

**AUGUSTA UNIVERSITY RESEARCH  
INSTITUTE, INC.**

**FINANCIAL STATEMENTS AND  
COMPLIANCE**

***As of and for the Years Ended June 30, 2016 and 2015  
EIN #1-58-1418202A1***

***And Report of Independent Auditor***

**AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**

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## **Report of Independent Auditor**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Augusta University Research Institute, Inc., (the "Institute") which comprise the statements of net position as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of June 30, 2016 and 2015, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016 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 "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia  
August 24, 2016

# **AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*YEARS ENDED JUNE 30, 2016 AND 2015*

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### ***Introduction***

On November 24, 2015, the Georgia Regents Research Institute, Inc. by unanimous vote of the Board of Directors legally changed its name to Augusta University Research Institute, Inc. (the "Institute"). A Certificate of Amendment was issued by the Secretary of State of the State of Georgia on December 29, 2015 reflecting the name change. The bylaws were amended accordingly. Previously on February 27, 2013, the Georgia Health Sciences University Research Institute, Inc. Board of Directors voted to change its name to Georgia Regents Research Institute, Inc. The bylaws were amended accordingly. Previously, on April 13, 2011, Medical College of Georgia Research Institute, Inc. voted to legally change its name and revise its bylaws, becoming the Georgia Health Sciences 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 MOU also assigned all intellectual property developed through the research programs or by the University personnel to the Institute. In addition, the Institute is the administrative organization for employee-related discoveries, innovations, inventions, patents, and copyrights. The ongoing objective of the Institute is to provide services to the University and, through those services, to enhance the University's programs and goals as a research institution.

### ***Description of the Financial Statements***

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

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

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies investment earnings and changes in the fair value of investments as non-operating revenues. As a result, the financial statements may show operating losses that are then offset by non-operating 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 2016 and Fiscal 2015 refer to the years ended June 30, 2016 and June 30, 2015, respectively.

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

YEARS ENDED JUNE 30, 2016 AND 2015

**Financial Highlights**

The condensed statements of net position are shown below:

**Augusta University Research Institute, Inc.**  
**Condensed Statements of Net Position**  
**June 30, 2016, 2015, and 2014**

	2016	2015	2014	2016 - 2015		2015 - 2014	
				Dollars	%	Dollars	%
<b>Assets:</b>							
Current assets	\$ 12,987,173	\$ 12,628,762	\$ 12,333,842	\$ 358,411	3%	\$ 294,920	2%
Noncurrent assets	496,464	470,976	402,771	25,488	5%	68,205	17%
Total assets	13,483,637	13,099,738	12,736,613				
<b>Liabilities:</b>							
Current liabilities	5,247,199	5,636,708	5,733,899	(389,509)	-7%	(97,191)	-2%
Total liabilities	5,247,199	5,636,708	5,733,899				
<b>Net position:</b>							
Restricted for program services	77,275	77,275	77,525				
Unrestricted	8,159,163	7,385,755	6,925,189				
Total net position	\$ 8,236,438	\$ 7,463,030	\$ 7,002,714	773,408	10%	460,316	7%

Fiscal 2016

Current assets increased by \$358,411 or 3% from 2015 to 2016, primarily due to an increase in cash and cash equivalents and grants and contracts receivable and a decrease in short term investments.

Noncurrent assets include restricted cash and investments in a corporation and a limited liability company which are accounted for using the cost method. The balance at June 30, 2016 includes restricted cash of \$77,275 and investments of \$419,189. The increase during Fiscal 2016 is attributed to net purchases of investments accounted for using the cost method approximating \$25,000.

Total net position at June 30, 2016 and 2015 was \$8,236,438 and \$7,463,030, respectively, which represents an increase of \$773,408. The increase in net position is attributable primarily to an increase in licensing and royalties income during Fiscal 2016.

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

YEARS ENDED JUNE 30, 2016 AND 2015

Fiscal 2015

Current assets increased by \$294,920 or 2% from 2014 to 2015, primarily due to another equity holding with no readily determinable market value June 30, 2014, increasing in value and having a value of \$316,176 at June 30, 2015.

Noncurrent assets include restricted cash and investments in a corporation and a limited liability company which are accounted for using the cost method. The balance at June 30, 2015 includes restricted cash of \$77,275 and investments of \$393,701. The increase during Fiscal 2015 is attributed to net purchases of investments accounted for using the cost method approximating \$68,000.

Total net position at June 30, 2015 and 2014 was \$7,463,030 and \$7,002,714, respectively, which represents an increase of \$460,316. The increase in net position is attributable primarily to an increase in federal grant activity during Fiscal 2015.

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, 2016, 2015, and 2014**

	2016	2015	2014	2016 - 2015		2015 - 2014	
				Dollars	%	Dollars	%
Operating revenues:							
Research programs	\$ 62,324,357	\$ 62,894,362	\$ 59,064,790	\$ (570,005)	-1%	\$ 3,829,572	6%
Licensing and royalties	2,133,289	601,691	110,675	1,531,598	255%	491,016	444%
Other operating revenue	154,564	379,964	220,147	(225,400)	-59%	159,817	73%
Total operating revenues	<u>64,612,210</u>	<u>63,876,017</u>	<u>59,395,612</u>	736,193	1%	4,480,405	8%
Operating expenses:							
Grants and contracts	58,937,555	59,484,688	55,945,361	(547,133)	-1%	3,539,327	6%
Programs to support AU	2,155,928	2,536,455	2,180,871	(380,527)	-15%	355,584	16%
Licensing and royalty distributions	1,738,264	575,979	90,264	1,162,285	202%	485,715	538%
Technology transfer operations	823,470	637,217	646,033	186,253	29%	(8,816)	-1%
Management and general	231,030	336,773	349,376	(105,743)	-31%	(12,603)	-4%
Total operating expenses	<u>63,886,247</u>	<u>63,571,112</u>	<u>59,211,905</u>	315,135	0%	4,359,207	7%
Operating income	725,963	304,905	183,707	421,058	138%	121,198	66%
Nonoperating revenues	47,445	155,411	42,013	(107,966)	-69%	113,398	270%
Increase in net position	773,408	460,316	225,720	313,092	68%	234,596	104%
Net position – beginning of year	7,463,030	7,002,714	6,776,994				
Net position – end of year	<u>\$ 8,236,438</u>	<u>\$ 7,463,030</u>	<u>\$ 7,002,714</u>				

# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2016 AND 2015

### Fiscal 2016

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$736,193 or 1% primarily due to an increase in licensing and royalties income and a decrease in foundation grants and other research grants.

Operating expenses increased \$315,135 or 0.5% primarily due to an increase in licensing and royalty distributions associated with the increase in income and a decrease in payments to the University associated with the decrease in grants.

### Fiscal 2015

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues increased \$4,480,405 or 8% primarily due to an increase in federal grants and licensing and royalties income.

Operating expenses increased \$4,359,207 or 8% primarily due to an increase in payments to the University associated with the increase in grants and an increase in licensing and royalty distributions associated with the increase in income.

The condensed statements of cash flows are shown below:

**Augusta University Research Institute, Inc.**  
**Condensed Statements of Cash Flows**  
**Years Ended June 30, 2016, 2015, and 2014**

	2016	2015	2014	2016 - 2015		2015 - 2014	
				Dollars	%	Dollars	%
Net cash flows from operating activities	\$ 161,374	\$ 106,486	\$ 211,289	\$ 54,888	52%	\$ (104,803)	-50%
Net cash flows from investing activities	338,132	(25,633)	(88,781)	363,765	-1419%	63,148	-71%
Net change in cash and cash equivalents	499,506	80,853	122,508	418,653	518%	(41,655)	-34%
Cash and cash equivalents - beginning of year	7,302,677	7,221,824	7,099,316				
Cash and cash equivalents - end of year	<u>\$ 7,802,183</u>	<u>\$ 7,302,677</u>	<u>\$ 7,221,824</u>				

### Fiscal 2016

Cash flows from operations primarily include receipts from grantors and licenses. The increase in cash flow from operating activities in 2016 is attributable to decreased net grant payments to the University.

The increase in cash flow from investing activities is attributable to distributions related to the NewLink, Inc. stock in Fiscal 2016, which was obtained in a royalty and licensing agreement in Fiscal 2015.



# **AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*YEARS ENDED JUNE 30, 2016 AND 2015*

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### Fiscal 2015

Cash flows from operations primarily include receipts from grantors and licenses. The decrease in cash flow from operating activities in 2015 is attributable to increased receipts from grantors offset by increases in payments to the University for support programs.

The decrease in cash flow from investing activities is attributable to contributions to the GRA Venture Fund in 2015, which is accounted for as a cost method investment.

### ***Economic Outlook***

The Institute is entering Fiscal 2017 projecting that grant and contract growth will remain relatively static with some minor increases. The Institute anticipates providing some support for the University's programs in the form of increased support for compliance-related infrastructure costs. In Fiscal 2017, the Institute anticipates additional allocation of funds by the University for programs historically funded by the Institute of approximately \$1,000,000 related to a decision made by the Institute's Board to invest in faculty start-up ventures.

Questions concerning this report or requests for additional information should be directed to Sarah White, Executive Director, at (706) 721-2592 or at 1120 15<sup>th</sup> Street, CJ 3301, Augusta, GA 30912.

**AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**  
**STATEMENTS OF NET POSITION**

*JUNE 30, 2016 AND 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,724,908	\$ 7,225,402
Short term investments	1	316,176
Grants and contracts receivable	5,261,161	5,087,184
Other receivables due from Augusta University ("AU")	1,103	-
Total Current Assets	<u>12,987,173</u>	<u>12,628,762</u>
Noncurrent Assets:		
Restricted assets - cash and cash equivalents	77,275	77,275
Other investments	419,189	393,701
Total Noncurrent Assets	<u>496,464</u>	<u>470,976</u>
<b>Total Assets</b>	<u>\$ 13,483,637</u>	<u>\$ 13,099,738</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 53,247	\$ 54,659
Grants and contracts payable to AU	5,177,656	5,091,473
Other liabilities payable to AU	-	471,940
Other liabilities	16,296	18,636
Total Current Liabilities	<u>5,247,199</u>	<u>5,636,708</u>
<b>NET POSITION</b>		
Restricted for program services	77,275	77,275
Unrestricted	8,159,163	7,385,755
<b>Total Net Position</b>	<u>\$ 8,236,438</u>	<u>\$ 7,463,030</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Operating revenues:</b>		
Research programs:		
Federal	\$ 52,610,851	\$ 52,564,135
Business	5,493,720	5,515,021
Foundations	3,523,481	3,835,515
Other research grants	696,305	979,691
Total research revenue	<u>62,324,357</u>	<u>62,894,362</u>
Licensing and royalties	2,133,289	601,691
Rent	54,000	60,000
Teddy income	88,564	86,848
Jinfiniti income	-	1,845
Regional campus research infrastructure income	-	200,000
Cancer center agreement income	12,000	28,000
Cervi-Cusco project income	-	2,790
Other operating revenue	-	481
<b>Total operating revenues</b>	<u>64,612,210</u>	<u>63,876,017</u>
<b>Operating expenses:</b>		
Research subcontracted to AU (including indirect cost reimbursements):		
Federal	49,500,142	49,505,400
Business	5,269,820	5,244,854
Foundations	3,484,782	3,770,994
Other research grants	682,811	963,440
Total research subcontracted to AU	<u>58,937,555</u>	<u>59,484,688</u>
Licensing and royalty distributions	1,738,264	575,979
AURI grants program	-	11,095
Research incentive program	1,369,225	1,342,577
Summerville research incentive program	512	25,330
Bridge funding program	199,371	346,333
Health Research Associates	76,983	46,469
Recruitment	4,351	-
Early retirement annuity	7,418	7,418
Council on government relations	9,500	9,500
Federal affairs consultant (Cornerstone)	-	98,294
School of Graduate Studies	90,084	106,055
Teddy project	88,564	86,848
Cervi-Cusco project	-	2,790
Research awards banquet	15,558	9,762
Jinfiniti expenses	-	1,845
Georgia BIO expense	25,000	25,000
Varian medical systems expense	-	250
Fall innovation summit	6,000	-
Regional campus research infrastructure	-	200,000
Cancer center agreement expense	12,000	28,000
Federal demonstration partnership	1,000	1,000
Technology transfer operations	601,950	446,651
Technology transfer legal	221,520	190,566
Life science business development center	19,980	126,940
Miscellaneous	209	-
AU support	250,153	187,889
Management and general	211,050	209,833
<b>Total operating expenses</b>	<u>63,886,247</u>	<u>63,571,112</u>
<b>Operating income</b>	<u>725,963</u>	<u>304,905</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, 2016 AND 2015*

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	<u>2016</u>	<u>2015</u>
<b>Nonoperating revenues (expenses):</b>		
Investment income	\$ 47,445	\$ 155,411
<b>Total nonoperating revenues (expenses)</b>	<u>47,445</u>	<u>155,411</u>
<b>Increase in net position</b>	773,408	460,316
<b>Net position:</b>		
Beginning of year	7,463,030	7,002,714
End of year	<u>\$ 8,236,438</u>	<u>\$ 7,463,030</u>

**AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from grantors	\$ 62,150,380	\$ 62,996,721
Receipts of licensing and royalties	2,133,289	398,104
Other receipts	154,564	379,964
Research grant payments disbursed to AU	(58,851,372)	(59,784,143)
Payments of royalties, licenses, patents, and copyright costs	(2,786,795)	(936,383)
Payments for AU programs	(2,394,030)	(2,612,296)
Payments to suppliers and others	(244,662)	(335,481)
Net cash from operating activities	<u>161,374</u>	<u>106,486</u>
<b>Cash flows from investing activities:</b>		
Investment income	23,859	42,822
Purchases of investments accounted for using the cost method	(25,488)	(87,046)
Distributions from GRA Venture Fund	-	18,591
Net maturities of investments	339,761	-
Net cash from investing activities	<u>338,132</u>	<u>(25,633)</u>
Net change in cash and cash equivalents	499,506	80,853
Cash and cash equivalents, beginning of year	<u>7,302,677</u>	<u>7,221,824</u>
Cash and cash equivalents, end of year	<u>\$ 7,802,183</u>	<u>\$ 7,302,677</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 725,963	\$ 304,905
Adjustments to reconcile operating income to net cash from operating activities:		
Fair value of investments received as royalties	-	(203,587)
Changes in:		
Grants and contracts receivable	(173,977)	102,359
Accounts payable and grants and contracts payable	84,771	(278,132)
Other liabilities payable to AU	(473,043)	181,100
Other liabilities	(2,340)	(159)
Net cash from operating activities	<u>\$ 161,374</u>	<u>\$ 106,486</u>
<b>Schedule of noncash activity:</b>		
Unrealized gains included in investment income	<u>\$ 23,586</u>	<u>\$ 112,589</u>
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 7,724,908	\$ 7,225,402
Restricted assets - cash and cash equivalents	<u>77,275</u>	<u>77,275</u>
Cash and cash equivalents	<u>\$ 7,802,183</u>	<u>\$ 7,302,677</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, 2016 AND 2015

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### Note 1—Organization

Augusta Regents Research Institute, Inc. (the “Institute”) was established to contribute to the educational, research and service functions of the Augusta University (the “University”) in obtaining 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 departments or other 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 under the name The Medical College of Georgia Research Institute, Inc. On November 24, 2015, the Board of Directors voted to change its name of the Institute. The name is change is now reflected by the Georgia Secretary of State and the Internal Revenue Service. The bylaws were amended accordingly. Previously, on February 27, 2013, the Georgia Health Sciences University Research Institute, Inc. Board of Directors voted to change its name to Georgia Regents Research Institute, Inc. The bylaws were amended accordingly. Previously, on April 13, 2011, Medical College of Georgia Research Institute, Inc. voted to legally change its name and revise its bylaws, becoming the Georgia Health Sciences University Research Institute, Inc. All research contracts 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 as prescribed by the Governmental Accounting Standards Board (“GASB”).

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

*Reporting Entity* – In accordance with the criteria in SGAS No. 61, *The Financial Reporting Entity*, the Institute is a legally separate, tax exempt organization whose activities primarily support the University, a unit of the University System of Georgia (an organizational unit of the State of Georgia). The Institute is considered an affiliated organization of the University. The State Accounting Office determined Component Units of the State of Georgia, as required by SGAS No. 61 should not be assessed in relation to their significance to the University. Accordingly, the Institute’s financial activities are not included in the financial statements of the University. The Institute qualifies for treatment as a component unit of the State of Georgia.

*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.

*Recent Accounting Pronouncements* – During the year ended June 30, 2016, the Institute implemented SGAS No. 72, *Fair Value Measurement and Application*. SGAS No. 72 defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements. SGAS No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The implementation of SGAS No. 72 did not result in a change to beginning net position.

# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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### **Note 2—Summary of significant accounting policies (continued)**

*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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Institute is required to present certain investments at their fair value if the investment has a readily determined market value.

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 the fair value. Investments in startup companies are deemed to have a readily determinable fair market value when the stock becomes publicly traded.

*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. Non-operating 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 accounting principles generally accepted in the United States of America 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.

# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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### Note 3—Cash and short-term investments

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

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Institute's deposits may not be returned to it. The Institute does not have a deposit policy for custodial credit risk. The Institute places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) 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, 2016 and 2015, \$2,068,537 and \$1,752,569, respectively, of the Institute's bank balance exceeded these insured amounts and was uncollateralized.

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

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

The Institute's short-term investments as of June 30, 2016 and 2015 were \$5,305,486 and \$5,282,627, respectively, and are classified as cash and cash equivalents in the accompanying Statements of Net Position. The Institute's short-term investments consist of the Board of Regents Investment Pool. 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 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>.

During the year ended June 30, 2015, an equity investment in a startup company held by the Institute, as a result of a royalty agreement, was deemed to have a readily determinable fair market value when the stock of the startup company became publicly traded. The initial value of the stock was recorded as royalty income in the amount of approximately \$523,000. The market value of the investment which had not yet been sold as of June 30, 2015, was \$316,176 and is included in short-term investments on the Statements of Net Position. The remainder of the stock was sold during the year ended June 30, 2016, for its fair market value at the time of sale of \$339,761.



# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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### 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, 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, 2016 and 2015, the total cost of the Institute's investment, net of distributions of return of initial investment, was \$374,650 and \$349,162, respectively. As of June 30, 2016 the Institute has a remaining commitment of approximately \$96,000 for future investment in the Georgia Research Alliance Capital Venture Fund.

During the year ended June 30, 2013, the Institute purchased 89,837 shares of Series C Preferred 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. The Institute's ownership interest in Reach Health, Inc. is accounted for using the cost method. At June 30, 2016 and 2015, the value of the Institute's investment was \$44,532. Reach Health, Inc. has board members which are employed by the University. The Institute also has a license agreement with Reach Health, Inc. for the use of certain health care information technology developed at the Institute. No additional purchases of Reach Health, Inc. stock were made in during the years ended June 30, 2016 and 2015.

### 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 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 US 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.

The tables on the following page summarize the valuation of the Institute's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 and 2015, based on the level of input utilized to measure fair value:

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

JUNE 30, 2016 AND 2015

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

Measurement at fair value on a recurring basis:

	Fair Value Measurement at June 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income:				
Board of Regents Investment Pool				
Short-term fund	\$ -	\$ 5,305,486	\$ -	\$ 5,305,486
Total fixed income	-	5,305,486	-	5,305,486
Total investments, recurring basis	\$ -	\$ 5,305,486	\$ -	\$ 5,305,486

	Fair Value Measurement at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stocks, healthcare industry	\$ 316,176	\$ -	\$ -	\$ 316,176
Total equities	316,176	-	-	316,176
Fixed Income:				
Board of Regents Investment Pool				
Short-term fund	-	5,282,627	-	5,282,627
Total fixed income	-	5,282,627	-	5,282,627
Total investments, recurring basis	\$ 316,176	\$ 5,282,627	\$ -	\$ 5,598,803

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 June 30, 2016 and 2015 consist of the unspent proceeds of \$77,275, respectively.

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 Program, the University Tuition Reimbursement Program, Health Research Associates, and the Research Lecture Program. The purpose of Incentive Awards is to reward faculty for productivity and provide discretionary funds to promote individual research programs. The Grants Program is used to support research projects that have a high likelihood of subsequently generating external funding. At June 30, 2016 and 2015, the Institute had \$3,262,947 and \$2,847,863, respectively, in unrestricted, designated position.

# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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### **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 10/46<sup>th</sup> of funds received for facilities and administrative costs which are considered to be unrestricted funds. The remaining approximately 78% is disbursed to the University. Under this agreement the Institute received approximately \$3,400,000 for the years ended June 30, 2016 and 2015, respectively.

### **Note 9—Significant funding sources**

Approximately 79% and 78% of the Institute's total operating revenue for the fiscal years ended June 30, 2016 and 2015, 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—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 \$633,000 and \$567,019 for the years ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, the cost of the unreimbursed portion of the services was approximately \$518,000 and \$506,000, respectively.

The Institute has entered into an agreement with a company owned by a doctor employed by the University to facilitate the purchase of certain services and products related to biomedical research of investigators of the University as well as other institutions that comprise the University System of Georgia ("USG"). The agreement provides for payment of invoices of the company by the Institute and reimbursement for payment of such invoices, if appropriate, from accounts held by investigators of the University or other USG institutions. During the year ended June 30, 2015, amounts paid to the company under this agreement totaled approximately \$2,000. No amounts were paid to the company during the year ended June 30, 2016. 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, 2016 and 2015, amounts received from the company under this agreement were \$54,000 and \$60,000, respectively.

### **Note 11—Significant commitments and contingencies**

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

**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 June 30, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2016.

**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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Institute’s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

Augusta, Georgia  
August 24, 2016

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Augusta University Research Institute, Inc.'s (the “Institute”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2016. The Institute’s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## Report on Internal Control over Compliance

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

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

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

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

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

Augusta, Georgia  
August 24, 2016

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

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>Research and Development Cluster</b>					
<b>U.S. Department of Defense</b>					
<b>Military Medical Research and Development</b>					
<b>Direct Federal Awards</b>					
Department of Defense		12.420	\$ 684,072	\$ 633,575	\$ 50,497
<b>CFDA #12.420 Total</b>			<b>684,072</b>	<b>633,575</b>	<b>50,497</b>
<b>Basic Scientific Research</b>					
<b>Direct Federal Awards</b>					
Department of Defense		12.431	94,901	87,944	6,957
<b>CFDA #12.431 Total</b>			<b>94,901</b>	<b>87,944</b>	<b>6,957</b>
<b>Department of Defense Other Financial Assistance</b>					
<b>Direct Federal Awards</b>					
Department of Defense		12.OFA	(89,711)	(82,313)	(7,398)
<b>CFDA #12.OFA Total</b>			<b>(89,711)</b>	<b>(82,313)</b>	<b>(7,398)</b>
<b>Total U.S. Department of Defense</b>			<b>689,262</b>	<b>639,206</b>	<b>50,056</b>
<b>U.S. Department of Justice</b>					
<b>Department of Justice Other Financial Assistance</b>					
<b>Federal Flow Through</b>					
Vigter Medical Group, LLC	J-FBI-13-060	16.OFA	269,164	269,164	-
<b>CFDA #16.OFA Total</b>			<b>269,164</b>	<b>269,164</b>	<b>-</b>
<b>Total U.S. Department of Justice</b>			<b>269,164</b>	<b>269,164</b>	<b>-</b>
<b>National Science Foundation</b>					
<b>Engineering Grants</b>					
<b>Direct Federal Awards</b>					
National Science Foundation		47.041	43,878	40,782	3,096
<b>CFDA #47.041 Total</b>			<b>43,878</b>	<b>40,782</b>	<b>3,096</b>
<b>Computer and Information Science and Engineering</b>					
<b>Direct Federal Awards</b>					
National Science Foundation		47.070	9,008	8,744	264
<b>CFDA #47.070 Total</b>			<b>9,008</b>	<b>8,744</b>	<b>264</b>
<b>Biological Sciences</b>					
<b>Direct Federal Awards</b>					
National Science Foundation		47.074	284,737	264,104	20,633
<b>CFDA #47.074 Total</b>			<b>284,737</b>	<b>264,104</b>	<b>20,633</b>
<b>Social, Behavioral, and Economic Sciences</b>					
<b>Direct Federal Awards</b>					
National Science Foundation		47.075	1,849	1,849	-
<b>CFDA #47.075 Total</b>			<b>1,849</b>	<b>1,849</b>	<b>-</b>
<b>Education and Human Resources</b>					
<b>Direct Federal Awards</b>					
National Science Foundation		47.076	43,092	43,092	-
<b>CFDA #47.076 Total</b>			<b>43,092</b>	<b>43,092</b>	<b>-</b>
<b>Total National Science Foundation</b>			<b>382,564</b>	<b>358,571</b>	<b>23,993</b>
<b>U.S. Department of Veterans Affairs</b>					
<b>Department of Veterans Affairs Other Financial Assistance</b>					
<b>Federal Flow Through</b>					
GE Global Research	VA 118-13-C-0049	64.OFA	100,889	96,363	4,526
<b>CFDA #64.OFA Total</b>			<b>100,889</b>	<b>96,363</b>	<b>4,526</b>
<b>Total U.S. Department of Veterans Affairs</b>			<b>100,889</b>	<b>96,363</b>	<b>4,526</b>



# AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>U.S. Department of Energy</b>					
Environmental Remediation and Waste Processing and Disposal					
Federal Flow Through					
Savannah River Site Community Reuse Organization	DE-EM0001232	81.104	171,662	168,789	2,873
<b>CFDA #81.104 Total</b>			<b>171,662</b>	<b>168,789</b>	<b>2,873</b>
<i>Total U.S. Department of Energy</i>					
			<b>171,662</b>	<b>168,789</b>	<b>2,873</b>
<b>U.S. Department of Education</b>					
Improving Teacher Quality State Grants					
Federal Flow Through					
University of Georgia	S367B140011	84.367	28,172	27,718	454
University of Georgia	S367B140011	84.367	29,746	29,267	479
<b>CFDA #84.367 Total</b>			<b>57,918</b>	<b>56,985</b>	<b>933</b>
Department of Education Other Financial Assistance					
Federal Flow Through					
Universidad Central Del Caribe	P031M105050	84.OFA	23,666	23,666	-
<b>CFDA #84.OFA Total</b>			<b>23,666</b>	<b>23,666</b>	<b>-</b>
<i>Total U.S. Department of Education</i>					
			<b>81,584</b>	<b>80,651</b>	<b>933</b>
<b>U.S. Department of Health &amp; Human Services</b>					
Centers for Disease Control and Prevention					
Disabilities Prevention					
Federal Flow Through					
Georgia State University	001138DD14	93.184	48,104	45,946	2,158
<b>CFDA #93.184 Total</b>			<b>48,104</b>	<b>45,946</b>	<b>2,158</b>
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects					
Federal Flow Through					
Emory University	1U01 IP000413-02	93.185	5,928	5,662	266
University of South Carolina	HIP000851A	93.185	20,003	18,974	1,029
<b>CFDA #93.185 Total</b>			<b>25,931</b>	<b>24,636</b>	<b>1,295</b>
<i>Total Centers for Disease Control and Prevention</i>					
			<b>74,035</b>	<b>70,582</b>	<b>3,453</b>
<b>Health Resources and Services Administration</b>					
Maternal and Child Health Federal Consolidated Programs					
Federal Flow Through					
Georgia Department of Public Health	CON # 40500-039-15151257	93.110	20,178	19,779	399
<b>CFDA #93.110 Total</b>			<b>20,178</b>	<b>19,779</b>	<b>399</b>
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program					
Direct Federal Awards					
Health Resources & Services Administration		93.191	148,489	146,096	2,393
<b>CFDA #93.191 Total</b>			<b>148,489</b>	<b>146,096</b>	<b>2,393</b>
Advanced Education Nursing Traineeships					
Direct Federal Awards					
Health Resources & Services Administration		93.358	352,197	352,197	-
<b>CFDA #93.358 Total</b>			<b>352,197</b>	<b>352,197</b>	<b>-</b>
Grants for Primary Care Training and Enhancement					
Direct Federal Awards					
Health Resources & Services Administration		93.884	140,517	138,254	2,263
<b>CFDA #93.884 Total</b>			<b>140,517</b>	<b>138,254</b>	<b>2,263</b>
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants					
Direct Federal Awards					
Health Resources & Services Administration		93.924	184,972	184,972	-
<b>CFDA #93.924 Total</b>			<b>184,972</b>	<b>184,972</b>	<b>-</b>

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

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>Healthy Start Initiative</b>					
<b>Federal Flow Through</b>					
MCG Health Inc.	2 H49MC00129-14-00	93.926	71,651	70,235	1,416
<b>CFDA #93.926 Total</b>			<b>71,651</b>	<b>70,235</b>	<b>1,416</b>
<b>Total Health Resources and Services Administration</b>			<b>918,004</b>	<b>911,533</b>	<b>6,471</b>
<b>National Institutes of Health</b>					
<b>Environmental Health</b>					
<b>Direct Federal Awards</b>					
National Institute of Environmental Health Sciences/ NIH/ DHHS		93.113	3,142	2,924	218
<b>CFDA #93.113 Total</b>			<b>3,142</b>	<b>2,924</b>	<b>218</b>
<b>Oral Diseases and Disorders Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Dental & Craniofacial Research/ NIH/ DHHS		93.121	642,021	603,226	38,795
<b>Oral Dis Federal Flow Through</b>					
Louisiana State University Health Sciences New Orleans	S367B140011	93.121	76,181	70,615	5,566
Medical University of South Carolina	7R03DE023350	93.121	6,620	6,129	491
Primus Consulting	RDE020204B	93.121	34,756	32,180	2,576
<b>CFDA #93.121 Total</b>			<b>759,578</b>	<b>712,150</b>	<b>47,428</b>
<b>Mental Health Research Grants</b>					
<b>Direct Federal Awards</b>					
National Institute of Mental Health/ NIH/ DHHS		93.242	1,167,191	1,093,991	73,200
<b>Federal Flow Through</b>					
Bowman Gray School of Medicine	RMH097695A	93.242	186,298	172,798	13,500
Duke University	RMH081234A	93.242	65,360	60,624	4,736
New York University Langone Medical Center	5R01MH084900-05	93.242	(425)	(413)	(12)
The Research Foundation of State University of New York	RMH104964B	93.242	30,133	27,892	2,241
University of Georgia	1R01MH10336601A1	93.242	35,123	32,511	2,612
University of Maryland at Baltimore	RMH090071A	93.242	54,966	50,968	3,998
University of Southern California	RMH085548	93.242	25,000	23,913	1,087
<b>CFDA #93.242 Total</b>			<b>1,563,646</b>	<b>1,462,284</b>	<b>101,362</b>
<b>Alcohol Research Programs</b>					
<b>Federal Flow Through</b>					
Mayo Clinic Rochester	7R01AA019976-04	93.273	26,552	24,628	1,924
<b>CFDA #93.273 Total</b>			<b>26,552</b>	<b>24,628</b>	<b>1,924</b>
<b>Drug Abuse and Addiction Research Programs</b>					
<b>Direct Federal Awards</b>					
National Institute on Drug Abuse/ NIH/ DHHS		93.279	98,129	91,309	6,820
<b>CFDA #93.279 Total</b>			<b>98,129</b>	<b>91,309</b>	<b>6,820</b>
<b>Discovery and Applied Research for Technological Innovations to Improve Human Health</b>					
<b>Direct Federal Awards</b>					
National Institute of Biomedical Imaging & Bioengineering/ NIH/ DHHS		93.286	90,000	83,307	6,693
<b>CFDA #93.286 Total</b>			<b>90,000</b>	<b>83,307</b>	<b>6,693</b>
<b>Minority Health and Health Disparities Research</b>					
<b>Federal Flow Through</b>					
Emory University	RMD008077A	93.307	(413)	(392)	(21)
<b>CFDA #93.307 Total</b>			<b>(413)</b>	<b>(392)</b>	<b>(21)</b>
<b>Trans-NIH Research Support</b>					
<b>Direct Federal Awards</b>					
National Institute of General Medical Sciences/ NIH/ DHHS		93.310	7,539	6,979	560
<b>Federal Flow Through</b>					
Louisiana State University Health Sciences New Orleans	R01AI112402-01	93.310	14,051	13,033	1,018
<b>CFDA #93.310 Total</b>			<b>21,590</b>	<b>20,012</b>	<b>1,578</b>
<b>Nursing Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Nursing Research/ NIH/ DHHS		93.361	79,057	78,526	531
<b>CFDA #93.361 Total</b>			<b>79,057</b>	<b>78,526</b>	<b>531</b>

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

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>Cancer Cause and Prevention Research</b>					
<b>Direct Federal Awards</b>					
National Cancer Institute/ NIH/ DHHS		93.393	1,747,413	1,636,268	111,145
<b>Federal Flow Through</b>					
Texas Tech University Health Sciences Center	RCA190710A	93.393	23,203	21,477	1,726
		<b>CFDA #93.393 Total</b>	<b>1,770,616</b>	<b>1,657,745</b>	<b>112,871</b>
<b>Cancer Detection and Diagnosis Research</b>					
<b>Direct Federal Awards</b>					
National Cancer Institute/ NIH/ DHHS		93.394	935,865	869,092	66,773
<b>Federal Flow Through</b>					
Michigan State University	R21CA185163	93.394	30,150	27,965	2,185
University of Chicago	R21CA181885	93.394	15,780	14,606	1,174
University of Pittsburgh	UCA180921A	93.394	116,466	108,026	8,440
		<b>CFDA #93.394 Total</b>	<b>1,098,261</b>	<b>1,019,689</b>	<b>78,572</b>
<b>Cancer Treatment Research</b>					
<b>Direct Federal Awards</b>					
National Cancer Institute/ NIH/ DHHS		93.395	3,333,110	3,111,893	221,217
<b>Federal Flow Through</b>					
NSABP Foundation	U10 CA12024	93.395	1,200	1,176	24
University of Michigan	P01CA059827	93.395	12,710	11,765	945
		<b>CFDA #93.395 Total</b>	<b>3,347,020</b>	<b>3,124,834</b>	<b>222,186</b>
<b>Cancer Biology Research</b>					
<b>Direct Federal Awards</b>					
National Cancer Institute/ NIH/ DHHS		93.396	2,679,426	2,481,875	197,551
		<b>CFDA #93.396 Total</b>	<b>2,679,426</b>	<b>2,481,875</b>	<b>197,551</b>
<b>Cancer Research Manpower</b>					
<b>Direct Federal Awards</b>					
National Cancer Institute/ NIH/ DHHS		93.398	216,320	206,630	9,690
		<b>CFDA #93.398 Total</b>	<b>216,320</b>	<b>206,630</b>	<b>9,690</b>
<b>Cardiovascular Diseases Research</b>					
<b>Direct Federal Awards</b>					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.837	8,794,608	8,243,434	551,174
<b>Federal Flow Through</b>					
University of Rochester	1U01HL096607-01	93.837	4,661	4,323	338
Wayne State University	RHL128647A	93.837	17,805	16,481	1,324
		<b>CFDA #93.837 Total</b>	<b>8,817,074</b>	<b>8,264,238</b>	<b>552,836</b>
<b>Lung Diseases Research</b>					
<b>Direct Federal Awards</b>					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.838	2,227,867	2,133,127	94,740
<b>Federal Flow Through</b>					
University of South Alabama	P01HL066299	93.838	366,876	340,291	26,585
		<b>CFDA #93.838 Total</b>	<b>2,594,743</b>	<b>2,473,418</b>	<b>121,325</b>
<b>Blood Diseases and Resources Research</b>					
<b>Direct Federal Awards</b>					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.839	2,315,370	2,211,039	104,331
<b>Federal Flow Through</b>					
Cincinnati Children's Hospital Medical Center	RHL095647C	93.839	71,891	66,822	5,069
NKT Therapeutics, Inc.	RHL123127A	93.839	23,516	21,812	1,704
		<b>CFDA #93.839 Total</b>	<b>2,411,777</b>	<b>2,299,673</b>	<b>111,104</b>
<b>Arthritis, Musculoskeletal and Skin Diseases Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Arthritis & Musculoskeletal & Skin Diseases/ NIH/ DHHS		93.846	92,459	85,586	6,873
<b>Federal Flow Through</b>					
Temple University	RAR061569A	93.846	(2,167)	(2,010)	(157)
		<b>CFDA #93.846 Total</b>	<b>90,292</b>	<b>83,576</b>	<b>6,716</b>

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

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>Diabetes, Digestive, and Kidney Diseases Extramural Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Diabetes & Digestive & Kidney Diseases/ NIH/ DHHS		93.847	9,283,578	8,778,308	505,270
<b>Federal Flow Through</b>					
Texas A&M	RDK095862B	93.847	110,164	102,181	7,983
University of South Florida	1 UC4 DK095300-01	93.847	(9,497)	(8,837)	(660)
University of South Florida	1 UC4 DK095300-01	93.847	549,090	543,768	5,322
		<b>CFDA #93.847 Total</b>	<b>9,933,335</b>	<b>9,415,420</b>	<b>517,915</b>
<b>Extramural Research Programs in the Neurosciences and Neurological Disorders</b>					
<b>Direct Federal Awards</b>					
National Institute of Neurological Disorders & Stroke/ NIH/ DHHS		93.853	3,956,202	3,682,591	273,611
<b>Federal Flow Through</b>					
Emmes Corporation	RNS062835	93.853	7,800	7,235	565
Emory University	2U01NS038455-11A1	93.853	9,197	8,531	666
Harvard University	RNS086882A	93.853	20,022	18,536	1,486
NeuroFX	RNS092167A	93.853	6,072	5,620	452
Temple University	RNS079077A	93.853	2,784	2,582	202
University of California, San Francisco	5U54NS065705-02	93.853	(4,336)	(4,035)	(301)
University of California, San Francisco	U54NS065705	93.853	20,753	19,249	1,504
University of Georgia	1R21NS088016	93.853	60,413	56,035	4,378
University of Michigan	RNS079077A	93.853	3,060	2,838	222
University of Virginia	1U01NS069498-01A1	93.853	265,288	246,064	19,224
		<b>CFDA #93.853 Total</b>	<b>4,347,255</b>	<b>4,045,246</b>	<b>302,009</b>
<b>Allergy and Infectious Diseases Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Allergy & Infectious Diseases/ NIH/ DHHS		93.855	1,096,862	1,023,211	73,651
<b>Federal Flow Through</b>					
Henry Ford Health System	P01 A1089473-01A1	93.855	82,768	76,770	5,998
Johns Hopkins University	U01 A109857-02	93.855	2,375	2,272	103
		<b>CFDA #93.855 Total</b>	<b>1,182,005</b>	<b>1,102,253</b>	<b>79,752</b>
<b>Biomedical Research and Research Training</b>					
<b>Direct Federal Awards</b>					
National Institute of General Medical Sciences/ NIH/ DHHS		93.859	1,363,635	1,280,051	83,584
<b>Federal Flow Through</b>					
University of Georgia	1R01GM113242	93.859	65,926	61,026	4,900
		<b>CFDA #93.859 Total</b>	<b>1,429,561</b>	<b>1,341,077</b>	<b>88,484</b>
<b>Child Health and Human Development Extramural Research</b>					
<b>Direct Federal Awards</b>					
National Institute of Child Health & Human Development/ NIH/ DHHS		93.865	634,014	604,961	29,053
<b>Federal Flow Through</b>					
Yale University	UHD055925B	93.865	126,831	126,831	-
		<b>CFDA #93.865 Total</b>	<b>760,845</b>	<b>731,792</b>	<b>29,053</b>
<b>Aging Research</b>					
<b>Direct Federal Awards</b>					
National Institute on Aging/ NIH/ DHHS		93.866	2,005,121	1,864,628	140,493
		<b>CFDA #93.866 Total</b>	<b>2,005,121</b>	<b>1,864,628</b>	<b>140,493</b>
<b>Vision Research</b>					
<b>Direct Federal Awards</b>					
National Eye Institute/ NIH/ DHHS		93.867	3,293,925	3,068,369	225,556
<b>Federal Flow Through</b>					
Bowman Gray School of Medicine	2R01EY017077-05A1	93.867	72,363	67,119	5,244
Georgia Institute of Technology	1PN2EY018244	93.867	8,014	7,457	557
Rice University	1PN2EY018244	93.867	61,740	57,449	4,291
		<b>CFDA #93.867 Total</b>	<b>3,436,042</b>	<b>3,200,394</b>	<b>235,648</b>
<b>Medical Library Assistance</b>					
<b>Federal Flow Through</b>					
University of Maryland, Baltimore County	HHS-N-276-2011-00004-C	93.879	(238)	(238)	-
University of Maryland, Baltimore County	HHS-N-276-2011-00004-C	93.879	1,420	1,420	-
University of Maryland, Baltimore County	HHS-N-276-2011-00004-C	93.879	2,376	2,376	-
University of Maryland, Baltimore County	HHS-N-276-2011-00004-C	93.879	4,774	4,774	-
		<b>CFDA #93.879 Total</b>	<b>8,332</b>	<b>8,332</b>	<b>-</b>

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

YEAR ENDED JUNE 30, 2016

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
<b>Department of Health &amp; Human Services Other Financial Assistance</b>					
<b>Direct Federal Awards</b>					
National Network of Libraries of Medicine		93.OFA	120,721	114,510	6,211
<b>Federal Flow Through</b>					
Bowman Gray School of Medicine	N01-HC-95257 CONTRACT HHSN268200	93.OFA	142,635	136,237	6,398
Clinical Trials and Surveys Corp	NHLBI HHSN268201200023C	93.OFA	33,957	32,275	1,682
Duke Clinical Research Institute	CABANA STUDY	93.OFA	13,300	12,722	578
National Network of Libraries of Medicine	HHS-N-276-2011-00004-C	93.OFA	735	735	-
National Network of Libraries of Medicine	HHS-N-276-2011-00004-C	93.OFA	984	984	-
National Network of Libraries of Medicine	HHS-N-276-2011-00004-C	93.OFA	2,945	2,945	-
New England Research Institute	NIH CONTRACT #: HHSN268201600010C	93.OFA	16,320	15,137	1,183
University of Maryland at Baltimore	HHS-N-276-2011-00004C	93.OFA	1,941	1,941	-
University of South Alabama	R01CA164940	93.OFA	1,750	1,623	127
University of South Florida	TNCC SITE #780	93.OFA	27,335	26,109	1,226
		<b>CFDA #93.OFA Total</b>	<b>362,623</b>	<b>345,218</b>	<b>17,405</b>
<b>Total National Institutes of Health</b>			<b>49,130,929</b>	<b>46,140,786</b>	<b>2,990,143</b>
<b>Substance Abuse and Mental Health Services Administration</b>					
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>					
<b>Direct Federal Awards</b>					
Substance Abuse & Mental Health Services Administration/ DHHS		93.243	691,443	663,895	27,548
<b>Federal Flow Through</b>					
Johns Hopkins University	SBIRT NURSING CURRICULA AND ED	93.243	12,249	12,052	197
Mercer University	5U79TI020278-05	93.243	9,603	9,448	155
Mercer University	1U79TI025372-01	93.243	22,395	22,034	361
Positive Impact, Inc.	TRANSFORM PROJECT	93.243	57,068	57,068	-
		<b>CFDA #93.243 Total</b>	<b>792,758</b>	<b>764,497</b>	<b>28,261</b>
<b>Total Substance Abuse and Mental Health Services Administration</b>			<b>792,758</b>	<b>764,497</b>	<b>28,261</b>
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>50,915,726</b>	<b>47,887,398</b>	<b>3,028,328</b>
<b>Total Research and Development Cluster</b>			<b>52,610,851</b>	<b>49,500,142</b>	<b>3,110,709</b>
<b>Total Schedule of Expenditures of Federal Awards</b>			<b>\$ 52,610,851</b>	<b>\$ 49,500,142</b>	<b>\$ 3,110,709</b>

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

*JUNE 30, 2016*

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**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, 2016. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of the Institute.

**Note 2—Summary of significant accounting policies**

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

The Institute uses an approved negotiated indirect cost rate, and therefore, does not use the 10-percent 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 sub-recipient.

**Note 4—Noncash awards**

The Institute did not receive any noncash federal awards during the year ended June 30, 2016.

**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, 2016

**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:

**CFDA #**

Listed by CFDA number in Schedule of Expenditures of Federal Awards

**Name of Federal Program**

Research and Development Cluster

The dollar threshold for Type A programs was \$1,578,326.

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

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

*JUNE 30, 2016*

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**Section II. Findings in relation to the Audit of the Financial Statements**

None reported.

**Section III. Federal Awards Findings and Questioned Costs**

None reported.

**Schedule of Prior-Year Findings**

There were no prior-year findings reported.