

**GEORGIA STATE UNIVERSITY RESEARCH  
FOUNDATION, INC.  
(A Component Unit of the State of Georgia)**

**FINANCIAL STATEMENTS  
AND COMPLIANCE REPORTS**

*As of and for the Year Ended June 30, 2019*

*And Report of Independent Auditor*

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**

**(A Component Unit of the State of Georgia)**

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## Report of Independent Auditor

Board of Directors  
Georgia State University Research Foundation, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Georgia State University Research Foundation, Inc., a component unit of the State of Georgia, (the "Research Foundation"), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year 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 an opinion on these financial statements based on our audit. We conducted our audit 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 Research Foundation'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 Research Foundation'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 respective net position of the Research Foundation, as of June 30, 2019, and the respective changes in net position and the cash flows thereof for the year 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 the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 basic 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 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 information is fairly stated, in all material respects, in relation to the 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 January 14, 2020, on our consideration of the Research Foundation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Research Foundation's internal control over financial reporting and compliance.

*Cheng Bekert LLP*

Atlanta, Georgia  
January 14, 2020

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
***Management's Discussion and Analysis***

***Introduction***

Georgia State University Research Foundation, Inc. ("GSURF") is a non-profit corporation created to support the research activities of Georgia State University (the "University"). GSURF supports such research activities by accepting and administering grants/contracts received in support of research proposals submitted by University employees through GSURF. The University is one of the 26 institutions of the University System of Georgia. The University, located in Atlanta, Georgia, was founded in 1913. The University offers associates, baccalaureate, masters, specialist, and doctoral degrees in a wide variety of subjects.

Science Park, LLC ("Science Park") qualifies as a component unit of GSURF due to GSURF's ability to impose its will on Science Park (financial accountability). Science Park is a tax-exempt limited liability company with GSURF as its sole member. Science Park was created to develop a 204,725 square-foot science research facility (the "Project"). Science Park leased the facility to the Board of Regents, which oversees the public colleges and universities that comprise the University System of Georgia and has oversight of the Georgia Archives and the Georgia Public Library System, for the use and benefit of the University. The Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows of Science Park are shown as a special revenue fund using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for Science Park through management appointment.

The GSU Research Center, LLC ("Research Center") qualifies as a component unit of GSURF due to GSURF's ability to impose its will on the Research Center (financial accountability). The Research Center is a limited liability company with GSURF as its sole member. The purpose of the Research Center is to acquire, manage, develop, lease, and operate a certain property in DeKalb County, Georgia. The Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the Research Center are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for the Research Center through management appointment.

Panthers on Pryor, LLC qualifies as a component unit of GSURF due to GSURF's ability to impose its will on Panthers on Pryor, LLC (financial accountability). Panthers on Pryor, LLC is a limited liability company with GSURF as its sole member. The purpose of Panthers on Pryor, LLC is to acquire, manage, develop, lease, and operate a certain property in Atlanta, Georgia. The Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows of Panthers on Pryor, LLC are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for Panthers on Pryor, LLC through management appointment.

Panther Bookstore, LLC (the "Bookstore") qualifies as a component unit of GSURF due to GSURF's ability to impose its will on the Bookstore (financial accountability). The Bookstore is a limited liability company with GSURF as its sole member. The purpose of the Bookstore is to acquire, manage, develop, lease, and operate certain property in Atlanta, Georgia. The Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the Bookstore are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for the Bookstore through management appointment.

GSURF along with the entities presented as blended component units described above are collectively referred to as the "Research Foundation."

The following discussion and analysis is of the Research Foundation’s financial performance. A comparison of funding for grants awarded cumulatively to Georgia State University and the Research Foundation for a three-year period follows.

Georgia State University Grant Award Funding

FY 2019	\$128,148,400
FY 2018	\$122,910,200
FY 2017	\$147,006,200

The Board of Directors of GSURF consists of eleven voting members. The following seven directors hold office by virtue of their responsibilities at the University (even if they are serving in an acting capacity): the Vice President for Research, President, Provost, Vice President for Finance and Administration, Chief Legal Officer, Chair of the University’s Senate Research Committee, and the Associate Vice President for Research. The following four directors are elected annually: one college dean elected by the Dean’s Group of the University; two members of the University’s Senate Research Committee elected by that committee; a member of the faculty of the University, elected by the Senate Research Committee. Other members of the Board may be elected at any time by the affirmative vote of a majority of Board members, or as authorized by resolution of the Board of Directors. The directors serve on the Board of Directors for unlimited terms as long as they hold their positions in good standing at the University.

**Overview of the Financial Statements and Financial Analysis**

GSURF is pleased to present its financial statements for fiscal year 2019. The emphasis of discussions about these statements will be on comparative year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the Research Foundation’s financial statements provides an overview of its financial activities for the year.

**Statement of Net Position**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and net position of the Research Foundation as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to readers of the financial statements a fiscal snapshot of the Research Foundation. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and noncurrent), and Net Position (assets minus liabilities). From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Research Foundation.

The Statement of Net Position is classified into components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The *restricted* component of net position consists of restricted assets reduced by liabilities related to those assets. *Restricted – other* are resources that the Research Foundation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. *Unrestricted - committed* represents resources that have been committed by the Research Foundation to fund endowments for the Georgia Research Alliance Eminent Scholars in Molecular and Translational Medicine, Microbial Pathogenesis, and Brain Health/Image Analysis Research. *Unrestricted net position* represents resources derived from contracts, grants and fees. These resources are used for the ongoing operations of the Research Foundation and may be used at the discretion of the governing board to meet current expenses for those purposes and to enhance programs at the University.

Statements of Net Position, Condensed

	June 30, 2019	June 30, 2018	Change	% Change
<b>Assets:</b>				
Current assets	\$51,576,951	\$ 50,093,014	\$ 1,483,937	3%
Capital assets, net	7,880,627	8,555,539	(674,912)	(8%)
Other assets	77,907,812	79,011,034	(1,103,222)	(1%)
Total assets	<u>137,365,390</u>	<u>137,659,587</u>	<u>(294,197)</u>	<u>(0%)</u>
<b>Deferred outflows of resources:</b>				
Deferred losses	7,937,156	8,355,807	(418,651)	(5%)
Total deferred outflows of resources	<u>7,937,156</u>	<u>8,355,807</u>	<u>(418,651)</u>	<u>(5%)</u>
<b>Liabilities:</b>				
Current liabilities	38,644,091	38,508,502	135,589	0%
Noncurrent liabilities	78,352,524	81,081,458	(2,728,934)	(3%)
Total liabilities	<u>116,996,615</u>	<u>119,589,960</u>	<u>(2,593,345)</u>	<u>(2%)</u>
<b>Net position:</b>				
Net investment in capital assets	7,880,627	8,555,539	(674,912)	(8%)
Restricted	1,550,000	-	1,550,000	
Restricted - other	7,315,223	6,872,848	442,375	(6%)
Unrestricted - committed	4,648,750	4,773,229	(124,479)	(3%)
Unrestricted	6,911,331	6,223,818	687,513	11%
Total net position	<u>\$ 28,305,931</u>	<u>\$ 26,425,434</u>	<u>\$ 1,880,497</u>	<u>7%</u>

During fiscal year 2019, total assets decreased by less than 1% or \$294,197. This was due to an increase of \$1,483,937 in current assets, a decrease of \$674,912 in capital assets and \$1,103,222 in other assets. More specifically, the increase in current assets is primarily made up of increases of approximately \$2,512,800 in advance payments to GSU and \$510,200 in accounts receivable. The current portion of net investment in direct financing lease increased by approximately \$127,500 and unbilled project costs by \$287,600. These increases are offset by a decrease of approximately \$1,954,100 in cash and cash equivalents. Capital assets, net decreased primarily due to an increase of approximately \$32,500 related to the purchase of an air handler and a decrease related to \$707,400 of current year depreciation expense. Other assets is affected primarily by a decrease in the long-term portion of net investment in direct financing lease of approximately \$2,461,000 and an increase in investments of \$1,357,800.

Total liabilities decreased by 2% or \$2,593,345. This was due to an increase in deferred revenue of approximately \$2,497,500, which offsets the increase in advance payments to GSU in current assets. Additionally, there was a decrease in bonds payable of approximately \$418,900 and a decrease in accounts payable of approximately \$4,672,000. The total net position increased by 7% or \$1,880,497 during fiscal year 2019 from \$26,425,434 at June 30, 2018.

## Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues earned by the Research Foundation, both operating and nonoperating, and the expenses incurred by the Research Foundation, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the Research Foundation. Generally speaking, operating revenues are received for providing goods and services for the activities of the Research Foundation. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Research Foundation. Nonoperating revenues are revenues received for which goods and services are not provided. Depreciation is provided for capital assets, and there are required subtotals for net operating income or loss and net income or loss before additions to nonexpendable funds.

### Statements of Revenues, Expenses, and Changes in Net Position, Condensed

	June 30, 2019	June 30, 2018	Change	% Change
Operating revenues	\$ 94,958,765	\$ 97,735,677	\$ (2,776,912)	(3%)
Operating expenses	92,621,684	94,713,519	(2,091,835)	(2%)
Operating income	2,337,081	3,022,158	(685,077)	(22%)
Nonoperating revenues (expenses)	(456,584)	(1,564,104)	1,107,520	70%
Change in net position	1,880,497	1,458,054	422,443	29%
Net position at beginning of year	26,425,434	24,967,380	1,458,054	6%
Net position at end of year	\$ 28,305,931	\$ 26,425,434	\$ 1,880,497	7%

The Statement of Revenues, Expenses, and Changes in Net Position reflects a 7% increase in net position or \$1,880,497 for fiscal year 2019.

Operating revenues in fiscal year 2019 decreased by 3% or \$2,776,912. This was due to a decrease in federal, state, local, and private grants of approximately \$2,784,300 combined, a decrease in the income from investment in direct financing lease of approximately \$15,300, and an increase in licensing fees of approximately \$22,800.

Operating expenses in fiscal year 2019 decreased by 2% or \$2,091,835. This was due to decreased payments to the University for project costs of approximately \$2,796,100 and an increase in general and administrative expenses of approximately \$705,600.

Nonoperating revenues (expenses) in fiscal year 2019 increased by 70% or \$1,107,520. This was primarily due to a private gift of \$750,000 in fiscal year 2019. Additionally, the Research Foundation's gift to the University to complete the renovation of a laboratory decreased by approximately \$268,200 and the insurance expense for Science Park decreased by approximately \$69,000.

## **Statement of Cash Flows**

The final statement presented by the Research Foundation is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Research Foundation during the year. The statement is divided into four parts. The first section reflects operating cash flows and shows the net cash provided by the operating activities of the Research Foundation. The second section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The third section reflects the capital and related financing activities of the Research Foundation and presents the cash used in capital and related financing activities. The fourth section reconciles the net cash used to the operating income reflected on the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows is not presented in a condensed format.

## **Capital Assets**

At June 30, 2019 and 2018, capital assets consisted of the following:

	2019	2018
Capital assets, not being depreciated:		
Land	\$ 2,034,619	\$ 2,034,619
Total capital assets, not being depreciated	<u>2,034,619</u>	<u>2,034,619</u>
Capital assets, being depreciated:		
Buildings and improvements	4,595,069	4,710,795
Capital leases	1,213,186	1,802,213
Equipment	37,753	7,912
Total capital assets being depreciated, net	<u>5,846,008</u>	<u>6,520,920</u>
Capital assets, net	<u>\$ 7,880,627</u>	<u>\$ 8,555,539</u>

## **Economic Outlook**

The Research Foundation is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The Research Foundation's overall financial position is strong and it is well-positioned to respond to the increasing research portfolio of the University. The Research Foundation anticipates the current fiscal year will be much like the prior year and will watch over resources to maintain the Research Foundation's ability to react to unknown internal and external issues.

## **Contacting the Research Foundation's Management**

This financial report is designed to provide a general overview of the Research Foundation's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Gary Brennaman, Business Manager, P.O. Box 3999, Atlanta, Georgia 30302-3999.

*Statement of Net Position*

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**STATEMENT of NET POSITION**  
**JUNE 30, 2019**

	Georgia State University Research Foundation, Inc.	<u>Component Unit</u> Science Park, LLC	<u>Total</u>
<b>Current assets</b>			
Cash and cash equivalents	\$ 2,209,496	\$ 4,914,430	\$ 7,123,926
Cash and cash equivalents - restricted	-	5,372,585	5,372,585
Accounts receivable:			
Research project contracts	7,225,326	-	7,225,326
Georgia State University	2,950,351	-	2,950,351
Other receivable	54,359	-	54,359
Allowance for doubtful accounts	(150,000)	-	(150,000)
Unbilled project costs	10,177,220	-	10,177,220
Net investment in direct financing lease	-	2,437,265	2,437,265
Advance payments to Georgia State University	16,385,919	-	16,385,919
<b>Total current assets</b>	<u>38,852,671</u>	<u>12,724,280</u>	<u>51,576,951</u>
<b>Noncurrent assets</b>			
Net investment in direct financing lease	-	67,595,391	67,595,391
Investments	10,312,421	-	10,312,421
Capital assets, net	7,880,627	-	7,880,627
<b>Total noncurrent assets</b>	<u>18,193,048</u>	<u>67,595,391</u>	<u>85,788,439</u>
<b>TOTAL ASSETS</b>	<u>57,045,719</u>	<u>80,319,671</u>	<u>137,365,390</u>
<b>Deferred outflows of resources</b>			
Deferred loss on debt refunding	-	2,372,913	2,372,913
Deferred loss on direct financing lease amendment	-	5,564,243	5,564,243
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>7,937,156</u>	<u>7,937,156</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>57,045,719</u>	<u>88,256,827</u>	<u>145,302,546</u>

See notes to the financial statements.

*Statement of Net Position, continued*

	Georgia State University Research Foundation, Inc.	<u>Component Unit</u> Science Park, LLC	<u>Total</u>
<b>Current liabilities</b>			
Accounts payable:			
Georgia State University	\$ 18,201,530	\$ -	\$ 18,201,530
Other	278,794	-	278,794
Deferred revenue - sponsored projects	16,363,042	-	16,363,042
Bonds payable, current portion	-	2,310,000	2,310,000
Accrued interest payable	-	1,490,725	1,490,725
<b>Total current liabilities</b>	<u>34,843,366</u>	<u>3,800,725</u>	<u>38,644,091</u>
<b>Noncurrent liabilities</b>			
Bonds payable	-	78,352,524	78,352,524
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>78,352,524</u>	<u>78,352,524</u>
<b>TOTAL LIABILITIES</b>	<u>34,843,366</u>	<u>82,153,249</u>	<u>116,996,615</u>
<b>Net position</b>			
Net investment in capital assets	7,880,627	-	7,880,627
Restricted	1,550,000	-	1,550,000
Restricted - other	1,211,645	6,103,578	7,315,223
Unrestricted - committed	4,648,750	-	4,648,750
Unrestricted	6,911,331	-	6,911,331
<b>TOTAL NET POSITION</b>	<u>\$ 22,202,353</u>	<u>\$ 6,103,578</u>	<u>\$ 28,305,931</u>

See notes to the financial statements.

*Statement of Revenues, Expenses, and Changes in Net Position*

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**STATEMENT of REVENUES, EXPENSES, and CHANGES in NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Georgia State University Research Foundation, Inc.	Component Unit <u>Science Park, LLC</u>	<u>Total</u>
<b>Operating revenues</b>			
Federal grants and contracts	\$ 72,228,675	\$ -	\$ 72,228,675
State grants and contracts	1,451,137	-	1,451,137
Private and local grants and contracts	18,144,652	-	18,144,652
Income from investment in direct financing lease	-	2,948,074	2,948,074
Other	186,227	-	186,227
<b>Total operating revenues</b>	<u>92,010,691</u>	<u>2,948,074</u>	<u>94,958,765</u>
<b>Operating expenses</b>			
Payments to Georgia State University for project costs	87,797,178	-	87,797,178
Depreciation	707,419	-	707,419
General and administrative	4,078,576	38,511	4,117,087
<b>Total operating expenses</b>	<u>92,583,173</u>	<u>38,511</u>	<u>92,621,684</u>
<b>Operating income (loss)</b>	<u>(572,482)</u>	<u>2,909,563</u>	<u>2,337,081</u>
<b>Nonoperating revenues (expenses)</b>			
Interest and dividend income	478,396	117,912	596,308
Net unrealized and realized gains on investments	89,813	62,728	152,541
Gift	750,000	-	750,000
Interest expense	-	(2,687,677)	(2,687,677)
Other	732,244	-	732,244
<b>Total nonoperating revenues (expenses)</b>	<u>2,050,453</u>	<u>(2,507,037)</u>	<u>(456,584)</u>
<b>Change in net position</b>	<u>1,477,971</u>	<u>402,526</u>	<u>1,880,497</u>
<b>Net position, beginning of year</b>	<u>20,724,382</u>	<u>5,701,052</u>	<u>26,425,434</u>
<b>Net position, end of year</b>	<u>\$ 22,202,353</u>	<u>\$ 6,103,578</u>	<u>\$ 28,305,931</u>

See notes to the financial statements.

*Statement of Cash Flows*

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**STATEMENT of CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Georgia State University Research Foundation, Inc.	<u>Component Unit</u> Science Park, LLC	<u>Total</u>
<b>Cash flows from operating activities</b>			
Received from sponsors	\$ 93,656,291	\$ -	\$ 93,656,291
Received from Georgia State University	-	2,948,074	2,948,074
Payments to Georgia State University	(94,981,971)	-	(94,981,971)
Intercompany accounts receivable	-	54,180	54,180
Payments to suppliers	(4,078,576)	(38,511)	(4,117,087)
<b>Net cash provided by (used in) operating activities</b>	<u>(5,404,256)</u>	<u>2,963,743</u>	<u>(2,440,513)</u>
<b>Cash flows from investing activities</b>			
Purchases of investments	(1,267,953)	-	(1,267,953)
Income on investments	-	62,728	62,728
Other income	732,244	-	732,244
Interest and dividend income	478,396	117,912	596,308
Principal payments on direct financing lease	-	2,333,263	2,333,263
<b>Net cash provided by (used in) investing activities</b>	<u>(57,313)</u>	<u>2,513,903</u>	<u>2,456,590</u>
<b>Cash flows from capital and related financing activities</b>			
Private gift	750,000	-	750,000
Purchase of capital assets	(32,507)	-	(32,507)
Interest paid on bonds payable	-	(2,687,677)	(2,687,677)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>717,493</u>	<u>(2,687,677)</u>	<u>(1,970,184)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,744,076)	2,789,969	(1,954,107)
<b>Cash and cash equivalents</b>			
<b>Beginning of year</b>	<u>6,953,572</u>	<u>7,497,046</u>	<u>14,450,618</u>
<b>End of year</b>	<u>\$ 2,209,496</u>	<u>\$ 10,287,015</u>	<u>\$ 12,496,511</u>

See notes to the financial statements.

**Statement of Cash Flows, continued**

	Georgia State University Research Foundation, Inc.	<u>Component Unit</u> Science Park, LLC	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ (572,482)	\$ 2,909,563	\$ 2,337,081
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	707,419	-	707,419
Changes in assets and liabilities:			
Accounts receivable and unbilled project costs	(851,941)	54,180	(797,761)
Advance payments to Georgia State University	(2,512,842)	-	(2,512,842)
Accounts payable	(4,671,952)	-	(4,671,952)
Deferred revenue	2,497,542	-	2,497,542
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (5,404,256)</u>	<u>\$ 2,963,743</u>	<u>\$ (2,440,513)</u>
<b>Reconciliation to total cash and cash equivalents included in the Statement of Net Position</b>			
Cash and cash equivalents	\$ 2,209,496	\$ 4,914,430	\$ 7,123,926
Cash and cash equivalents - restricted	-	5,372,585	5,372,585
<b>Total cash and cash equivalents included in the Statement of Net Position</b>	<u>\$ 2,209,496</u>	<u>\$ 10,287,015</u>	<u>\$ 12,496,511</u>
<b>Noncash investing, capital and financing activities</b>			
Unrealized gain (loss) on investments	<u>\$ (472,419)</u>	<u>\$ -</u>	<u>\$ (472,419)</u>

See notes to the financial statements.

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

***Note 1 – Organization***

Georgia State University Research Foundation, Inc. (“GSURF”), a component unit of the State of Georgia, was established to contribute to the scientific, literary, educational, and charitable functions of Georgia State University (the “University”) in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments, or other units of the University.

Grants awarded to GSURF are then provided to the University, which is responsible for the fiscal administration of the grants.

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

**Basis of presentation**

The financial statements of GSURF have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and in accordance with Governmental Accounting Standards Board (“GASB”) applicable to governments. The financial statement presentation required by GAAP provides a comprehensive, entity-wide perspective of GSURF’s assets, deferred outflows of resources, liabilities, net position, revenues, expenses, changes in net position, and cash flows. In addition, these statements require GSURF to present a Management’s Discussion and Analysis (“MD&A”). The MD&A is considered to be required supplemental information and precedes the financial statements.

**Reporting entity**

In accordance with GAAP, GSURF qualifies for treatment as a component unit of the State of Georgia; therefore, GSURF’s financial statements are included in the State of Georgia’s comprehensive annual financial report.

Science Park, LLC (“Science Park”) qualifies as a component unit of GSURF due to GSURF’s ability to impose its will on Science Park (financial accountability). Science Park is a tax-exempt limited liability company with GSURF as its sole member. Science Park was created to develop a 204,725 square-foot science research facility (the “Project”). Science Park leased the facility to the Board of Regents for the use and benefit of the University. The statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows of Science Park are shown as a special revenue fund using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body’s operational responsibility for Science Park through management appointment.

The GSU Research Center, LLC (“Research Center”) qualifies as a component unit of GSURF due to GSURF’s ability to impose its will on the Research Center (financial accountability). The Research Center is a limited liability company with GSURF as its sole member. The purpose of the Research Center is to acquire, manage, develop, lease, and operate a certain property in DeKalb County, Georgia. The statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows of the Research Center are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body’s operational responsibility for the Research Center through management appointment.

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

Panthers on Pryor, LLC qualifies as a component unit of GSURF due to GSURF's ability to impose its will on Panthers on Pryor, LLC (financial accountability). Panthers on Pryor, LLC is a limited liability company with GSURF as its sole member. The purpose of Panthers on Pryor, LLC is to acquire, manage, develop, lease, and operate a certain property in Atlanta, Georgia. The statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows of Panthers on Pryor, LLC are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for Panthers on Pryor, LLC through management appointment.

Panther Bookstore, LLC (the "Bookstore") qualifies as a component unit of GSURF due to GSURF's ability to impose its will on the Bookstore (financial accountability). The Bookstore is a limited liability company with GSURF as its sole member. The purpose of the Bookstore is to acquire, manage, develop, lease, and operate certain property in Atlanta, Georgia. The statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows of the Bookstore are shown using a blended presentation with GSURF due to the governing body being substantially the same and due to the governing body's operational responsibility for the Bookstore through management appointment.

Science Park is shown separately on the financial statements, while the other component units described above are shown together with GSURF. These other component units are not materially significant to the financial statements as a whole. As of June 30, 2019, the component units, excluding Science Park, had combined total assets of \$1,970,516 and combined total revenue of \$186,553.

GSURF along with the entities presented as blended component units described above are collectively referred to as the "Research Foundation."

### **Basis of accounting**

For financial reporting purposes, the Research Foundation is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the Research Foundation'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**

The Research Foundation considers all highly liquid investments with an original maturity of less than 12 months to be cash equivalents.

As of June 30, 2019, a portion of cash held by the Research Foundation is held by an independent trustee and is restricted for the purpose of funding construction costs, interest, administrative fees, debt service reserves, and costs of issuance associated with the bond offering. Investments made by the trustee are considered cash equivalents and are made in accordance with the trust indenture.

### **Capitalized interest**

Interest incurred during construction is capitalized until projects are completed and ready for their intended use. Because projects are financed by tax-exempt borrowings, including periodic amortization of any related discount or premium and issue costs of borrowings, the interest related to projects is capitalized after reduction for interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. At the time the qualifying assets are placed in service, amortization of the capitalized interest begins, straight-line, over the estimated useful lives of the related assets. During the year ended June 30, 2019, no interest was capitalized.

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

### **Allowance for doubtful accounts**

The Research Foundation reviews the outstanding accounts receivable periodically, as well as the bad debt write-offs experienced in the past, and establishes an allowance for doubtful accounts. Account balances are charged-off against the allowance when the Research Foundation determines it is probable that the receivable will not be recovered. If actual collections of sponsoring agency receivables differ from the Research Foundation's estimates, additional allowances may be required.

### **Investments**

Substantially all investments consist of marketable equity securities that are invested by SunTrust Bank on behalf of the Research Foundation and securities obtained through the sale of patent licenses. Investments are recorded at fair value with all unrealized and realized gains and losses included as increases or decreases in unrestricted or restricted expendable net position. The estimated fair value amounts have been determined based on the Research Foundation's assessment of available market information and appropriate valuation methodologies. Fair value of securities is determined based on publicly traded prices or investment company quotations. Investments in private equity funds often do not have readily determinable fair values, and are valued using the most current information provided by the general partner and/or the investment manager.

### **Fair value measurements**

Assets recorded at fair value in the statement of net position are categorized within a fair value hierarchy in accordance with GASB SGAS No. 72, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Research Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

### **Derivative financial instruments**

The Research Foundation is required to present certain information addressing the recognition, measurement, and disclosure regarding derivative instruments entered into in order to hedge a portion of its current and future borrowings for the purpose of managing interest rate risk. At June 30, 2019, the Research Foundation does not have any derivative financial instruments.

### **Capital assets**

Capital assets are recorded at cost at the date of acquisition or market value at the date of donation in the case of gifts. For equipment, the Research Foundation's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings and improvements, 5 to 10 years for land improvements, and 5 to 40 years for leasehold improvements. Residual values are estimated to be 10% of historical cost for infrastructure, buildings, and building improvements.

## Note 2 – Summary of significant accounting policies (continued)

### Deferred revenue

Deferred revenue includes amounts received from grant and contract sponsors that have not yet been earned.

### Bonds payable

The Research Foundation records the net proceeds of tax-exempt bond financing as a liability upon issuance. Bond proceeds consist of the par value of the bonds issued plus premiums or minus discounts. Losses on debt refundings are included in deferred outflows of resources and amortized over the shorter of the life of the refunded debt or the new debt. Bond premiums and losses on debt refundings are amortized to interest expense using the straight-line method, which approximates the effective interest method. Debt issuance costs are fully expensed at issuance.

### Net position

The Research Foundation's net position is composed of the following:

*Net investment in capital assets* – This represents the Research Foundation's total investment in capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.

*Restricted* – The restricted component of net position consists of restricted assets reduced by liabilities related to those assets.

Restricted Endowments for Eminent Scholar	\$ 1,550,000
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*Restricted - other* – Restricted - other are resources that the Research Foundation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted - other consisted of the following at June 30, 2019:

Atlanta Census Research Data Center	\$ 1,104,917
Confucius Institute	106,728
Reserve and Renewal	1,719,581
Restricted for Bond Repayment	4,383,997
Total	<u>\$ 7,315,223</u>

*Unrestricted - committed* – Unrestricted - committed represents resources that have been committed by the Research Foundation to fund endowments for the Georgia Research Alliance Eminent Scholar in Molecular and Translational Medicine, Microbial Pathogenesis, and Brain Health/Image Analysis Research.

*Unrestricted* – Unrestricted net position represents resources derived from contracts, grants and fees. These resources are used for the ongoing operations of the Research Foundation and may be used at the discretion of the governing board to meet current expenses for those purposes and to enhance programs at the University.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Research Foundation generally applies the expense towards restricted resources and then towards unrestricted resources.

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

### **Revenue**

Revenue from reimbursable research contracts is recognized as expenses are incurred for approved research activities. Amounts expended but not yet reimbursed are recorded as unbilled and billed project costs. Payments by research sponsors in advance of approved research expenses are recorded as deferred revenue for both reimbursable and fixed price contracts.

### **Classification of revenues**

The Research Foundation has classified its revenues as either operating or nonoperating in the statement of revenues, expenses, and changes in net position according to the following criteria:

*Operating revenue* – Operating revenues include activities that have the characteristics of exchange transactions. Revenue from federal, state, and local grants and contracts is considered operating revenue. Revenue from license and royalty arrangements is also considered operating revenue.

*Nonoperating revenues* – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, other revenue sources that are defined as nonoperating revenues by GAAP, such as investment income, and revenues derived from non-research and non-licensing activities.

### **Income taxes**

GSURF 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 Research Foundation is not classified as a private foundation based on a determination received from the Internal Revenue Service.

Science Park is a single member LLC, with GSURF as the sole member. As a result, it shall be disregarded as a separate entity for tax purposes and, therefore, no provision for federal income taxes has been made in the accompanying financial statements. The activities of Science Park are reported for tax purposes as part of the GSURF's tax return.

### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires 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 could differ from those estimates.

### **Subsequent events**

In preparing these financial statements, the Research Foundation has evaluated events and transactions for potential recognition or disclosure through January 14, 2020, the date these financial statements were available to be issued.

### Note 3 – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation's deposits may not be recovered. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

- (a) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- (b) Bonds, bills, notes, certificates of indebtedness, or other obligations of the counties or municipalities of the State of Georgia.
- (c) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- (d) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- (e) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.
- (f) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

At June 30, 2019, the Research Foundation's carrying amount of deposits was \$12,496,511, and the bank balance was \$12,483,072. Of the bank balance, \$750,000 was covered by FDIC insurance at June 30, 2019, and \$1,581,529 was collateralized by the State of Georgia pledging pool which thereby guarantees collateralization of any uninsured bank deposit balances. The remaining uncollateralized balance of \$10,151,543 consists of cash equivalents held by investment custodians. These cash equivalents consisted of money market funds which are comprised of investments with an average credit quality of A1 + P1.

### Note 4 – Investments

The following table summarizes required fair value disclosures and measurements at June 30, 2019 for assets measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Venture capital	\$ 187,839	\$ -	\$ 187,839	\$ -
Managed Futures/Hedge Funds	881,278	881,278	-	-
Fixed income	4,560,846	4,560,846	-	-
Equities	4,682,458	4,682,458	-	-
Total investments	<u>\$ 10,312,421</u>	<u>\$ 10,124,582</u>	<u>\$ 187,839</u>	<u>\$ -</u>

**Note 4 – Investments (continued)**

Investments of \$10,123,582 are held by SunTrust in the Board of Regents of the University System of Georgia Pooled Investment Fund Program on behalf of the Research Foundation. Investments of \$187,839 are held by the Georgia Research Alliance Venture Fund, LLP (“GRA Venture Fund”). Investments of \$1,000 are held in Microbial Medical stock.

**Credit quality risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Research Foundation’s investment policies are consistent with the investment policies of Georgia State University Foundation, Inc. (“GSUF”) The Research Foundation does not have a formal policy related to credit quality risk of investments. The Research Foundation’s investments as of June 30, 2019 presented by investment type and fixed income securities presented by credit quality ratings are as follows:

	Fair Value	Government Obligations	Corporate Obligations	Mutual Funds
Quality ratings				
Moody’s				
Aaa	\$ 3,103,321	\$ 1,516,979	\$ -	\$ 1,586,342
Aa	135,544	-	52,171	83,373
A	721,689	-	437,436	284,253
BBB	300,998	-	-	300,998
BB	50,615	-	-	50,615
B	85,307	-	-	85,307
Below B	67,574	-	-	67,574
Unrated	95,798	-	-	95,798
	<u>4,560,846</u>	<u>\$ 1,516,979</u>	<u>\$ 489,607</u>	<u>\$ 2,554,260</u>

Exempt investments:

Equities - Domestic	3,645,307
Equities - International	1,037,151
Non-Traditional	881,278
Venture Capital	187,839
	<u>\$ 10,312,421</u>

#### Note 4 – Investments (continued)

##### Interest rate risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Research Foundation's policy for managing interest rate risk is divided between short-term and long-term investments. Short-term investments will have a maximum maturity of 18 months to 5 years depending on the type of investment. Long-term investments are managed using a planning timeline of 5 years or more and overall risk measurements rather than specific maturity limits.

As of June 30, 2019, the Research Foundation's debt securities had the following maturities:

Investment Type:	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-2	3-5	6-10	More than 10
Corporate obligations	\$ 489,607	\$ 170,419	\$ 223,943	\$ 95,245	\$ -	\$ -
Government obligations	1,516,979	360,319	72,937	153,006	80,684	850,033
Total	\$ 2,006,586	\$ 530,738	\$ 296,880	\$ 248,251	\$ 80,684	\$ 850,033

##### Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Research Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Research Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2019, all of the Research Foundation's investments were uninsured and held by the Research Foundation's counterparty in the Research Foundation's name.

##### Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Research Foundation's policy for managing concentration of credit risk is divided amongst investment type as follows for the year ended June 30, 2019:

Fixed Income	44%
Equities - Domestic	35%
Equities - International	10%
Non-Traditional	9%
Venture Capital	2%

##### Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Research Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Georgia State University Foundation, Inc.'s investment policy.

**Note 5 – Net investment in direct financing lease**

The Research Foundation constructed a science research facility for a total cost of \$86,234,363. The Research Foundation leases the facility to the Board of Regents for and on behalf of the University. The Research Foundation is accounting for this transaction as a direct financing capital lease. The lease entitles the Research Foundation to receive direct and indirect funding for insurance, taxes, bond and interest obligations, repairs and maintenance, and other ancillary expenses. The lease contains an annual renewal option as of specified dates in the agreement.

Future minimum net amounts receivable under direct financing lease at June 30, 2019 are as follows:

For the fiscal years ending June 30,	Principal	Interest	Total Payments to be Received
2020	\$ 2,437,265	\$ 2,944,194	\$ 5,381,459
2021	2,544,820	2,838,030	5,382,850
2022	2,661,218	2,727,101	5,388,319
2023	2,776,140	2,611,230	5,387,370
2024	2,904,820	2,490,185	5,395,005
2025-2029	16,518,920	10,439,555	26,958,475
2030-2034	20,443,852	6,518,248	26,962,100
2035-2038	19,745,621	1,769,906	21,515,527
Total	<u>\$ 70,032,656</u>	<u>\$ 32,338,449</u>	<u>\$ 102,371,105</u>

## Note 6 – Capital assets

Following are the changes in capital assets for the year ended June 30, 2019:

	Beginning Balance July 1, 2018	Additions	Disposals	Ending Balance June 30, 2019
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,034,619	\$ -	\$ -	\$ 2,034,619
<b>Total capital assets, not being depreciated</b>	<u>2,034,619</u>	<u>-</u>	<u>-</u>	<u>2,034,619</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	6,507,731	-	-	6,507,731
Facilities and other improvements	6,232,631	-	-	6,232,631
Equipment	13,052	32,507	-	45,559
<b>Total capital assets, being depreciated</b>	<u>12,753,414</u>	<u>32,507</u>	<u>-</u>	<u>12,785,921</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	1,796,936	115,726	-	1,912,662
Facilities and other improvements	4,430,418	589,027	-	5,019,445
Equipment	5,140	2,666	-	7,806
<b>Total accumulated depreciation</b>	<u>6,232,494</u>	<u>707,419</u>	<u>-</u>	<u>6,939,913</u>
<b>Total capital assets being depreciated, net</b>	<u>6,520,920</u>	<u>(674,912)</u>	<u>-</u>	<u>5,846,008</u>
<b>Capital assets, net</b>	<u>\$ 8,555,539</u>	<u>\$ (674,912)</u>	<u>\$ -</u>	<u>\$ 7,880,627</u>

## Note 7 – Bonds payable

### Series 2007 Bond Issue

On December 1, 2007, \$90,205,000 of revenue bonds were issued by the Atlanta Development Authority (“ADA”) on behalf of the Research Foundation with the proceeds to be used to (i) finance or refinance, in whole or in part, the cost of the acquisition, construction and equipping of a 204,725 square-foot research facility located in a new Georgia State University Science Park on the campus of the University; (ii) fund a debt service reserve fund for the Series 2007 Bonds; (iii) fund capitalized interest for the Series 2007 Bonds; and (iv) pay costs of issuance of the Series 2007 Bonds.

**Note 7 – Bonds payable (continued)**

**Series 2016 Bond Issue**

On June 15, 2016, the outstanding balance on the Series 2007 bonds was refunded by a new bond issuance. Upon this advance refunding, the Series 2007 bonds were considered defeased. Revenue bonds of \$72,720,000 plus premium of \$9,216,542 were issued by the ADA on behalf of the Research Foundation. Principal payments are to be made annually starting July 1, 2019. Interest is paid semi-annually on January 1 and July 1 at a rate specified in the revenue bonds ranging from 3.00% to 5.00%. Moody's Investors Services, Inc. has assigned the Series 2016 Bonds the rating of Aa3. The Series 2016 Bonds are collateralized by the facility mentioned above and certain revenues derived from the facility.

This advance refunding led to a deferred outflow of resources of \$2,753,540. Interest expense for the year ended June 30, 2019 included \$125,161 related to amortization of this deferred outflow.

Bonds payable activity for the year ended June 30, 2019 was as follows:

	Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019
Series 2016 Bonds	\$ 72,720,000	\$ -	\$ -	\$ 72,720,000
Unamortized bond premium	8,361,458	-	(418,934)	7,942,524
Total	<u>\$ 81,081,458</u>	<u>\$ -</u>	<u>\$ (418,934)</u>	<u>\$ 80,662,524</u>

Annual debt service requirements on the Series 2016 Bonds outstanding at June 30, 2019 are as follows:

For the fiscal years ending June 30,	Principal	Interest	Total
2020	\$ 2,310,000	\$ 2,923,700	\$ 5,233,700
2021	2,425,000	2,805,325	5,230,325
2022	2,545,000	2,681,075	5,226,075
2023	2,675,000	2,550,575	5,225,575
2024	2,805,000	2,413,575	5,218,575
2025-2029	16,230,000	9,830,400	26,060,400
2030-2034	19,845,000	5,679,825	25,524,825
2035-2040	23,885,000	2,332,950	26,217,950
Total	<u>\$ 72,720,000</u>	<u>\$ 31,217,425</u>	<u>\$ 103,937,425</u>

**Note 8 – Indirect cost revenue**

The Research Foundation receives reimbursement from grantors for indirect costs incurred. The Research Foundation remits all of the indirect cost reimbursements to the University. The University then remits 22% of the indirect cost reimbursements to the Research Foundation. The amounts received back from the University totaled \$3,851,826 during the fiscal year ended June 30, 2019 and are recorded within operating revenues in the accompanying financial statements.

**Note 9 – Contingencies**

The Research Foundation receives numerous state and federal grants which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grants are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Research Foundation has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the Research Foundation, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the statement of revenues, expenses, and changes in net position for such contingencies.

**Note 10 – Significant funding sources**

During the fiscal year ended June 30, 2019, the Research Foundation derived approximately 77% of its revenue from contracts with the U.S. government. At June 30, 2019, approximately 44% of the billed research contracts accounts receivable was from the U.S. government. Management does not believe these receivables represent a significant credit risk at June 30, 2019.

**Note 11 – Related party transactions**

During the year ended June 30, 2019, the Research Foundation paid real estate rent of \$178,231 to GSUF.

The Research Foundation leases air rights from the Board of Regents at the site where it constructed a building on the Board of Regents' property. The air rights lease is for the purpose of providing no less than 248,806 square feet of the Parker H. Petit Science Teaching Laboratory. The air rights lease is for a period of thirty (30) years after construction of the building was completed for a base rental of \$10 per year. Construction was completed and a certificate of occupancy issued on May 18, 2010, so the 30 year initial term began June 1, 2010. The air rights lease includes an option to renew for an additional 5 years should there be debt outstanding at the end of the original lease term. Under the air rights lease, the ownership of any building or structure constructed passes to the Board of Regents at the end of the air rights lease.

After construction of the building was completed, the Research Foundation signed a rental agreement to lease not less than 248,806 square feet in the Parker H. Petit Science Teaching Laboratory to the Board of Regents for the period which commenced on the first day of the first month after the Research Foundation obtained a certificate of occupancy and ends the following June 30 at a rent not to exceed \$6,200,000 per year with options to renew on a year-to-year basis for up to thirty (30) consecutive one-year periods (the total not to exceed thirty (30) years from the date of the certificate of occupancy) with rent increasing no more than 3% for each option period exercised.

The Research Foundation has an agreement with the Board of Regents wherein each party grants to the other party such easements as are necessary for such other party to have necessary access and to define operational responsibilities.

**Note 12 – Commitments**

The Research Foundation has an operating lease commitment to Panther Place, LLC for office space located in Atlanta, Georgia. Rent expense was \$178,231 for the year ended June 30, 2019.

The Research Foundation made a commitment during the 2016 fiscal year to provide support in the amount of up to \$250,000 to fund the GRA Venture Fund. During the 2019 fiscal year, the Research Foundation contributed \$30,627, which is held in investments. Total contributions for this commitment as of June 30, 2019 were \$73,711. Based upon the terms of the agreement, the remaining commitment amount of \$176,289 may be called in whole or in part at any time until July 24, 2022, the end of the investment period of the fund.

**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***

Board of Directors  
Georgia State University Research Foundation, Inc.  
Atlanta, 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 Georgia State University Research Foundation, Inc., a component unit of the State of Georgia, (the "Research Foundation"), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Research Foundation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation'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 Research Foundation'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 Research Foundation'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 Research Foundation'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 Research Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cheng Bekert LLP*

Atlanta, Georgia  
January 14, 2020

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

Board of Directors  
Georgia State University Research Foundation, Inc.  
Atlanta, Georgia

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

We have audited Georgia State University Research Foundation, Inc.'s, a component unit of the State of Georgia, (the "Research Foundation") 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 Research Foundation's major federal programs for the year ended June 30, 2019. The Research Foundation's major federal programs are 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 Research Foundation'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 *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 Research Foundation'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 Research Foundation's compliance.

### **Opinion on Each Major Federal Program**

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

## Report on Internal Control over Compliance

Management of the Research Foundation 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 Research Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 Research Foundation'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 requirements 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.

*Cheng Bekert LLP*

Atlanta, Georgia  
January 14, 2020

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>TRIO Cluster</b>				
<i>Department of Education</i>				
<i>TRIO Student Support Services</i>				
Direct	84.042		\$ -	\$ 571,644
<i>TRIO Talent Search</i>				
Direct	84.044		-	293,547
<i>TRIO Educational Opportunity Centers</i>				
Direct	84.066		-	339,948
<b>TRIO Cluster Total</b>			<b>-</b>	<b>1,205,139</b>
<b>Maternal, Infant, and Early Childhood Home Visiting Cluster</b>				
<i>Maternal, Infant and Early Childhood Home Visiting Grant Program</i>				
Pass-Through from Montana Department of Public Health	93.87	1300000034	24,622	24,622
<b>Maternal, Infant, and Early Childhood Home Visiting Cluster Total</b>			<b>24,622</b>	<b>24,622</b>
<b>R&amp;D Cluster</b>				
<i>Department of Agriculture</i>				
<i>Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations</i>				
Direct	10.250		-	16,979
<i>Consumer Data and Nutrition Research</i>				
Direct	10.253		-	20,878
<i>Agriculture and Food Research Initiative (AFRI)</i>				
Direct	10.310		-	48,596
<i>Urban and Community Forestry Program</i>				
Direct	10.675		-	344
<i>Department of Agriculture Total</i>			<b>-</b>	<b>86,797</b>
<i>Department of Commerce</i>				
<i>Sea Grant Support</i>				
Pass-Through from University of Florida	11.417	1120000025	34,149	34,149
<i>Climate and Atmospheric Research</i>				
Pass-Through from University of Georgia	11.431	518	14,442	14,442
<i>Department of Commerce Total</i>			<b>48,591</b>	<b>48,591</b>
<i>Department of Defense</i>				
<i>Basic and Applied Scientific Research</i>				
Direct	12.300		-	2,364,408
Pass-Through from University of Central Florida	12.300	1120000020	281,957	281,957
<i>Scientific Research - Combating Weapons of Mass Destruction</i>				
Direct	12.351		-	821,215
<i>Military Medical Research and Development</i>				
Direct	12.420		-	318,648
Pass-Through from Shepherd Center	12.420	1900000067	29,515	29,515

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Basic Scientific Research</b>				
Direct	12.431		-	(3,727)
Pass-Through from Northwestern University	12.431	1400000021	305,329	305,329
<b>Community Economic Adjustment Assistance for Realignment or Closure</b>				
Direct	12.607		-	170,434
<b>Basic, Applied, and Advanced Research in Science and Engineering</b>				
Direct	12.630		-	87,996
<b>Air Force Defense Research Sciences Program</b>				
Direct	12.800		-	80,515
Pass-Through from University of Hawai'i	12.800	1120000095	258,417	258,417
<b>Language Grant Program</b>				
Direct	12.900		-	(193)
<b>Mathematical Sciences Grants Program</b>				
Direct	12.901		-	22,974
<b>Information Security Grants</b>				
Pass-Through from University of Utah	12.902	1120000088	23,877	23,877
<b>Research and Technology Development</b>				
Pass-Through from Georgia Institute of Technology	12.910	503	235,245	235,245
<b>Department of Defense Total</b>			<b>1,134,340</b>	<b>4,996,610</b>
<b>Department of the Interior</b>				
<b>Historic Preservation Fund Grants-In-Aid</b>				
Direct	15.904		-	4,537
<b>Department of the Interior Total</b>			<b>-</b>	<b>4,537</b>
<b>Department of Justice</b>				
<b>National Institute of Justice Research, Evaluation, and Development</b>				
Direct	16.560		-	166,536
Pass-Through from Applied Research Solutions	16.560	1000000070	(84)	(84)
<b>Juvenile Mentoring Program</b>				
Direct	16.726		-	28,534
<b>Department of Justice Total</b>			<b>(84)</b>	<b>194,986</b>
<b>Department of Labor</b>				
<b>Department of Labor Chief Evaluation Office</b>				
Direct	17.791		-	32,862
<b>Department of Labor Total</b>			<b>-</b>	<b>32,862</b>
<b>Department of State</b>				
<b>Academic Exchange Programs - Undergraduate Programs</b>				
Pass-Through from IREX	19.009	8000000025	148,540	148,540
<b>Department of State Total</b>			<b>148,540</b>	<b>148,540</b>

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>National Aeronautics and Space Administration</b>				
<b>Science</b>				
Direct	43.001		-	273,759
Pass-Through from Predictive Science, Inc.	43.001	1600000017	110,296	110,296
Pass-Through from Space Telescope Science Institute	43.001	1900000029	3,254	3,254
<b>Education</b>				
Pass-Through from Georgia Institute of Technology	43.008	503	3,014	3,014
<b>National Aeronautics and Space Total</b>			<b>116,564</b>	<b>390,323</b>
<b>National Endowment for the Humanities</b>				
<b>Promotion of the Humanities Research</b>				
Direct	45.161		-	17,766
<b>National Endowment for the Humanities Total</b>			<b>-</b>	<b>17,766</b>
<b>National Science Foundation</b>				
<b>Engineering Grants</b>				
Direct	47.041		-	331,866
Pass-Through from Boston College	47.041	2000000028	41,027	41,027
Pass-Through from Lehigh University	47.041	1200000017	18,684	18,684
<b>Mathematical and Physical Sciences</b>				
Direct	47.049		-	2,805,999
<b>Geosciences</b>				
Direct	47.050		-	413,386
Pass-Through from University of Central Florida	47.050	1120000020	7,812	7,812
<b>Computer and Information Science and Engineering</b>				
Direct	47.070		-	1,390,358
Pass-Through from Florida International University	47.070	5000000022	120,986	120,986
Pass-Through from University of Pennsylvania	47.070	1120000053	36,170	36,170
<b>Biological Sciences</b>				
Direct	47.074		-	1,202,059
Pass-Through from Arizona State University	47.074	1000000024	88,504	88,504
<b>Biological Sciences</b>				
Pass-Through from Emory University	47.074	5000000006	1,826	1,826
<b>Social, Behavioral, and Economic Sciences</b>				
Direct	47.075		-	830,364
Pass-Through from Arizona State University	47.075	1000000024	207,332	207,332
Pass-Through from George Washington University	47.075	6000000005	7,632	7,632
Pass-Through from The City College of New York	47.075	3000000016	41,255	41,255
Pass-Through from University of California, Davis	47.075	1120000016	40,879	40,879
<b>Education and Human Resources</b>				
Direct	47.076		-	1,194,728
Pass-Through from Florida State University	47.076	5000000023	99,292	99,292
Pass-Through from University of Nebraska	47.076	1120000045	21,465	21,465
Pass-Through from Clark Atlanta University	47.076	3000000019	25,624	25,624
<b>National Science Foundation Total</b>			<b>758,488</b>	<b>8,927,248</b>

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Energy</b>				
<b>Office of Science Financial Assistance Program</b>				
Direct	81.049		-	728,720
<b>Department of Energy Total</b>			<b>-</b>	<b>728,720</b>
<b>Department of Education</b>				
<b>National Resource Centers Program for Foreign Language and Area Studies</b>				
Pass-Through from Georgia Institute of Technology	84.015	503	107,926	107,926
<b>Fund for the Improvement of Postsecondary Education</b>				
Direct	84.116		-	2,792,815
<b>Education Research, Development and Dissemination</b>				
Direct	84.305		-	1,023,550
Pass-Through from Arizona State University	84.305	1000000024	107,674	107,674
Pass-Through from California State University, Long Beach	84.305	3000000003	94,847	94,847
Pass-Through from Department of Education	84.305	414	6,181	6,181
Pass-Through from Florida State University	84.305	5000000023	98,130	98,130
Pass-Through from Michigan State University	84.305	1300000014	81,123	81,123
Pass-Through from Northern Illinois University	84.305	1400000048	35,043	35,043
Pass-Through from University of Cincinnati	84.305	1120000082	76,816	76,816
<b>Research in Special Education</b>				
Direct	84.324		-	674,603
Pass-Through from Indiana University	84.324	8000000029	42,361	42,361
Pass-Through from Tennessee State University	84.324	1110000004	21,460	21,460
<b>Special Education - Personnel Development to Improve Services and Results for Children with Disabilities</b>				
Direct	84.325		-	266,825
<b>Gaining Early Awareness and Readiness for Undergraduate Programs</b>				
Pass-Through from University of Montevallo	84.334	1120000099	52,465	52,465
<b>Teacher Quality Partnership Grants</b>				
Direct	84.336		-	65,078
<b>English Language Acquisition State Grants</b>				
Direct	84.365		-	503,088
<b>Mathematics and Science Partnerships</b>				
Pass-Through from Rockdale County School District	84.366	1800000023	4,923	4,923
<b>Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</b>				
Direct	84.367		-	(491)
<b>Education Innovation and Research (formerly Investing in Innovation (i3))</b>				
Pass-Through from Atlanta Neighborhood Charter School	84.411	1000000044	4,608	4,608
<b>Supporting Effective Educator Development Program</b>				
Direct	84.423		-	1,230,052
<b>Department of Education Total</b>			<b>733,557</b>	<b>7,289,077</b>
<b>National Archives and Records Administration</b>				
<b>National Historical Publications and Records Grants</b>				
Direct	89.003		-	13,094
<b>National Archives and Records Total</b>			<b>-</b>	<b>13,094</b>

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services</b>				
<b>Special Programs for the Aging, Title IV, and Title II, Discretionary Projects</b>				
Direct	93.048		-	118,425
<b>Birth Defects and Developmental Disabilities - Prevention and Surveillance</b>				
Pass-Through from University of South Carolina	93.073	1120000056	64,981	64,981
<b>Family Smoking Prevention and Tobacco Control Act Regulatory Research</b>				
Direct	93.077		-	3,311,220
Pass-Through from American Heart Association	93.077	1000000042	843	843
<b>Prevention of Disease, Disability, and Death by Infectious Diseases</b>				
Pass-Through from Emory University	93.084	5000000006	82,206	82,206
<b>Healthy Marriage Promotion and Responsible Fatherhood Grants</b>				
Pass-Through from Center for Policy Research	93.086	3000000069	19,874	19,874
<b>Enhance Safety of Children Affected by Substance Abuse</b>				
Direct	93.087		-	266,173
<b>Maternal and Child Health Federal Consolidated Programs</b>				
Pass-Through from University of North Carolina	93.110	1120000049	70,336	70,336
<b>Environmental Health</b>				
Direct	93.113		-	114,923
Pass-Through from Foundation for Applied Molecular	93.113	5000000045	115,021	115,021
Pass-Through from Washington State University	93.113	1140000003	1,564	1,564
<b>Research Related to Deafness and Communication Disorders</b>				
Direct	93.173		-	1,160,336
<b>Disabilities Prevention</b>				
Direct	93.184		-	520,264
<b>Research and Training in Complementary and Integrative Health</b>				
Direct	93.213		-	662,554
<b>Research on Healthcare Costs, Quality and Outcomes</b>				
Direct	93.226		-	437,853
<b>Mental Health Research Grants</b>				
Direct	93.242		-	1,188,226
Pass-Through from Centre for Addiction and Mental Health	93.242	3000000050	6,279	6,279
Pass-Through from Emory University	93.242	5000000006	26,710	26,710
Pass-Through from Kaiser Permanente	93.242	1100000012	(11,682)	(11,682)
Pass-Through from Mind Research Network	93.242	1300000028	170,413	170,413
Pass-Through from Kaiser Foundation Research Institute	93.242	1100000011	2,304	2,304
Pass-Through from University of California, San Francisco	93.242	1120000084	2,152	2,152
Pass-Through from Tulane University	93.242	1110000030	5,918	5,918
Pass-Through from University of Southern California	93.242	1120000058	25,100	25,100
<b>Mental Health Research Grants</b>				
Pass-Through from University of Texas at San Antonio	93.242	1120000077	51,401	51,401
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>				
Pass-Through from Cobb and Douglas Counties Community	93.243	3000000051	21,320	21,320
Pass-Through from Education, Department of	93.243	414	156,446	156,446
Pass-Through from Georgia Center for Child Advocacy	93.243	245	75,909	75,909

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Occupational Safety and Health Program</b>				
Direct	93.262		-	1,917
<b>Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment under the President's Emergency Plan for AIDS Relief</b>				
Pass-Through from University of Chicago	93.266	1120000081	22,733	22,733
<b>Alcohol Research Programs</b>				
Direct	93.273		-	416,377
Pass-Through from Behavioral Science Technologies, LLC	93.273	2000000023	216,080	216,080
Pass-Through from InLighta Biosciences, LLC	93.273	8000000026	128,457	128,457
<b>Drug Abuse and Addiction Research Programs</b>				
Direct	93.279		-	887,609
Pass-Through from National Bureau of Economic Research	93.279	1400000041	30,571	30,571
Pass-Through from Northwestern University	93.279	1400000021	33,481	33,481
<b>Discovery and Applied Research for Technological Innovations to Improve Human Health</b>				
Direct	93.286		-	512,910
Pass-Through from Case Western Reserve University	93.286	3000000007	80,184	80,184
Pass-Through from Georgia Institute of Technology	93.286	503	150,220	150,220
<b>Minority Health and Health Disparities Research</b>				
Direct	93.307		-	11,754
<b>Trans-NIH Research Support</b>				
Direct	93.310		-	490,909
Pass-Through from University of California, Davis	93.310	1120000016	552,795	552,795
<b>Partnerships to Improve Community Health</b>				
Pass-Through from Fulton County	93.331	5000000028	(1,633)	(1,633)
<b>National Center for Advancing Translational Sciences</b>				
Pass-Through from Emory University	93.350	5000000006	35,070	35,070
<b>Research Infrastructure Programs</b>				
Direct	93.351		-	22,629
<b>Nursing Research</b>				
Direct	93.361		-	184,346
Pass-Through from Emory University	93.361	5000000006	1,816	1,816
<b>Cancer Cause and Prevention Research</b>				
Direct	93.393		-	274,806
Pass-Through from University of Toledo	93.393	1120000064	8,444	8,444
<b>Cancer Detection and Diagnosis Research</b>				
Direct	93.394		-	224,432
Pass-Through from InLighta Biosciences, LLC	93.394	8000000026	260,665	260,665
<b>Cancer Treatment Research</b>				
Direct	93.395		-	648,548
Pass-Through from Augusta University	93.395	512	2,520	2,520
Pass-Through from ProDa BioTech, LLC	93.395	1600000024	286,994	286,994
<b>Cancer Biology Research</b>				
Direct	93.396		-	733,371
Pass-Through from Emory University	93.396	5000000006	11,070	11,070
Pass-Through from University of North Texas Health	93.396	1120000094	21,210	21,210

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b><i>Cancer Research Manpower</i></b>				
Direct	93.398		-	100,306
Pass-Through from University of Arizona	93.398	1120000013	35,011	35,011
<b><i>Cancer Control</i></b>				
Pass-Through from Kaiser Permanente	93.399	1100000012	3,630	3,630
<b><i>NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit</i></b>				
Pass-Through from National Network of Public Health	93.424	1400000031	13,207	13,207
<b><i>ACL National Institute on Disability, Independent Living, and Rehabilitation Research</i></b>				
Pass-Through from Georgia Institute of Technology	93.433	503	74,322	74,322
<b><i>University Centers for Excellence in Developmental Disabilities Education, Research, and Service</i></b>				
Direct	93.632		-	(485)
<b><i>Ebola Support: Transmission and Prevention Control, Public Health Preparedness, Vaccine Development</i></b>				
Pass-Through from Emory University	93.823	5000000006	126,464	126,464
<b><i>Cardiovascular Diseases Research</i></b>				
Direct	93.837		-	4,289,198
Pass-Through from University of Iowa	93.837	1120000030	70,130	70,130
Pass-Through from University of Pittsburgh	93.837	1120000054	3,150	3,150
Pass-Through from Weill Cornell Medicine	93.837	1140000018	43,738	43,738
<b><i>Cardiovascular Diseases Research</i></b>				
<b><i>Blood Diseases and Resources Research</i></b>				
Pass-Through from Emory University	93.839	5000000006	32,301	32,301
Pass-Through from Augusta University	93.839	512	33,050	33,050
Pass-Through from Temple University	93.839	1110000022	288,841	288,841
<b><i>Arthritis, Musculoskeletal and Skin Diseases Research</i></b>				
Direct	93.846		-	188,759
<b><i>Diabetes, Digestive, and Kidney Diseases Extramural Research</i></b>				
Direct	93.847		-	3,576,795
Pass-Through from Emory University	93.847	5000000006	36,338	36,338
Pass-Through from Seattle Institute for Biomedical and Clinical Research	93.847	1900000076	6,134	6,134
Pass-Through from University of Florida	93.847	1120000025	72,325	72,325
Pass-Through from University of Iowa	93.847	1120000030	38,405	38,405
<b><i>Extramural Research Programs in the Neurosciences and Neurological Disorders</i></b>				
Direct	93.853		-	591,966
Pass-Through from Advanced Biomedical Informatics	93.853	1000000073	64,724	64,724
Pass-Through from Trinity University	93.853	1110000026	22,498	22,498
Pass-Through from University of Virginia	93.853	1120000075	38,375	38,375

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Allergy and Infectious Diseases Research</b>				
Direct	93.855		-	7,660,544
Pass-Through from Emory University	93.855	5000000006	49,991	49,991
Pass-Through from George Washington University	93.855	6000000005	7,122	7,122
Pass-Through from Microbiotix, Inc.	93.855	1300000029	150,528	150,528
Pass-Through from Thomas Jefferson University	93.855	1110000010	321,420	321,420
Pass-Through from University of Maryland	93.855	1120000037	42,506	42,506
Pass-Through from University of North Carolina	93.855	1120000049	265,693	265,693
Pass-Through from University of Pennsylvania	93.855	1120000053	397,737	397,737
Pass-Through from University of Rhode Island	93.855	1120000100	54,388	54,388
Pass-Through from Washington State University	93.855	1140000003	436,334	436,334
Pass-Through from George Washington University	93.855	6000000005	30,352	30,352
<b>Biomedical Research and Research Training</b>				
Direct	93.859		-	1,866,226
Pass-Through from East Carolina University	93.859	5000000001	1,541	1,541
Pass-Through from University of Georgia	93.859	518	80,002	80,002
<b>Child Health and Human Development Extramural Research</b>				
Direct	93.865		-	2,072,090
Pass-Through from Drexel University	93.865	4000000007	54,355	54,355
Pass-Through from George Washington University	93.865	6000000005	131,055	131,055
Pass-Through from Medical University of South Carolina	93.865	1300000032	10,242	10,242
Pass-Through from University of Connecticut	93.865	1120000022	6,702	6,702
Pass-Through from University of Georgia	93.865	518	44,939	44,939
Pass-Through from University of Pittsburgh	93.865	1120000054	36,641	36,641
<b>Aging Research</b>				
Direct	93.866		-	741,026
Pass-Through from Emory University	93.866	5000000006	487,211	487,211
Pass-Through from San Francisco State University	93.866	1900000075	40,544	40,544
Pass-Through from Tennessee State University	93.866	1110000004	12,760	12,760
Pass-Through from University of Minnesota	93.866	1120000042	41,831	41,831
<b>Vision Research</b>				
Direct	93.867		-	604,726
Pass-Through from Augusta University	93.867	512	9,679	9,679
Pass-Through from Emory University	93.867	5000000006	76,954	76,954
<b>Medical Library Assistance</b>				
Pass-Through from University of California, San Francisco	93.879	1120000084	54,159	54,159
<b>International Research and Research Training</b>				
Direct	93.989		-	311,151
Pass-Through from Emory University	93.989	5000000006	372	372
<b>Department of Health and Human Services Total</b>			<b>6,575,473</b>	<b>40,767,357</b>
<b>Agency for International Development</b>				
<b>USAID Foreign Assistance for Programs Overseas</b>				
Pass-Through from World Vision	98.001	1140000024	4,840	4,840
<b>Agency for International Development Total</b>			<b>4,840</b>	<b>4,840</b>
<b>R&amp;D Cluster Total</b>			<b>9,520,309</b>	<b>63,651,348</b>

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Other Federal Programs</b>				
<i>Department of Justice</i>				
<i>National Institute of Justice Research, Evaluation, and Development</i>				
Pass-Through from WestEd	16.560	1140000014	102,812	102,812
<b>Department of Justice Total</b>			<b>102,812</b>	<b>102,812</b>
<i>Department of State</i>				
<i>Academic Exchange Programs - Undergraduate Programs</i>				
Pass-Through from IREX	19.009	8000000025	(548)	(548)
<i>Public Diplomacy Programs for Afghanistan and Pakistan</i>				
Pass-Through from Constellis Group, Inc.	19.501	3000000071	(7)	(7)
<b>Department of State Total</b>			<b>(555)</b>	<b>(555)</b>
<i>National Endowment for the Humanities</i>				
<i>Promotion of the Humanities Professional Development</i>				
Direct	45.163		-	106,780
<b>National Endowment for the Humanities Total</b>			<b>-</b>	<b>106,780</b>
<i>National Science Foundation</i>				
<i>Mathematical and Physical Sciences</i>				
Direct	47.049		-	34
<i>Education and Human Resources</i>				
Direct	47.076		-	102,051
Pass-Through from Clark Atlanta University	47.076	3000000019	17,147	17,147
Pass-Through from University of Georgia	47.076	518	34,005	34,005
<b>National Science Foundation Total</b>			<b>51,152</b>	<b>153,237</b>
<i>Small Business Administration</i>				
<i>Small Business Development Centers</i>				
Pass-Through from University of Georgia	59.037	518	301,584	301,584
<b>Small Business Administration Total</b>			<b>301,584</b>	<b>301,584</b>
<i>Department of Education</i>				
<i>Rehabilitation Long-Term Training</i>				
Direct	84.129		-	445,825
<i>Graduate Assistance in Areas of National Need</i>				
Direct	84.200		-	199,278
<i>English Language Acquisition State Grants</i>				
Direct	84.365		-	574,853
<i>Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</i>				
Pass-Through from University of Georgia	84.367	518	4,292	4,292

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019

Federal Agency/Direct or Pass-Through Entity/Program Name	CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Transition Programs for Students with Intellectual Disabilities into Higher Education</b>				
Direct	84.407		-	480,990
Pass-Through from University of Massachusetts	84.407	1120000098	12,500	12,500
<b>Education Innovation and Research (formerly Investing in Innovation (i3))</b>				
Pass-Through from Ohio State University	84.411	1500000004	10,306	10,306
<b>Department of Education Total</b>			<b>27,098</b>	<b>1,728,044</b>
<b>Department of Health and Human Services</b>				
<b>Maternal and Child Health Federal Consolidated Programs</b>				
Direct	93.110		-	611,592
Pass-Through from Emory University	93.110	5000000006	(1,438)	(1,438)
Pass-Through from University of North Carolina	93.110	1120000049	9,075	9,075
<b>Graduate Psychology Education</b>				
Direct	93.191		-	323,952
<b>Mental Health Research Grants</b>				
Direct	93.242		-	18,701
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>				
Direct	93.243		-	79,377
Pass-Through from Highland Rivers Community Service	93.243	7000000012	21,320	21,320
Pass-Through from University of Georgia	93.243	518	21,583	21,583
<b>Research Infrastructure Programs</b>				
Direct	93.351		-	83,886
<b>NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit University Centers for Excellence in Developmental Disabilities Education, Research, and Service</b>				
Pass-Through from Association of University Centers On Disabilities	93.424	1000000043	2,280	2,280
Direct	93.632		-	478,074
Pass-Through from Georgetown University	93.632	6000000023	(181)	(181)
<b>Biomedical Research and Research Training</b>				
Direct	93.859		-	134,966
<b>Department of Health and Human Services Total</b>			<b>52,639</b>	<b>1,783,187</b>
<b>Corporation for National and Community Service</b>				
<b>AmeriCorps</b>				
Pass-Through from Jumpstart for Young Children, Inc.	94.006	9000000008	3,780	3,780
<b>Corporation for National and Community Service Total</b>			<b>3,780</b>	<b>3,780</b>
<b>Other Federal Programs Total</b>			<b>538,510</b>	<b>4,178,869</b>
<b>Federal Expenditures Total</b>			<b>\$ 10,083,441</b>	<b>\$ 69,059,978</b>

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Georgia State University Research Foundation, Inc. (the “Research Foundation”) and is presented on the accrual basis of accounting. Expenditures under award programs are presented using the economic resources measurement focus and the accrual basis of accounting in the Research Foundation’s financial statements.

The purpose of the Schedule is to present a summary of the activities of the Research Foundation for the year ended June 30, 2019, which have been financed by the United States government.

Because the Schedule presents only a selected portion of the activities of the Research Foundation, it is not intended to and does not present either the financial position, changes in net position, or cash flows of the Research Foundation.

Research grants awarded to the Research Foundation are then provided to Georgia State University (the “University”), which is responsible for the fiscal administration of the grants.

*Indirect Cost Rate* – The Research Foundation has elected not to use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.

**Note 2—Subrecipients**

Of the federal expenditures presented in the Schedule, the University provided federal awards to subrecipients as presented in the Schedule.

**Note 3—Noncash awards**

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

**Note 4—Catalog of Federal Domestic Assistance (“CFDA”) Numbers**

CFDA numbers that are available for each federal award program are indicated on the Schedule.

**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 Research Foundation expects such amounts, if any, to be immaterial.

**GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION, INC.**  
**(A Component Unit of the State of Georgia)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2019

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**I. Summary of the 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 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 Section 200.516 of Uniform Guidance? \_\_\_\_\_ yes   X   no

**Identification of Major Programs**

The programs tested as major programs for the year ended June 30, 2019 are as follows:

<u>CFDA #</u>	<u>Name of Federal Program</u>
Various	Research and Development Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$2,071,799
Auditee qualified as low-risk auditee?	<u>  X  </u> yes _____ no

**II. Financial Statement Findings**

None reported.

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

None reported.