</i>			1,500	1,516	(16)
<i>Total U.S. Department of Education</i>			1,500	1,516	(16)
U.S. Department of Health and Human Services					
Administration for Children and Families					
Foster Care Title IV-E					
Federal Pass Through from:					
Georgia State University	GEORGIA TITLE VI E	93.658	24	19	5
		CFDA #93.658 Total	24	19	5
			24	19	5
<i>Total Administration for Children and Families</i>			24	19	5
Health Resources And Services Administration					
Sickle Cell Treatment Demonstration Program					
Federal Pass Through from:					
Carolinas Healthcare System/Atrium Health	SUBAWARD NO. 3000301054(A17-0142-S009	93.365	47,471	46,533	938
		CFDA #93.365 Total	47,471	46,533	938
			47,471	46,533	938
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants					
Direct Federal Awards:					
Health Resources And Services Administration		93.924	45,188	45,188	-
		CFDA #93.924 Total	45,188	45,188	-
			45,188	45,188	-
Healthy Start Initiative					
Federal Pass Through from:					
MCG Health Inc.	HEALTHY START	93.926	78,373	76,824	1,549
		CFDA #93.926 Total	78,373	76,824	1,549
			78,373	76,824	1,549
<i>Total Health Resources And Services Administration</i>			171,032	168,545	2,487

See accompanying notes to the schedule of expenditures of federal awards.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Agency Name / Program	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Substance Abuse and Mental Health Services Administration					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
Direct Federal Awards:					
Substance Abuse and Mental Health Services Administration		93.243	\$ 393,670	\$ 380,446	\$ 13,224
Federal Pass Through from:					
Georgia Department of Behavioral Health & Developmental Disabilities	CONTRACT#: 44100-906-0000104952	93.243	15,000	14,704	296
Georgia Department of Behavioral Health & Developmental Disabilities	CONTRACT# 44100-906-0000114840	93.243	15,000	14,704	296
Johns Hopkins University	HTI025964	93.243	6,954	6,842	112
Johns Hopkins University	1H79TI081678-01	93.243	2,195	2,160	35
Positive Impact, Inc.	SAMHSA FOA TI-14-013	93.243	21,995	21,995	-
University of Georgia	16TI26457A	93.243	32,898	32,368	530
	CFDA #93.243 Total		487,712	473,219	14,493
Opioid STR					
Federal Pass Through from:					
Georgia Department of Behavioral Health & Developmental Disabilities	CONTRACT#:44100-906-0000111589	93.788	162,757	159,540	3,217
	CFDA #93.788 Total		162,757	159,540	3,217
Block Grants for Prevention and Treatment of Substance Abuse					
Federal Pass Through from:					
Georgia Department of Behavioral Health & Developmental Disabilities	CONTRACT #: 44100-DBH0000503	93.959	247,569	242,676	4,893
	CFDA #93.959 Total		247,569	242,676	4,893
Substance Abuse and Mental Health Services Administration					
U.S. Department of Health and Human Services					
			898,038	875,435	22,603
			1,069,094	1,043,999	25,095
Research & Development Cluster					
U.S. Department of Agriculture					
National Institute of Food and Agriculture					
Agriculture and Food Research Initiative (AFRI)					
Federal Pass Through from:					
University of Rhode Island	20176701726784	10.310	4,000	4,000	-
	CFDA #10.310 Total		4,000	4,000	-
Total National Institute of Food and Agriculture					
Total U.S. Department of Agriculture					
			4,000	4,000	-
			4,000	4,000	-
U.S. Department of Defense					
Department of the Army					
Military Medical Research and Development					
Direct Federal Awards:					
Department of the Army		12.420	503,840	468,533	35,307
Federal Pass Through from:					
Augusta Biomedical Research Corporation	W81XWH-16-1-0413	12.420	76,841	71,126	5,715
Drexel University	W81XWH1810750	12.420	34,735	32,152	2,583
Emory University	W81XWH-18-1-0526	12.420	3,185	2,948	237
University of Arizona	W81XWH-17-1-0443	12.420	3,119	2,886	233
	CFDA #12.420 Total		621,720	577,645	44,075
Basic Scientific Research					
Direct Federal Awards:					
Department of the Army		12.431	254,330	235,416	18,914
	CFDA #12.431 Total		254,330	235,416	18,914
Department of Defense Other Financial Assistance					
Federal Pass Through from:					
Geneva Foundation	W911QY-16-A-0014-0017	12.RD	25,986	24,053	1,933
	CFDA #12.RD Total		25,986	24,053	1,933
Total Department of the Army					
Total U.S. Department of Defense					
			902,036	837,114	64,922
			902,036	837,114	64,922
National Science Foundation					
Engineering					
Direct Federal Awards:					
National Science Foundation		47.041	131,513	121,732	9,781
	CFDA #47.041 Total		131,513	121,732	9,781
Mathematical and Physical Sciences					
Direct Federal Awards:					
National Science Foundation		47.049	23,027	22,955	72
	CFDA #47.049 Total		23,027	22,955	72
Computer and Information Science and Engineering					
Direct Federal Awards:					
National Science Foundation		47.070	10,133	9,760	373
	CFDA #47.070 Total		10,133	9,760	373
Biological Sciences					
Direct Federal Awards:					
National Science Foundation		47.074	36,892	34,219	2,673
Federal Pass Through from:					
University of Georgia	1564736	47.074	67,886	62,837	5,049
	CFDA #47.074 Total		104,778	97,056	7,722

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Agency Name / Program	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Social, Behavioral, and Economic Sciences					
Direct Federal Awards:					
National Science Foundation		47.075	\$ 15,431	\$ 14,689	\$ 742
		CFDA #47.075 Total	15,431	14,689	742
<i>Total National Science Foundation</i>					
			284,882	266,192	18,690
U.S. Department of Health and Human Services					
Agency for Healthcare Research and Quality					
Research on Healthcare Costs, Quality and Outcomes					
Direct Federal Awards:					
Agency for Healthcare Research and Quality		93.226	27,324	25,292	2,032
Federal Pass Through from:					
William Beaumont Hospital Research Institute	RHS024951A	93.226	5,754	5,458	296
		CFDA #93.226 Total	33,078	30,750	2,328
<i>Total Agency for Healthcare Research and Quality</i>					
			33,078	30,750	2,328
Centers for Disease Control and Prevention					
Disabilities Prevention					
Federal Pass Through from:					
Georgia State University	1U58DD01138	93.184	34,509	32,961	1,548
		CFDA #93.184 Total	34,509	32,961	1,548
<i>Total Centers for Disease Control and Prevention</i>					
			34,509	32,961	1,548
National Institutes of Health					
Oral Diseases and Disorders Research					
Direct Federal Awards:					
National Institutes of Health		93.121	292,254	270,562	21,692
		CFDA #93.121 Total	292,254	270,562	21,692
Research Related to Deafness and Communication Disorders					
Direct Federal Awards:					
National Institutes of Health		93.173	254,322	235,290	19,032
Federal Pass Through from:					
Georgia State University	R21DC015225	93.173	10,785	10,301	484
		CFDA #93.173 Total	265,107	245,591	19,516
Mental Health Research Grants					
Direct Federal Awards:					
National Institutes of Health		93.242	467,918	435,000	32,918
Federal Pass Through from:					
Bowman Gray School of Medicine	RMH097695A	93.242	22,013	20,418	1,595
Icahn School of Medicine at Mount Sinai	RMH110623A	93.242	47,013	43,517	3,496
University of Georgia	1R01MH10336601A1	93.242	73,045	67,613	5,432
University of Washington	UH3MH106338	93.242	5,156	4,773	383
		CFDA #93.242 Total	615,145	571,321	43,824
Drug Abuse and Addiction Research Programs					
Federal Pass Through from:					
University of Wisconsin-Madison	R13DA044722	93.279	11,236	11,236	-
		CFDA #93.279 Total	11,236	11,236	-
Discovery and Applied Research for Technological Innovations to Improve Human Health					
Direct Federal Awards:					
National Institutes of Health		93.286	232,937	216,865	16,072
		CFDA #93.286 Total	232,937	216,865	16,072
Minority Health and Health Disparities Research					
Federal Pass Through from:					
Emory University	U01MD010611-03S1	93.307	4,977	4,607	370
		CFDA #93.307 Total	4,977	4,607	370
Trans-NIH Research Support					
Direct Federal Awards:					
National Institutes of Health		93.310	511,910	487,206	24,704
		CFDA #93.310 Total	511,910	487,206	24,704
NIH Office of Research on Women's Health					
Direct Federal Awards:					
National Institutes of Health		93.313	60,877	56,321	4,556
		CFDA #93.313 Total	60,877	56,321	4,556
Research Infrastructure Programs					
Direct Federal Awards:					
National Institutes of Health		93.351	367,630	367,630	-
		CFDA #93.351 Total	367,630	367,630	-
Cancer Cause and Prevention Research					
Direct Federal Awards:					
National Institutes of Health		93.393	644,720	597,314	47,406
Federal Pass Through from:					
Ionic Pharmaceuticals	Sub-award No. 34686-1	93.393	28,000	26,261	1,739
Texas Tech University Health Sciences Center	15LMF0178NLS	93.393	17,009	15,744	1,265
		CFDA #93.393 Total	689,729	639,319	50,410

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Agency Name / Program	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Cancer Detection and Diagnosis Research					
Direct Federal Awards:					
National Institutes of Health		93.394	\$ 310,276	\$ 288,428	\$ 21,848
Federal Pass Through from:					
University of Pittsburgh	UCA 180921A	93.394	21,042	19,517	1,525
		CFDA #93.394 Total	331,318	307,945	23,373
Cancer Treatment Research					
Direct Federal Awards:					
National Institutes of Health		93.395	1,409,925	1,311,877	98,048
Federal Pass Through from:					
Boston University	RCA227433A	93.395	113,837	105,321	8,516
ECOG-ACRIN Medical Research Foundation	SUG1CA189828-03-MCG1	93.395	22,364	20,701	1,663
Leidos Biomedical Research, Inc.	AGREEMENT #: 16X106	93.395	84,901	78,587	6,314
		CFDA #93.395 Total	1,631,027	1,516,486	114,541
Cancer Biology Research					
Direct Federal Awards:					
National Institutes of Health		93.396	2,756,126	2,551,455	204,671
Federal Pass Through from:					
University of Florida	RCA197477A	93.396	59,249	54,843	4,406
		CFDA #93.396 Total	2,815,375	2,606,298	209,077
Cancer Research Manpower					
Direct Federal Awards:					
National Institutes of Health		93.398	72,089	72,089	-
		CFDA #93.398 Total	72,089	72,089	-
Cardiovascular Diseases Research					
Direct Federal Awards:					
National Institutes of Health		93.837	12,907,699	12,057,360	850,339
Federal Pass Through from:					
Emory University	SUB AWARD #: T549620	93.837	9,293	8,602	691
Emory University	SUB AWARD #: T657728	93.837	1,000	926	74
Massachusetts General Hospital	RHL123336A	93.837	7,946	7,355	591
Temple University	RHL138749A	93.837	12,825	11,871	954
		CFDA #93.837 Total	12,938,763	12,086,114	852,649
Lung Diseases Research					
Direct Federal Awards:					
National Institutes of Health		93.838	913,371	849,758	63,613
		CFDA #93.838 Total	913,371	849,758	63,613
Blood Diseases and Resources Research					
Direct Federal Awards:					
National Institutes of Health		93.839	1,714,843	1,605,873	108,970
Federal Pass Through from:					
The National Marrow Donor Program	BTM CTN PROTOCOL NO. 1506	93.839	14,208	13,151	1,057
		CFDA #93.839 Total	1,729,051	1,619,024	110,027
Arthritis, Musculoskeletal and Skin Diseases Research					
Direct Federal Awards:					
National Institutes of Health		93.846	527,616	488,888	38,728
Federal Pass Through from:					
Princeton University	3R01AR071486-02S1	93.846	91,296	84,463	6,833
		CFDA #93.846 Total	618,912	573,351	45,561
Diabetes, Digestive, and Kidney Diseases Extramural Research					
Direct Federal Awards:					
National Institutes of Health		93.847	7,345,527	6,951,058	394,469
Federal Pass Through from:					
Georgia State University	1U58DD01138	93.847	14,641	13,552	1,089
Georgia State University	1R01DK115740-01A1	93.847	10,283	9,513	770
University of Georgia	1 R01 DK112874-01	93.847	164,983	152,713	12,270
University of North Carolina at Chapel Hill	1U34DK109191-01	93.847	20,910	19,355	1,555
University of North Carolina at Chapel Hill	1U01DK115575-01	93.847	193,711	181,840	11,871
University of South Florida	1UC4DK106955-01	93.847	269,687	265,429	4,258
University of South Florida	1UC4DK112243-01	93.847	614,442	589,832	24,610
		CFDA #93.847 Total	8,634,184	8,183,292	450,892
Extramural Research Programs in the Neurosciences and Neurological Disorders					
Direct Federal Awards:					
National Institutes of Health		93.853	2,935,230	2,727,701	207,529
Federal Pass Through from:					
Case Western Reserve University	7 R01 MH083317-10	93.853	7,713	7,139	574
Case Western Reserve University	R01 NS090083	93.853	211,308	197,139	14,169
Emmes Corporation	POINT STUDY	93.853	1,950	1,809	141
Emory University	2U01NS038455-11A1	93.853	(8,010)	(7,424)	(586)
Harvard University	150935.5081744-0010	93.853	(1,597)	(1,478)	(119)
Medical University of South Carolina	UNS086490B	93.853	2,542	2,353	189
Medical University of South Carolina	RNS104573B	93.853	13,936	12,893	1,043
Stanford University	2U01NS038455-16A1	93.853	7,177	6,643	534
University of California, San Francisco	U54NS065705	93.853	10,523	9,760	763
University of Michigan	SUBAWARD # 360908-05430-02	93.853	5,100	4,730	370
University of Virginia	1U01NS069498-01A1	93.853	51,800	47,948	3,852
		CFDA #93.853 Total	3,237,672	3,009,213	228,459

See accompanying notes to the schedule of expenditures of federal awards.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Agency Name / Program	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Allergy and Infectious Diseases Research					
Direct Federal Awards:					
National Institutes of Health		93.855	\$ 315,329	\$ 292,689	\$ 22,640
Federal Pass Through from:					
Brigham & Women's Hospital	REPRIEVE TRIAL (A5332)	93.855	1,437	1,330	107
Camellix	RAI124738B	93.855	86,876	80,374	6,502
Duke Clinical Research Institute	UAI104681B	93.855	4,000	3,703	297
Duke Clinical Research Institute	UAI104681B	93.855	25,782	23,857	1,925
Duke Clinical Research Institute	189925/235058	93.855	8,000	7,652	348
Henry Ford Health System	P01 AI089473-01A1	93.855	22,641	21,000	1,641
Henry Ford Health System	P01 AI089473-01A1	93.855	(1,928)	(1,788)	(140)
Henry Ford Health System	P01 AA1089473-01A1	93.855	(661)	(613)	(48)
University of Alabama at Birmingham	R44AI096945	93.855	2,000	1,910	90
University of Minnesota	1UM1-AI068641	93.855	17,800	16,476	1,324
		CFDA #93.855 Total	481,276	446,590	34,686
Biomedical Research and Research Training					
Direct Federal Awards:					
National Institutes of Health		93.859	1,454,046	1,360,657	93,389
Federal Pass Through from:					
University of Georgia	1R01GM113242	93.859	17,068	15,799	1,269
		CFDA #93.859 Total	1,471,114	1,376,456	94,658
Child Health and Human Development Extramural Research					
Direct Federal Awards:					
National Institutes of Health		93.865	781,810	746,485	35,325
Federal Pass Through from:					
Yale University	UHD055925B	93.865	42,696	42,696	-
Yale University	UHD055925B	93.865	129,681	123,874	5,807
		CFDA #93.865 Total	954,187	913,055	41,132
Aging Research					
Direct Federal Awards:					
National Institutes of Health		93.866	2,721,139	2,528,275	192,864
Federal Pass Through from:					
Stony Brook University/The State University of New York	SUB AWARD #: 75851-1134679-2	93.866	(111)	(103)	(8)
Wake Forest Health Sciences	R01AG060754 SUBAWARD #.WVUHS 553283	93.866	23,141	21,409	1,732
		CFDA #93.866 Total	2,744,169	2,549,581	194,588
Vision Research					
Direct Federal Awards:					
National Institutes of Health		93.867	3,846,811	3,576,233	270,578
Federal Pass Through from:					
Signablok, Inc.	1R43EY028779-01A1	93.867	28,670	26,524	2,146
University of Arizona	REY026544A	93.867	15,152	14,018	1,134
		CFDA #93.867 Total	3,890,633	3,616,775	273,858
Medical Library Assistance					
Direct Federal Awards:					
National Institutes of Health		93.879	88,579	88,579	-
Federal Pass Through from:					
University of Maryland at Baltimore	5UG4LM012340	93.879	7,829	7,478	351
University of Maryland, Baltimore County	5UG4LM012340-03	93.879	1,186	1,186	-
University of Maryland, Baltimore County	5UG4LM012340-03	93.879	1,445	1,380	65
University of Maryland, Baltimore County	5UG4LM012340-03	93.879	12,626	11,976	650
		CFDA #93.879 Total	111,665	110,599	1,066
Department of Health & Human Resources Other Financial Assistance					
Federal Pass Through from:					
Leidos Biomedical Research, Inc.	AGREEMENT #: 17X150	93.RD	112,000	103,670	8,330
University of South Florida	HHSN267200800019C	93.RD	28,305	27,035	1,270
Children's Hospital of Philadelphia	CTSU WORK ORDER FOR N02-CM-62212	93.RD	-	(24)	24
		CFDA #93.RD Total	140,305	130,681	9,624
Total National Institutes of Health			45,766,913	42,837,965	2,928,948
Total U.S. Department of Health and Human Services			45,834,500	42,901,676	2,932,824
Total Research & Development Cluster			47,025,418	44,008,982	3,016,436
Total Schedule of Expenditures of Federal Awards			\$ 49,022,106	\$ 45,936,744	\$ 3,085,362

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2019

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Augusta University Research Institute, Inc. (the “Institute”) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of the Institute.

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Institute uses an approved negotiated indirect cost rate and, therefore, does not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3—Subrecipient

The Institute provided federal awards to the Augusta University as a subrecipient.

Note 4—Noncash awards

The Institute did not receive any noncash federal awards during the year ended June 30, 2019.

Note 5—Contingencies

These award programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Institute expects such amounts, if any, to be immaterial.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) _____ yes X no

Identification of Major Programs

The programs tested as major programs of the Augusta University Research Institute, Inc. included:

<u>CFDA #</u>	<u>Name of Federal Program</u>
Listed by CFDA number in Schedule of Expenditures of Federal Awards	Research and Development Cluster

The dollar threshold for Type A programs was \$1,470,663.

The Augusta University Research Institute, Inc. qualified as a low-risk auditee.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

JUNE 30, 2019

Section II. Findings in Relation to the Audit of the Financial Statements

None reported.

Section III. Federal Awards Findings and Questioned Costs

None reported.

Schedule of Prior Year Findings

There were no prior year findings reported.