

**AUGUSTA UNIVERSITY RESEARCH
INSTITUTE, INC.**

FINANCIAL STATEMENTS AND COMPLIANCE

***As of and for the Years Ended June 30, 2018 and 2017
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, 2018 and 2017, 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, 2018 and 2017, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.



Augusta, Georgia
August 31, 2018

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

Introduction

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

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

Description of the Financial Statements

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

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

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

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

In the following discussion, Fiscal 2018 and Fiscal 2017 refer to the years ended June 30, 2018 and June 30, 2017, respectively.

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

JUNE 30, 2018 AND 2017

Financial Highlights

The condensed statements of net position are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Net Position
June 30, 2018, 2017, and 2016

	2018	2017	2016	2018 - 2017		2017 - 2016	
				Dollars	%	Dollars	%
ASSETS							
Current assets	\$ 8,466,958	\$ 13,650,325	\$ 12,987,173	\$ (5,183,367)	-38%	\$ 663,152	5%
Noncurrent assets	4,268,724	361,075	496,464	3,907,649	1082%	(135,389)	-27%
Total Assets	12,735,682	14,011,400	13,483,637				
LIABILITIES							
Current liabilities	4,209,761	5,547,787	5,247,199	(1,338,026)	-24%	300,588	6%
Total Liabilities	4,209,761	5,547,787	5,247,199				
NET POSITION							
Restricted for program services	69,973	69,973	77,275				
Unrestricted	8,455,948	8,393,640	8,159,163				
Total Net Position	\$ 8,525,921	\$ 8,463,613	\$ 8,236,438	62,308	1%	227,175	3%

Fiscal 2018

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

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

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

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

JUNE 30, 2018 AND 2017

Fiscal 2017

Current assets increased by \$663,152 or 5% from Fiscal 2016 to Fiscal 2017, primarily due to an increase in cash and cash equivalents.

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, 2017, includes restricted cash of \$69,973 and investments of \$291,102. The decrease during Fiscal 2017 is attributed to net distributions of investments accounted for using the cost method of approximately \$28,500.

Total net position at June 30, 2017 and 2016, was \$8,463,613 and \$8,236,438, respectively, which represents an increase of \$227,175. The increase in net position is attributable primarily to a slight increase in indirect revenue as a percent of total revenue maintained by the Institute in Fiscal 2017, as well as rental income and licensing and royalty income.

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, 2018, 2017, and 2016

	2018	2017	2016	2018 - 2017		2017 - 2016	
				Dollars	%	Dollars	%
Operating Revenues:							
Research programs	\$ 60,657,292	\$ 60,166,858	\$ 62,324,357	\$ 490,434	1%	\$ (2,157,499)	-3%
Licensing and royalties	269,258	379,227	2,133,289	(109,969)	-29%	(1,754,062)	-82%
Other operating revenue	173,692	222,221	154,564	(48,529)	-22%	67,657	44%
Total Operating Revenues	<u>61,100,242</u>	<u>60,768,306</u>	<u>64,612,210</u>	331,936	1%	(3,843,904)	-6%
Operating Expenses:							
Grants and contracts	57,289,500	56,764,724	58,937,555	524,776	1%	(2,172,831)	-4%
Programs to support the University	2,973,037	2,462,626	2,397,428	510,411	21%	65,198	3%
Licensing and royalty distributions	216,594	313,305	1,738,264	(96,711)	-31%	(1,424,959)	-82%
Technology transfer operations	430,912	593,618	601,950	(162,706)	-27%	(8,332)	-1%
Management and general	178,313	362,523	211,050	(184,210)	-51%	151,473	72%
Total Operating Expenses	<u>61,088,356</u>	<u>60,496,796</u>	<u>63,886,247</u>	591,560	1%	(3,389,451)	-5%
Operating income	11,886	271,510	725,963	(259,624)	-96%	(454,453)	-63%
Nonoperating revenues	50,422	(44,335)	47,445	94,757	-214%	(91,780)	-193%
Increase in net position	62,308	227,175	773,408	(164,867)	-73%	(546,233)	-71%
Net position, beginning of year	8,463,613	8,236,438	7,463,030				
Net position, end of year	<u>\$ 8,525,921</u>	<u>\$ 8,463,613</u>	<u>\$ 8,236,438</u>				

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

Fiscal 2018

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

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

Fiscal 2017

Operating revenues consist primarily of research grant and licensing fees and royalty revenues. Operating revenues decreased \$3,843,904 or 6% primarily due to a decrease in licensing and royalties income, a decrease in federal grants, and a decrease in foundation grants.

Operating expenses decreased \$3,389,451 or 5% primarily due to a decrease in licensing and royalty distributions associated with the decrease in income and a decrease in payments to the University associated with the decrease in grants.

The condensed statements of cash flows are shown below:

Augusta University Research Institute, Inc.
Condensed Statements of Cash Flows
Years Ended June 30, 2018, 2017, and 2016

	2018	2017	2016	2018 - 2017		2017 - 2016	
				Dollars	%	Dollars	%
Net cash flows from operating activities	\$ (226,516)	\$ 579,744	\$ 161,375	\$ (806,260)	-139%	\$ 418,369	259%
Net cash flows from investing activities	(3,857,227)	83,752	338,132	(3,940,979)	-4706%	(254,380)	-75%
Net change in cash and cash equivalents	(4,083,743)	663,496	499,507	(4,747,239)	-715%	163,989	33%
Cash and cash equivalents, beginning of year	8,465,680	7,802,184	7,302,677				
Cash and cash equivalents, end of year	<u>\$ 4,381,937</u>	<u>\$ 8,465,680</u>	<u>\$ 7,802,184</u>				

Fiscal 2018

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

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

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

Fiscal 2017

Cash flows from operations primarily include receipts from grantors and licenses. The increase in cash flow from operating activities in 2017 is attributable to decreased net grant payments to the University and payments for the University programs.

The decrease in cash flow from investing activities is attributable to an increase in investment income and distributions from to the Georgia Research Alliance Capital Venture Fund in Fiscal 2017 along with a decrease in distributions related to the NewLink, Inc. stock.

Economic Outlook

The Institute is entering Fiscal 2019 projecting that grant and contract growth will remain relatively static with some minor increases due to a minimal increase in NIH appropriations for Fiscal 2019.

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

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,311,964	\$ 8,395,707
Grants and contracts receivable	4,154,994	5,254,618
Total Current Assets	8,466,958	13,650,325
Noncurrent Assets:		
Restricted assets - cash and cash equivalents	69,973	69,973
Investments	3,911,352	-
Other investments	287,399	291,102
Total Noncurrent Assets	4,268,724	361,075
Total Assets	12,735,682	14,011,400
LIABILITIES		
Current Liabilities:		
Accounts payable	37,255	57,120
Grants and contracts payable to the University	4,000,488	5,367,271
Other liabilities payable to the University	153,482	106,860
Other liabilities	18,536	16,536
Total Current Liabilities	4,209,761	5,547,787
NET POSITION		
Restricted for program services	69,973	69,973
Unrestricted	8,455,948	8,393,640
Total Net Position	\$ 8,525,921	\$ 8,463,613

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

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Research programs:		
Federal	\$ 50,592,029	\$ 50,742,878
Business	4,805,745	5,824,196
Foundations	4,399,152	2,756,438
Other research grants	860,366	843,346
Total Research Revenue	<u>60,657,292</u>	<u>60,166,858</u>
Licensing and royalties	269,258	379,227
Rent	82,000	99,000
Teddy income	61,862	123,221
Jinfiniti income	29,830	-
Total Operating Revenues	<u>61,100,242</u>	<u>60,768,306</u>
Operating Expenses:		
Research subcontracted to the University (including indirect cost reimbursements):		
Federal	47,497,834	47,654,907
Business	4,619,401	5,561,656
Foundations	4,337,401	2,724,953
Other research grants	834,864	823,208
Total Research Subcontracted to the University	<u>57,289,500</u>	<u>56,764,724</u>
Licensing and royalty distributions	216,594	313,305
AURI grants program	223,914	15,300
Grant writing consultant	10,016	7,493
Research incentive program	1,265,030	1,402,237
Bridge funding program	289,420	254,987
Health Research Associates	76,362	77,093
Recruitment	-	1,472
Early retirement annuity	7,418	7,418
Council on government relations	10,500	10,500
School of Graduate Studies	137,759	86,887
Teddy project	62,751	124,222
Research awards banquet	14,820	18,464
Jinfiniti expenses	430,780	105,600
Georgia BIO expense	25,000	25,000
Varian medical systems expense	-	7,302
Technology transfer operations	430,912	593,618
Technology transfer legal	298,761	238,721
Life Science Business Development Center	22,959	10,735
The University support	97,547	69,195
Management and general	178,313	362,523
Total Operating Expenses	<u>61,088,356</u>	<u>60,496,796</u>
Operating income	<u>11,886</u>	<u>271,510</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, 2018 AND 2017*

	2018	2017
Nonoperating Revenues (Expenses):		
Investment income	\$ 68,514	\$ 55,228
Loss on cost method investments	(18,092)	(99,563)
Total Nonoperating Revenues (Expenses)	<u>50,422</u>	<u>(44,335)</u>
Increase in net position	62,308	227,175
Net position, beginning of year	<u>8,463,613</u>	<u>8,236,438</u>
Net position, end of year	<u><u>\$ 8,525,921</u></u>	<u><u>\$ 8,463,613</u></u>

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Receipts from grantors	\$ 61,756,916	\$ 60,173,401
Receipts of licensing and royalties	269,258	379,227
Other receipts	173,692	222,221
Research grant payments disbursed to the University	(58,656,283)	(56,575,109)
Payments of royalties, licenses, patents, and copyright costs	(965,922)	(1,153,122)
Payments for the University programs	(2,604,695)	(2,105,207)
Payments to suppliers and others	(199,482)	(361,667)
Net cash from operating activities	<u>(226,516)</u>	<u>579,744</u>
Cash flows from investing activities:		
Investment income	42,354	55,228
Contributions to investments accounted for using the cost method	(14,389)	(13,406)
Distributions from GRA Venture Fund	-	44,930
Net purchases of investments	(3,885,192)	(3,000)
Net cash from investing activities	<u>(3,857,227)</u>	<u>83,752</u>
Net change in cash and cash equivalents	(4,083,743)	663,496
Cash and cash equivalents, beginning of year	8,465,680	7,802,184
Cash and cash equivalents, end of year	<u>\$ 4,381,937</u>	<u>\$ 8,465,680</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 11,886	\$ 271,510
Adjustments to reconcile operating income to net cash from operating activities:		
Changes in:		
Grants and contracts receivable	1,099,624	6,543
Accounts payable and grants and contracts payable	(1,386,648)	193,488
Other liabilities payable to the University	46,622	107,963
Other liabilities	2,000	240
Net cash from operating activities	<u>\$ (226,516)</u>	<u>\$ 579,744</u>
Schedule of noncash activity:		
Loss on cost method investments	\$ (18,092)	\$ (99,563)
Investment income (reinvested)	26,160	-
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 4,311,964	\$ 8,395,707
Restricted assets - cash and cash equivalents	69,973	69,973
Cash and cash equivalents	<u>\$ 4,381,937</u>	<u>\$ 8,465,680</u>

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

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

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

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

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

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

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

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

JUNE 30, 2018 AND 2017

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 GAAP requires the Institute’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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

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

JUNE 30, 2018 AND 2017

Note 3—Cash and investments

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

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Institute’s deposits may not be returned to it. The Institute does not have a deposit policy for custodial credit risk. The Institute places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Institute from time to time may have amounts on deposit in excess of these insured limits. As of June 30, 2018 and 2017, \$2,421,691 and \$2,684,991, respectively, of the Institute’s bank balance exceeded these insured amounts and was uncollateralized.

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

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

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

	<u>2018</u>	<u>2017</u>
Board of Regents Investment Pool :		
Short-Term Fund - cash equivalents	\$ 1,515,870	\$ 5,359,713
Balanced Income Fund - investments	<u>3,911,352</u>	<u>-</u>
Total investments	<u>\$ 5,427,222</u>	<u>\$ 5,359,713</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. 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 US equities, domestic investment grade fixed income, and cash equivalents.

AUGUSTA UNIVERSITY RESEARCH INSTITUTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 3—Cash and investments (continued)

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

The effective duration of the Short-Term Fund at June 30, 2018 and 2017, is 0.71 years and 0.43 years, respectively. As June 30, 2018 and 2017, the Short-Term Fund consists of 100% debt securities. The effective duration of the Balanced Income Fund at June 30, 2018, is 4.01 years. At June 30, 2018, the Balanced Income Fund consists of 32% equity securities, 67% debt securities, and 1% cash and cash equivalents.

Note 4—Other investments

During the year ended June 30, 2009, the Institute made a commitment to invest \$500,000 in the Georgia Research Alliance Capital Venture Fund (the "Fund"), a pool of private and public dollars that will provide early-stage financing to start-up organizations that commercialize university research. The Institute's ownership interest in this Fund is accounted for using the cost method. At June 30, 2018 and 2017, the total contributions of capital have been \$432,817 and \$418,428, respectively. At June 30, 2018 and 2017, the total cost of the Institute's investment, net of distributions of return of initial investment was \$357,515 and \$343,126, respectively. During the years ended June 30, 2018 and 2017, the Institute recorded losses related to realized losses from investments which were determined to be other than temporary losses of \$18,092 and \$99,563, respectively due to liquidations in the Fund. At June 30, 2018 and 2017, the net carrying amount for this Fund was \$239,860 and \$243,563, respectively. As of June 30, 2018, the Institute has a remaining commitment of approximately \$67,000 for future investment in the Fund.

During the years ended June 30, 2011 and 2012, in connection with a licensing agreement, the Institute received shares of Series A and B stock of Reach Health, Inc., a company founded by and owned and governed, in part, by a doctor employed by the University who also serves on the Board of Directors of the Institute. Reach Health, Inc. is a start-up technology company specialized in developing and providing interactive physician-to-patient access. During the year ended June 30, 2013, the Institute purchased 89,837 shares of Series C Preferred Stock of Reach Health, Inc. The Institute's ownership interest in Reach Health, Inc. is 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. At June 30, 2017, the value of the Institute's investment was \$47,532.

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

JUNE 30, 2018 AND 2017

Note 4—Other investments (continued)

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

	<u>2018</u>	<u>2017</u>
Balance, July 1	\$ 291,102	\$ 419,189
Contributions of capital	14,389	16,408
Distributions	-	(44,932)
Loss on cost method investments	<u>(18,092)</u>	<u>(99,563)</u>
Balance, June 30	<u>\$ 287,399</u>	<u>\$ 291,102</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 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, 2018 AND 2017

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, 2018 and 2017, 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, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income:				
Board of Regents Investment Pool				
Short-Term Fund	\$ -	\$ 1,515,870	\$ -	\$ 1,515,870
Balanced Income Fund	3,911,352	-	-	3,911,352
Total fixed income	3,911,352	1,515,870	-	5,427,222
Total investments, recurring basis	<u>\$ 3,911,352</u>	<u>\$ 1,515,870</u>	<u>\$ -</u>	<u>\$ 5,427,222</u>

	Fair Value Measurement at June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed Income:				
Board of Regents Investment Pool				
Short-Term Fund	\$ -	\$ 5,359,713	\$ -	\$ 5,359,713
Total fixed income	-	5,359,713	-	5,359,713
Total investments, recurring basis	<u>\$ -</u>	<u>\$ 5,359,713</u>	<u>\$ -</u>	<u>\$ 5,359,713</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, 2018 and 2017, consist of the unspent proceeds of \$69,973.

Annually, amounts included in net position are designated for specific purposes by action of the governing board of the Institute. The Board of Directors of the Institute has designated the use of certain funds for Incentive Awards, the AURI Grants Program, 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 Program is used to support research projects that have a high likelihood of subsequently generating external funding. At June 30, 2018 and 2017, the Institute had \$3,612,524 and \$3,319,786, respectively, in unrestricted, designated position.

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

JUNE 30, 2018 AND 2017

Note 7—Grants and contracts receivable

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

Note 8—Facilities and administrative costs recovery

The Institute receives reimbursement from sponsors for facilities and administrative costs incurred. In accordance with the Memorandum of Understanding between the Institute and the University, the Institute retains approximately 10/46th of funds received for facilities and administrative costs which are considered to be unrestricted funds. The remaining approximately 78% is disbursed to the University. Under this agreement the Institute received approximately \$3,400,000 for each of the years ended June 30, 2018 and 2017.

Note 9—Significant funding sources

Approximately 80% and 81% of the Institute's total operating revenue for the fiscal years ended June 30, 2018 and 2017, respectively, were awarded by the United States Department of Health and Human Services. Changes in governmental spending could have a significant impact on the operations of the Institute.

Note 10—Operating leases

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

Future minimum lease payments are:

Years Ending June 30,	
2019	\$ 85,461
2020	87,176
2021	88,930
2022	90,722
2023	92,554
2024	23,607
	<u>\$ 468,450</u>

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

JUNE 30, 2018 AND 2017

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 \$411,262 and \$774,605 for the years ended June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017, the cost of the unreimbursed portion of the services was approximately \$596,000 and \$243,000, respectively.

During the year ended June 30, 2017, the Institute entered into an agreement with a company owned by a faculty member employed by the University to provide support for operations. The agreement provides for 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 ending June 30, 2019, to the company by the Institute. During the years ended June 30, 2018 and 2017, amounts paid to the company under this agreement totaled approximately \$400,000 and \$100,000, respectively. 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 year ended June 30, 2017, amounts received from the company under this agreement were \$7,200. No amounts were received related to this agreement during the year ended June 30, 2018.

Note 12—Significant commitments and contingencies

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

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Augusta University Research Institute, Inc., (the "Institute") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Augusta, Georgia
August 31, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited Augusta University Research Institute, Inc.'s (the "Institute") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2018. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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 31, 2018

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
U.S. Department of Defense					
National Security Agency					
Information Security Grants					
Direct Federal Awards					
National Security Agency					
		12.902	\$ 5,452	\$ 5,234	\$ 218
		CFDA #12.902 Total	5,452	5,234	218
CyberSecurity Core Curriculum					
Direct Federal Awards					
National Security Agency					
		12.905	52,053	49,389	2,664
		CFDA #12.905 Total	52,053	49,389	2,664
<i>Total National Security Agency</i>					
<i>Total U.S. Department of Defense</i>					
			57,505	54,623	2,882
			57,505	54,623	2,882
U.S. Department of Justice					
Department of Justice Other Financial Assistance					
Federal Pass Through from:					
Vighter Medical Group, LLC					
	J-FBI-13-060	16.U01	73,155	73,155	-
		CFDA #16.U01 Total	73,155	73,155	-
<i>Total U.S. Department of Justice</i>					
			73,155	73,155	-
U.S. Department of Energy					
Environmental Remediation and Waste Processing and Disposal					
Federal Pass Through from:					
Savannah River Site Community Reuse Organization					
	SUBRECIPIENT				
		DE-EM0004214	81.104	203,607	203,607
		CFDA #81.104 Total	203,607	203,607	-
<i>Total U.S. Department of Energy</i>					
			203,607	203,607	-
U.S. Department of Education					
Office of Elementary and Secondary Education					
Supporting Effective Instruction State Grants					
(formerly Improving Teacher Quality State Grants)					
Federal Pass Through from:					
University of Georgia					
	RH216-361/S001345	84.367	21,210	20,929	281
		CFDA #84.367 Total	21,210	20,929	281
<i>Total Office of Elementary and Secondary Education</i>					
<i>Total U.S. Department of Education</i>					
			21,210	20,929	281
			21,210	20,929	281
U.S. Department of Health and Human Services					
Administration for Children and Families					
Foster Care Title IV-E					
Federal Pass Through from:					
Georgia State University					
	SUB AWARD #:				
		SP00012480-05	93.658	17,415	17,415
	GEORGIA TITLE VI E		93.658	33,335	33,327
		CFDA #93.658 Total	50,750	50,742	8
<i>Total Administration for Children and Families</i>					
			50,750	50,742	8
Health Resources and Services Administration					
Sickle Cell Treatment Demonstration Program					
Federal Pass Through from:					
Carolinas Healthcare System					
	SUBAWARD NO.				
		3000301054(A17-0142-S009)	93.365	21,784	21,353
		CFDA #93.365 Total	21,784	21,353	431
Grants for Primary Care Training and Enhancement					
Direct Federal Awards					
Health Resources & Services Administration					
		93.884	26,440	26,014	426
		CFDA #93.884 Total	26,440	26,014	426

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants Direct Federal Awards Health Resources & Services Administration		93.924	\$ 44,462	\$ 44,462	\$ -
		CFDA #93.924 Total	<u>44,462</u>	<u>44,462</u>	<u>-</u>
Healthy Start Initiative Federal Pass Through from: MCG Health Inc.	HEALTHY START	93.926	82,529	80,898	1,631
		CFDA #93.926 Total	<u>82,529</u>	<u>80,898</u>	<u>1,631</u>
<i>Total Health Resources and Services Administration</i>			<u>175,215</u>	<u>172,727</u>	<u>2,488</u>
Substance Abuse and Mental Health Services Administration Substance Abuse and Mental Health Services Projects of Regional and National Significance Direct Federal Awards Substance Abuse & Mental Health Services Administration/ DHHS		93.243	265,641	261,704	3,937
Federal Pass Through from: Georgia Department of Behavioral Health & Developmental Disabilities/MHDDAD/GDHR Johns Hopkins University	CONTRACT#: 44100-906-0000104952	93.243	15,000	14,704	296
	SBIRT NURSING				
	CURRICULA AND ED	93.243	16,986	16,712	274
Mercer University	420642-GRU-01 & -02	93.243	4,228	4,160	68
Positive Impact, Inc.	LOA TRANSFORM PROJECT	93.243	88,555	88,555	-
University of Georgia	AWARD# RR274-470/S001267 (PRIME: 1H79TI026457-01)	93.243	42,002	41,326	676
		CFDA #93.243 Total	<u>432,412</u>	<u>427,161</u>	<u>5,251</u>
Opioid STR Federal Pass Through from: Georgia Department of Behavioral Health & Developmental Disabilities/MHDDAD/GDHR	CONTRACT # 44100-906-00000999	93.788	125,324	122,847	2,477
		CFDA #93.788 Total	<u>125,324</u>	<u>122,847</u>	<u>2,477</u>
Block Grants for Prevention and Treatment of Substance Abuse Federal Pass Through from: Georgia Department of Behavioral Health & Developmental Disabilities/MHDDAD/GDHR	CONTRACT #: 44100-DBH0000503	93.959	307,413	301,338	6,075
		CFDA #93.959 Total	<u>307,413</u>	<u>301,338</u>	<u>6,075</u>
<i>Total Substance Abuse and Mental Health Services Administration</i>			<u>865,149</u>	<u>851,346</u>	<u>13,803</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>1,091,114</u>	<u>1,074,815</u>	<u>16,299</u>
Research and Development Cluster U.S. Department of Defense National Security Agency Mathematical Sciences Grants Direct Federal Awards National Security Agency		12.901	10,000	10,000	-
		CFDA #12.901 Total	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Information Security Grants Federal Pass Through from: National Security Agency	H98230-17-1-0360	12.902	124,190	122,899	1,291
		CFDA #12.902 Total	<u>124,190</u>	<u>122,899</u>	<u>1,291</u>
GenCyber Grants Program Direct Federal Awards National Security Agency		12.903	152,218	150,602	1,616
		CFDA #12.903 Total	<u>152,218</u>	<u>150,602</u>	<u>1,616</u>
<i>Total National Security Agency</i>			<u>286,408</u>	<u>283,501</u>	<u>2,907</u>

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
U.S. Army Materiel Command					
Basic Scientific Research					
Direct Federal Awards					
Army Research Office		12.431	\$ 160,286	\$ 149,083	\$ 11,203
		CFDA #12.431 Total	<u>160,286</u>	<u>149,083</u>	<u>11,203</u>
Military Medical Research and Development					
Direct Federal Awards					
U.S. Army Medical Command Health Care Acquisition Activity		12.42	14,421	13,679	742
US Army Medical Research Acquisition Activity/DOD		12.42	685,430	636,753	48,677
Federal Pass Through from:					
Augusta Biomedical Research Corporation	SUB 32372 W81XWH-16-1-0413	12.42	81,824	75,739	6,085
		CFDA #12.420 Total	<u>781,675</u>	<u>726,171</u>	<u>55,504</u>
<i>Total U.S. Army Materiel Command</i>					
			<u>941,961</u>	<u>875,254</u>	<u>66,707</u>
Department of Defense Other Financial Assistance					
Federal Pass Through from:					
Geneva Foundation	SUBCONTRACT#: S-40037-0017-01	12.RD	32,985	30,532	2,453
		CFDA #12.RD Total	<u>32,985</u>	<u>30,532</u>	<u>2,453</u>
<i>Total U.S. Department of Defense</i>					
			<u>1,261,354</u>	<u>1,189,287</u>	<u>72,067</u>
National Science Foundation					
Engineering Grants					
Direct Federal Awards					
National Science Foundation		47.041	79,584	73,665	5,919
		CFDA #47.041 Total	<u>79,584</u>	<u>73,665</u>	<u>5,919</u>
Computer and Information Science and Engineering					
Direct Federal Awards					
National Science Foundation		47.07	31,424	30,624	800
		CFDA #47.070 Total	<u>31,424</u>	<u>30,624</u>	<u>800</u>
Biological Sciences					
Direct Federal Awards					
National Science Foundation		47.074	61,517	57,053	4,464
Federal Pass Through from:					
University of Georgia	RR540-658/S001127	47.074	83,473	77,265	6,208
		CFDA #47.074 Total	<u>144,990</u>	<u>134,318</u>	<u>10,672</u>
Social, Behavioral, and Economic Sciences					
Direct Federal Awards					
National Science Foundation		47.075	22,869	21,458	1,411
		CFDA #47.075 Total	<u>22,869</u>	<u>21,458</u>	<u>1,411</u>
National Science Foundation Other Financial Assistance					
Federal Pass Through from:					
Ohio State University Research Foundation	PROJECT NO. 60050218	47.RD	15,000	15,000	-
		CFDA #47.RD Total	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<i>Total National Science Foundation</i>					
			<u>293,867</u>	<u>275,065</u>	<u>18,802</u>
U.S. Department of Health and Human Services					
Administration for Community Living					
National Family Caregiver Support, Title III, Part E					
Federal Pass Through from:					
CSRA Regional Development Commission/ Area Agency On Aging	CONTRACT #: 14-08-1131	93.052	5,991	5,991	-
		CFDA #93.052 Total	<u>5,991</u>	<u>5,991</u>	<u>-</u>
<i>Total Administration for Community Living</i>					
			<u>5,991</u>	<u>5,991</u>	<u>-</u>

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

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Agency for Healthcare Research and Quality					
Research on Healthcare Costs, Quality and Outcomes					
Direct Federal Awards					
Agency for Healthcare Research & Quality		93.226	\$ 117,135	\$ 108,424	\$ 8,711
Federal Pass Through from:					
Duke University	PO 4550280744	93.226	1,986	1,804	182
William Beaumont Hospital Research Institute	SUB NO WBH17001_AUGUSTA	93.226	15,179	14,398	781
	CFDA #93.226 Total		<u>134,300</u>	<u>124,626</u>	<u>9,674</u>
<i>Total Agency for Healthcare Research and Quality</i>			<u>134,300</u>	<u>124,626</u>	<u>9,674</u>
Centers for Disease Control and Prevention					
Disabilities Prevention					
Federal Pass Through from:					
Georgia State University	1U58DD01138	93.184	33,071	31,587	1,484
	CFDA #93.184 Total		<u>33,071</u>	<u>31,587</u>	<u>1,484</u>
<i>Total Centers for Disease Control and Prevention</i>			<u>33,071</u>	<u>31,587</u>	<u>1,484</u>
National Institutes of Health					
Environmental Health					
Direct Federal Awards					
National Institute of Environmental Health Sciences/ NIH/ DHHS		93.113	149,727	141,317	8,410
	CFDA #93.113 Total		<u>149,727</u>	<u>141,317</u>	<u>8,410</u>
Oral Diseases and Disorders Research					
Direct Federal Awards					
National Institute of Dental & Craniofacial Research/ NIH/ DHHS		93.121	326,216	304,871	21,345
Federal Pass Through from:					
Louisiana State University Health Sciences New Orleans	SOD-17-136-001	93.121	103,991	96,257	7,734
	CFDA #93.121 Total		<u>430,207</u>	<u>401,128</u>	<u>29,079</u>
Research Related to Deafness and Communication Disorders					
Direct Federal Awards					
National Institute on Deafness & Other Communication Disorders/ NIH		93.173	21,006	19,444	1,562
Federal Pass Through from:					
Georgia State University	SUBAWARD NO. SP00012466-02	93.173	7,943	7,587	356
	CFDA #93.173 Total		<u>28,949</u>	<u>27,031</u>	<u>1,918</u>
Mental Health Research Grants					
Direct Federal Awards					
National Institute of Mental Health/ NIH/ DHHS		93.242	996,229	931,051	65,178
Federal Pass Through from:					
Bowman Gray School of Medicine	SUB WFUHS 558548	93.242	93,401	86,633	6,768
Icahn School of Medicine at Mount Sinai	SUBAWARD NO. 0255-3351-4609	93.242	21,603	19,996	1,607
The Research Foundation of State University of New York	SUB # 100-1127288-72487	93.242	61,394	56,828	4,566
University of Georgia	SUB AWD RR274-437/S000795	93.242	37,200	34,433	2,767
	CFDA #93.242 Total		<u>1,209,827</u>	<u>1,128,941</u>	<u>80,886</u>
Alcohol Research Programs					
Federal Pass Through from:					
Mayo Clinic Rochester	PURCHASE ORDER NO. 63326127	93.273	1,855	1,721	134
	CFDA #93.273 Total		<u>1,855</u>	<u>1,721</u>	<u>134</u>
Discovery and Applied Research for Technological Innovations to Improve Human Health					
Direct Federal Awards					
National Institute of Biomedical Imaging & Bioengineering/ NIH/ DHHS		93.286	71,724	70,030	1,694
	CFDA #93.286 Total		<u>71,724</u>	<u>70,030</u>	<u>1,694</u>

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Trans-NIH Research Support					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.31	\$ 316,184	\$ 293,728	\$ 22,456
National Institute of General Medical Sciences/ NIH/ DHHS		93.31	257,421	247,180	10,241
Federal Pass Through from:					
New York University Langone Medical Center	SUB 15-A1-00-002912-01	93.31	63,595	62,682	913
	CFDA #93.310 Total		<u>637,200</u>	<u>603,590</u>	<u>33,610</u>
Cancer Cause and Prevention Research					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.393	1,173,338	1,090,512	82,826
Federal Pass Through from:					
Texas Tech University Health Sciences Center	15LMF0178NLS	93.393	18,708	17,317	1,391
	CFDA #93.393 Total		<u>1,192,046</u>	<u>1,107,829</u>	<u>84,217</u>
Cancer Detection and Diagnosis Research					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.394	95,528	88,593	6,935
Federal Pass Through from:					
University of Pittsburgh	SUB:0035722(129643-1)	93.394	91,779	85,128	6,651
	CFDA #93.394 Total		<u>187,307</u>	<u>173,721</u>	<u>13,586</u>
Cancer Treatment Research					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.395	1,791,819	1,669,606	122,213
Federal Pass Through from:					
ECOG-ACRIN Medical Research Foundation	5UG1CA189828-03-MCG1	93.395	14,459	13,384	1,075
Leidos Biomedical Research, Inc.	AGREEMENT #: 16X106	93.395	160,236	148,319	11,917
	CFDA #93.395 Total		<u>1,966,514</u>	<u>1,831,309</u>	<u>135,205</u>
Cancer Biology Research					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.396	3,194,100	2,957,323	236,777
Federal Pass Through from:					
University of Florida	SUBAWARD #: UFDSP00011398	93.396	50,657	46,890	3,767
	CFDA #93.396 Total		<u>3,244,757</u>	<u>3,004,213</u>	<u>240,544</u>
Cancer Research Manpower					
Direct Federal Awards					
National Cancer Institute/ NIH/ DHHS		93.398	38,327	38,327	-
	CFDA #93.398 Total		<u>38,327</u>	<u>38,327</u>	<u>-</u>
Cardiovascular Diseases Research					
Direct Federal Awards					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.837	12,899,157	12,070,904	828,253
Federal Pass Through from:					
Emory University	SUB AWARD #: T549620	93.837	9,743	9,019	724
Emory University	SUB AWARD #: T657728	93.837	4,600	4,258	342
Massachusetts General Hospital	PROTOCOL #: A5332	93.837	9,832	9,101	731
Temple University	SUBAWARD # 260382-AURI	93.837	9,548	8,838	710
University of Iowa	SUB AWARD #: W000912176	93.837	12,262	11,350	912
	CFDA #93.837 Total		<u>12,945,142</u>	<u>12,113,470</u>	<u>831,672</u>
Lung Diseases Research					
Direct Federal Awards					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.838	571,414	529,214	42,200
Federal Pass Through from:					
University of South Alabama	12-110234-01	93.838	64,188	59,537	4,651
	CFDA #93.838 Total		<u>635,602</u>	<u>588,751</u>	<u>46,851</u>

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Blood Diseases and Resources Research					
Direct Federal Awards					
National Heart, Lung, & Blood Institute/ NIH/ DHHS		93.839	\$ 2,365,980	\$ 2,233,632	\$ 132,348
		CFDA #93.839 Total	2,365,980	2,233,632	132,348
Arthritis, Musculoskeletal and Skin Diseases Research					
Direct Federal Awards					
National Institute of Arthritis & Musculoskeletal & Skin Diseases/ NIH/ DHHS		93.846	336,288	313,850	22,438
Federal Pass Through from:					
Temple University	360863-05786-02	93.846	(2,167)	(2,010)	(157)
		CFDA #93.846 Total	334,121	311,840	22,281
Diabetes, Digestive, and Kidney Diseases Extramural Research					
Direct Federal Awards					
National Institute of Diabetes & Digestive & Kidney Diseases/ NIH/ DHHS		93.847	8,715,372	8,251,953	463,419
Federal Pass Through from:					
Georgia State University	SUB AWD #: SP00012336-02	93.847	14,593	13,508	1,085
Texas A&M	SUBAWARD #06-S130676	93.847	118,175	109,612	8,563
University of Georgia	AWARD# RR376-432/S001506	93.847	66,629	61,674	4,955
University of North Carolina at Chapel Hill	SUB AWARD #: 5104850	93.847	69,639	64,460	5,179
University of South Florida	SUBAGREEMENT 6163-1017-00-E-TEDDY	93.847	330,249	326,573	3,676
University of South Florida	SUBAWARD #: 6163-1017-00-C	93.847	16,867	16,059	808
		CFDA #93.847 Total	9,331,524	8,843,839	487,685
Extramural Research Programs in the Neurosciences and Neurological Disorders					
Direct Federal Awards					
National Institute of Neurological Disorders & Stroke/ NIH/ DHHS		93.853	3,556,626	3,313,621	243,005
Federal Pass Through from:					
Emmes Corporation	POINT STUDY	93.853	7,800	7,235	565
Emory University	SUBAWARD NO S980284	93.853	15,517	14,380	1,137
Harvard University	150935.5081744-0010	93.853	12,807	11,855	952
Massachusetts General Hospital	PROTOCOL #: INO-PD-P3-2014	93.853	952	881	71
Medical University of South Carolina	SUB AWARD #: MUSC16-067-8A171	93.853	4,025	3,726	299
Medical University of South Carolina	SUB AWARD #: MUSC16-067-8A171	93.853	11,535	10,677	858
Temple University	SUBAWD#361374-05430-02	93.853	2,820	2,616	204
University of California, San Francisco	SUB 8445 (U54 NS065705)	93.853	8,400	7,791	609
University of Michigan	SUBAWD# 360908-05430-02	93.853	6,120	5,677	443
University of Virginia	SUBCON GC12107-143858	93.853	142,006	131,528	10,478
		CFDA #93.853 Total	3,768,608	3,509,987	258,621
Allergy and Infectious Diseases Research					
Direct Federal Awards					
National Institute of Allergy & Infectious Diseases/ NIH/ DHHS		93.855	672,265	644,332	27,933
Federal Pass Through from:					
Brigham & Women's Hospital	REPRIEVE TRIAL (A5332)	93.855	1,576	1,459	117
Camellix	SUB AWARD #: AU-1	93.855	36,945	34,197	2,748
Henry Ford Health System	B23830AURI	93.855	46,878	43,481	3,397
Henry Ford Health System	P01 AI089473-01A1	93.855	1,928	1,788	140
Henry Ford Health System	P01 AAI089473-01A1	93.855	661	613	48
University of Minnesota	FLU 006 IVIG/GENOMICS 004	93.855	17,600	16,291	1,309
		CFDA #93.855 Total	777,853	742,161	35,692
Biomedical Research and Research Training					
Direct Federal Awards					
National Institute of General Medical Sciences/ NIH/ DHHS		93.859	1,389,647	1,297,692	91,955
Federal Pass Through from:					
University of Georgia	SUBAWARD RR193-157/4945426	93.859	78,646	72,797	5,849
		CFDA #93.859 Total	1,468,293	1,370,489	97,804

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

YEAR ENDED JUNE 30, 2018

Agency Name	Identifying Number	CFDA #	Total	Passed Through to Subrecipients	Indirect Costs to the Research Institute
Child Health and Human Development Extramural Research					
Direct Federal Awards					
National Institute of Child Health & Human Development/ NIH/ DHHS		93.865	\$ 710,621	\$ 693,171	\$ 17,450
Federal Pass Through from:					
Yale University	M14A12034 (A10949)	93.865	153,767	153,767	-
Yale University	SUB AWARD #: M14A12034 A10541	93.865	120,925	116,633	4,292
	CFDA #93.865 Total		<u>985,313</u>	<u>963,571</u>	<u>21,742</u>
Aging Research					
Direct Federal Awards					
National Institute on Aging/ NIH/ DHHS		93.866	2,571,631	2,382,224	189,407
Federal Pass Through from:					
Bowman Gray School of Medicine	SUBAWD NO. WFUHS 115238	93.866	20,429	18,910	1,519
Stony Brook University/The State University of New York	SUBAWD#: 75851-1134679-2	93.866	11,047	10,225	822
	CFDA #93.866 Total		<u>2,603,107</u>	<u>2,411,359</u>	<u>191,748</u>
Vision Research					
Direct Federal Awards					
National Eye Institute/ NIH/ DHHS		93.867	2,897,195	2,686,579	210,616
	CFDA #93.867 Total		<u>2,897,195</u>	<u>2,686,579</u>	<u>210,616</u>
Medical Library Assistance					
Direct Federal Awards					
National Library of Medicine/ NIH/ DHHS		93.879	42,552	42,552	-
Federal Pass Through from:					
University of Maryland at Baltimore	SUB AWARD #: 1600679	93.879	12,490	12,249	241
	CFDA #93.879 Total		<u>55,042</u>	<u>54,801</u>	<u>241</u>
	<i>Total National Institutes of Health</i>		<u>47,326,220</u>	<u>44,359,636</u>	<u>2,966,584</u>
Department of Health and Human Services Other Financial Assistance					
Federal Pass Through from:					
Duke Clinical Research Institute	CABANA STUDY	93.RD	11,800	11,287	513
University of South Florida	TNCC SITE #780	93.RD	10,044	9,499	545
Children's Hospital of Philadelphia	#N02-CM-62212	93.RD	3,000	2,870	130
Leidos Biomedical Research, Inc.	AGREEMENT #: 17X150	93.RD	87,500	80,993	6,507
New England Research Institute	BABY HUG FOLLOWUP STUDY	93.RD	(21,709)	(20,136)	(1,573)
	CFDA #93.RD Total		<u>90,635</u>	<u>84,513</u>	<u>6,122</u>
	<i>Total U.S. Department of Health and Human Services</i>		<u>47,590,217</u>	<u>44,606,353</u>	<u>2,983,864</u>
	<i>Total Research and Development Cluster</i>		<u>49,145,438</u>	<u>46,070,705</u>	<u>3,074,733</u>
	<i>Total Schedule of Expenditures of Federal Awards</i>		<u>\$ 50,592,029</u>	<u>\$ 47,497,834</u>	<u>\$ 3,094,195</u>

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

JUNE 30, 2018

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, 2018. 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, 2018.

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, 2018

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 \$1,517,761.

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, 2018

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.