

**AUGUSTA UNIVERSITY
RESEARCH INSTITUTE, INC.
(A Component Unit of Augusta
University)**

FINANCIAL STATEMENTS AND COMPLIANCE

*As of and for the Years Ended June 30, 2023 and 2022
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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Augusta University Research Institute, Inc. (the "Institute"), a component unit of Augusta University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Institute, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for one year 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise of the Institute's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 13, 2023, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute’s internal control over financial reporting and compliance.

Cherry Bekaert LLP

Augusta, Georgia
September 13, 2023

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023 AND 2022

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 *Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements 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 *Statements of Net Position* presents the assets, liabilities, and net position of the Institute.

The *Statements 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. Investment earnings/losses and changes in the fair value of investments as nonoperating revenues/expenses. As a result, the financial statements may show operating losses that are then offset by nonoperating revenues from a total financial perspective.

The *Statements 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 2023 and Fiscal 2022 refer to the years ended June 30, 2023 and June 30, 2022, respectively.

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

JUNE 30, 2023 AND 2022

Financial Highlights

The condensed statements of net position are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Net Position
June 30, 2023, 2022, and 2021

| | 2023 | 2022 | 2021 | 2023 - 2022 | | 2022 - 2021 | |
|---------------------------------|----------------------|----------------------|----------------------|--------------|-----|--------------|------|
| | | | | Dollars | % | Dollars | % |
| ASSETS | | | | | | | |
| Current assets | \$ 20,424,422 | \$ 16,495,098 | \$ 14,204,092 | \$ 3,929,324 | 24% | \$ 2,291,006 | 16% |
| Noncurrent assets | 4,698,668 | 4,887,796 | 5,724,925 | (189,128) | -4% | (837,129) | -15% |
| Total Assets | 25,123,090 | 21,382,894 | 19,929,017 | | | | |
| LIABILITIES | | | | | | | |
| Current liabilities | 8,046,995 | 6,364,742 | 5,993,579 | 1,682,253 | 26% | 371,163 | 6% |
| Total Liabilities | 8,046,995 | 6,364,742 | 5,993,579 | | | | |
| NET POSITION | | | | | | | |
| Restricted for program services | 69,973 | 69,973 | 69,973 | | | | |
| Unrestricted | 17,006,122 | 14,948,179 | 13,865,465 | | | | |
| Total Net Position | \$ 17,076,095 | \$ 15,018,152 | \$ 13,935,438 | 2,057,943 | 14% | 1,082,714 | 8% |

Fiscal 2023

Current assets increased by \$3,929,324 or 24% from Fiscal 2022 to Fiscal 2023, primarily due to increases in cash and cash equivalents due to timing of receipts of payments from grantors and disbursement of payments to the University.

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, 2023, includes restricted cash of \$69,973, investments in the Board of Regents Balanced Income Fund \$4,576,177, cost method investments of \$30,439, and other investments of \$22,079. Noncurrent assets decreased by \$189,128 due to investment losses from market performance and the transfer of funds from a Money Market Fund to bank deposits.

Total net position at June 30, 2023 and 2022, was \$17,076,095 and \$15,018,152, respectively, which represents an increase of \$2,057,943. The increase in net position is attributable primarily to an increase in operating revenues.

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

JUNE 30, 2023 AND 2022

Fiscal 2022

Current assets increased by \$2,291,006 or 16% from Fiscal 2022 to Fiscal 2021, primarily due to increases in cash and cash equivalents due to timing of receipts of payments from grantors and disbursement of payments to the University.

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, 2022, includes restricted cash of \$69,973, investments in the Board of Regents Balanced Income Fund and a Money Market Account of \$4,760,701, cost method investments of \$28,163, and other investments of \$28,959. Noncurrent assets decreased by \$837,129 due to investment losses from market performance.

Total net position at June 30, 2022 and 2021, was \$15,018,152 and \$13,935,438, respectively, which represents an increase of \$1,082,714. The increase in net position is attributable primarily to an increase in operating revenues.

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, 2023, 2022, and 2021

| | 2023 | 2022 | 2021 | 2023 - 2022 | | 2022 - 2021 | |
|-------------------------------------|----------------------|----------------------|----------------------|--------------|-------|--------------|-------|
| | | | | Dollars | % | Dollars | % |
| Operating Revenues: | | | | | | | |
| Research programs | \$ 84,263,029 | \$ 79,210,374 | \$ 77,022,959 | \$ 5,052,655 | 6% | \$ 2,187,415 | 3% |
| Licensing and royalties | 328,521 | 359,915 | 623,036 | (31,394) | -9% | (263,121) | -42% |
| Other operating revenue | 520,469 | 477,017 | 158,228 | 43,452 | 9% | 318,789 | 201% |
| Total Operating Revenues | <u>85,112,019</u> | <u>80,047,306</u> | <u>77,804,223</u> | 5,064,713 | 6% | 2,243,083 | 3% |
| Operating Expenses: | | | | | | | |
| Grants and contracts | 79,335,239 | 74,521,300 | 72,434,342 | 4,813,939 | 6% | 2,086,958 | 3% |
| Programs to support the University | 3,141,990 | 3,142,541 | 2,520,546 | (551) | 0% | 621,995 | 25% |
| Licensing and royalty distributions | 262,834 | 288,877 | 498,812 | (26,043) | -9% | (209,935) | -42% |
| Technology transfer operations | 301,391 | 93,078 | 236,236 | 208,313 | 224% | (143,158) | -61% |
| Management and general | 324,504 | 220,452 | 196,462 | 104,052 | 47% | 23,990 | 12% |
| Total Operating Expenses | <u>83,365,958</u> | <u>78,266,248</u> | <u>75,886,398</u> | 5,099,710 | 7% | 2,379,850 | 3% |
| Operating income | 1,746,061 | 1,781,058 | 1,917,825 | (34,997) | -2% | (136,767) | -7% |
| Nonoperating revenues (expenses) | <u>311,882</u> | <u>(698,344)</u> | <u>667,544</u> | 1,010,226 | -145% | (1,365,888) | -205% |
| Increase in net position | 2,057,943 | 1,082,714 | 2,585,369 | 975,229 | 90% | (1,502,655) | -58% |
| Net position, beginning of year | <u>15,018,152</u> | <u>13,935,438</u> | <u>11,350,069</u> | | | | |
| Net position, end of year | <u>\$ 17,076,095</u> | <u>\$ 15,018,152</u> | <u>\$ 13,935,438</u> | | | | |

Fiscal 2023

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$5,064,113 or 6% primarily due to an increase in research programs revenue.

Operating expenses increased \$5,099,710 or 7% primarily due to an increase in grants and contracts expenses.

Operating income for 2023 was comparable to 2022.

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

JUNE 30, 2023 AND 2022

Fiscal 2022

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$2,243,083 or 3% primarily due to an increase in research programs revenue.

Operating expenses increased \$2,379,850 or 3% primarily due to an increase in grants and contracts expenses.

Operating income increased due to an increase in research program revenues in 2022.

The condensed statements of cash flows are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Cash Flows
Years Ended June 30, 2023, 2022, and 2021

| | 2023 | 2022 | 2021 | 2023 - 2022 | | 2022 - 2021 | |
|--|------------------|-----------------|-----------------|-----------------|------|---------------|-------|
| | | | | Dollars | % | Dollars | % |
| Net cash flows from operating activities | \$ 1,597,343.00 | \$ 2,071,307.00 | \$ 1,742,231.00 | \$ (473,964.00) | -23% | \$ 329,076.00 | 19% |
| Net cash flows from investing activities | 501,010 | 138,785 | 6,319 | 362,225 | 261% | 132,466 | 2096% |
| Net change in cash and cash equivalents | 2,098,353 | 2,210,092 | 1,748,550 | (111,739) | -5% | 461,542 | 26% |
| Cash and cash equivalents, beginning of year | 10,953,553 | 8,743,461 | 6,994,911 | | | | |
| Cash and cash equivalents, end of year | \$ 13,051,906.00 | \$ 10,953,553 | \$ 8,743,461 | | | | |

Fiscal 2023

Cash flows from operations primarily include receipts from grantors and licenses. The decrease in cash flow from operating activities in 2023 is attributable to decreased net grant payments to the University and payments for the University programs.

The increase in cash flow from investing activities is attributable to sale of investments from a Money Market Fund to bank deposits.

Fiscal 2022

Cash flows from operations primarily include receipts from grantors and licenses. The increase in cash flow from operating activities in 2022 is attributable to increased net grant payments to the University and payments for the University programs.

The increase in cash flow from investing activities is attributable to distributions from the GRA Venture Fund in Fiscal 2022.

Economic Outlook

The Institute is entering Fiscal 2024 projecting that grant and contract expenditures will slightly increase due to the increase in awards received during Fiscal Year 2023.

Questions concerning this report or requests for additional information should be directed to Jason Guilbeault, Executive Director and Associate Vice President for Sponsored Programs Administration, at (706) 721-0007 or at 1120 15th Street, CJ 3305, Augusta, Georgia 30912.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 12,981,933 | \$ 10,883,580 |
| Grants and contracts receivable | 7,442,489 | 5,611,518 |
| Total Current Assets | <u>20,424,422</u> | <u>16,495,098</u> |
| Noncurrent Assets: | | |
| Restricted assets - cash and cash equivalents | 69,973 | 69,973 |
| Investments | 4,598,256 | 4,789,660 |
| Other investments | 30,439 | 28,163 |
| Total Noncurrent Assets | <u>4,698,668</u> | <u>4,887,796</u> |
| Total Assets | <u>25,123,090</u> | <u>21,382,894</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | 61,306 | 72,839 |
| Grants and contracts payable to the University | 7,682,925 | 6,026,920 |
| Other liabilities payable to the University | 279,760 | 245,893 |
| Other liabilities | 23,004 | 19,090 |
| Total Liabilities | <u>8,046,995</u> | <u>6,364,742</u> |
| NET POSITION | | |
| Restricted for program services | 69,973 | 69,973 |
| Unrestricted | <u>17,006,122</u> | <u>14,948,179</u> |
| Total Net Position | <u>\$ 17,076,095</u> | <u>\$ 15,018,152</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

YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Operating Revenues: | | |
| Research Programs: | | |
| Federal | \$ 71,403,867 | \$ 67,912,721 |
| Business | 5,838,901 | 6,836,484 |
| Foundations | 5,236,377 | 3,308,853 |
| Other research grants | 1,783,884 | 1,152,316 |
| Total Research Revenue | <u>84,263,029</u> | <u>79,210,374</u> |
| Licensing and royalties | 328,521 | 359,915 |
| Life Sciences Business Development Center income | 116,871 | 72,030 |
| TEDDY income | 93,185 | 92,197 |
| Jinfiniti income | 308,203 | 312,000 |
| Other operating revenue | 2,210 | 790 |
| Total Operating Revenues | <u>85,112,019</u> | <u>80,047,306</u> |
| Operating Expenses: | | |
| Research Subcontracted to the University (Including Indirect Cost Reimbursements): | | |
| Federal | 66,865,483 | 63,600,326 |
| Business | 5,563,775 | 6,534,858 |
| Foundations | 5,145,889 | 3,259,777 |
| Other research grants | 1,760,092 | 1,126,339 |
| Total Research Subcontracted to the University | <u>79,335,239</u> | <u>74,521,300</u> |
| Licensing and royalty distributions | 262,834 | 288,877 |
| AURI grants programs (IGP and RSCA) | 651,173 | 617,130 |
| Grant writing consultant | 950 | - |
| Research incentive program | 1,762,950 | 1,592,310 |
| Health Research Associates | 100,000 | 100,000 |
| Early retirement annuity | 4,540 | 5,846 |
| Council on government relations | 11,000 | 10,500 |
| Federal affairs consultant (Cornerstone) | 51 | 30,000 |
| School of Graduate Studies | 113,519 | 153,166 |
| TEDDY project | 93,934 | 92,350 |
| Research awards banquet | 35,089 | 27,243 |
| Georgia BIO expense | 25,000 | 25,000 |
| Federal demonstration partnership | 1,000 | 1,000 |
| Technology transfer operations | 301,391 | 93,078 |
| Technology transfer legal | 221,956 | 344,619 |
| Life Science Business Development Center | 22,652 | 19,993 |
| University support | 98,176 | 123,384 |
| Management and general | 324,504 | 220,452 |
| Total Operating Expenses | <u>83,365,958</u> | <u>78,266,248</u> |
| Total Operating Income | <u>1,746,061</u> | <u>1,781,058</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, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Nonoperating Revenues (Expenses): | | |
| Investment income (loss) | \$ 311,882 | \$ (698,344) |
| Total Nonoperating Revenues (Expenses) | <u>311,882</u> | <u>(698,344)</u> |
| Increase in net position | 2,057,943 | 1,082,714 |
| Net position, beginning of year | <u>15,018,152</u> | <u>13,935,438</u> |
| Net position, end of year | <u>\$ 17,076,095</u> | <u>\$ 15,018,152</u> |

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

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Receipts from grantors | \$ 82,432,058 | \$ 79,129,460 |
| Receipts of licensing and royalties | 328,521 | 359,915 |
| Other receipts | 520,469 | 477,017 |
| Research grant payments disbursed to the University | (77,679,234) | (74,169,671) |
| Payments of royalties, licenses, patents, and copyright costs | (804,959) | (763,953) |
| Payments for the University programs | (2,863,515) | (2,765,198) |
| Payments to suppliers and others | (335,997) | (196,263) |
| Net cash flows from operating activities | <u>1,597,343</u> | <u>2,071,307</u> |
| Cash flows from investing activities: | | |
| Investment income | 134,449 | (26,600) |
| Contributions to investments accounted for using the cost method | (3,490) | (2,496) |
| Distributions from GRA Venture Fund | 1,214 | 167,881 |
| Sale of investments | 368,837 | - |
| Net cash flows from investing activities | <u>501,010</u> | <u>138,785</u> |
| Net change in cash and cash equivalents | 2,098,353 | 2,210,092 |
| Cash and cash equivalents, beginning of year | 10,953,553 | 8,743,461 |
| Cash and cash equivalents, end of year | <u>\$ 13,051,906</u> | <u>\$ 10,953,553</u> |
| Reconciliation of operating income to net cash flows from operating activities: | | |
| Operating income | \$ 1,746,061 | \$ 1,781,058 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | |
| Changes in: | | |
| Grants and contracts receivable | (1,830,971) | (80,914) |
| Accounts payable and grants and contracts payable | 1,644,472 | 360,166 |
| Other liabilities payable to the University | 33,867 | 12,731 |
| Other liabilities | 3,914 | (1,734) |
| Net cash flows from operating activities | <u>\$ 1,597,343</u> | <u>\$ 2,071,307</u> |
| Schedule of noncash activity: | | |
| Investment income (loss) | \$ 184,313 | \$ (555,921) |
| Unrealized losses on investments | (6,880) | (115,823) |
| Reconciliation of cash and cash equivalents to statements of net position: | | |
| Cash and cash equivalents | \$ 12,981,933 | \$ 10,883,580 |
| Restricted assets - cash and cash equivalents | 69,973 | 69,973 |
| Cash and cash equivalents | <u>\$ 13,051,906</u> | <u>\$ 10,953,553</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, 2023 AND 2022

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 and is reported as a discretely presented component unit of the University. 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”).

Reporting Entity – The Institute was established in 1981 as a separately incorporated 501(c)(3) to serve the University by enhancing its mission of excellence in research, teaching, and service. The Institute is governed by a Board of Directors consisting of three appointees of the University President and three appointees of Faculty Senate. The Board also includes ex-officio positions held by members of the University’s staff. The Institute’s Executive Director also serves as an ex-officio Board member; however, this position is nonvoting.

Although the University is not fiscally accountable for the Institute, it has been determined 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, are reported at fair value with unrealized gains and losses recognized in nonoperating revenues.

Investments – The Institute presents certain investments at their fair value if the investment has a readily determined market value. The Board of Regents Balanced Income Fund, a Money Market Fund, and other publicly traded securities are 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 these entities 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.

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

JUNE 30, 2023 AND 2022

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 related project costs are incurred and all eligibility requirements have been met. 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.

Note 3—Cash, cash equivalents, and investments

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Institute’s deposits or investments 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, 2023 and 2022, \$10,885,451 and \$9,129,224, respectively, of the Institute’s bank balance exceeded these insured amounts and was uncollateralized.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The Institute’s policy for managing interest rate risk is to evaluate investments in light of their ability to provide needed cash flow while still preserving long-term earning and investment potential. The Institute’s policy for managing interest rate risk is to invest primarily in short-term or intermediate-term investments.

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

JUNE 30, 2023 AND 2022

Note 3—Cash and investments (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Institute’s investment policy specifies acceptable categories of fixed income securities, the overall rating of bond portfolios, and specifies an investment limit for foreign securities. The Institute’s policy is to invest primarily in a diversified portfolio of investment grade debt securities and fixed income mutual funds.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of an entity’s investment in a single issuer. The Institute’s policy regarding concentration of credit risk is to limit its investment holdings of individual classes of investments, with a single manager, and the diversity of individual portfolios. Substantially all the Institute’s investments are held in the Board of Regents Balanced Income Fund (“BIF”), a diversified managed fund, which is consistent with the Institute’s limits.

The Institute’s investments were comprised of funds invested in the Board of Regents Investment Pool and a Money Market account as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Board of Regents Investment Pool: | | |
| Short-Term Fund - cash equivalents | \$ 1,627,353 | \$ 1,590,087 |
| Balanced Income Fund - investments | 4,576,177 | 4,404,009 |
| Money market fund - investments | - | 356,692 |
| Other publically traded securities - healthcare sector | 22,079 | 28,959 |
| Total investments | <u>\$ 6,225,609</u> | <u>\$ 6,379,747</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 9 to 12 months. 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.

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 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>.

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

JUNE 30, 2023 AND 2022

Note 3—Cash and investments (continued)

The effective duration of the Short-Term Fund at June 30, 2023 and 2022, is 0.93 years and 0.96 years, respectively. As of June 30, 2023, the Short-Term Fund consists of 94% debt securities and 6% cash and cash equivalents. As of June 30, 2022, the Short-Term Fund consists of 78% debt securities and 22% cash and cash equivalents. The effective duration of the Balanced Income Fund at June 30, 2023 and 2022, is 5.46 years and 5.76 years, respectively. At June 30, 2023, the Balanced Income Fund consists of 34% equity securities, 63% debt securities, and 3% cash and cash equivalents. At June 30, 2022, the Balanced Income Fund consists of 32% equity securities, 66% debt securities, and 2% cash and cash equivalents.

Money Market Fund – The Money Market Fund is classified as an investment in the accompanying statements of net position. The Money Market Fund is a public investment vehicle primarily invested in U.S. treasury debt instruments and is valued at amortized cost. The Money Market Fund had a credit rating of AAAM and an effective duration of 0.24 years at June 30, 2023. Prior to June 30, 2023, the funds previously held in the Money Market Fund were transferred to cash and cash equivalents on deposit with financial institutions in the United States.

Other Publicly Traded Securities – 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 healthcare 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.

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.

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, 2021, 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.

On July 1, 2020, InTouch Technologies, Inc. was acquired by with Teladoc Health, Inc., which is a publicly traded company. The Institute's shares of InTouch were converted to Teladoc shares at an exchange ratio of 0.092814, resulting in 872 shares of Teladoc stock. As of June 30, 2023 and 2022, the fair market value of the Institute's Teladoc stock was \$22,079 and \$28,959, respectively.

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

JUNE 30, 2023 AND 2022

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, 2023 and 2022, the total contributions of capital have been \$462,881 and \$459,391, respectively. At June 30, 2023 and 2022, the total cost of the Institute’s investment, net of distributions of return of initial investment, was \$179,531 and \$177,255, respectively. At June 30, 2023 and 2022, the net carrying amount for this Fund was \$30,439 and \$28,163, respectively. As of June 30, 2023, the Institute has a remaining commitment of approximately \$37,119 for future investment in the Fund.

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|------------------|------------------|
| Balance, July 1 | \$ 28,163 | \$ 192,530 |
| Contributions of capital | 3,490 | 2,496 |
| Distributions | (1,214) | (167,881) |
| Gain on cost method investments | - | 1,018 |
| Balance, June 30 | <u>\$ 30,439</u> | <u>\$ 28,163</u> |

Note 5—Fair value measurements of assets and liabilities

The Institute measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy as follows:

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 and mutual funds. As required by U.S. GAAP, the Institute, to the extent 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, 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 debt securities.

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, 2023 AND 2022

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, 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, 2023 | | | |
|------------------------------------|--|---------------------|----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Board of Regents Investment Pool: | | | | |
| Short-Term Fund | \$ - | \$ 1,627,353 | \$ - | \$ 1,627,353 |
| Balanced Income Fund | 4,576,177 | - | - | 4,576,177 |
| Other publically traded securities | 22,079 | - | - | 22,079 |
| Total investments, recurring basis | <u>\$ 4,598,256</u> | <u>\$ 1,627,353</u> | <u>\$ -</u> | <u>\$ 6,225,609</u> |

| | Fair Value Measurement at June 30, 2022 | | | |
|------------------------------------|--|---------------------|----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Board of Regents Investment Pool: | | | | |
| Short-Term Fund | \$ - | \$ 1,590,087 | \$ - | \$ 1,590,087 |
| Balanced Income Fund | 4,404,009 | - | - | 4,404,009 |
| Other publically traded securities | 28,959 | - | - | 28,959 |
| Total investments, recurring basis | <u>\$ 4,432,968</u> | <u>\$ 1,590,087</u> | <u>\$ -</u> | <u>\$ 6,023,055</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, 2023 and 2022, consists of unspent, restricted contributions in the amount 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 School of Graduate Studies is to assist faculty members in competing for major research funding from external sources. At June 30, 2023 and 2022, the Institute had \$5,043,722 and \$4,643,937, respectively, in unrestricted, designated net position.

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

JUNE 30, 2023 AND 2022

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 10/46th of funds received for facilities and administrative costs which are considered to be unrestricted funds. The remaining 78% is disbursed to the University. Under this agreement, the Institute received approximately \$4,900,000 and \$4,700,000 for the years ended June 30, 2023 and 2022, respectively.

Note 9—Significant funding sources

Approximately 76% and 79% of the Institute's total operating revenue for the fiscal years ended June 30, 2023 and 2022, 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—Life Sciences Business Development Center license agreements

The Institute has license agreements with various companies for the use of laboratory and office space in the Life Sciences Business Development Center which is owned by the University. During the years ended June 30, 2023 and 2022, the Institute received income of \$116,871 and \$72,030, respectively related to these agreements. The monthly fees collected range from \$200 to \$2,800. The agreements are 12-month terms with options to renew the term for up to six additional one-year terms.

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 \$440,816 and \$109,958 for the years ended June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, the cost of the unreimbursed portion of the services was approximately \$911,000 and \$1,005,000, respectively.

During the year ended June 30, 2017, the Institute entered into an agreement with a company, Jinfiniti Diagnostics Inc. (the "Company"), 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. During the years ended June 30, 2023 and 2022, the Institute received repayments of these contributions totaling \$308,203 and \$312,000, respectively.

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

JUNE 30, 2023 AND 2022

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 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.

Note 13—Subsequent events

The Institute has evaluated subsequent events through September 13, 2023, which was the date the financial statements were available to be issued. As of this date, there were no material subsequent events requiring adjustment or disclosure in the financial statements for the year ended June 30, 2023.

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, 2023 and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated September 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Cherry Bekaert LLP

Augusta, Georgia
September 13, 2023

Report of Independent Auditor on Compliance for the 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 the Major Federal Program

Opinion on the Major Federal Program

We have audited Augusta University Research Institute, Inc.'s (the "Institute") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended June 30, 2023. 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.

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Institute's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Cherry Bekaert LLP

Augusta, Georgia
September 13, 2023

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|----------------------------|--------------------------|----------------|---------------------------------|--|
| U.S. Department of Commerce | | | | | |
| Economic Adjustment Assistance | | | | | |
| Direct Federal Awards: | | | | | |
| | | 11.307 | \$ 64,276 | \$ 59,744 | \$ 4,532 |
| | | Total ALN #11.307 | 64,276 | 59,744 | 4,532 |
| U.S. Department of Defense - National Security Agency | | | | | |
| Information Security Grants | | | | | |
| Direct Federal Awards: | | | | | |
| | | 12.902 | 248,650 | 240,216 | 8,434 |
| | | Total ALN #12.902 | 248,650 | 240,216 | 8,434 |
| U.S. Department of Defense - National Security Agency | | | | | |
| GenCyber Grants Program | | | | | |
| Direct Federal Awards: | | | | | |
| | | 12.903 | 115,164 | 107,044 | 8,120 |
| | | Total ALN #12.903 | 115,164 | 107,044 | 8,120 |
| U.S. Department of Defense - National Security Agency | | | | | |
| CyberSecurity Core Curriculum | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| University of West Florida (State System) | H98230-20-1-0350 | 12.905 | 210,521 | 195,678 | 14,843 |
| | | 12.905 | 74,604 | 70,770 | 3,834 |
| | | Total ALN #12.905 | 285,125 | 266,448 | 18,677 |
| U.S. Department of Defense - Airforce | | | | | |
| Department of Defense Other Financial Assistance | | | | | |
| Pass-Through from: | | | | | |
| Mississippi State University | FA8750-19-3-1001 | 12.OFA | 155,805 | 148,345 | 7,460 |
| | | Total ALN #12.999 | 155,805 | 148,345 | 7,460 |
| Federal Communications Commission | | | | | |
| COVID-19 Telehealth Program | | | | | |
| Direct Federal Awards: | | | | | |
| | | 32.006 | 5,413 | 5,413 | - |
| | | Total ALN #32.006 | 5,413 | 5,413 | - |
| Library of Congress | | | | | |
| Community Assets in Support of Teaching and Learning: Celebrating the Golden Blocks through Multigenre Texts | | | | | |
| Pass-Through from: | | | | | |
| Waynesburg University | GRANT NO GA08C0016 | 42.OFA | 5,010 | 5,010 | - |
| | | Total ALN #42.OFA | 5,010 | 5,010 | - |
| National Endowment for the Humanities | | | | | |
| Promotion of the Humanities Public Programs | | | | | |
| Pass-Through from: | | | | | |
| National Writing Project | ZOR-283604-21 | 45.164 | 63,915 | 60,339 | 3,576 |
| | | Total ALN #45.164 | 63,915 | 60,339 | 3,576 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|----------------------------|--------------------------|------------------|---------------------------------|--|
| Department of Veterans Affairs | | | | | |
| Core Lab and Services Contract | | | | | |
| Direct Federal Awards: | | | | | |
| | | 64.OFA | \$ 144,017 | \$ 143,105 | \$ 912 |
| | | Total ALN #64.OFA | 144,017 | 143,105 | 912 |
| U.S. Department of Energy | | | | | |
| Environmental Remediation and Waste Processing and Disposal | | | | | |
| Pass-Through from: | | | | | |
| Savannah River Site Community Reuse Organization | DE-DM0005210 | 81.104 | 42,422 | 40,519 | 1,903 |
| Savannah River Site Community Reuse Organization | DE-DM0005210 | 81.104 | 100,000 | 100,000 | - |
| Savannah River Site Community Reuse Organization | DE-EM0005227 | 81.104 | 25,574 | 23,771 | 1,803 |
| Savannah River Site Community Reuse Organization | DE-EM0005227 | 81.104 | 151,833 | 151,833 | - |
| | | Total ALN #81.104 | 319,829 | 316,123 | 3,706 |
| U.S. Department of Health & Human Services - Centers for Disease Control & Prevention | | | | | |
| Chronic Diseases: Research, Control, and Prevention | | | | | |
| Pass-Through from: | | | | | |
| American College of Rheumatology | 5 NU58DP006908-02-00 | 93.068 | 800 | 626 | 174 |
| | | Total ALN #93.068 | 800 | 626 | 174 |
| U.S. Department of Health & Human Services - Centers for Disease Control & Prevention | | | | | |
| Blood Disorder Program: Prevention, Surveillance, and Research | | | | | |
| Pass-Through from: | | | | | |
| Georgia State University | 6 NU58DD000021-03-01 | 93.080 | 17,241 | 16,468 | 773 |
| | | Total ALN #93.080 | 17,241 | 16,468 | 773 |
| U.S. Department of Health & Human Services - Health Resources and Services Administration | | | | | |
| Material and Child Health Federal Consolidated Programs | | | | | |
| Pass-Through from: | | | | | |
| Cure HHT | 1 UP4MC46404-01-00 | 93.110 | 58,496 | 57,554 | 942 |
| | | Total ALN #93.110 | 58,496 | 57,554 | 942 |
| U.S. Department of Health & Human Services - Centers for Disease Control & Prevention | | | | | |
| Disabilities Prevention | | | | | |
| Pass-Through from: | | | | | |
| Georgia State University | 1 NU27DD000024-01-00 | 93.184 | 11,722 | 11,119 | 603 |
| | | Total ALN #93.184 | 11,722 | 11,119 | 603 |
| U.S. Department of Health & Human Services - Substance Abuse & Mental Health Services Administration | | | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.243 | 2,047,612 | 2,022,236 | 25,376 |
| | | Total ALN #93.243 | 2,047,612 | 2,022,236 | 25,376 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|--|-------------------------------|--------------------------|----------------|---------------------------------|--|
| U.S. Department of Health & Human Services - Health Resources & Services Administration | | | | | |
| Sickle Cell Treatment Demonstration Program | | | | | |
| Pass-Through from: | | | | | |
| Carolinas Healthcare System/Atrium Health | 3000301054(A17-0142-S009) | 93.365 | \$ 2,060 | \$ 2,019 | \$ 41 |
| University of Alabama at Birmingham | 5 U1EMC42461-02-00 | 93.365 | 49,946 | 47,377 | 2,569 |
| | | Total ALN #93.365 | 52,006 | 49,396 | 2,610 |
| U.S. Department of Health & Human Services - Administration for Children and Families | | | | | |
| Foster Care - Title IV-E | | | | | |
| Pass-Through from: | | | | | |
| Georgia State University | GA STATE 42700-040-0000106788 | 93.658 | 19,216 | 19,216 | - |
| | | Total ALN #93.658 | 19,216 | 19,216 | - |
| U.S. Department of Health & Human Services - Substance Abuse & Mental Health Services Administration | | | | | |
| Opioid STR | | | | | |
| Pass-Through from: | | | | | |
| Georgia Department of Behavioral Health & Developmental Disabilities | SAMHSA STATE OPIOID RESPONSE | 93.788 | 50,424 | 49,427 | 997 |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-906-0000177422 | 93.788 | 8,875 | 8,700 | 175 |
| | | Total ALN #93.788 | 59,299 | 58,127 | 1,172 |
| U.S. Department of Health & Human Services - Centers for Disease Control & Prevention | | | | | |
| Organized Approaches to Increase Colorectal Cancer Screening | | | | | |
| Pass-Through from: | | | | | |
| Georgia Center for Oncology Research and Education, Inc. | 1 NU58P006755-01-00 | 93.800 | 279,141 | 279,141 | - |
| | | Total ALN #93.800 | 279,141 | 279,141 | - |
| Department of Health & Human Services - Immed Office of the Secretary of Health and Human Services | | | | | |
| Hospital Preparedness Program (HPP) Ebolate Preparedness and Response Activities | | | | | |
| Pass-Through from: | | | | | |
| Emory University | 1 HITEP210054-01-00 | 93.817 | 180,807 | 172,696 | 8,111 |
| | | Total ALN #93.817 | 180,807 | 172,696 | 8,111 |
| U.S. Department of Health & Human Services - Health Resources & Services Administration | | | | | |
| Rural Health Care Services Outreach, Rural Health Network Development, and Small Health Care Provider Quality Improvement | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.912 | 143,018 | 140,599 | 2,419 |
| | | Total ALN #93.912 | 143,018 | 140,599 | 2,419 |
| U.S. Department of Health & Human Services - Health Resources & Services Administration | | | | | |
| Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.924 | 41,911 | 41,911 | - |
| | | Total ALN #93.924 | 41,911 | 41,911 | - |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|----------------------------|--------------------------|------------------|---------------------------------|--|
| U.S. Department of Health & Human Services - Substance Abuse & Mental Health Services Administration | | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | | | | | |
| Pass-Through from: | | | | | |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-DBH0000503 | 93.959 | \$ 942 | \$ 923 | \$ 19 |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-906-0000123638-03 | 93.959 | 97,397 | 95,472 | 1,925 |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-026-0000171674 | 93.959 | 195,696 | 191,828 | 3,868 |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-026-0000172850 | 93.959 | 181,752 | 178,160 | 3,592 |
| Georgia Department of Behavioral Health & Developmental Disabilities | 44100-026-0000171658 | 93.959 | 163,182 | 159,957 | 3,225 |
| | | Total ALN #93.959 | 638,969 | 626,340 | 12,629 |
| Research & Development Cluster | | | | | |
| U.S. Department of Defense - Defense Threat Reduction Agency | | | | | |
| Notification of Toxic Exposure | | | | | |
| Pass-through from: | | | | | |
| Philips Research | HQ0034209PT04 | 12.OR | 78,614 | 72,621 | 5,993 |
| | | Total ALN #12.OR | 78,614 | 72,621 | 5,993 |
| U.S. Department of Defense - Airforce Office of Scientific Research | | | | | |
| Portable 3D Ultrasound Technology for Diagnosis of Traumatic Brain Injury | | | | | |
| Pass-through from: | | | | | |
| Rochester Institute of Technology | | 12.OR | 555 | 555 | - |
| | | Total ALN #12.OR | 555 | 555 | - |
| U.S. Department of Defense - Department of Defense | | | | | |
| AEOP High School Apprenticeship 2022 | | | | | |
| Pass-through from: | | | | | |
| Utopia Compression Corporation | FA8649-20-P-0978 | 12.OR | 13,704 | 10,725 | 2,979 |
| | | Total ALN #12.OR | 13,704 | 10,725 | 2,979 |
| U.S. Department of Defense - Department of the Navy - Office of Naval Research | | | | | |
| Basic and Applied Scientific Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 12.300 | 138,885 | 129,093 | 9,792 |
| Pass-Through from: | | | | | |
| Vanderbilt University | N00014-20-1-2719 | 12.300 | 2,421 | 2,421 | - |
| | | Total ALN #12.300 | 141,306 | 131,514 | 9,792 |
| U.S. Department of Defense - Department of the Army - Army Medical Research Acquisition Activity | | | | | |
| Military Medical Research and Development | | | | | |
| Direct Federal Awards: | | | | | |
| | | 12.420 | 1,678,351 | 1,550,833 | 127,518 |
| Pass-Through from: | | | | | |
| Atrium Health | W81XWH2120026 | 12.420 | 3,907 | 3,609 | 298 |
| Cure HHT | W81XWH2110827 | 12.420 | 365 | 337 | 28 |
| | | Total ALN #12.420 | 1,682,623 | 1,554,779 | 127,844 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|-----------------------------|--------------------------|----------------|---------------------------------|--|
| U.S. Department of Defense - Department of the Army - Army Research Office | | | | | |
| Basic Scientific Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 12.431 | \$ 71,892 | \$ 67,408 | \$ 4,484 |
| | | Total ALN #12.431 | 71,892 | 67,408 | 4,484 |
| National Aeronautics & Space Administration | | | | | |
| Science | | | | | |
| Direct Federal Awards: | | | | | |
| | | 43.001 | 162,104 | 149,747 | 12,357 |
| | | Total ALN #43.001 | 162,104 | 149,747 | 12,357 |
| National Endowment for the Humanities | | | | | |
| Promotion of the Humanities - Federal-State Partnership | | | | | |
| Pass-Through from: | | | | | |
| Georgia Humanities Council | | | | | |
| | | 45.129 | 14,468 | 14,468 | - |
| | | Total ALN #45.129 | 14,468 | 14,468 | - |
| National Science Foundation | | | | | |
| Mathematical and Physical Sciences | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Washington University/St. Louis | | | | | |
| | 2140493 | 47.049 | 28,954 | 26,747 | 2,207 |
| | | Total ALN #47.049 | 100,064 | 92,997 | 7,067 |
| National Science Foundation | | | | | |
| Computer and Information Science and Engineering | | | | | |
| Direct Federal Awards: | | | | | |
| | | 47.070 | 687,091 | 643,439 | 43,652 |
| | | Total ALN #47.070 | 687,091 | 643,439 | 43,652 |
| National Science Foundation | | | | | |
| Education and Human Resources | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Boise State University | | | | | |
| | 2111549 | 47.076 | 710,368 | 718,956 | (8,588) |
| | | 47.076 | 37,410 | 34,772 | 2,638 |
| | | Total ALN #47.076 | 747,778 | 753,728 | (5,950) |
| National Science Foundation | | | | | |
| NSF Technology, Innovation, and Partnerships | | | | | |
| Direct Federal Awards: | | | | | |
| | | 47.084 | 36,148 | 33,600 | 2,548 |
| | | Total ALN #47.084 | 36,148 | 33,600 | 2,548 |
| U.S. Department of Health & Human Services - Biomedical Advanced Research and Development Authority | | | | | |
| Sepsis Onset Warning System (SOWS) Master Enrollment Study Protocol | | | | | |
| Pass-Through from: | | | | | |
| Beckman Coulter | | | | | |
| | BARDA-BAA-100-18-SOL- 00003 | 93.OR | 2,500 | 2,391 | 109 |
| | | Total ALN #93.OR | 2,500 | 2,391 | 109 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|--|----------------------------|--------------------------|-----------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Cancer Institute | | | | | |
| Patient Derived Models Tissue Procurement Protocol for the National Cancer Institute (NCI) | | | | | |
| Pass-Through from: | | | | | |
| Leidos Biomedical Research, Inc. | AGREEMENT #: 17X150 | 93.OR | \$ 60,194 | \$ 55,717 | \$ 4,477 |
| | | Total ALN #93.OR | 60,194 | 55,717 | 4,477 |
| U.S. Department of Health & Human Services - Agency for Healthcare Research & Quality | | | | | |
| Professional Services Agreement with NORC at the University of Chicago | | | | | |
| Pass-Through from: | | | | | |
| NORC at the University of Chicago | HHSP2332015000231 | 93.OR | 8,437 | 7,794 | 643 |
| | | Total ALN #93.OR | 8,437 | 7,794 | 643 |
| U.S. Department of Health & Human Services - National Heart, Lung, & Blood Institute/ NIH/ DHHS | | | | | |
| SCDIC-II REGISTRY | | | | | |
| Pass-Through from: | | | | | |
| RTI International | SCDIC-II REGISTRY | 93.OR | 14,631 | 13,516 | 1,115 |
| | | Total ALN #93.OR | 14,631 | 13,516 | 1,115 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Family Smoking Prevention and Tobacco Control Act Regulatory Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.077 | 148,403 | 137,608 | 10,795 |
| | | Total ALN #93.077 | 148,403 | 137,608 | 10,795 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Dental & Craniofacial Research | | | | | |
| Oral Diseases and Disorders Research | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Emory University | 7R01DE028351-03 | 93.121 | 28,161 | 26,014 | 2,147 |
| Western University of Health Sciences | 7R15DE025134-03 | 93.121 | 2,018 | 1,864 | 154 |
| | | Total ALN #93.121 | 601,387 | 560,906 | 40,481 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute on Deafness & Other Communication Disorders | | | | | |
| Research Related to Deafness and Communication Disorders | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Camellix | 1R41DC020678-01 | 93.173 | 444,050 | 410,201 | 33,849 |
| | | 93.173 | 32,919 | 30,410 | 2,509 |
| | | Total ALN #93.173 | 476,969 | 440,611 | 36,358 |
| U.S. Department of Health & Human Services - Agency for Healthcare Research & Quality | | | | | |
| Research on Healthcare Costs, Quality and Outcomes | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.226 | (57,921) | (54,986) | (2,935) |
| | | Total ALN #93.226 | (57,921) | (54,986) | (2,935) |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|----------------------------|--------------------------|-----------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Mental Health | | | | | |
| Mental Health Research Grants | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.242 | \$ 427,799 | \$ 395,353 | \$ 32,446 |
| Pass-Through from: | | | | | |
| Icahn School of Medicine at Mount Sinai | 0255-3351-4609 | 93.242 | 21,330 | 19,744 | 1,586 |
| Icahn School of Medicine at Mount Sinai | 3R01MH110623-03S1 | 93.242 | 1,422 | 1,314 | 108 |
| Research Foundation for Mental Hygiene, Inc. | R01MH120317-01A1 | 93.242 | 42,933 | 39,660 | 3,273 |
| Kansas State University | 1R34MH126043-01A1 | 93.242 | 3,578 | 3,305 | 273 |
| | | Total ALN #93.242 | 497,062 | 459,376 | 37,686 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute on Alcohol Abuse & Alcoholism | | | | | |
| Alcohol Research Programs | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.273 | 133,111 | 130,967 | 2,144 |
| | | Total ALN #93.273 | 133,111 | 130,967 | 2,144 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Biomedical Imaging & Bioengineering | | | | | |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.286 | (19,665) | (12,096) | (7,569) |
| | | Total ALN #93.286 | (19,665) | (12,096) | (7,569) |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute on Minority Health and Health Disparities | | | | | |
| Minority Health and Health Disparities Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.307 | 705,741 | 661,025 | 44,716 |
| | | Total ALN #93.307 | 705,741 | 661,025 | 44,716 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Cause and Prevention Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.393 | 271,152 | 250,483 | 20,669 |
| Pass-Through from: | | | | | |
| Northwestern University | 60054149AURI | 93.393 | (908) | (839) | (69) |
| | | Total ALN #93.393 | 270,244 | 249,644 | 20,600 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Detection and Diagnosis Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.394 | 425,264 | 392,882 | 32,382 |
| | | Total ALN #93.394 | 425,264 | 392,882 | 32,382 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|----------------------------|--------------------------|------------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Treatment Research | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Boston University | 4500002673 | 93.395 | 75,158 | 69,429 | 5,729 |
| Ionic Pharmaceuticals | 5R44CA189215-03 | 93.395 | 69,288 | 64,006 | 5,282 |
| University of Pittsburgh | 5R01CA229836-03 | 93.395 | 68,459 | 67,357 | 1,102 |
| Brigham & Women's Hospital | 5P01CA163205-10 | 93.395 | 179,811 | 166,104 | 13,707 |
| Targut Biotechnologies Inc. | 1R41CA272072-01 | 93.395 | 36,526 | 33,742 | 2,784 |
| | | Total ALN #93.395 | 2,666,573 | 2,489,830 | 176,743 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Biology Research | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.396 | 2,112,221 | 1,951,959 | 160,262 |
| | | Total ALN #93.396 | 2,112,221 | 1,951,959 | 160,262 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Research Manpower | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.398 | 79,172 | 77,904 | 1,268 |
| | | Total ALN #93.398 | 79,172 | 77,904 | 1,268 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute | | | | | |
| Cancer Control | | | | | |
| Direct Federal Awards: | | | | | |
| | | 93.399 | 1,357,483 | 1,261,930 | 95,553 |
| | | Total ALN #93.399 | 1,357,483 | 1,261,930 | 95,553 |
| U.S. Department of Health & Human Services - Administration for Community Living (ACL) | | | | | |
| ACL National Institute on Disability, Independent Living, and Rehabilitation | | | | | |
| Pass-Through from: | | | | | |
| University of Michigan | 90RTHF0005-01-00 | 93.433 | 56,447 | 54,846 | 1,601 |
| | | Total ALN #93.433 | 56,447 | 54,846 | 1,601 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|---|-------------------------------|--------------------------|-------------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Institutes of Health - National Heart, Lung, & Blood Institute | | | | | |
| Cardiovascular Diseases Research | | | | | |
| Direct Federal Awards: | | 93.837 | \$ 17,438,603 | \$ 16,309,544 | \$ 1,129,059 |
| Pass-Through from: | | | | | |
| New York Medical College | 1R01HL166546-01 | 93.837 | 41,128 | 37,993 | 3,135 |
| Georgia State University | 1 R01 HL162575-01 | 93.837 | 198,947 | 183,782 | 15,165 |
| Indiana University | 1R01HL146481-01 | 93.837 | 6,691 | 6,181 | 510 |
| Johns Hopkins University | 2R01HL101200-10 | 93.837 | 267,905 | 247,483 | 20,422 |
| Massachusetts General Hospital | A5332 | 93.837 | 81 | 75 | 6 |
| University of Cincinnati | 1R01HL158671-01A1 | 93.837 | 11,227 | 10,371 | 856 |
| Medical College of Wisconsin | 5R01HL137748-03 | 93.837 | 71,474 | 66,026 | 5,448 |
| Medical College of Wisconsin | 5P01HL116264-09 | 93.837 | 126,406 | 116,770 | 9,636 |
| Thomas Jefferson University | 2R01HL093671-09A1 | 93.837 | 228,433 | 211,020 | 17,413 |
| University of Colorado @ Denver | 1R01HL159086-01A1 | 93.837 | 8,878 | 8,201 | 677 |
| University of Rochester | SUB00000378 / UR FAO GR532419 | 93.837 | 30,719 | 28,377 | 2,342 |
| Washington University/St. Louis | 5R25HL105400-12 | 93.837 | 2,792 | 2,747 | 45 |
| Washington University/St. Louis | 5R25HL105400-13 | 93.837 | 5,920 | 5,825 | 95 |
| | | Total ALN #93.837 | 18,439,204 | 17,234,395 | 1,204,809 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Heart, Lung, & Blood Institute | | | | | |
| Lung Diseases Research | | | | | |
| Direct Federal Awards: | | 93.838 | 1,815,269 | 1,678,181 | 137,088 |
| | | Total ALN #93.838 | 1,815,269 | 1,678,181 | 137,088 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Heart, Lung, & Blood Institute | | | | | |
| Blood Diseases and Resources Research | | | | | |
| Direct Federal Awards: | | 93.839 | 1,769,650 | 1,687,136 | 82,514 |
| Pass-Through from: | | | | | |
| Cetya Therapeutics | 2R42HL136068-02 | 93.839 | 25,364 | 23,431 | 1,933 |
| University of California, San Diego | 5P01HL151433-03 | 93.839 | 392,296 | 362,392 | 29,904 |
| Phoenicia Biosciences, Inc. | R33HL147845 | 93.839 | 90,608 | 83,701 | 6,907 |
| University of Tennessee Health Sciences Center | 21-0146-AURI | 93.839 | 67,100 | 61,985 | 5,115 |
| | | Total ALN #93.839 | 2,345,018 | 2,218,645 | 126,373 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Arthritis & Musculoskeletal & Skin Diseases | | | | | |
| Arthritis, Musculoskeletal, and Skin Diseases Research | | | | | |
| Direct Federal Awards: | | 93.846 | 318,740 | 295,025 | 23,715 |
| Pass-Through from: | | | | | |
| Princeton University | 3R01AR071486-02S1 | 93.846 | 6,759 | 6,244 | 515 |
| | | Total ALN #93.846 | 325,499 | 301,269 | 24,230 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|--|----------------------------|--------|--------------------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Diabetes & Digestive & Kidney Diseases | | | | | |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Albert Einstein College of Medicine | 5R01DK131176-02 | 93.847 | 12,890 | 11,907 | 983 |
| California Medical Innovations Institute | 1R01DK131488-01A1 | 93.847 | 122,321 | 112,997 | 9,324 |
| Emory University | A351474 | 93.847 | 13,146 | 12,144 | 1,002 |
| Emory University | 1P30DK125013-01 | 93.847 | 52,356 | 48,365 | 3,991 |
| Emory University | 1P30DK125013-01 | 93.847 | 29,845 | 27,550 | 2,295 |
| Emory University | 1P30DK125013-01 | 93.847 | 6,101 | 5,636 | 465 |
| Georgia State University | 1R01DK115740-01A1 | 93.847 | 547 | 506 | 41 |
| Georgia State University | 1R01DK130342-01A1 | 93.847 | 23,326 | 21,548 | 1,778 |
| Texas A&M Agrilife Research | 1R01DK124854-01 | 93.847 | 53,628 | 49,540 | 4,088 |
| University of California, San Diego | 3U24DK097771-07S1 | 93.847 | 45,136 | 41,758 | 3,378 |
| University of California, San Diego | 3U24DK097771-07S1 | 93.847 | 129,249 | 128,561 | 688 |
| University of Georgia | RR376-432/S001506 | 93.847 | 1,598 | 1,479 | 119 |
| University of North Carolina at Chapel Hill | 1U01DK115575-01 | 93.847 | (7,548) | (6,973) | (575) |
| University of North Carolina at Chapel Hill | 1U01DK115575-01 | 93.847 | 173,864 | 160,611 | 13,253 |
| University of North Carolina at Chapel Hill | 1U01DK115575-01 | 94.847 | 22,495 | 20,780 | 1,715 |
| University of South Florida | 6163-1092-00-E | 93.847 | 150,732 | 150,732 | - |
| University of South Florida | 6163-1092-10-E | 93.847 | 20,897 | 19,565 | 1,332 |
| Vanderbilt University Medical Center | 5P30DK020593-43 | 93.847 | 14,973 | 14,529 | 444 |
| | | | Total ALN #93.847 | 7,313,046 | 439,879 |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Neurological Disorders & Stroke | | | | | |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | | | | | |
| Direct Federal Awards: | | | | | |
| Pass-Through from: | | | | | |
| Medical University of South Carolina | MUSC18-107-8D574 | 93.853 | 11,612 | 10,748 | 864 |
| Oregon Health and Sciences University | 5 R01 NS105984-02/ | 93.853 | 159,701 | 147,527 | 12,174 |
| Stanford University | 1R01NS121720-01 | 93.853 | 8,406 | 7,765 | 641 |
| University of Cincinnati | 1U01NS117450-01A1 1 | 93.853 | 5,010 | 4,628 | 382 |
| University of California, San Francisco | 2U54NS065705-11 | 93.853 | 7,778 | 7,196 | 582 |
| University of Florida | 1U01NS119562-01 | 93.853 | 7,424 | 6,858 | 566 |
| | | | Total ALN #93.853 | 3,908,907 | 316,588 |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute | |
|---|----------------------------|--------|------------------|---------------------------------|--|-----------|
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Allergy & Infectious Diseases | | | | | | |
| Allergy and Infectious Diseases Research | | | | | | |
| Direct Federal Awards: | | | 93.855 | \$ 668,794 | \$ 617,829 | \$ 50,965 |
| Pass-Through from: | | | | | | |
| Henry Ford Health System | 2P01AI089473-06 | 93.855 | 1,440 | 1,330 | 110 | |
| Henry Ford Health System | 2P01AI089473-06 | 93.855 | 22,436 | 20,726 | 1,710 | |
| Henry Ford Health System | 2P01AI089473-06 | 93.855 | 1,440 | 1,330 | 110 | |
| Henry Ford Health System | 2P01AI089473-06 | 93.855 | 1,956 | 1,807 | 149 | |
| Total ALN #93.855 | | | 696,066 | 643,022 | 53,044 | |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute of General Medical Sciences | | | | | | |
| Biomedical Research and Research Training | | | | | | |
| Direct Federal Awards: | | | 93.859 | 1,703,968 | 1,575,580 | 128,388 |
| Pass-Through from: | | | | | | |
| Johns Hopkins University | 2004422271 | 93.859 | 20,693 | 19,269 | 1,424 | |
| University of Georgia | SUB00002158 | 93.859 | 191,172 | 176,599 | 14,573 | |
| University of Texas Health Science Center at Houston | 5R35GM138264-03 | 93.859 | 17,545 | 16,208 | 1,337 | |
| Total ALN #93.859 | | | 1,933,378 | 1,787,656 | 145,722 | |
| National Institute of Child Health & Human Development/ NIH/ DHHS | | | | | | |
| Child Health and Human Development Extramural Research | | | | | | |
| Direct Federal Awards: | | | 93.865 | 526,338 | 487,769 | 38,569 |
| Total ALN #93.865 | | | 526,338 | 487,769 | 38,569 | |
| U.S. Department of Health & Human Services - National Institutes of Health - National Institute on Aging | | | | | | |
| Aging Research | | | | | | |
| Direct Federal Awards: | | | 93.866 | 7,423,139 | 6,878,861 | 544,278 |
| Pass-Through from: | | | | | | |
| Medical University of South Carolina | 1R01AG067510-01A1 | 93.866 | 198,109 | 183,411 | 14,698 | |
| Oregon Health and Sciences University | 1RF1AG065406-01 | 93.866 | 207,354 | 191,548 | 15,806 | |
| Seattle Institute for Biomedical and Clinical Research | 5R01AG061558-03 | 93.866 | 90,010 | 83,149 | 6,861 | |
| University of Southern California | 6R01AG047992-02 | 93.866 | 7,784 | 6,092 | 1,692 | |
| University of Southern California | R56AG047992-07A1 | 93.866 | 999 | 923 | 76 | |
| Vanderbilt University | 7RF1AG060754-02 | 93.866 | 437,984 | 404,597 | 33,387 | |
| University of Mississippi Medical Center | 1RF1AG079336-01 | 93.866 | 64,120 | 59,232 | 4,888 | |
| Total ALN #93.866 | | | 8,429,499 | 7,807,813 | 621,686 | |

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

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

YEAR ENDED JUNE 30, 2023

| Agency Name / Program | Pass-Through Identifying # | ALN # | Total | Passed Through to Subrecipients | Indirect Costs to the Research Institute |
|--|----------------------------|---|----------------------|---------------------------------|--|
| U.S. Department of Health & Human Services - National Institutes of Health - National Eye Institute | | | | | |
| Vision Research | | | | | |
| Direct Federal Awards: | | 93.867 | \$ 4,722,019 | \$ 4,372,422 | \$ 349,597 |
| Pass-Through from: | | | | | |
| Hillhurst Biopharmaceuticals, Inc. | 1R41EY033264-01 | 93.867 | 104,604 | 96,630 | 7,974 |
| University of Georgia | 7R01EY028569-02 | 93.867 | 24,010 | 22,180 | 1,830 |
| Vanderbilt University | 7R01EY017077-12 | 93.867 | 741 | 685 | 56 |
| The Research Foundation of State University of New York | 1R01EY034096-01 | 93.867 | 7,965 | 7,358 | 607 |
| | | Total ALN #93.867 | 4,859,339 | 4,499,275 | 360,064 |
| U.S. Department of Health & Human Services - National Institutes of Health - Health Resources & Services Administration | | | | | |
| Autism Collaboration, Accountability, Research, Education, and Support | | | | | |
| Pass-Through from: | | | | | |
| Drexel University | 1UT6MC45902-01-00 | 93.877 | 20,685 | 19,108 | 1,577 |
| | | Total ALN #93.879 | 20,685 | 19,108 | 1,577 |
| U.S. Department of Health & Human Services - Health Resources & Services Administration | | | | | |
| Rural Health Care Services Outreach, Rural Health Network Development, and Small Health Care Provider Quality Improvement | | | | | |
| Direct Federal Awards: | | 93.912 | 268,464 | 262,128 | 6,336 |
| | | Total ALN #93.912 | 268,464 | 262,128 | 6,336 |
| | | Total Research & Development Cluster | 64,911,779 | 60,568,619 | 4,343,160 |
| | | Total Schedule of Expenditures of Federal Awards | \$ 69,869,221 | \$ 65,415,835 | \$ 4,453,386 |

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

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

JUNE 30, 2023

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, 2023. 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 net 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, 2023.

Note 5—Commingled funds

The State of Georgia receives awards directly from the federal government and supplements those funds with its own funds. The State then awards a combination of federal and state funds to the Institute. If the Institute is unable to determine the federal portion, the entire amount is reported on the Schedule of Expenditures of Federal Awards.

Note 6—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, 2023

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 the major federal program:

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

Type of auditor's report issued on compliance for the major program: 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:

ALN #

ALN numbers included in the Research and Development Cluster are as follows:

12.OR, 12.300, 12.420, 12.431, 43.001, 45.129, 47.049, 47.070, 47.076, 47.084, 93.OR, 93.077, 93.121, 93.173, 93.226, 93.242, 93.273, 93.286, 93.307, 93.393, 93.394, 93.395, 93.396, 93.398, 93.399, 93.433, 93.837, 93.838, 93.839, 93.846, 93.847, 93.853, 93.855, 93.859, 93.865, 93.866, 93.867, 93.877, and 93.912

Name of Federal Program

Research and Development Cluster

The dollar threshold for Type A programs was \$2,096,077.

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, 2023

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

None reported.

Section III. Federal Awards Findings and Questioned Costs

None reported.

Section IV. Schedule of Prior Year Findings

There were no prior year findings reported.