

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**MARSHALL UNIVERSITY RESEARCH CORPORATION
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Marshall University Research Corporation
Huntington, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Marshall University Research Corporation (the Corporation) (a blended component unit of Marshall University), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the entity's basic financial statements as listed in the table of contents.

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.

Auditors' 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 auditors' 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 entity'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 entity'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 financial position of the business-type activities of the Corporation as of June 30, 2021, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements

The financial statements of the Corporation as of June 30, 2020, were audited by other auditors whose report dated October 1, 2020, expressed an unmodified opinion on those financial statements. As discussed in Note 14 to the financial statements, the Corporation has adjusted its 2020 financial statements to retrospectively apply a correction of an error related to overstatement of prepaid expenses. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2021 financial statements, we also audited the adjustments to the 2020 financial statements to retrospectively apply the correction of the error as described in Note 14. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Corporation's 2020 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

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 8 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 the 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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 7, 2021

**MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020**

Introduction

The Marshall University Research Corporation ("MURC" or the "Corporation") is a non-profit state entity created by the West Virginia Legislature to further research and economic development activities within the State of West Virginia. MURC is a component unit of Marshall University ("Marshall") and is included as an integral part of Marshall's annual combined financial statements.

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standard Board (GASB). This section of MURC's annual financial report provides an overview of MURC's financial performance during the year ended June 30, 2021 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2020 compared to fiscal year 2019.

The Corporation's financial report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. These statements focus on the financial condition, the results of operations, and cash flows of the Corporation as a whole. Each of these statements is discussed below.

Net Position

The statements of net position present the assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities) of the Corporation as of the end of the fiscal year. Assets denote the resources available to continue the operations of the Corporation. Liabilities indicate how much the Corporation owes vendors, employees and lenders. Net position measures the equity or the availability of funds of the Corporation for future periods.

Net position is displayed in three major categories:

Net Investments in Capital Assets. This category represents the Corporation's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net position. This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - nonexpendable and expendable. Nonexpendable components of restricted net position include endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift or grant instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Expendable components of restricted net position include resources for which the Corporation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020**

Unrestricted Net position. This category includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from facilities and administrative earnings and revenues from investments. Unrestricted components of net position are used for transactions related to the educational and general operations of the Corporation and may be designated for specific purposes by the Corporation's Board of Directors. While the Corporation has not specifically designated Net Position balances at June 30, 2021, certain amounts are reserved for specific programs.

	As of June 30		
	2021	2020 (As Restated)	2019
Assets:			
Current Assets	\$ 21,193	\$ 16,103	\$ 11,378
Other Noncurrent Assets	35,174	28,576	30,689
Capital Assets, Net	9,930	10,037	9,907
Total Assets	<u>\$ 66,297</u>	<u>\$ 54,716</u>	<u>\$ 51,974</u>
Liabilities:			
Current Liabilities	\$ 20,443	\$ 16,571	\$ 8,634
Noncurrent Liabilities	1,314	1,525	1,735
Total Liabilities	<u>\$ 21,757</u>	<u>\$ 18,096</u>	<u>\$ 10,369</u>
Net Assets:			
Net Investment in Capital Assets	\$ 8,795	\$ 8,740	\$ 8,448
Restricted:			
Nonexpendable	15,000	15,000	15,000
Expendable	17,048	11,277	11,566
Unrestricted	3,697	1,603	6,591
Total Net Position	<u>\$ 44,540</u>	<u>\$ 36,620</u>	<u>\$ 41,605</u>

Changes to Net position

The increase in net position of \$7,919,863 in FY2021 was due to revenues from grant sponsors and an increase of unrestricted funds held in reserve. The decrease in net position of \$4,984,750 in FY2020 was principally the use of expendable restricted funds previously held in reserve.

The first component is the Corporation's equity in capital assets, which increased \$55,351 during FY2021 and increased \$292,130 during FY2020.

Restricted nonexpendable net assets were earned in connection with the "Bucks for Brains" West Virginia Research Trust Fund. Private donations were received by the Marshall University Foundation (the "Foundation") and were matched by a corresponding draw from the State on the project for each year. These funds are held in two nonexpendable funds – one at the Foundation and the other at MURC.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020**

Restricted expendable assets increased \$5,770,382 during FY2021 and decreased \$288,360 during FY2020. These monies have been restricted for use by entities outside the Corporation, mainly by granting agencies. Restricted expendable assets are generally produced through program income, which totaled \$1,237,190 for FY2021 and \$634,625 for FY2020.

Finally, unrestricted net assets increased by \$2,094,132 for FY2021 and decreased by \$744,593 for FY2020 and over the prior year total. Activity in Cost Recovery and Operating Funds accounts for the monies attributable to this component. These monies can be expended for any legal purpose.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position present the revenues and expenses, both operating and non-operating, as well as other gains and losses of the Corporation.

Operating revenues are received for providing goods and services to the various customers and constituencies of the Corporation. 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 Corporation. Revenues received for which goods and services are not provided are reported as non-operating revenues. For example, gifts are non-operating because they are provided by the donor to the Corporation without the donor directly receiving commensurate goods and services for those revenues.

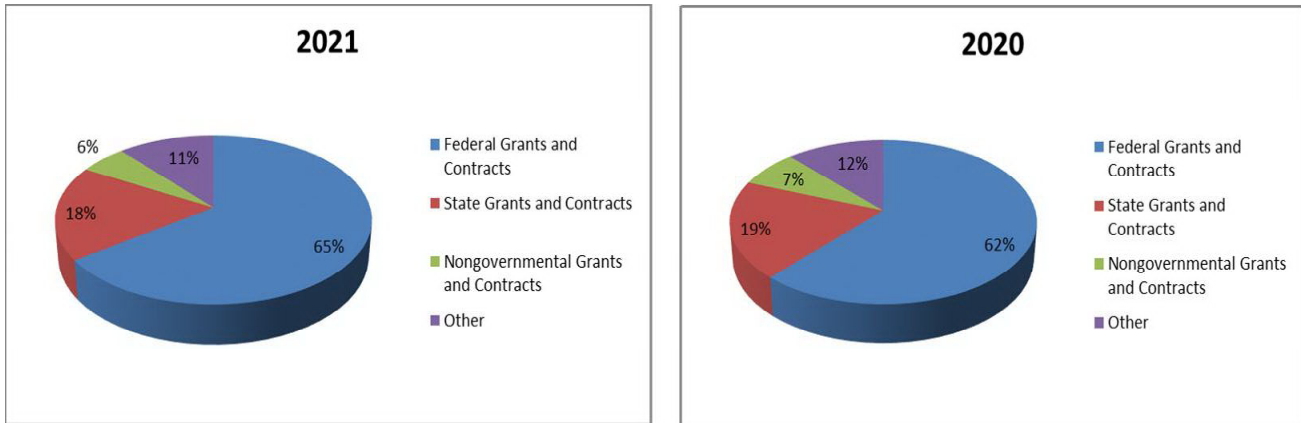
Condensed Statements of Revenues, Expenses and Changes in Net Position (in Thousands)

	Years Ended June 30		
	2021	2020 (As Restated)	2019
Operating Revenues	\$ 47,815	\$ 39,880	\$ 33,699
Operating Expenses	(47,582)	(45,823)	(38,003)
Other Income (Loss)	233	(5,943)	(4,304)
Nonoperating Revenues (Expenses)	7,687	958	1,829
Increase (Decrease) in Net Assets	7,920	(4,985)	(2,475)
Net Position - Beginning of Year	36,620	41,605	44,080
Net Position - End of Year	\$ 44,540	\$ 36,620	\$ 41,605

**MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020**

Revenues:

The following charts illustrate the composition of revenues by source for 2021 and 2020:



Changes to Operating Revenues and Expenses

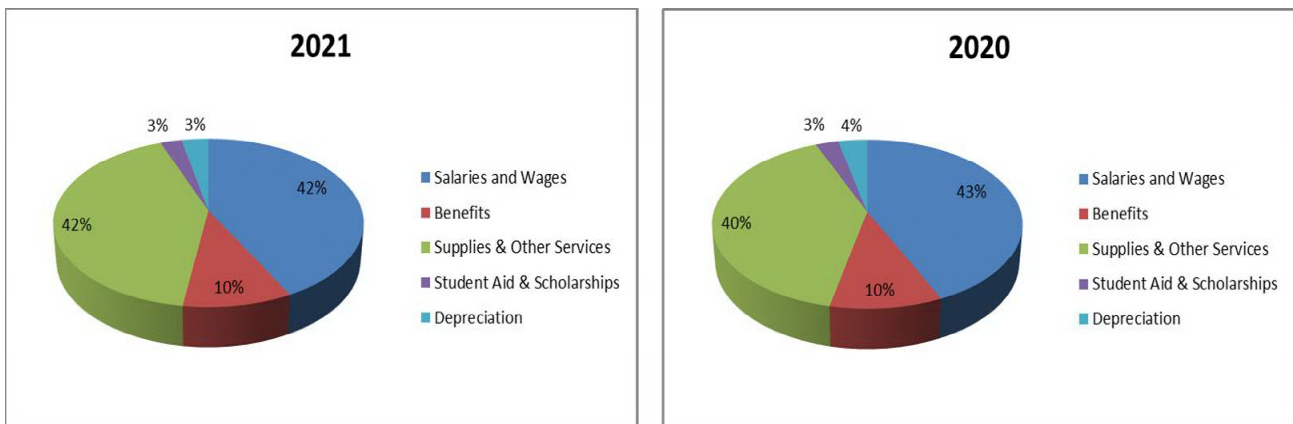
For FY2021, Operating Revenues were \$47,814,930, an increase of \$7,934,948 compared to FY2020. This is primarily the result of an increase in government grants and contracts totaling \$7,471,473.

For FY2020, Operating Revenues were \$39,879,982, an increase of \$6,181,348 compared to FY2019. This is primarily the result of an increase in government grants and contracts totaling \$5,325,122.

There was no construction related grant revenue in either year.

Expenses:

The following is a graphic comparison of total expenses by category between 2021 and 2020:



MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020

Operating Expenses were \$47,582,178 for FY2021 as compared to \$45,822,626 for FY2020, an increase of \$1,759,552.

Operating Expenses were \$45,822,626 for FY2020 as compared to \$38,002,581 for FY2019, an increase of \$7,820,045.

Statement of Cash Flows

The statement of cash flows presents detailed information about the cash activity during the year. The statement helps users assess the Corporation's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five sections:

Cash flows from operating activities show the net cash provided or used by the operating activities of the Corporation.

Cash flows from noncapital financing activities reflect the cash received and paid for non-operating, non-investing, and noncapital financing purposes.

Cash flows from capital and related financing activities include cash used for the acquisition and construction of capital and related items.

Cash flows from investing activities show the purchases, proceeds, and interest received from investing activities.

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities provides a schedule that reconciles the accrual-based operating income (loss) and net cash provided by (used in) operating activities.

Condensed Statements of Cash Flows (in Thousands)

	Years Ended June 30		
	2021	2020	2019
Cash Provided (Used) by:			
Operating Activities	\$ (1,112)	\$ (1,300)	\$ (1,996)
Noncapital Financing Activities	-	2,555	-
Capital and Related Financing Activities	(1,685)	(2,108)	(764)
Investing Activities	1,183	2,875	2,500
Net Increase (Decrease) in Cash and Cash Equivalents	(1,614)	2,022	(260)
Cash and Cash Equivalents - Beginning of Year	4,643	2,621	2,881
Cash and Cash Equivalents - End of Year	<u>\$ 3,029</u>	<u>\$ 4,643</u>	<u>\$ 2,621</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021 AND 2020**

The decrease in cash balance in 2021 is due to the increased cash payments for supplies and services.

Capital Asset and Debt Administration

The Corporation completed construction for an addition to the Forensic Science Center in September 2009. Funding for the Forensic Science Center addition resulted in the Corporation incurring a note payable in the amount of \$3,000,000, which had a principal balance of \$1,127,126 at June 30, 2021. Other capital assets owned by the Corporation are primarily comprised of equipment purchased with funds provided directly within grant agreements or using indirect costs recovery funds. During FY2021, \$1,522,718 in capital assets was purchased, which was research equipment. The Corporation has no other debt obligations.

Economic Outlook

Marshall University continues to experience growth of its research enterprise, and MURC continues to thrive as a result. The work to advance research and economic development continues apace, as does the commitment to contributing to the education of our students. This year has witnessed several exciting achievements.

- Sandrine V. Pierre, Ph.D., has been awarded a Research Project Grant (R01), one of the most competitive grants issued by the National Institutes of Health (NIH). Dr. Pierre was awarded the \$1.36 million, four-year grant from the National Institute of Diabetes and Digestive and Kidney Diseases to study the regulatory mechanism of salt handling by the kidney and malfunction of this mechanism that compromises the body's ability to remove salt. The new study will draw upon the expertise of Marshall investigators in the signaling and scaffolding function of the Na/K-ATPase protein and its impact on cardiovascular function.
- The Robert C. Byrd Institute was awarded \$1.2 million in ARC funding for the AMT program to train aircraft maintenance personnel.
- The AEP Foundation awarded a \$750,000 grant to support the Bill Noe Flight School by providing modern flight simulation equipment.
- Brandon J. Henderson, Ph.D., an assistant professor of biomedical sciences at the Marshall University Joan C. Edwards School of Medicine has been awarded a Research Project Grant (R01), one of the most competitive grants issued by the National Institutes of Health (NIH). Henderson was awarded the \$1.86 million five-year grant (R01DA050717) from the National Institute on Drug Abuse to study the neurobiological and neurophysiological changes that occur due to vaping nicotine in flavored products. Henderson's research team is working to better understand how electronic nicotine delivery systems, or vaping, alter neurobiology to trigger nicotine addiction in adolescents.
- The Department of Homeland Security granted John Sammons \$2.99 million for Development of Training and Tools to Aid Opioid Trafficking Investigations.
- The Department of Family and Community Health and the Center for Recovery Excellence were awarded over \$3 million for innovative programs to address the opioid crisis.

Requests for any information may be directed to the Chief Financial Officer, One John Marshall Drive, Huntington, West Virginia 25755.

MARSHALL UNIVERSITY RESEARCH CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,028,277	\$ 4,642,551
Grants and Contracts Receivable - Net of Allowance of \$1,296,323 and \$1,146,496 in 2021 and 2020, Respectively	17,787,189	11,102,151
Other Accounts Receivable	32,750	30,423
Prepaid Expenses	345,203	327,921
Total Current Assets	21,193,419	16,103,046
 NONCURRENT ASSETS		
Investments	35,173,487	28,575,868
Capital Assets, Net	9,930,249	10,037,066
Total Noncurrent Assets	45,103,736	38,612,934
Total Assets	\$ 66,297,155	\$ 54,715,980

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,752,134	\$ 2,136,967
Accrued Liabilities	1,877,704	1,121,946
Notes Payable - Current Portion	2,716,018	2,716,018
Compensated Absences	1,072,428	1,063,343
Unearned Revenue	12,024,922	9,532,896
Total Current Liabilities	20,443,206	16,571,170
NONCURRENT LIABILITIES		
Notes Payable	966,108	1,127,127
Unearned Rent Revenue	347,935	397,640
Total Noncurrent Liabilities	1,314,043	1,524,767
Total Liabilities	21,757,249	18,095,937
NET POSITION		
Net Investment in Capital Assets	8,795,078	8,739,729
Restricted for:		
Nonexpendable	15,000,000	15,000,000
Expendable - Sponsored Projects	17,047,816	11,277,434
Unrestricted	3,697,012	1,602,880
Total Net Position	\$ 44,539,906	\$ 36,620,043

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
OPERATING REVENUES		
Contracts and Grants:		
Federal	\$ 31,062,585	\$ 24,537,080
State	8,669,785	7,723,817
Private and Local	2,646,367	2,882,455
Program Income	1,237,190	634,625
Miscellaneous	4,199,003	4,102,005
Total Operating Revenues	47,814,930	39,879,982
OPERATING EXPENSES		
Salaries and Wages	20,161,670	19,771,248
Benefits	4,721,774	4,688,649
Supplies and Other Services	19,734,873	18,306,538
Utilities	217,996	203,448
Student Financial Aid - Scholarships and Fellowships	1,207,917	1,249,816
Depreciation	1,537,948	1,602,927
Total Operating Expenses	47,582,178	45,822,626
OPERATING INCOME (LOSS)	232,752	(5,942,644)
NONOPERATING REVENUES (EXPENSES)		
Investment Income - Including Unrealized Gain (Loss) of \$5,687,841 and \$(200,937) in 2021 and 2020, Respectively	7,780,404	1,171,756
Interest on Indebtedness	(35,617)	(40,213)
Loss on Disposal of Equipment	(57,676)	(173,649)
Nonoperating Revenues (Expenses), Net	7,687,111	957,894
INCREASE (DECREASE) IN NET POSITION	7,919,863	(4,984,750)
Net Position - Beginning of Year	36,620,043	41,604,793
NET POSITION - END OF YEAR	\$ 44,539,906	\$ 36,620,043

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Contracts and Grants	\$ 38,035,898	\$ 36,249,999
Payment to and on Behalf of Employees	(24,286,462)	(24,024,390)
Payments to Suppliers	(18,821,624)	(17,170,001)
Payments for Utilities	(217,996)	(203,448)
Payments from Scholarship and Fellowships	(1,207,917)	(1,249,816)
Program Income	1,237,190	634,625
Other Receipts, Net	4,149,297	4,462,701
Net Cash Used by Operating Activities	(1,111,614)	(1,300,330)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Notes Payable	-	3,115,000
Payments on Notes Payable	-	(560,000)
Net Cash Provided by Noncapital Financing Activities	-	2,555,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Notes Payable	(161,019)	(161,018)
Purchases of Capital Assets	(1,522,719)	(1,906,539)
Proceeds from Sale of Capital Assets	33,910	-
Interest Paid on Notes Payable	(35,617)	(40,213)
Net Cash Used by Capital Financing Activities	(1,685,445)	(2,107,770)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(23,357,938)	(97,071)
Sales/Maturities of Investments	22,448,160	1,599,139
Investment Income	2,092,563	1,372,693
Net Cash Provided by Investing Activities	1,182,785	2,874,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,614,274)	2,021,661
Cash and Cash Equivalents - Beginning of Year	4,642,551	2,620,890
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,028,277	\$ 4,642,551

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020 (As Restated)
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 232,752	\$ (5,942,644)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation Expense	1,537,948	1,602,927
Imputed Interest	-	110,404
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(6,687,366)	(2,435,991)
Prepaid Expenses	(17,282)	32,419
Accounts Payable	615,170	805,188
Accrued Liabilities	755,758	88,481
Unearned Revenue	2,492,026	4,435,873
Unearned Rent Revenue	(49,705)	(49,705)
Compensated Absences	9,085	52,718
Net Cash Used by Operating Activities	\$ (1,111,614)	\$ (1,300,330)
 SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Loss on Disposal of Equipment	\$ 91,587	\$ 173,649
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 36,766	\$ 41,362

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marshall University Research Corporation (the Corporation) is a nonprofit corporation incorporated in 1987, pursuant to the laws of the state of West Virginia (the State). The purpose of the Corporation is to foster, support, and assist in any research and economic development activities consistent with the educational objectives and mission of Marshall University (the University). The Corporation, designated by the University, fulfills the role of public institutions to work in partnership with business, industry, or government. The Corporation encourages the acceptance of gifts, grants, contracts, and equipment, and the sharing of facilities, equipment, and skilled personnel to promote and develop joint, applied research and development, technical assistance, and instructional programs in the State. The Corporation is a component unit of the University.

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Corporation's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

Reporting Entity

The Corporation is a blended component unit of the University, as the University is the sole member of the nonstock, nonprofit corporation. The University is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. The University is a separate entity, which, along with all State institutions of higher education, the West Virginia Higher Education Policy Commission (which includes West Virginia Network for Educational Tele-Computing) (the Commission), and the West Virginia Council for Community and Technical College Education, form the Higher Education Fund of the State. The Higher Education Fund is a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of the Corporation, including Marshall Institute for Interdisciplinary Research, Inc. (MIIR). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the Corporation's ability to significantly influence operations and accountability for fiscal matters of related entities.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements to be presented on a combined basis to focus on the Corporation as a whole. The components of net position are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Corporation obligations. The Corporation's components of net position are classified as follows:

Net Investment in Capital Assets – This represents the Corporation's total investment in capital assets, net of depreciation and outstanding debt used to fund those capital assets.

Restricted, Expendable – This includes resources for which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, Nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift or grant instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted – This represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the Corporation, and may be used at the discretion of the board of directors to meet current expenses for any purpose.

Basis of Accounting

For financial reporting purposes, the Corporation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statements of net position, the Corporation considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Cash Flows

Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in corporate bonds, mutual funds, and government securities are presented at fair value based on quoted market prices. These valuations include assumptions and methods that were reviewed by Corporation management and are primarily based on quoted market prices for the underlying investments or other observable market data. The Corporation has other investments recorded at cost.

Allowance for Doubtful Accounts

It is the Corporation's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the Corporation on such balances and such other factors which, in the Corporation's judgment, require consideration in estimating doubtful accounts.

Capital Assets

Capital assets include equipment, buildings, and construction in progress. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 12 years for furniture and equipment and 50 years for buildings.

Unearned Revenue

Revenues for programs or activities to be conducted in the next fiscal year are classified as unearned revenue.

Unearned Rent Revenue

Unearned rent revenue represents the monies received from Huntington Area Development Council (HADCO). Recognition of this revenue was deferred during the construction of a business start-up incubator. The beginning total \$994,101 of unearned rent received from HADCO is being recognized evenly over a 20-year period commencing July 2010.

Compensated Absences

The Corporation accounts for compensated absences in accordance with the provisions of GASB. GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation, as these benefits are earned and payment becomes probable.

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general liability coverage to the Corporation and its employees. Such coverage may be provided to the Corporation by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

BRIM engages an independent actuary to assist in the determination of its premiums to minimize the likelihood of premium adjustments to the Corporation or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the Corporation is currently charged by BRIM and the ultimate cost of that insurance based on the Corporation's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the Corporation and the Corporation's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

Classification of Revenues

The Corporation has classified its revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) most federal, state, local, and nongovernmental grants and contracts, (2) federal appropriations, and (3) sales and services of educational activities.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as investment income.

Other Revenues – Other revenues primarily consist of capital grants and gifts.

Use of Restricted Components of Net Position

The Corporation has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Generally, the Corporation attempts to utilize restricted funds first when practicable.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Corporation recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years. As of June 30, 2021, the Corporation recorded accounts receivable of \$7,989,784 associated with the State and other affiliates.

Tax Status

The Corporation has applied for and received from the Internal Revenue Service an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code as an entity organized for educational, research, and economic development purposes.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Risk and Uncertainties

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications

Certain amount presented in the basic financial statements for the fiscal year ended June 30, 2020 have been reclassified to conform with 2021 presentation.

NOTE 2 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows as of June 30:

	2021	2020 (As Restated)
Money Market and Cash Equivalents	\$ 3,008,224	\$ 4,621,551
In Bank	20,053	21,000
Total	<u>\$ 3,028,277</u>	<u>\$ 4,642,551</u>

The carrying amount of cash in bank at June 30, 2021 and 2020 was \$20,053 and \$21,000, respectively, as compared with a bank balance of \$20,053 and \$21,000, respectively. The bank balances were secured by federal depository insurance, as noted below, or collateralized by securities held by the State's agent. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing accounts for \$250,000.

At June 30, 2021 and 2020, \$1,480,538 and \$703,337, respectively, was held in a cash account insured by the Security Investor Protection Corporation (SIPC). These funds are held in 19 distinct accounts, each having \$250,000 of SIPC coverage. In addition, TIAA-CREF Trust Company, FSB (TIAA Trust) sets aside collateral as security for any amount that exceeds \$250,000 in cash. The market value of the collateral must at all times equal or exceed the amount of the uninsured fiduciary funds as mandated by regulation 12 CFR 150.310.

Cash equivalents totaling \$3,008,224 and \$4,621,551, compared with bank balances of \$4,763,308 and \$6,028,194 at June 30, 2021 and 2020, respectively, are held in a business checking account collateralized at 104% and 116%, respectively. The collateral was held in the name of the Corporation. The difference is primarily caused by outstanding checks.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 INVESTMENTS

Investments consist of the following at June 30:

	2021	2020
Corporate Bonds	\$ 4,941,270	\$ 3,992,977
Supranational Bonds	1,334,760	-
Equity Mutual Funds	22,130,857	18,051,695
Fixed Income Mutual Funds	2,660,827	2,412,694
Progenesis Technologies, LLC, at Cost	100,000	100,000
U.S. Government Agency Obligations	444,749	795,200
U.S. Treasury Obligations	3,561,024	3,223,302
Total Investments	\$ 35,173,487	\$ 28,575,868

Credit Risk

The U.S. Government Agency Obligations, U.S. Treasury Obligations, and Supranational Bonds held by the Corporation have an average maturity of 3.8 years. At June 30, 2021, the Corporation's investment in U.S. Government Agency Obligations and U.S. Treasury Obligations were AA+ by S&P and Aaa by Moody's. The Corporate Bonds held at June 30, 2021 have S&P ratings ranging from AAA to BBB and Moody's ratings ranging from Aaa to Baa3. The alternate investment in Progenesis Technologies, LLC does not have assigned rates.

Concentration of Credit Risk

The Corporation's investment policy (not approved by the board of directors as of June 30, 2021 and 2020) will be to invest according to an asset allocation strategy designed to meet the goals of the Investment Objective. As a result, the following asset allocation targets and ranges have been presented for the Investment Pool:

Representative Asset Class	Target Weight	Maximum Weight
Fixed Income/Government Securities	60	100
Money Market	20	20
Equity Securities/Derivatives/Hedge	20	20

Interest Rate Risk

This is the risk of potential variability in the fair value of debt and fixed income securities resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Corporation does not have an investment policy limiting the duration of investments.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS

Investments have been reported at fair value and categorized as Level 1, 2, or 3. Level 1 represents investments that have a quoted price in the active market. Level 2 represents investments with direct or indirect market inputs. Level 3 represents investments with no observable market.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets classified as Level 2 are valued using quoted prices for identical or similar assets in markets that are not active.

	2021			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 4,941,270	\$ -	\$ 4,941,270
Subnational Bonds	-	1,334,760	-	1,334,760
Equity Mutual Funds	22,130,857	-	-	22,130,857
Fixed Income Mutual Funds	2,660,827	-	-	2,660,827
U.S. Government Agency Obligations	-	444,749	-	444,749
U.S. Treasury Obligations	-	3,561,024	-	3,561,024
Total Investments	<u>\$ 24,791,684</u>	<u>\$ 10,281,803</u>	<u>\$ -</u>	<u>\$ 35,073,487</u>

	2020			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 3,992,977	\$ -	\$ 3,992,977
Equity Mutual Funds	18,051,695	-	-	18,051,695
Fixed Income Mutual Funds	2,412,694	-	-	2,412,694
U.S. Government Agency Obligations	-	795,200	-	795,200
U.S. Treasury Obligations	-	3,223,302	-	3,223,302
Total Investments	<u>\$ 20,464,389</u>	<u>\$ 8,011,479</u>	<u>\$ -</u>	<u>\$ 28,475,868</u>

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 CAPITAL ASSETS

The summary of capital asset transactions is as follows for the years ended June 30:

<u>2021</u>	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	27,871,517	1,522,718	(2,416,638)	26,977,597
Total Capital Assets	32,804,136	1,522,718	(2,416,638)	31,910,216
Less Accumulated Depreciation:				
Building	1,060,513	98,652	-	1,159,165
Equipment	21,706,557	1,439,296	(2,325,051)	20,820,802
Total Accumulated Depreciation	22,767,070	1,537,948	(2,325,051)	21,979,967
Capital Assets, Net	<u>\$ 10,037,066</u>	<u>\$ (15,230)</u>	<u>\$ (91,587)</u>	<u>\$ 9,930,249</u>
<u>2020</u>				
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	28,459,243	1,906,539	(2,494,265)	27,871,517
Total Capital Assets	33,391,862	1,906,539	(2,494,265)	32,804,136
Less Accumulated Depreciation:				
Building	961,860	98,653	-	1,060,513
Equipment	22,522,899	1,504,274	(2,320,616)	21,706,557
Total Accumulated Depreciation	23,484,759	1,602,927	(2,320,616)	22,767,070
Capital Assets, Net	<u>\$ 9,907,103</u>	<u>\$ 303,612</u>	<u>\$ (173,649)</u>	<u>\$ 10,037,066</u>

The Corporation's capitalization threshold was \$5,000 for the years ended June 30, 2021 and 2020.

NOTE 6 LONG-TERM LIABILITIES

The summary of long-term obligation transactions is as follows for the years ended June 30:

<u>2021</u>	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes Payable	\$ 1,288,145	\$ -	\$ (161,019)	\$ 1,127,126	\$ 161,018
Unearned Rent	447,345	-	(49,705)	397,640	49,705
Total Long-Term Liabilities	<u>\$ 1,735,490</u>	<u>\$ -</u>	<u>\$ (210,724)</u>	<u>\$ 1,524,766</u>	<u>\$ 210,723</u>
<u>2020</u>					
Notes Payable	\$ 1,449,163	\$ -	\$ (161,018)	\$ 1,288,145	\$ 161,018
Unearned Rent	497,050	-	(49,705)	447,345	49,705
Total Long-Term Liabilities	<u>\$ 1,946,213</u>	<u>\$ -</u>	<u>\$ (210,723)</u>	<u>\$ 1,735,490</u>	<u>\$ 210,723</u>

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 NOTES PAYABLE

In 2008, the Corporation executed a Loan Agreement and borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center (the Center). The Corporation's repayment terms are the same as the bond repayment term. The Corporation made the first interest payments on October 10, 2008, for the interest due on the loans semi-annually and first annual principal payment on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. Any remaining principal balance shall be payable in full on April 10, 2028.

However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. The rate for the period of April 1, 2014 – April 1, 2018 is 1.6415%. The rate for the period April 1, 2018 – April 1, 2022 is 2.854%. The rate is subject to change each subsequent five-year period to the rate per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum. The Loan Agreement defines various events of default and related cures. If an event of default were to occur, the issuer may take possession of the Center and or declare all amounts outstanding due and payable.

The scheduled maturities on notes payable are as follows at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 161,018
2023	161,018
2024	161,018
2025	161,018
2026	161,018
Thereafter	322,036
Total	<u>\$ 1,127,126</u>

On April 10, 2020, Marshall University Research Corporation was granted a loan from JPMorgan Chase Bank, N.A. in the aggregate amount of \$3,115,000, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 9, 2020 issued by the Borrower, matures on April 9, 2022 and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Corporation repaid \$560,000 of the Loan on May 13, 2020.

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Corporation intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In September 2021, the Corporation received forgiveness for the entire amount outstanding on the PPP Loan from the Small Business Administration.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LEASES

Future annual minimum lease payments on operating leases are as follow for the years subsequent to June 30, 2021:

Year Ending June 30,	Amount
2022	\$ 107,076
2023	90,276
2024	75,230
Total	\$ 272,582

Total rent expense for the years ended June 30, 2021 and 2020 was \$185,732 and \$180,997, respectively. The Corporation does not have any noncancelable leases.

NOTE 9 RELATED-PARTY TRANSACTIONS

A summary of balances and transactions with the University is as follows as of June 30:

	2021	2020
Statement of Net Position Balances:		
Advances Receivable	\$ 250,000	\$ 250,000
Due from the University	290,159	747,048
Due to the University	1,030,652	503,210
Statement of Revenues, Expenses, and Changes in Net Position Transactions:		
Grants and Contracts Revenue	\$ 8,176,261	\$ 8,298,353
Other Sources of Revenue	205,649	765,709
Payroll and Benefits Expense	6,786,898	6,200,425
Other Expenses	902,311	908,563

The Corporation leases approximately 12,900 square feet of office space located in the Weisberg Family Applied Engineering Complex from the University. The lease requires the Corporation to pay a minimum rental of \$90,276 per year and expires on April 30, 2024. The rental includes \$15,000 per year for furniture located in the premises. Rent expense for the years ended June 30, 2021 and 2020 was \$90,276.

NOTE 10 UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2021 and 2020, the Corporation has no designated components of net position.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLAN

All eligible employees of the Corporation participate in the Teachers Insurance and Annuities Association – College Retirement Equities Fund (TIAA-CREF). The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed, plus investment earnings. Each employee participating in this plan is required to contribute 6% of total annual compensation. The Corporation matches the employees' 6% contributions. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF not matched by the Corporation.

Total contributions to the TIAA-CREF for the years ended June 30, 2021, 2020, and 2019 were \$2,092,724, \$2,008,035, and \$1,822,736, respectively, which consisted of \$988,448, \$941,424, and \$847,520, respectively, from the Corporation and \$1,104,276, \$1,066,611, and \$975,217, respectively, from employees.

The Corporation's total payroll for the years ended June 30, 2021, 2020, and 2019 was \$18,659,149, \$17,832,871, and \$16,836,732, respectively. Total covered employees' salaries in TIAA-CREF were \$16,466,851, \$15,690,726, and \$14,125,281 for the years ended June 30, 2021, 2020, and 2019, respectively.

NOTE 12 CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against universities on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the Corporation would not seriously affect the financial status of the Corporation.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. Corporation management believes disallowances, if any, will not have a significant impact on the Corporation's financial position.

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Corporation, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 DONOR-RESTRICTED ENDOWMENTS

The Corporation's permanent funds include donor-restricted endowments. The Net Position-Nonexpendable amounts of \$15,000,000 represent the principal portions of the endowments. The amount of interest earnings on donor-restricted investments is available for expenditure by the governing board, for purposes consistent with endowment's intent.

NOTE 14 RESTATEMENT

July 1, 2020 beginning net position and fringe benefits expense for the year ended June 30, 2020 have been restated to reflect the removal of prepaid fringe benefits. The effect of the error on the July 1, 2019 net position was not material to the financial statements. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Beginning Net Position	\$ 38,305,295
Adjustment to Correct Prepaid Fringe Benefits	<u>(1,685,252)</u>
Beginning Net Position - As Restated	<u><u>\$ 36,620,043</u></u>

The above adjustment decreased the change in net position \$1,685,252 for the prior year and had no impact on the current year change in net position.

NOTE 15 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following table represents operating expenses within both natural and functional classifications for the years ended June 30:

	2021						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Total
	Instruction	\$ 1,808,659	\$ 355,363	\$ 862,190	\$ 1,819	\$ 679,769	-
Research	5,557,314	1,101,738	6,781,050	5,849	115,944	-	13,561,895
Public Service	9,443,948	2,161,671	9,789,396	67,266	215,951	-	21,678,232
Academic Support	85,617	20,495	50,315	401	62,500	-	219,328
Student Activities	365,525	81,348	205,998	4,402	88,051	-	745,324
General Institutional Support	2,900,607	1,001,159	2,045,924	138,259	45,702	-	6,131,651
Depreciation	-	-	-	-	-	1,537,948	1,537,948
Total	<u><u>\$ 20,161,670</u></u>	<u><u>\$ 4,721,774</u></u>	<u><u>\$ 19,734,873</u></u>	<u><u>\$ 217,996</u></u>	<u><u>\$ 1,207,917</u></u>	<u><u>\$ 1,537,948</u></u>	<u><u>\$ 47,582,178</u></u>
	2020 (As Restated)						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 1,787,417	\$ 273,767	\$ 1,451,729	\$ 2,698	\$ 551,916	-	4,067,527
Research	5,013,385	758,568	6,806,278	6,249	167,779	-	12,752,259
Public Service	9,287,437	1,372,868	6,806,445	77,816	341,589	-	17,886,155
Academic Support	50,341	5,919	58,566	440	52,250	-	167,516
Student Activities	450,036	66,375	247,522	4,545	69,146	-	837,624
General Institutional Support	3,182,632	2,211,152	2,935,998	111,700	67,136	-	8,508,618
Depreciation	-	-	-	-	-	1,602,927	1,602,927
Total	<u><u>\$ 19,771,248</u></u>	<u><u>\$ 4,688,649</u></u>	<u><u>\$ 18,306,538</u></u>	<u><u>\$ 203,448</u></u>	<u><u>\$ 1,249,816</u></u>	<u><u>\$ 1,602,927</u></u>	<u><u>\$ 45,822,626</u></u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
Research and Development Cluster						
Department of Commerce:						
Economic Development Administration - Economic Development Support	D	11.302			\$ (8,483)	\$ -
Economic Development Administration - Economic Development Cluster	D	11.307			<u>68,225</u>	<u>-</u>
Total Department of Commerce					59,742	
Department of Defense:						
Office of the Secretary - Basic, Applied and Advanced Research	D	12.630			359,717	92,356
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Academy of Applied Science	AEOP REAP FY21	<u>3,000</u>	<u>-</u>
		Subtotal 12.630			<u>362,717</u>	<u>92,356</u>
Total Department of Defense					362,717	92,356
Department of the Interior:						
Fish and Wildlife Service - State Wildlife Grants	I	15.634	WV Division of Natural Resources	F19AF00127	7,436	-
Fish and Wildlife Service - State Wildlife Grants	I	15.634	South Carolina Department of Natural Resources	SC-U2-F20AP00258	<u>5,881</u>	<u>-</u>
		Subtotal 15.634			<u>13,317</u>	<u>-</u>
Total Department of the Interior					13,317	-
Department of Justice:						
Bureau of Justice Assistance - National Sexual Assault Kit Initiative	D	16.833			<u>32,532</u>	<u>-</u>
Total Department of Justice					32,532	-
Appalachian Regional Commission - Appalachian Research	D	23.011			<u>53,677</u>	<u>-</u>
Total Appalachian Regional Commission					53,677	-
National Aeronautics and Space Administration - Science						
National Aeronautics and Space Administration - OSTEM	I	43.001	West Virginia University	91-175C-MURC	(3,689)	-
National Aeronautics and Space Administration - OSTEM	I	43.008	West Virginia University	15-683-MURC	31,523	-
National Aeronautics and Space Administration - OSTEM	I	43.008	West Virginia University	91-175C-MURC	36,734	-
National Aeronautics and Space Administration - OSTEM	I	43.008	West Virginia University	91-175C-MURC-2	74,937	-
National Aeronautics and Space Administration - OSTEM	I	43.008	West Virginia University	91-175-MURC	13,415	-
National Aeronautics and Space Administration - OSTEM	I	43.008	West Virginia University	NNX15AI01H	<u>4,500</u>	<u>-</u>
		Subtotal 43.008			<u>161,109</u>	<u>-</u>
Total National Aeronautics and Space Administration					157,420	-

MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2021

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
Research and Development Cluster (Continued)						
National Science Foundation - Engineering	D	47.041			\$ 97,714	\$ -
National Science Foundation - Mathematical and Physical Sciences	I	47.049	Murray State University	OIA-1632888	104,061	-
National Science Foundation - Geosciences	I	47.050	Purdue University	1835822-OAC	38,248	-
National Science Foundation - Biological Sciences	I	47.074	University of North Carolina at Chapel Hill	5116250	29,082	-
National Science Foundation - Education and Human Resources	D	47.076			34,340	-
National Science Foundation - Education and Human Resources	I	47.076	University of Kentucky	SUB-3200002015-19-046	22,997	-
National Science Foundation - Education and Human Resources	I	47.076	University of Alaska Fairbanks	PO539381	3,926	-
National Science Foundation - Education and Human Resources	I	47.076	University of Alaska Fairbanks	S00023866	5,945	-
		Subtotal 47.076			<u>67,208</u>	<u>-</u>
National Science Foundation - International Science and Engineering	I	47.079	WV Higher Education Policy Commission	HEPC.DSR 16.2	529,479	-
Total National Science Foundation					865,792	-
Environmental Protection Agency						
Environmental Protection Agency - National Student Design Competition	D	66.516			6,064	-
Office of Solid Waste and Emergency Response - Brownfields Multipurpose	I	66.818	WV Department of Environmental Protection	AGM-092	10,350	-
Total Environmental Protection Agency					16,414	-
Department of Energy						
Department of Energy - State Energy Program	I	81.041	WV Office of Energy	21*4822	2,202	-
Department of Energy - Science Financial Assistance Program	D	81.049			26,827	-
Department of Energy - University Coal Research	I	81.057	University of Utah	10058252-01	73,233	-
Total Department of Energy					102,262	-
Department of Health and Human Services:						
Administration for Community Living - Health Status of Minority Populations	I	93.044	WVSU Metro Area Agency on Aging	T3/State Formula	59,586	-
National Institutes of Health - Family Smoking Prevention	D	93.077			61,672	-
Office of Minority Health - Improve Minority Health Grant Program	I	93.137	City of Huntington	CPIMP171160-01-00	42,830	-
Centers for Disease Control and Prevention - State Capacity Building	I	93.240	National Assoc of County and City Health	6NU380T000306-02-01	223,858	-
National Institutes of Health - Mental Health Research	D	93.242			18,501	-
National Institutes of Health - Alcohol Research Programs	D	93.273			295,511	20,183
National Institutes of Health - Drug Abuse and Addiction Research	D	93.279			589,993	116,850
National Institutes of Health - Advancing Translational Sciences	I	93.350	University of Kentucky	PO 7800005090	46,236	-
National Institutes of Health - HIV Prevention Activities	D	93.393			29,657	-
Centers for Disease Control and Prevention - Strengthening Public Health Systems	I	93.421	National Association of County and City Health	2021-030901	185,849	-
National Institutes of Health - Cardiovascular Diseases Research	D	93.837			774,187	-
National Institutes of Health - Cardiovascular Diseases Research	I	93.837	Cleveland Clinic Lerner College of Medicine	1024-SUB	(15,490)	-
National Institutes of Health - Cardiovascular Diseases Research	I	93.837	Cleveland Clinic Lerner College of Medicine	1202-SUB	(16,519)	-
National Institutes of Health - Cardiovascular Diseases Research	I	93.837	New York Medical College	122782	(2,026)	-
		Subtotal 93.837			<u>740,152</u>	<u>-</u>
National Institutes of Health - Blood Diseases and Resources Research	I	93.839	Case Western Reserve University	RES512069	(20,906)	-
National Institutes of Health - Arthritis, Musculoskeletal and Skin Research	D	93.846			(4,896)	-
National Institutes of Health - Diabetes, Digestive and Kidney Research	D	93.847			671,231	-
National Institutes of Health - Extramural Research Programs	D	93.853			149,358	-
National Institutes of Health - Extramural Research Programs	I	93.853	Case Western Reserve University	RES513538	13,566	-
		Subtotal 93.853			<u>162,924</u>	<u>-</u>
National Institutes of Health - Allergy and Infectious Diseases Research	D	93.855			154,636	-
National Institutes of Health - Biomedical Research	D	93.859			4,926,291	1,899,557
National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	12-303-MURC	846,268	-
		Subtotal 93.859			<u>5,772,559</u>	<u>1,899,557</u>
National Institutes of Health - Aging Research	D	93.866			14,250	-
National Institutes of Health - Vision Research	I	93.867	Jaeb Center for Health Research Inc	U10EY11751	7,367	-
Total Department of Health and Human Services					<u>9,051,010</u>	<u>2,036,590</u>
Subtotal Research and Development Cluster					10,714,883	2,128,946

MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2021

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
Other Programs:						
Department of Agriculture:						
Rural Business-Cooperative Service - Rural Business-Development Grant	D	10.351			\$ 47,065	\$ 11,980
Food and Nutrition Service - Supplemental Nutrition Assistance Program, SNAP Cluster	I	10.561	West Virginia University	14-895-MURC-5	168,711	-
Food and Nutrition Service - Supplemental Nutrition Assistance Program, SNAP Cluster	I	10.561	West Virginia University	14-895-MURC-6	396,644	-
		Subtotal 10.561, SNAP Cluster			<u>565,355</u>	<u>-</u>
Total Department of Agriculture					612,420	11,980
Department of Commerce:						
Economic Development Administration - Cluster Grants	D	11.020			147,492	-
Economic Development Administration - Economic Development Technical Assist.	D	11.303			103,347	5,756
COVID - 19, Economic Development Administration - Economic Development Cluster	D	11.307			838,441	177,424
Total Department of Commerce					1,089,280	183,180
Department of Defense:						
Office of Economic Adjustment - Community Investment	I	12.600	Catalyst Connection	CATALYST-21-018	9,857	-
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	2018-2019 UNITE	(1,763)	-
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	2020-2021 UNITE	39,089	-
		Subtotal 12.630			<u>37,326</u>	<u>-</u>
National Security Agency - GenCyber Grants	D	12.903			51,817	-
Total Department of Defense					99,000	-
Department of Interior:						
National Park Service - Historic Preservation Fund	D	15.904			4,037	-
National Park Service - Native American Graves Protection	D	15.922			(38)	-
Total Department of Interior					3,999	-
Department of Justice:						
Office of Justice Programs - Crime Victim Assistance	D	16.582			217,063	4,800
Office of Justice Programs - Second Chance Act	I	16.812	Lifehouse WV	2019-CY-BX-001	3,125	-
Office of Justice Programs - National Sexual Assault Kit Initiative	I	16.833	Missouri Highway Patrol Crime Laboratory	MHPCL 2018 SAKI	42,849	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	Institute for Intergovernmental Research	2019-RURAL-0044 MURC	62,751	-
Office of Justice Programs - STOP School Violence	I	16.839	WV Department of Education	GRTAWD04021900005949	100,559	-
Office of Justice Programs - Opioid Affected Youth Initiative	I	16.842	United Way of the River Cities	NA	24,609	-
Total Department of Justice					450,956	4,800
Department of Labor:						
Employment and Training Administration - H-1B Job Training	D	17.268			661,297	61,886
Mine Safety and Health Administration - Safety and Health Grants	D	17.604			7,700	-
Total Department of Labor					668,997	61,886
Department of Transportation:						
Federal Motor Carrier Safety Administration - Commercial Driver's License	D	20.232			(1,883)	-
Total Department of Transportation					(1,883)	-

MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2021

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
Other Programs (Continued):						
COVID - 19, Department of the Treasury - Coronavirus Relief Fund	I	21.019	West Virginia Governor's Office	NA	\$ 673,271	\$ -
Total Department of the Treasury					673,271	
Appalachian Regional Commission - Appalachian Regional Development	D	23.001	Region 2 Planning and Development Council	PW-20076-IM-20	170,180	66,800
Appalachian Regional Commission - Appalachian Regional Development	I	23.001			12,727	-
Subtotal 23.001					182,907	66,800
Appalachian Regional Commission - Appalachian Area Development	D	23.002	The EdVenture Group Inc Shawnee State University	ARC-SWEEP-1901 SSU006	626,521	180,355
Appalachian Regional Commission - Appalachian Area Development	I	23.002			49,850	-
Appalachian Regional Commission - Appalachian Area Development	I	23.002			10,700	-
Subtotal 23.002					687,071	180,355
Appalachian Regional Commission - Appalachian Research	D	23.011	Appalachian College Association	PW-20095-TA-20	20,292	-
Appalachian Regional Commission - Appalachian Area Development	I	23.022			1,010	-
Total Appalachian Regional Commission					891,280	247,155
National Endowment for the Humanities - Promotion of the Humanities	I	45.129	WV Humanities Council	Various	19,605	-
National Endowment for the Humanities - Promotion of the Humanities	D	45.130			2,609	-
National Endowment for the Humanities - Promotion of the Humanities	D	45.164			8,917	-
National Endowment for the Humanities - Promotion of the Humanities	D	45.169			64,640	-
Total National Endowment for the Humanities					95,771	-
Department of Veterans Affairs	D	64.XXX			(33)	-
Total Department of Veterans Affairs					(33)	-
Environmental Protection Agency						
Office of Solid Waste and Emergency Response - Brownfields Job Training	I	66.815	Coalfield Development Corporation	JT-96341601-0	(16,684)	-
Total Environmental Protection Agency					(16,684)	-
Department of Energy - State Energy Program	I	81.041	WV Office of Energy	8892-2020-0328-9980-13000-3256	5,000	-
Total Department of Energy					5,000	-
Department of Education:						
Office of Special Education and Rehabilitation - Special Education Grants - IDEA Cluster	I	84.027	WV Department of Education	Various	418,468	-
Office of Postsecondary Education - TRIO Cluster	D	84.042A			336,021	-
Office of Postsecondary Education - TRIO Cluster	D	84.044A			650,152	-
Office of Postsecondary Education - TRIO Cluster	D	84.047A			309,728	-
Office of Postsecondary Education - TRIO Cluster	D	84.066A			253,978	-
TRIO Cluster Subtotal					1,549,879	-
Office of Special Education and Rehabilitative Services - Special Education Preschool	I	84.173	WV Department of Education	Various	275,195	-
Office of Special Education and Rehabilitative Services - Special Education - Personnel	D	84.325			284,782	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	2019-NEWGU	140,096	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	2020-GU-TFYP-3	50,075	-
Subtotal 84.344S					190,171	-
Total Department of Education					2,718,495	-

MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2021

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
Other Programs (Continued):						
Department of Health and Human Services:						
Administration for Children and Families - Enhance Safety of Children	I	93.087	Prestera Center for Mental Health Services	RPG Award Y3	\$ 59,170	\$ -
Administration for Children and Families - Enhance Safety of Children	I	93.087	Prestera Center for Mental Health Services	RPG Award Y4	55,700	-
		Subtotal 93.087			114,870	-
Health Resources and Services Administration - Maternal and Child Health	D	93.110			125,698	-
Health Resources and Services Administration - Graduate Psychology Education	D	93.191			384,836	-
Health Resources and Services Administration - Telehealth Programs	D	93.211			40,398	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	D	93.243			619,639	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	Prestera Center for Mental Health Services	1H79T1083422	58,911	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Dept of Health and Human Resources	Various	492,470	133,131
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Department of Education	Various	149,525	79,962
		Subtotal 93.243			1,320,545	213,093
Centers for Disease Control and Prevention - Epidemiology and Lab Capacity	I	93.323	WV Dept of Health and Human Resources	G210837	67,863	-
Centers for Disease Control and Prevention - Strengthening Public Health Systems	I	93.421	National Association of Chronic Disease Directors	Various	68,757	-
Centers for Disease Control and Prevention - Improving Health of Americans	I	93.426	WV Dept of Health and Human Resources	G210084	357,030	-
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	Various	139,528	-
Health Resources and Services Administration - Mental and Behavioral Health	D	93.732			219,919	-
Substance Abuse and Mental Health Services Administration - Opioid STR	I	93.788	WV Dept of Health and Human Resources	Various	980,758	411,547
Health Resources and Services Administration - Primary Care Training	D	93.884			38,866	-
Health Resources and Services Administration - Rural Health Care Services	D	93.912			19,172	-
Health Resources and Services Administration - Rural Health Care Services	I	93.912	Prestera Center for Mental Health Services	Various	98,270	-
		Subtotal 93.912			117,442	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.958	WV Dept of Health and Human Resources	Various	77,032	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	WV Department of Education	GRTAWD04022000005601	148,751	-
Centers for Disease Control and Prevention - Preventive Health and Health Services	I	93.991	WV Dept of Health and Human Resources	G210793	36,885	-
Health Resources and Services Administration - Maternal and Child Health	I	93.994	WV Dept of Health and Human Resources	Various	57,638	-
Total Department of Health and Human Services					4,296,816	624,640
Subtotal Other Programs					11,586,685	1,133,641
Total Federal Expenditures					\$ 22,301,568	\$ 3,262,587

D - Direct Federal Program

I - Indirect Federal Program Passed-Through to MURC

**MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

NOTE 1 BASIS OF ACCOUNTING

The purpose of the Schedule of Expenditures of Federal Awards (the Schedule) is to present a summary of the expenditures of Marshall University Research Corporation (the Corporation) for the year ended June 30, 2021, which have been financed by the federal government. For purposes of the Schedule, federal awards have been classified into two types: direct federal funds (D) and indirect federal funds (I) received from nonfederal organizations made under federally sponsored programs conducted by those organizations. The Schedule is prepared on the accrual basis of accounting.

Federal Assistance Listing (FAL) numbers are presented for those programs for which such numbers are available. When FAL numbers are not available, contract numbers are presented. If a contract number is not available, it is presented as .XXX. Indirect agency award numbers are presented for those programs for which such numbers are available. If an indirect agency award number is not available, it is presented as N/A.

NOTE 2 INDIRECT COST RATE

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires submission of a Certificate of Facilities and Administrative (F&A) Costs (the Certificate) to an institution's cognizant agency. The Certificate is prepared by the Corporation and is used in negotiations with its cognizant agency, the Department of Health and Human Services (DHHS), in determining a rate at which the Corporation will be reimbursed for the F&A costs associated with the completion of sponsored research.

The Corporation receives reimbursement of F&A costs as part of the granting agreement at the rate negotiated either with DHHS or at special rates negotiated with the granting agency. The Corporation has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

In February 2018, DHHS approved F&A cost recovery rates effective from July 1, 2017 through June 30, 2019 of 47% for on-campus and 26% for off-campus research, and cost recovery effective July 1, 2019 through June 30, 2021 of 48% for on-campus and 26% for off-campus research. In July 2020, DHHS approved an extension of the F&A cost recovery rates through June 30, 2022.

The F&A cost rate structure is as follows:

Rate Type	Effective Period		Negotiated Rate
	From	To	
Organized Research - On-Campus	07/01/2017	06/30/2019	47.00%
Organized Research - On-Campus	07/01/2019	06/30/2022	48.00%
Organized Research - Off-Campus	07/01/2017	06/30/2022	26.00%
Instruction - On-Campus	07/01/2017	06/30/2022	48.80%
Instruction - Off Campus	07/01/2017	06/30/2022	26.00%
Other Sponsored Activities - On-Campus	07/01/2017	06/30/2022	30.00%
Other Sponsored Activities - Off-Campus	07/01/2017	06/30/2022	22.90%

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 3 SUBRECIPIENT EXPENDITURES

Subrecipient expenditures in the Schedule of Federal Awards at June 30, 2021, include:

Federal Agency	Subrecipient	CFDA	Subrecipient Expenditures
Research and Development:			
Department of Defense	FDH Infrastructure Services	12.630	\$ 92,356
Dept. of Health and Human Services	Icahn School of Medicine at Mount Sinai	93.273	20,183
Dept. of Health and Human Services	Texas Tech University Health Sciences Center	93.273	116,850
Dept. of Health and Human Services	Alderson Broaddus University	93.859	16,372
Dept. of Health and Human Services	Applied Research Foundation	93.859	154,150
Dept. of Health and Human Services	Bethany College	93.859	13,241
Dept. of Health and Human Services	Glenville State College	93.859	5,927
Dept. of Health and Human Services	Texas A and M AgriLife Research	93.859	87,123
Dept. of Health and Human Services	The University of Texas at Austin	93.859	66,801
Dept. of Health and Human Services	University of Kentucky Research F	93.859	65,713
Dept. of Health and Human Services	West Liberty State University	93.859	542,886
Dept. of Health and Human Services	WV School of Osteopathic Medicine	93.859	96,802
Dept. of Health and Human Services	WV Wesleyan College	93.859	9,995
Dept. of Health and Human Services	WVU Research Corp.	93.859	840,547
Subtotal Research and Development			<u>2,128,946</u>
Other Programs:			
Department of Agriculture	West Virginia Food and Farm	10.351	11,980
Department of Commerce	Concord University Research and Development	11.303	5,756
Department of Commerce	Advantage Valley	11.307	20,780
Department of Commerce	CADCO Foundation Inc	11.307	56,436
Department of Commerce	Huntington Area Development Corp	11.307	56,208
Department of Commerce	Putnam County Development Authority Inc	11.307	44,000
Department of Justice	Peacetree Center for Wellness	16.582	4,800
Department of Labor	National Center for Defense Manufacturing	17.268	61,886
Appalachian Regional Commission	Big Sandy Health Care Inc	23.001	5,000
Appalachian Regional Commission	Holzer Clinic LLC	23.001	18,000
Appalachian Regional Commission	Mountain Comprehensive Health Corporation	23.001	5,000
Appalachian Regional Commission	Tri-County Health Clinic In	23.001	39,000
Appalachian Regional Commission	Washington County Health Dept.	23.001	(200)
Appalachian Regional Commission	Unlimited Future Inc	23.002	21,505
Appalachian Regional Commission	WV Perinatal Partnerships Inc	23.002	158,850
Dept. of Health and Human Services	University Physicians and Surgeons	93.243	133,131
Dept. of Health and Human Services	WVU Research Corp	93.243	79,962
Dept. of Health and Human Services	Boone Memorial Hospital	93.788	194,971
Dept. of Health and Human Services	Bridge Valley Community and	93.788	50,024
Dept. of Health and Human Services	Prestera Center for Mental	93.788	89,317
Dept. of Health and Human Services	Seneca Health Services Inc	93.788	4,516
Dept. of Health and Human Services	Southern Highlands Community	93.788	72,719
Subtotal Other Programs			<u>1,133,641</u>
Total All Subrecipient			<u>\$ 3,262,587</u>

MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 4 INDIRECT AWARD NUMBERS

The following table details all Indirect Award numbers denoted as "Various" in the Schedule:

ALN/ Contract Number	Indirect Agency	Indirect Agency Award Number	Federal Expenditures
45.129	WV Humanities Council	19.5.7774	\$ 14,205
45.129	WV Humanities Council	20.5.7965	5,400
	Subtotal		<u>19,605</u>
84.027	WV Department of Education	GRTAWD0402000002486	7,196
84.027	WV Department of Education	GRTAWD04022000001787	78,309
84.027	WV Department of Education	GRTAWD04022000001788	31,018
84.027	WV Department of Education	GRTAWD04022000003589	900
84.027	WV Department of Education	GRTAWD04022100002202	190,950
84.027	WV Department of Education	GRTAWD04022100002203	91,345
84.027	WV Department of Education	GRTAWD04022100003750	18,750
	Subtotal		<u>418,468</u>
84.173	WV Department of Education	GRTAWD04021900003035	36,280
84.173	WV Department of Education	GRTAWD04022100002204	205,956
84.173	WV Department of Education	GRTAWD4021900005631	32,959
	Subtotal		<u>275,195</u>
93.243	WV Dept. of Health and Human Resources	G200557	47,294
93.243	WV Dept. of Health and Human Resources	G200582	160,970
93.243	WV Dept. of Health and Human Resources	G200582	98,300
93.243	WV Dept. of Health and Human Resources	G210571	58,708
93.243	WV Dept. of Health and Human Resources	G210584	17,256
93.243	WV Dept. of Health and Human Resources	G210584	97,965
93.243	WV Dept. of Health and Human Resources	G210809	11,977
	Subtotal		<u>492,470</u>
93.243	WV Department of Education	GRTAWD04021900002217	(1,413)
93.243	WV Department of Education	GRTAWD04022100003043	134,759
93.243	WV Department of Education	GRTAWD04022100003439	16,179
	Subtotal		<u>149,525</u>
93.421	National Association of Chronic Disease Directors	5-NU38OT000286-02	10,791
93.421	National Association of Chronic Disease Directors	5-NU38OT00086-03	57,966
	Subtotal		<u>68,757</u>
93.658	WV Dept. of Health and Human Resources	G200369	2,832
93.658	WV Dept. of Health and Human Resources	G210076	136,696
	Subtotal		<u>139,528</u>
93.687	WV Dept. of Health and Human Resources	ACT 0511 3965 BMS000000012	335,625
93.687	WV Dept. of Health and Human Resources	ACT 0511 3965 BMS2100000004 1	51,124
	Subtotal		<u>386,749</u>
93.779	WV Dept. of Health and Human Resources	ACT 0511 2680 BMS1900000005	651,735
93.779	WV Dept. of Health and Human Resources	CCT 0511 2672 BMS1900000001	210,888
	Subtotal		<u>862,623</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

NOTE 4 INDIRECT AWARD NUMBERS (CONTINUED)

ALN/ Contract Number	Indirect Agency	Indirect Agency Award Number	Federal Expenditures
	(Continued)		
93.788	WV Dept. of Health and Human Resources	ACT 0506 2888 BHS2000000006	\$ 1,387,154
93.788	WV Dept. of Health and Human Resources	ACT 0506 2888 BHS2100000007	250,322
93.788	WV Dept. of Health and Human Resources	ACT 0506 2899 BHS2100000009 1	29,564
93.788	WV Dept. of Health and Human Resources	ACT 0506 3832 BHS19000000006	1,398,402
93.788	WV Dept. of Health and Human Resources	G200680	352,907
93.788	WV Dept. of Health and Human Resources	G200680 (AMENDMENT)	126
93.788	WV Dept. of Health and Human Resources	G200682	349,538
93.788	WV Dept. of Health and Human Resources	G200682	2,073
93.788	WV Dept. of Health and Human Resources	G200684	224,564
93.788	WV Dept. of Health and Human Resources	G210730	51,550
	Subtotal		<u>4,046,200</u>
93.912	Prestera Center for Mental Health Services	RPG2 Y2	87,067
93.912	Prestera Center for Mental Health Services	G25RH32992-01-01	11,203
	Subtotal		<u>98,270</u>
93.958	WV Dept. of Health and Human Resources	G200775	19,138
93.958	WV Dept. of Health and Human Resources	G210663	57,894
	Subtotal		<u>77,032</u>
93.994	WV Dept. of Health and Human Resources	G180501	(1,629)
93.994	WV Dept. of Health and Human Resources	G210387	59,267
	Subtotal		<u>57,638</u>
	Total		<u>\$ 7,092,060</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Marshall University Research Corporation
Huntington, West Virginia

We have audited, in accordance with the auditing standards 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 the business-type activities of Marshall University Research Corporation (MURC), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise MURC's basic financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MURC's internal control over financial reporting (internal control) as a basis for designing 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 MURC's internal control. Accordingly, we do not express an opinion on the effectiveness of MURC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

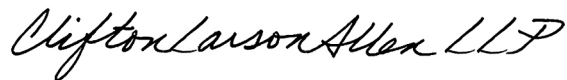
As part of obtaining reasonable assurance about whether MURC’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

MURC’s Response to Findings

MURC’s response to the finding identified in our audit is described in the accompanying corrective action plan. MURC’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 MURC’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MURC’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 7, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Marshall University Research Corporation
Huntington, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Marshall University Research Corporation's (MURC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MURC's major federal programs for the year ended June 30, 2021. MURC's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, MURC 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, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

MURC's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. MURC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of MURC 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 MURC'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 MURC's internal control over compliance.

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

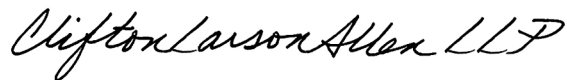
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a material weakness.

MURC's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. MURC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of MURC as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise MURC's basic financial statements. We issued our report thereon dated October 7, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 23, 2022

**MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	COVID – 19, Coronavirus Relief Fund
84.042	TRIO Cluster:
84.044	TRIO – Student Support Services
84.047	TRIO – Talent Search
84.066	TRIO – Upward Bound
	TRIO – Educational Opportunity Centers
10.561	Supplemental Nutrition Assistance Program Cluster
93.243	Substance Abuse and Mental Health Services
93.788	Projects of Regional and National Significance
	Opioid STR

**MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 002 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Federal agency: Department of Health and Human Services

Federal program title: Opioid STR

Federal Assistance Listing Numbers: 93.788

Award Period: 2020-2021

Type of Finding: Material Weakness in Internal Controls Over Compliance and Other Matter

Criteria or Specific Requirement: The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

1. List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
3. Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster. (2 CFR § 200.510)

Condition and Context: The SEFA provided by management for the audit included amounts related to contracts in which MURC was not a subrecipient. As a result, the SEFA had to be adjusted to reduce expenditures by approximately \$2.8 million.

Questioned Costs: There are no questioned costs related to this finding.

Cause: MURC's system of internal controls did not properly identify contracts in which it was a vendor of funds received from another agency.

Effect: MURC was not in compliance with SEFA presentation requirements and the SEFA was overstated.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Repeat Finding: Not a repeat finding.

Recommendation: MURC should implement a control to establish an ongoing review process of the preparation of the SEFA to ensure only federal expenditures are included.

Views of Responsible Officials: See corrective action plan.

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Marshall University Research Corporation

**MARSHALL UNIVERSITY RESEARCH CORPORATION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

US Department of Health and Human Services

Marshall University Research Corporation (MURC) respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2021-001 Prepaid Expense

Condition: During the performance of the audit, it was noted that MURC's trial balance contained an asset which represented fringe benefits incurred by the MURC in excess of amounts charged to MURC's grants via its fringe benefit rate. This balance does not meet the definition of a prepaid expense as the related expenses were incurred in the fiscal year under audit. This misstatement caused an overstatement of assets and an understatement of the fringe benefit expense on the financial statements and was corrected via a restatement of the June 30, 2020 audited financials, as well as an additional adjustment through the current period. The unadjusted trial balance had a balance in prepaid fringe benefits of approximately \$1,966,000 prior to audit adjustment as of June 30, 2021.

Recommendation: We recommend that management review its policies and procedures surrounding asset accounting to ensure recorded assets are in accordance with accounting principles generally accepted in the United States of America (GAAP).

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: MURC will report fringe benefits expenses during the year in which they are incurred.

Name(s) of the contact person(s) responsible for corrective action: Jennifer Wood

Planned completion date for corrective action plan: September 29, 2021

WE ARE... MARSHALL.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Health and Human Services

2021-002 Opioid STR – Assistance Listing No. 93.788

Condition: The Schedule of Expenditures of Federal Awards (SEFA) provided by management for the audit included amounts related to contracts in which MURC was not a subrecipient. As a result, the SEFA had to be adjusted to reduce expenditures by approximately \$2.8 million.

Recommendation: MURC should implement a control to establish an ongoing review process of the preparation of the SEFA to ensure only federal expenditures are included.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: MURC will review contract instruments when received to ensure they are labelled for exclusion from the SEFA. MURC will conduct quarterly and year-end reviews of awards designated for inclusion in the SEFA to confirm the awards are properly classified.

Name(s) of the contact person(s) responsible for corrective action: Joe Ciccarello

Planned completion date for corrective action plan: February 14, 2022

If the Department of Health and Human Services has questions regarding this plan, please call Jennifer Wood at 304-696-2829 or Joe Ciccarello at 304-696-4837.