

**AUGUSTA UNIVERSITY
RESEARCH INSTITUTE, INC.**

FINANCIAL STATEMENTS AND COMPLIANCE

*As of and for the Years Ended June 30, 2022 and 2021
EIN #1-58-1418202A1*

And Report of Independent Auditor

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-8
FINANCIAL STATEMENTS	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position.....	10-11
Statements of Cash Flows	12
Notes to the Financial Statements	13-20
COMPLIANCE	
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 <i>Government Auditing Standards</i>	21-22
Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	23-24
Schedule of Expenditures of Federal Awards.....	25-34
Notes to the Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs.....	36-37

Report of Independent Auditor

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

Opinion

We have audited the accompanying financial statements of Augusta University Research Institute, Inc. (the "Institute"), which comprise the statements of net position as of and for the years ended June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 opinions. 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 on pages 4 through 8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Institute's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2022, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

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

Augusta, Georgia
September 6, 2022

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021

Introduction

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

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

Description of the Financial Statements

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

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

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

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

In the following discussion, Fiscal 2022 and Fiscal 2021 refer to the years ended June 30, 2022 and June 30, 2021, respectively.

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

JUNE 30, 2022 AND 2021

Financial Highlights

The condensed statements of net position are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Net Position
June 30, 2022, 2021, and 2020

	2022	2021	2020	2022 - 2021		2021 - 2020	
				Dollars	%	Dollars	%
ASSETS							
Current assets	\$ 16,495,098	\$ 14,204,092	\$ 12,969,149	\$ 2,291,006	16%	\$ 1,234,943	10%
Noncurrent assets	4,887,796	5,724,925	5,063,700	(837,129)	-15%	661,225	13%
Total Assets	21,382,894	19,929,017	18,032,849				
LIABILITIES							
Current liabilities	6,364,742	5,993,579	6,682,780	371,163	6%	(689,201)	-10%
Total Liabilities	6,364,742	5,993,579	6,682,780				
NET POSITION							
Restricted for program services	69,973	69,973	69,973				
Unrestricted	14,948,179	13,865,465	11,280,096				
Total Net Position	\$ 15,018,152	\$ 13,935,438	\$ 11,350,069	1,082,714	8%	2,585,369	23%

Fiscal 2022

Current assets increased by \$2,291,006 or 16% from Fiscal 2021 to Fiscal 2022, 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.

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

JUNE 30, 2022 AND 2021

Fiscal 2021

Current assets increased by \$1,234,943 or 10% from Fiscal 2021 to Fiscal 2020, 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, 2021, includes restricted cash of \$69,973, investments in the Board of Regents Balanced Income Fund and a Money Market Account of \$5,317,417, cost method investments of \$192,530, and other investments of \$145,005. Noncurrent assets increased by \$661,225 due to the conversion of one investment from cost basis to fair market value and the investment growth of the Balanced Income Fund.

Total net position at June 30, 2021 and 2020, was \$13,935,438 and \$11,350,069, respectively, which represents an increase of \$2,585,369. 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, 2022, 2021, and 2020

	2022	2021	2020	2022 - 2021		2021 - 2020	
				Dollars	%	Dollars	%
Operating Revenues:							
Research programs	\$ 79,210,374	\$ 77,022,959	\$ 66,455,865	\$ 2,187,415	3%	\$ 10,567,094	16%
Licensing and royalties	359,915	623,036	178,566	(263,121)	-42%	444,470	249%
Other operating revenue	477,017	158,228	537,123	318,789	201%	(378,895)	-71%
Total Operating Revenues	<u>80,047,306</u>	<u>77,804,223</u>	<u>67,171,554</u>	<u>2,243,083</u>	<u>3%</u>	<u>10,632,669</u>	<u>16%</u>
Operating Expenses:							
Grants and contracts	74,521,300	72,434,342	62,595,203	2,086,958	3%	9,839,139	16%
Programs to support the University	3,142,541	2,520,546	2,784,940	621,995	25%	(264,394)	-9%
Licensing and royalty distributions	288,877	498,812	144,375	(209,935)	-42%	354,437	245%
Technology transfer operations	93,078	236,236	154,698	(143,158)	-61%	81,538	53%
Management and general	220,452	196,462	258,352	23,990	12%	(61,890)	-24%
Total Operating Expenses	<u>78,266,248</u>	<u>75,886,398</u>	<u>65,937,568</u>	<u>2,379,850</u>	<u>3%</u>	<u>9,948,830</u>	<u>15%</u>
Operating income	1,781,058	1,917,825	1,233,986	(136,767)	-7%	683,839	55%
Nonoperating revenues (expenses)	(698,344)	667,544	247,993	(1,365,888)	-205%	419,551	169%
Increase in net position	1,082,714	2,585,369	1,481,979	(1,502,655)	-58%	1,103,390	74%
Net position, beginning of year	13,935,438	11,350,069	9,868,090				
Net position, end of year	<u>\$ 15,018,152</u>	<u>\$ 13,935,438</u>	<u>\$ 11,350,069</u>				

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

JUNE 30, 2022 AND 2021

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.

Fiscal 2021

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$10,567,094 or 16% primarily due to an increase in research programs revenue.

Operating expenses increased \$9,948,830 or 15% primarily due to an increase in grants and contracts expenses.

Operating income increased due to an increase in research program revenues in 2021.

The condensed statements of cash flows are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Cash Flows
Years Ended June 30, 2022, 2021, and 2020

	2022	2021	2020	2022 - 2021		2021 - 2020	
				Dollars	%	Dollars	%
Net cash flows from operating activities	\$ 2,071,307	\$ 1,742,231	\$ 1,752,554	\$ 329,076	19%	\$ (10,323)	-1%
Net cash flows from investing activities	138,785	6,319	(271,384)	132,466	2096%	277,703	-102%
Net change in cash and cash equivalents	2,210,092	1,748,550	1,481,170	461,542	26%	267,380	18%
Cash and cash equivalents, beginning of year	8,743,461	6,994,911	5,513,741				
Cash and cash equivalents, end of year	\$ 10,953,553	\$ 8,743,461	\$ 6,994,911				

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.

Fiscal 2021

Cash flows from operations primarily include receipts from grantors and licenses. The decrease in cash flow from operating activities in 2021 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 investment income for Fiscal 2021.

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

JUNE 30, 2022 AND 2021

Economic Outlook

The Institute is entering Fiscal 2023 projecting that grant and contract expenditures will slightly increase due to the increase in awards received during Fiscal Year 2022.

Questions concerning this report or requests for additional information should be directed to Jason Guilbeault, Interim Executive Director and Interim 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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,883,580	\$ 8,673,488
Grants and contracts receivable	5,611,518	5,530,604
Total Current Assets	<u>16,495,098</u>	<u>14,204,092</u>
Noncurrent Assets:		
Restricted assets - cash and cash equivalents	69,973	69,973
Investments	4,789,660	5,462,422
Other investments	28,163	192,530
Total Noncurrent Assets	<u>4,887,796</u>	<u>5,724,925</u>
Total Assets	<u>21,382,894</u>	<u>19,929,017</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	72,839	64,302
Grants and contracts payable to the University	6,026,920	5,675,291
Other liabilities payable to the University	245,893	233,162
Other liabilities	19,090	20,824
Total Current Liabilities	<u>6,364,742</u>	<u>5,993,579</u>
NET POSITION		
Restricted for program services	69,973	69,973
Unrestricted	14,948,179	13,865,465
Total Net Position	<u>\$ 15,018,152</u>	<u>\$ 13,935,438</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Research Programs:		
Federal	\$ 67,912,721	\$ 64,232,018
Business	6,836,484	7,982,708
Foundations	3,308,853	3,957,605
Other research grants	1,152,316	850,628
Total Research Revenue	<u>79,210,374</u>	<u>77,022,959</u>
Licensing and royalties	359,915	623,036
Life Sciences Business Development Center income	72,030	134,560
TEDDY income	92,197	22,304
Jinfiniti income	312,000	-
Other operating revenue	790	1,364
Total Operating Revenues	<u>80,047,306</u>	<u>77,804,223</u>
Operating Expenses:		
Research subcontracted to the University (including indirect cost reimbursements):		
Federal	63,600,326	60,070,070
Business	6,534,858	7,642,902
Foundations	3,259,777	3,890,641
Other research grants	1,126,339	830,729
Total Research Subcontracted to the University	<u>74,521,300</u>	<u>72,434,342</u>
Licensing and royalty distributions	288,877	498,812
AURI grants programs (IGP and RSCA)	617,130	611,996
Grant writing consultant	-	950
Research incentive program	1,592,310	1,239,784
Health Research Associates	100,000	125,000
Early retirement annuity	5,846	6,144
Council on government relations	10,500	10,500
Federal affairs consultant (Cornerstone)	30,000	-
School of Graduate Studies	153,166	94,392
TEDDY project	92,350	25,614
Research awards banquet	27,243	14,712
Georgia BIO expense	25,000	25,000
Federal demonstration partnership	1,000	1,000
Technology transfer operations	93,078	236,236
Technology transfer legal	344,619	313,215
Life Science Business Development Center	19,993	13,429
University support	123,384	38,810
Management and general	220,452	196,462
Total Operating Expenses	<u>78,266,248</u>	<u>75,886,398</u>
Total Operating Income	<u>1,781,058</u>	<u>1,917,825</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Nonoperating Revenues (Expenses):		
Investment (loss) income	\$ (699,362)	\$ 667,544
Gain on cost method investments	1,018	-
Total Nonoperating Revenues (Expenses)	<u>(698,344)</u>	<u>667,544</u>
Increase in net position	1,082,714	2,585,369
Net position, beginning of year	<u>13,935,438</u>	<u>11,350,069</u>
Net position, end of year	<u>\$ 15,018,152</u>	<u>\$ 13,935,438</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from grantors	\$ 79,129,460	\$ 77,536,566
Receipts of licensing and royalties	359,915	623,036
Other receipts	477,017	158,228
Research grant payments disbursed to the University	(74,169,671)	(73,051,190)
Payments of royalties, licenses, patents, and copyright costs	(763,953)	(1,046,562)
Payments for the University programs	(2,765,198)	(2,236,605)
Payments to suppliers and others	(196,263)	(241,242)
Net cash flows from operating activities	<u>2,071,307</u>	<u>1,742,231</u>
Cash flows from investing activities:		
Investment income	(26,600)	10,170
Contributions to investments accounted for using the cost method	(2,496)	(3,851)
Distributions from GRA Venture Fund	167,881	-
Net cash flows from investing activities	<u>138,785</u>	<u>6,319</u>
Net change in cash and cash equivalents	2,210,092	1,748,550
Cash and cash equivalents, beginning of year	<u>8,743,461</u>	<u>6,994,911</u>
Cash and cash equivalents, end of year	<u>\$ 10,953,553</u>	<u>\$ 8,743,461</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 1,781,058	\$ 1,917,825
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in:		
Grants and contracts receivable	(80,914)	513,607
Accounts payable and grants and contracts payable	360,166	(671,192)
Other liabilities payable to the University	12,731	(17,703)
Other liabilities	(1,734)	(306)
Net cash flows from operating activities	<u>\$ 2,071,307</u>	<u>\$ 1,742,231</u>
Schedule of noncash activity:		
Gain on cost method investments	\$ 1,018	\$ -
Investment income (loss) (reinvested)	(556,939)	558,499
Unrealized (losses) gains on investments	(115,823)	98,875
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 10,883,580	\$ 8,673,488
Restricted assets - cash and cash equivalents	<u>69,973</u>	<u>69,973</u>
Cash and cash equivalents	<u>\$ 10,953,553</u>	<u>\$ 8,743,461</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, 2022 AND 2021

Note 1—Organization

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

Note 2—Summary of significant accounting policies

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

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

Reporting Entity – In accordance with the criteria in SGAS No. 61, *The Financial Reporting Entity*, the Institute is a legally separate, tax-exempt component unit of the state of Georgia (the “State”). Although the University is not fiscally accountable for the Institute, it has been 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 that are bought and held principally for the purpose of selling them in the near future, are reported at fair value with unrealized gains and losses recognized in nonoperating revenues.

Investments – In accordance with SGAS No. 72, *Fair Value Measurement and Application*, the Institute is required to present certain investments at their fair value if the investment has a readily determined market value. The Board of Regents Balanced Income Fund, 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 the company since the date of acquisition by the Institute. In the period losses of an investment are determined to be other than a temporary decrease in value of the investment, the loss is recognized. Investments in startup companies are deemed to have a readily determinable fair market value when the stock becomes publicly traded.

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

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

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

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

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

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

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

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires the Institute’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

New Accounting Pronouncements – During the year ended June 30, 2022, the Institute implemented GASB No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-us asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The implementation of SGAS No. 87 did not have an impact to the Institute’s financial statements.

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

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Institute’s deposits may not be returned to it. The Institute does not have a deposit policy for custodial credit risk. The Institute places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Institute from time to time may have amounts on deposit in excess of these insured limits. As of June 30, 2022 and 2021, \$9,129,224 and \$7,682,610, respectively, of the Institute’s bank balance exceeded these insured amounts and was uncollateralized.

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

JUNE 30, 2022 AND 2021

Note 3—Cash and investments

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

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

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

	<u>2022</u>	<u>2021</u>
Board of Regents Investment Pool:		
Short-Term Fund - cash equivalents	\$ 1,590,087	\$ 1,617,768
Balanced Income Fund - investments	4,404,009	4,960,949
Money Market Fund - investments	356,692	356,468
Other publically traded securities - healthcare sector	28,959	145,005
Total investments	<u>\$ 6,379,747</u>	<u>\$ 7,080,190</u>

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

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

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

The effective duration of the Short-Term Fund at June 30, 2022 and 2021, is 0.96 years and 0.89 years, respectively. As of June 30, 2022, the Short-Term Fund consists of 78% debt securities and 22% cash and cash equivalents. As of June 30, 2021, the Short-Term Fund consists of 91% debt securities and 9% cash and cash equivalents. The effective duration of the Balanced Income Fund at June 30, 2022 and 2021, is 5.76 years and 7.13 years, respectively. At June 30, 2022, the Balanced Income Fund consists of 32% equity securities, 66% debt securities, and 2% cash and cash equivalents. At June 30, 2021, the Balanced Income Fund consists of 35% equity securities, 64% debt securities, and 1% cash and cash equivalents.

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

JUNE 30, 2022 AND 2021

Note 3—Cash and investments (continued)

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 has a credit rating of AAAM and an effective duration of 0.24 years at June 30, 2022.

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

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, 2020, 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, 2022 and 2021, the fair market value of the Institute's Teladoc stock was \$28,959 and \$145,005, respectively.

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, 2022 and 2021, the total contributions of capital have been \$459,391 and \$456,895 respectively. At June 30, 2022 and 2021, the total cost of the Institute's investment, net of distributions of return of initial investment, was \$177,255 and \$342,640, respectively. During the years ended June 30, 2022 and 2021, the Institute recorded gains related to realized gains from investments which were determined to be other than temporary gains of \$1,018 and \$-0-, respectively, due to liquidations in the Fund. At June 30, 2022 and 2021, the net carrying amount for this Fund was \$28,163 and \$192,530, respectively. As of June 30, 2022, the Institute has a remaining commitment of approximately \$40,609 for future investment in the Fund.

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

JUNE 30, 2022 AND 2021

Note 4—Other investments (continued)

	2022	2021
Balance, July 1	\$ 192,530	\$ 234,809
Contributions of capital	2,496	3,851
Distributions	(167,881)	-
Gain on cost method investments	1,018	-
Conversion of cost method investment	-	(46,130)
Balance, June 30	<u>\$ 28,163</u>	<u>\$ 192,530</u>

Note 5—Fair value measurements of assets and liabilities

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

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. As required by U.S. GAAP, the Institute, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Institute holds a large position, and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. Government and Agency Treasury Inflation Indices.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

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

JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Fund	\$ 356,692	\$ -	\$ -	\$ 356,692
Fixed Income:				
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 fixed income	4,432,968	1,590,087	-	6,023,055
Total investments, recurring basis	<u>\$ 4,789,660</u>	<u>\$ 1,590,087</u>	<u>\$ -</u>	<u>\$ 6,379,747</u>

	Fair Value Measurement at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Fund	\$ 356,468	\$ -	\$ -	\$ 356,468
Fixed Income:				
Board of Regents Investment Pool				
Short-Term Fund	-	1,617,768	-	1,617,768
Balanced Income Fund	4,960,949	-	-	4,960,949
Other publically traded securities	145,005	-	-	145,005
Total fixed income	5,105,954	1,617,768	-	6,723,722
Total investments, recurring basis	<u>\$ 5,462,422</u>	<u>\$ 1,617,768</u>	<u>\$ -</u>	<u>\$ 7,080,190</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, 2022 and 2021, consists of the unspent proceeds of \$69,973.

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

JUNE 30, 2022 AND 2021

Note 6—Net position restrictions and designations (continued)

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, 2022 and 2021, the Institute had \$4,643,937 and \$4,448,802, respectively, in unrestricted, designated net position.

Note 7—Grants and contracts receivable

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

Note 8—Facilities and administrative costs recovery

The Institute receives reimbursement from sponsors for facilities and administrative costs incurred. In accordance with the Memorandum of Understanding between the Institute and the University, the Institute retains approximately 10/46th of funds received for facilities and administrative costs which are considered to be unrestricted funds. The remaining approximately 78% is disbursed to the University. Under this agreement, the Institute received approximately \$4,700,000 and \$4,600,000 for the years ended June 30, 2022 and 2021, respectively.

Note 9—Significant funding sources

Approximately 79% and 78% of the Institute's total operating revenue for the fiscal years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Institute received income of \$72,030 and \$134,560 related to these agreements. The monthly fees collected range from \$200 to \$2,800. The agreements are twelve-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 \$109,958 and \$245,825 for the years ended June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, the cost of the unreimbursed portion of the services was approximately \$1,005,000 and \$873,000, respectively.

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

JUNE 30, 2022 AND 2021

Note 11—Related party transactions (continued)

During the year ended June 30, 2017, the Institute entered into an agreement with a company, Jinfinity 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. The remaining commitment under this agreement is \$500,000 as of June 30, 2022. During the year ended June 30, 2022, the Institute received repayments of these contributions totaling \$312,000. In addition, the Institute has entered into an agreement with the Company which provides for rental of space by the company in the Life Sciences Business Development Center for the purpose of life sciences research and product development. During the years ended June 30, 2022 and 2021, no amounts were received related to this agreement.

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 6, 2022, 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, 2022.

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *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, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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

Purpose of this Report

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

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

Augusta, Georgia
September 6, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Augusta University Research Institute, Inc.’s (the “Institute”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute’s major federal programs for the year ended June 30, 2022. 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each 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 each 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.



Augusta, Georgia
September 6, 2022

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

YEAR ENDED JUNE 30, 2022

Agency Name / Program	Pass-Through Identifying #	ALN #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
U.S. Department of Agriculture					
Distance Learning and Telemedicine Loans and Grants					
Direct Federal Awards:					
		10.855	\$ (39,752)	\$ (39,752)	\$ -
		Total ALN #10.855	(39,752)	(39,752)	-
U.S. Department of Defense - Army Research Office					
Basic Scientific Research					
Direct Federal Awards:					
		12.431	42,148	39,177	2,971
		Total ALN #12.431	42,148	39,177	2,971
U.S. Department of Defense - National Security Agency					
Information Security Grants					
Direct Federal Awards:					
		12.902	133,157	125,191	7,966
		Total ALN #12.902	133,157	125,191	7,966
U.S. Department of Defense - National Security Agency					
GenCyber Grants Program					
Direct Federal Awards:					
		12.903	209,647	197,143	12,504
		Total ALN #12.903	209,647	197,143	12,504
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	32,488	30,197	2,291
		12.905	9,838	9,641	197
		Total ALN #12.905	42,326	39,838	2,488
U.S. Department of Defense - Airforce					
Department of Defense Other Financial Assistance					
Pass-Through from:					
Mississippi State University	FA8750-19-3-1001	12.OFA	157,628	146,514	11,114
		Total ALN #12.999	157,628	146,514	11,114
U.S. Department of Justice - Office of Justice Programs					
STOP School Violence					
Pass-Through from:					
Richmond County Board of Education	34100-1	16.839	1,549	1,480	69
		Total ALN #16.839	1,549	1,480	69
Federal Communications Commission					
Federal Communications Commission Other Financial Assistance					
Direct Federal Awards:					
		32.OSA	96,077	96,077	-
		Total ALN #32.999	96,077	96,077	-

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, 2022

Agency Name / Program	Pass-Through Identifying #	ALN #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
U.S. Department of Veterans Administration - VA Medical Center					
Department of Veterans Affairs Other Financial Assistance					
Direct Federal Awards:					
		VA.CON	208,292	206,974	\$ 1,318
		Total ALN #64.999	208,292	206,974	1,318
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	44,188	42,206	1,982
Savannah River Site Community Reuse Organization	DE-DM0005210	81.104	115,000	115,000	-
Savannah River Site Community Reuse Organization	DE-EM0005227	81.104	17,938	16,673	1,265
Savannah River Site Community Reuse Organization	DE-EM0005227	81.104	160,000	160,000	-
		Total ALN #81.104	337,126	333,879	3,247
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	14,983	14,212	771
		Total ALN #93.184	14,983	14,212	771
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	1,211,438	1,189,225	22,213
Pass-Through from:					
Georgia Department of Behavioral Health & Developmental Disabilities	44100-906-0000138788	93.243	15,483	13,097	2,386
Georgia Department of Behavioral Health & Developmental Disabilities	4100-906-0000157336	93.243	3,541	3,072	469
		Total ALN #93.243	1,230,462	1,205,394	25,068
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	13,673	13,402	271
University of Alabama at Birmingham	1 U1EMC42461-01-00	93.365	62,002	58,813	3,189
		Total ALN #93.365	75,675	72,215	3,460
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	107,786	105,656	2,130
Georgia Department of Behavioral Health & Developmental Disabilities	44100-906-0000123638-03	93.788	125,937	123,448	2,489
Georgia Department of Behavioral Health & Developmental Disabilities	44100-906-0000177422	93.788	47,834	46,888	946
		Total ALN #93.788	281,557	275,992	5,565

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, 2022

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 - 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	234,864	234,864	\$ -
		Total ALN #93.800	234,864	234,864	-
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	231,968	223,927	8,041
		Total ALN #93.912	231,968	223,927	8,041
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	38,227	38,227	-
		Total ALN #93.924	38,227	38,227	-
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	74,141	72,262	1,879
Georgia Department of Behavioral Health & Developmental Disabilities	44100-026-0000171674	93.959	70,994	69,591	1,403
Georgia Department of Behavioral Health & Developmental Disabilities	44100-026-0000172850	93.959	75,772	74,275	1,497
Georgia Department of Behavioral Health & Developmental Disabilities	44100-026-0000171658	93.959	76,475	74,963	1,512
		Total ALN #93.959	297,382	291,091	6,291
Research & Development Cluster					
U.S. Department of Defense - Department of the Navy - Office of Naval Research					
Basic and Applied Scientific Research					
Pass-Through from:					
Vanderbilt University	N00014-20-1-2719	12.300	41,303	41,303	-
		Total ALN #12.300	41,303	41,303	-
U.S. Department of Defense - Department of the Army - Army Medical Research Acquisition Activity					
Military Medical Research and Development					
Direct Federal Awards:					
		12.420	1,350,981	1,252,905	98,076
Pass-Through from:					
Drexel University	W81XWH1810750	12.420	17,816	16,491	1,325
		Total ALN #12.420	1,368,797	1,269,396	99,401

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, 2022

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	102,593	95,995	\$ 6,598
		Total ALN #12.431	102,593	95,995	6,598
U.S. Department of Defense - Uniformed Services University of the Health Sciences - Triservice Nursing Research					
Uniformed Services University Medical Research Projects					
Pass-Through from:					
Geneva Foundation	11052-N20A01GR	12.750	14,198	13,116	1,082
		Total ALN #12.750	14,198	13,116	1,082
U.S. Department of Defense - Airforce Office of Scientific Research					
Department of Defense Other Financial Assistance					
Pass-Through from:					
UtopiaCompression Corporation	FA8649-20-P-0428	12.999	1,476	1,155	321
UtopiaCompression Corporation	FA8649-20-P-0978 STIPEND REAP ARMY EDUCATIONAL OUTREACH	12.999	32,558	30,076	2,482
Rochester Institute of Technology	PROGRAM	12.999	903	903	-
Philips Research	HQ0034209PT04-2	12.999	188,660	188,654	6
Philips Research	HQ0034209PT04-2	12.999	108,258	100,005	8,253
		Total ALN #12.999	331,855	320,793	11,062
National Aeronautics & Space Administration					
Science					
Direct Federal Awards:					
		43.001	169,089	156,200	12,889
		Total ALN #43.001	169,089	156,200	12,889
National Science Foundation					
Engineering Grants					
Direct Federal Awards:					
		47.041	174	161	13
		Total ALN #47.041	174	161	13
National Science Foundation					
Mathematical and Physical Sciences					
Direct Federal Awards:					
Pass-Through from:					
Washington University/St. Louis	2140493	47.049	75,204	70,581	4,623
		47.049	21,409	19,777	1,632
		Total ALN #47.049	96,613	90,358	6,255
National Science Foundation					
Computer and Information Science and Engineering					
Direct Federal Awards:					
		47.070	164,356	152,769	11,587
		Total ALN #47.070	164,356	152,769	11,587

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, 2022

Agency Name / Program	Pass-Through Identifying #	ALN #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
National Science Foundation					
Education and Human Resources					
Direct Federal Awards:					
		47.076	678,073	647,165	\$ 30,908
		Total ALN #47.076	678,073	647,165	30,908
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	125,218	115,673	9,545
		Total ALN #93.077	125,218	115,673	9,545
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:					
		93.121	386,861	359,789	27,072
	Emory University	7R01DE028351-03	93.121	31,898	2,432
	Western University of Health Sciences	7R15DE025134-03	93.121	11,552	881
		Total ALN #93.121	430,311	399,926	30,385
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:					
		93.173	405,869	374,931	30,938
		Total ALN #93.173	405,869	374,931	30,938
U.S. Department of Health & Human Services - Agency for Healthcare Research & Quality					
Research on Healthcare Costs, Quality and Outcomes					
Direct Federal Awards:					
Pass-Through from:					
	William Beaumont Hospital Research Institute	WBH17001_AUGUSTA	93.226	304,232	289,815
			93.226	12,117	11,494
		Total ALN #93.226	316,349	301,309	15,040
U.S. Department of Health & Human Services - National Institutes of Health - National Institute of Mental Health					
Mental Health Research Grants					
Direct Federal Awards:					
Pass-Through from:					
	Icahn School of Medicine at Mount Sinai	0255-3351-4609	93.242	266,447	246,429
	Icahn School of Medicine at Mount Sinai	3R01MH110623-03S1	93.242	21,942	20,310
	Research Foundation for Mental Hygiene, Inc.	R01MH120317-01A1	93.242	4,229	3,907
			93.242	569	526
		Total ALN #93.242	293,187	271,172	22,015
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	106,541	104,825	1,716
		Total ALN #93.273	106,541	104,825	1,716

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, 2022

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 Biomedical Imaging & Bioengineering					
Discovery and Applied Research for Technological Innovations to Improve Human Health					
Direct Federal Awards:					
		93.286	397,108	375,575	\$ 21,533
		Total ALN #93.286	397,108	375,575	21,533
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	671,910	630,548	41,362
		Total ALN #93.307	671,910	630,548	41,362
U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute					
Trans-NIH Research Support					
Direct Federal Awards:					
		93.310	11,425	10,575	850
		Total ALN #93.310	11,425	10,575	850
U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute					
Cancer Cause and Prevention Research					
Direct Federal Awards:					
Pass-Through from:					
Northwestern University	60054149AURI	93.393	307,204	283,786	23,418
		93.393	8,739	8,073	666
		Total ALN #93.393	315,943	291,859	24,084
U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute					
Cancer Detection and Diagnosis Research					
Direct Federal Awards:					
		93.394	542,750	501,377	41,373
		Total ALN #93.394	542,750	501,377	41,373
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	2,210,547	2,050,060	160,487
Ionic Pharmaceuticals	5R44CA189215-03	93.395	60,510	55,897	4,613
University of Pittsburgh	5R01CA229836-03	93.395	10,756	9,936	820
Wildflower BioPharma Inc.	1R41CA254498-01A1	93.395	41,579	40,910	669
		93.395	103,993	96,066	7,927
		Total ALN #93.395	2,427,385	2,252,869	174,516
U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute					
Cancer Biology Research					
Direct Federal Awards:					
Pass-Through from:					
University of Florida	UFDSP00011398	93.396	2,504,082	2,315,566	188,516
		93.396	(3)	(3)	-
		Total ALN #93.396	2,504,079	2,315,563	188,516

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, 2022

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 Research Manpower					
Direct Federal Awards:					
		93.398	183,140	181,426	\$ 1,714
		Total ALN #93.398	183,140	181,426	1,714
U.S. Department of Health & Human Services - National Institutes of Health - National Cancer Institute					
Cancer Control					
Direct Federal Awards:					
		93.399	1,268,048	1,174,638	93,410
		Total ALN #93.399	1,268,048	1,174,638	93,410
U.S. Department of Health & Human Services - National Institutes of Health - National Heart, Lung, & Blood Institute					
Cardiovascular Diseases Research					
Direct Federal Awards:					
		93.837	15,385,333	14,390,413	994,920
Pass-Through from:					
Emory University	T657728	93.837	3,403	2,682	721
Georgia State University	1 R01 HL162575-01	93.837	69,072	63,807	5,265
Indiana University	1R01HL146481-01	93.837	6,103	5,638	465
Johns Hopkins University	2R01HL101200-10	93.837	417,349	385,535	31,814
Massachusetts General Hospital	A5332	93.837	528	488	40
Medical College of Wisconsin	5P01HL116264-08	93.837	(97)	(90)	(7)
Medical College of Wisconsin	5R01HL137748-03	93.837	264,708	244,530	20,178
Medical College of Wisconsin	5P01HL116264-09	93.837	619,922	572,667	47,255
Thomas Jefferson University	2R01HL093671-09A1	93.837	250,602	231,499	19,103
Yale University	GR106003 (CON-80001748)	93.837	721	564	157
		Total ALN #93.837	17,017,644	15,897,733	1,119,911
U.S. Department of Health & Human Services - National Institutes of Health - National Heart, Lung, & Blood Institute					
Lung Diseases Research					
Direct Federal Awards:					
		93.838	1,332,956	1,246,804	86,152
Pass-Through from:					
University of Pittsburgh	CNVA00046691 (131692-42)	93.838	1,397	1,093	304
		Total ALN #93.838	1,334,353	1,247,897	86,456
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	1,571,321	1,513,343	57,978
Pass-Through from:					
Cetya Therapeutics	2R42HL136068-02	93.839	178,282	164,692	13,590
Cetya Therapeutics	3R42HL136068-02S1	93.839	6,859	6,347	512
Phoenicia Biosciences, Inc.	R33HL147845	93.839	38,940	35,972	2,968
University of Tennessee Health Sciences Center	21-0146-AURI	93.839	85,352	78,845	6,507
		Total ALN #93.839	1,880,754	1,799,199	81,555

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, 2022

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 Arthritis & Musculoskeletal & Skin Diseases					
Arthritis, Musculoskeletal and Skin Diseases Research					
Direct Federal Awards:					
		93.846	303,630	281,049	\$ 22,581
Pass-Through from:					
Princeton University	3R01AR071486-02S1	93.846	21,167	19,553	1,614
		Total ALN #93.846	324,797	300,602	24,195
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:					
		93.847	8,504,888	8,055,980	448,908
Pass-Through from:					
Emory University	A351474	93.847	(290)	(268)	(22)
Emory University	1P30DK125013-01	93.847	54,425	50,277	4,148
Emory University	1P30DK125013-01	93.847	96,001	88,683	7,318
Emory University	1P30DK125013-01	93.847	6,750	6,235	515
Georgia State University	1R01DK115740-01A1	93.847	15,826	14,641	1,185
Texas A&M Agrilife Research	1R01DK124854-01	93.847	105,933	97,858	8,075
University of California, San Diego	3U24DK097771-07S1	93.847	260,159	240,688	19,471
University of California, San Diego	3U24DK097771-07S1	93.847	466,034	452,814	13,220
University of Georgia	RR376-432/S001506	93.847	23,152	21,430	1,722
University of North Carolina at Chapel Hill	1U01DK115575-01	93.847	248,761	229,799	18,962
University of North Carolina at Chapel Hill	1U01DK115575-01	93.847	29,568	27,315	2,253
University of South Florida	6163-1092-00-E	93.847	(375)	(375)	-
University of South Florida	6163-1092-10-E	93.847	229,895	229,895	-
University of South Florida	6163-1092-10-E	93.847	55,899	51,638	4,261
Vanderbilt University Medical Center	5P30DK020593-43	93.847	90,864	86,788	4,076
		Total ALN #93.847	10,187,490	9,653,398	534,092
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:					
		93.853	4,994,636	4,633,108	361,528
Pass-Through from:					
Case Western Reserve University	R01 NS090083	93.853	(14)	(13)	(1)
Medical University of South Carolina	MUSC18-107-8D574	93.853	13,339	12,347	992
Oregon Health and Sciences University	5 R01 NS105984-02/	93.853	148,553	137,229	11,324
Stanford University	2U01NS038455-16A1	93.853	158	146	12
Stanford University	2U01NS038455-16A1	93.853	2,447	1,915	532
University of California, San Francisco	2U54NS065705-11	93.853	15,038	13,912	1,126
University of Florida	1U01NS119562-01	93.853	239	221	18
		Total ALN #93.853	5,174,396	4,798,865	375,531

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, 2022

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	688,352	635,881	\$ 52,471
Pass-Through from:					
Camellix	33371-1	93.855	234	216	18
Henry Ford Health System	2P01AI089473-06	93.855	17,275	15,958	1,317
Henry Ford Health System	2P01AI089473-06	93.855	4,261	3,936	325
Henry Ford Health System	2P01AI089473-06	93.855	17,275	15,958	1,317
Henry Ford Health System	2P01AI089473-06	93.855	17,859	16,498	1,361
		Total ALN #93.855	745,256	688,447	56,809
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	1,824,337	1,706,084	118,253
Pass-Through from:					
Johns Hopkins University	2004422271	93.859	267,212	246,843	20,369
University of Georgia	SUB00002158	93.859	132,176	122,101	10,075
		Total ALN #93.859	2,223,725	2,075,028	148,697
National Institute of Child Health & Human Development/ NIH/ DHHS					
Child Health and Human Development Extramural Research					
Direct Federal Awards:					
		93.865	560,059	518,998	41,061
Pass-Through from:					
University of Maryland at Baltimore	1R21HD097763-01	93.865	5,800	5,501	299
Yale University	5U01HD055925-10	93.865	4,916	4,663	253
		Total ALN #93.865	570,775	529,162	41,613
U.S. Department of Health & Human Services - National Institutes of Health - National Institute on Aging					
Aging Research					
Direct Federal Awards:					
		93.866	5,725,438	5,304,773	420,665
Pass-Through from:					
Gerologix Inc.	1 R43 AG063508-01A1	93.866	-	-	-
Medical University of South Carolina	1R01AG067510-01A1	93.866	150,078	138,638	11,440
Oregon Health and Sciences University	1RF1AG065406-01	93.866	124,850	115,333	9,517
Parkinson's Foundation	R01AG059417-01A1	93.866	20	19	1
Seattle Institute for Biomedical and Clinical Research	5R01AG061558-03	93.866	5,470	5,053	417
University of Southern California	6R01AG047992-02	93.866	1,129	1,044	85
Vanderbilt University	7RF1AG060754-02	93.866	358,210	331,480	26,730
Wake Forest Health Sciences	R01AG060754	93.866	(7,290)	(6,734)	(556)
		Total ALN #93.866	6,357,905	5,889,606	468,299

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, 2022

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	5,478,050	5,069,225	\$ 408,825
Pass-Through from:					
Hillhurst Biopharmaceuticals, Inc.	1R41EY033264-01	93.867	42,245	39,025	3,220
University of Georgia	7R01EY028569-02	93.867	22,883	21,139	1,744
Vanderbilt University	7R01EY017077-12	93.867	75,509	69,753	5,756
Wake Forest Health Sciences	2R01EY017077-09A1	93.867	(3,356)	(3,105)	(251)
		Total ALN #93.867	5,615,331	5,196,037	419,294
U.S. Department of Health & Human Services - National Institutes of Health - National Library of Medicine					
Medical Library Assistance					
Direct Federal Awards:		93.879	3,377	3,377	-
Pass-Through from:					
University of Maryland at Baltimore	5UG4LM012340-05	93.879	(862)	(817)	(45)
		Total ALN #93.879	2,515	2,560	(45)
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	246,114	239,470	6,644
		Total ALN #93.912	246,114	239,470	6,644
U.S. Department of Health & Human Services - Agency for Healthcare Research & Quality					
Department of Health And Human Services Other Financial Assistance					
Pass-Through from:					
NORC at the University of Chicago	75P00119F37005	93.999	8,024	7,412	612
University of Georgia Research Foundation, Inc.	75N93019C00052	93.999	20,547	18,980	1,567
		Total ALN #93.999	28,571	26,392	2,179
Total Research & Development Cluster			64,675,940	60,433,918	4,242,022
Total Schedule of Expenditures of Federal Awards			\$ 68,273,443	\$ 63,940,252	\$ 4,333,191

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, 2022

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, 2022. 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, 2022.

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 5—Contingencies

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

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

JUNE 30, 2022

Section I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of Major Programs

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

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

The dollar threshold for Type A programs was \$2,048,203.

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, 2022

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.