

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	10
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	11
STATEMENTS OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS	14
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
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 <i>GOVERNMENT AUDITING STANDARDS</i>	38
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	44



INDEPENDENT AUDITORS' REPORT

Board of Directors
Marshall University Research Corporation
Huntington, West Virginia

Report on the Audit of the Financial Statements

Opinions

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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Corporation implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 20, 2022

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

INTRODUCTION

The Marshall University Research Corporation (MURC or the Corporation) is a nonprofit 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, 2022, as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2021 compared to fiscal year 2020.

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
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

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, 2022, certain amounts are reserved for specific programs.

**CONDENSED STATEMENTS OF NET POSITION
AS OF JUNE 30
(IN THOUSANDS)**

	2022	2021	2020
Assets:			
Current Assets	\$ 26,061	\$ 21,193	\$ 16,103
Other Noncurrent Assets	29,770	35,174	28,576
Capital Assets, Net	10,694	9,930	10,037
Total Assets	66,525	66,297	54,716
Liabilities:			
Current Liabilities	20,514	20,443	16,571
Noncurrent Liabilities	1,275	1,314	1,525
Total Liabilities	21,789	21,757	18,096
Net Position:			
Net Investment in Capital Assets	9,409	8,795	8,740
Restricted:			
Nonexpendable	15,000	15,000	15,000
Expendable	18,678	17,048	11,277
Unrestricted	1,649	3,697	1,603
Total Net Position	44,736	44,540	36,620
Total Liabilities and Net Position	\$ 66,525	\$ 66,297	\$ 54,716

Changes to Net Position

The increase in net position of \$196,300 in FY2022 was due to the increase in net operating income, the forgiveness of the SBA Paycheck Protection Loan, offset by the loss in investments. The increase in net position of \$7,919,863 in FY2021 was due to advances from grant sponsors and an increase of unrestricted funds held in reserve.

The first component is the Corporation's net position is net investment in capital assets, which increased \$614,437 during FY2022 and increased \$55,349 during FY2021.

Restricted expendable net assets increased \$1,630,225 during FY2022 and also increased \$5,770,382 during FY2021. 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 \$1,265,065 for FY2022 and \$1,237,190 for FY2021. Restricted nonexpendable net position were earned in connection with the "Bucks for Brains" West Virginia Research Trust Fund.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Changes to Net Position (Continued)

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.

Finally, unrestricted net position decreased by \$2,048,362 for FY2022 and increased by \$3,255,106 for FY2021 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 nonoperating, 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 nonoperating revenues. For example, gifts are nonoperating because they are provided by the donor to the Corporation without the donor directly receiving commensurate goods and services for those revenues.

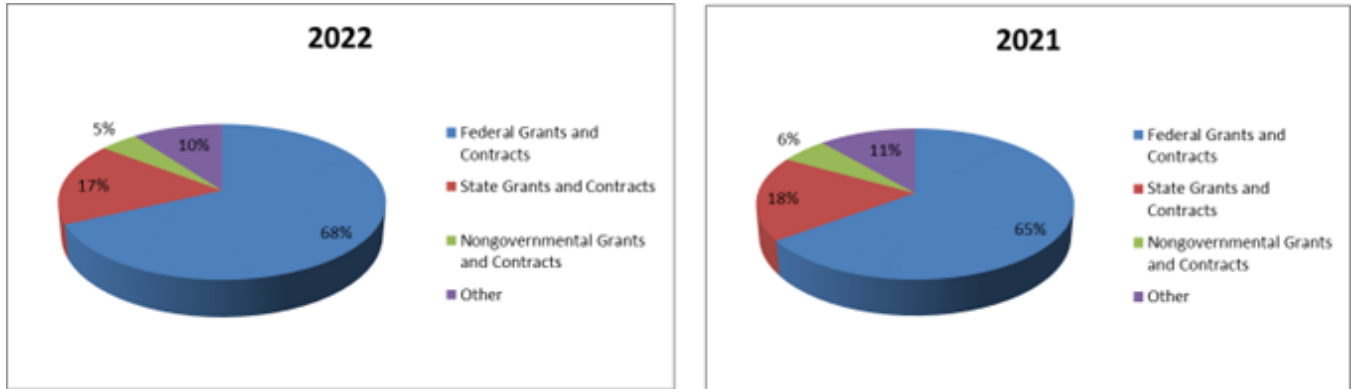
**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30
(IN THOUSANDS)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 53,421	\$ 47,815	\$ 39,880
Operating Expenses	<u>(50,748)</u>	<u>(47,582)</u>	<u>(45,823)</u>
Operating Income (Loss)	2,673	233	(5,943)
Nonoperating Revenues (Expenses)	<u>(2,477)</u>	<u>7,687</u>	<u>958</u>
Increase (Decrease) in Net Position	196	7,920	(4,985)
Net Position - Beginning of Year	<u>44,540</u>	<u>36,620</u>	<u>41,605</u>
Net Position - End of Year	<u>\$ 44,736</u>	<u>\$ 44,540</u>	<u>\$ 36,620</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Revenues

The following charts illustrate the composition of revenues by source for 2022 and 2021:



Changes to Operating Revenues and Expenses

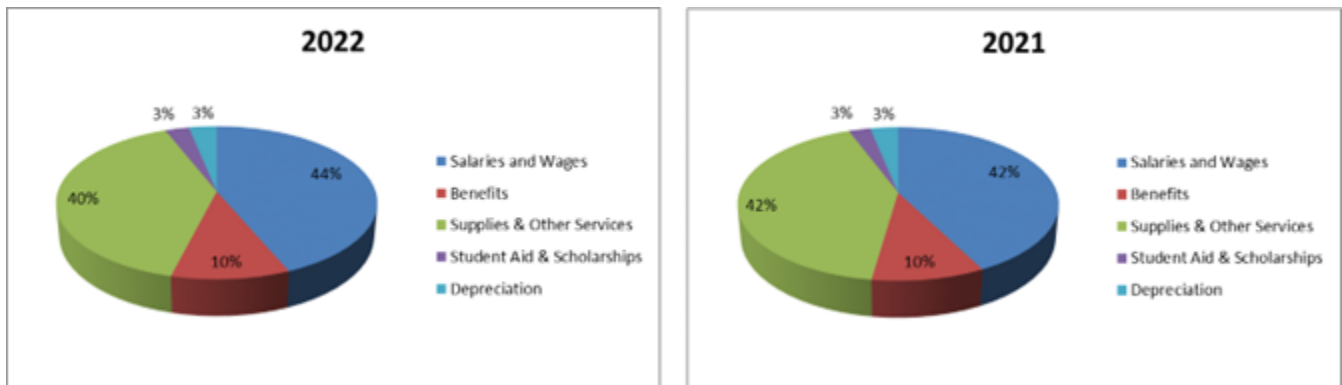
For FY2022, Operating Revenues were \$53,421,007, an increase of \$5,060,077 compared to FY2021. This is primarily the result of an increase in government grants and contracts totaling \$5,872,729.

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.

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:



Operating Expenses were \$50,747,983 for FY2022 as compared to \$47,582,178 for FY2021, an increase of \$3,165,805.

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

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

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 nonoperating, noninvesting, 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
YEAR ENDED JUNE 30
(IN THOUSANDS)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Provided (Used) by:			
Operating Activities	\$ 6,739	\$ (1,112)	\$ (1,300)
Noncapital Financing Activities	-	-	2,555
Capital and Related Financing Activities	(2,290)	(1,685)	(2,108)
Investing Activities	<u>417</u>	<u>1,183</u>	<u>2,875</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,866	(1,614)	2,022
Cash and Cash Equivalents - Beginning of Year	<u>3,029</u>	<u>4,643</u>	<u>2,621</u>
Cash and Cash Equivalents - End of Year	<u>\$ 7,895</u>	<u>\$ 3,029</u>	<u>\$ 4,643</u>

The increase in cash balance in 2022 is due to the increased income and advances from sponsor agencies.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

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 \$966,108 at June 30, 2022. 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 FY 2022, \$2,008,974 in capital assets was purchased, which was research equipment. The Corporation has no other debt obligations.

ECONOMIC OUTLOOK

Marshall University continues to have exceptional success in acquisition of grants and contracts. Grant awards reached a record of nearly \$65 million in FY 22, which is a leading indicator of continued revenue increase.

Some notable developments from the research efforts include:

- The University formed an interdisciplinary Institute for Cybersecurity. The Institute was awarded moneys from CMI2 for military cybersecurity and formed a partnership with the West Virginia National Guard.
- Marshall's strengths in biomedical research continue with new awards in stroke and kidney disease. A new interdisciplinary growth area was developed with NSF awards for machine learning tools to assist cancer research and for spatial analysis of tumor microenvironments.

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

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,895,279	\$ 3,028,277
Grants and Contracts Receivable - Net of Allowance of \$2,525,795 for 2022 and \$1,296,323 for 2021	17,746,495	17,787,189
Other Accounts Receivable	55,025	32,750
Prepaid Expenses	363,890	345,203
Total Current Assets	26,060,689	21,193,419
Noncurrent Assets:		
Investments	29,769,954	35,173,487
Capital Assets, Net	10,694,137	9,930,249
Total Noncurrent Assets	40,464,091	45,103,736
 Total Assets	 \$ 66,524,780	 \$ 66,297,155
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,561,683	\$ 2,752,134
Accrued Liabilities	1,602,655	1,877,704
Notes Payable - Current Portion	161,018	2,716,018
Lease Liability - Current Portion	147,156	-
Compensated Absences	1,016,577	1,072,428
Unearned Revenue	15,024,806	12,024,922
Total Current Liabilities	20,513,895	20,443,206
Noncurrent Liabilities:		
Notes Payable	805,090	966,108
Lease Liability	171,358	-
Unearned Rent Revenue	298,231	347,935
Total Noncurrent Liabilities	1,274,679	1,314,043
Total Liabilities	21,788,574	21,757,249
NET POSITION		
Net Investment in Capital Assets	9,409,515	8,795,078
Restricted for:		
Nonexpendable	15,000,000	15,000,000
Expendable - Sponsored Projects	18,678,041	17,047,816
Unrestricted	1,648,650	3,697,012
Total Net Position	44,736,206	44,539,906
 Total Liabilities and Net Position	 \$ 66,524,780	 \$ 66,297,155

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Contracts and Grants:		
Federal	\$ 36,381,051	\$ 31,062,585
State	9,224,048	8,669,785
Private and Local	2,322,876	2,646,367
Program Income	1,265,065	1,237,190
Miscellaneous	4,227,967	4,199,003
Total Operating Revenues	53,421,007	47,814,930
OPERATING EXPENSES		
Salaries and Wages	22,113,247	20,161,670
Benefits	5,280,144	4,721,774
Supplies and Other Services	20,150,312	19,734,873
Utilities	146,658	217,996
Student Financial Aid - Scholarships and Fellowships	1,419,826	1,207,917
Depreciation and Amortization	1,637,796	1,537,948
Total Operating Expenses	50,747,983	47,582,178
NET OPERATING INCOME	2,673,024	232,752
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss) - Including Unrealized Gain (Loss) of \$(6,671,092) for 2022 and \$5,687,841 for 2021	(4,985,792)	7,780,404
Interest on Indebtedness	(31,525)	(35,617)
PPP Loan Forgiveness	2,555,000	-
Loss on Disposal of Equipment	(14,407)	(57,676)
Nonoperating Revenues (Expenses), Net	(2,476,724)	7,687,111
INCREASE IN NET POSITION	196,300	7,919,863
Net Position - Beginning of Year	44,539,906	36,620,043
NET POSITION - END OF YEAR	\$ 44,736,206	\$ 44,539,906

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contracts and Grants	\$ 49,739,082	\$ 38,035,898
Payment to and on Behalf of Employees	(27,822,946)	(24,286,462)
Payments to Suppliers	(19,053,595)	(18,821,624)
Payments for Utilities	(146,658)	(217,996)
Payments from Scholarship and Fellowships	(1,419,826)	(1,207,917)
Program Income	1,265,065	1,237,190
Other Receipts, Net	4,178,259	4,149,297
Net Cash Provided (Used) by Operating Activities	<u>6,739,381</u>	<u>(1,111,614)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Notes Payable	(161,018)	(161,019)
Purchases of Capital Assets	(2,008,975)	(1,522,719)
Proceeds from Sale of Capital Assets	48,052	33,910
Interest Paid on Notes Payable	(31,525)	(35,617)
Interest Paid on Leases	(13,218)	-
Principal Payments on Leases	(123,435)	-
Net Cash Used by Capital Financing Activities	<u>(2,290,119)</u>	<u>(1,685,445)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(12,747,054)	(23,357,938)
Sales/Maturities of Investments	11,479,522	22,448,160
Investment Income	1,685,272	2,092,563
Net Cash Provided by Investing Activities	<u>417,740</u>	<u>1,182,785</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,867,002	(1,614,274)
Cash and Cash Equivalents - Beginning of Year	<u>3,028,277</u>	<u>4,642,551</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 7,895,279</u></u>	<u><u>\$ 3,028,277</u></u>

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net Operating Income	\$ 2,673,024	\$ 232,752
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	1,637,796	1,537,948
Changes in Assets and Liabilities:		
Accounts Receivable, Net	18,419	(6,687,366)
Prepaid Expenses	(18,687)	(17,282)
Accounts Payable	(190,451)	615,170
Accrued Liabilities	(275,049)	755,758
Unearned Revenue	2,999,884	2,492,026
Unearned Rent Revenue	(49,704)	(49,705)
Compensated Absences	(55,851)	9,085
Net Cash Provided (Used) by Operating Activities	\$ 6,739,381	\$ (1,111,614)
 SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Loss on Disposal of Equipment	\$ 49,241	\$ 91,587
PPP Loan Forgiveness	\$ 2,555,000	\$ -
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 32,171	\$ 36,766

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marshall University Research Corporation (A Blended Component Unit of Marshall University) (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
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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. The Corporation's capitalization threshold was \$5,000 for the years ended June 30, 2022 and 2021.

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.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The Corporation adopted the requirements of the guidance effective July 1, 2021.

NOTE 2 CASH AND CASH EQUIVALENTS

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

	<u>2022</u>	<u>2021</u>
Money Market and Cash Equivalents	\$ 7,875,225	\$ 3,008,224
In Bank	20,054	20,053
Total	<u>\$ 7,895,279</u>	<u>\$ 3,028,277</u>

The carrying amount of cash in bank at June 30, 2022 and 2021 was \$20,054 and \$20,053, respectively, as compared with a bank balance of \$20,054 and \$20,053, 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.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

At June 30, 2022 and 2021, \$335,415 and \$1,480,538, 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 \$7,539,810 and \$1,527,688, compared with bank balances of \$9,612,493 and \$3,282,770 at June 30, 2022 and 2021, respectively, are held in a business checking account collateralized at 117% and 104%, respectively. The collateral was held in the name of the Corporation. The difference is primarily caused by outstanding checks.

NOTE 3 INVESTMENTS

Investments consist of the following at June 30:

	2022	2021
Corporate Bonds	\$ 4,216,667	\$ 4,941,270
Supranational Bonds	847,492	1,334,760
Equity Mutual Funds	17,791,816	22,130,857
Fixed Income Mutual Funds	2,449,322	2,660,827
Progenesis Technologies, LLC, at Cost	-	100,000
U.S. Government Agency Obligations	504,467	444,749
U.S. Treasury Obligations	3,960,190	3,561,024
Total Investments	\$ 29,769,954	\$ 35,173,487

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, 2022 and 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, 2022 and 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.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Corporation's investment policy (not approved by the board of directors as of June 30, 2022 and 2021) 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:

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

The Corporation has investments in a single issuer greater than 5% as of June 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
iShares Russell Mid-Cap Growth	\$ 1,769,553	\$ -
TIAA-CREF Large-Cap Growth Index Fund	4,395,236	5,044,155
TIAA-CREF Large-Cap Value Index Fund	3,437,647	3,690,147
Harding Loevner Institutional Emerging Markets	1,597,604	2,433,463
iShares Core MSCI EAFE	4,432,935	5,085,764
DFA Inflation Protected Securities Portfolio	1,712,366	-
iShares Russell Mid-Cap Value	-	2,209,226
Total	<u>\$ 17,345,341</u>	<u>\$ 18,462,755</u>

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.

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.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

	2022			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 4,216,667	\$ -	\$ 4,216,667
Supranational Bonds	-	847,492	-	847,492
Equity Mutual Funds	17,791,816	-	-	17,791,816
Fixed Income Mutual Funds	2,449,322	-	-	2,449,322
U.S. Government Agency Obligations	-	504,467	-	504,467
U.S. Treasury Obligations	-	3,960,190	-	3,960,190
Total Investments	<u>\$ 20,241,138</u>	<u>\$ 9,528,816</u>	<u>\$ -</u>	<u>\$ 29,769,954</u>
	2021			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 4,941,270	\$ -	\$ 4,941,270
Supranational 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	<u>\$ 24,791,684</u>	<u>\$ 10,281,803</u>	<u>\$ -</u>	<u>35,073,487</u>
Investments Measured at Cost:				
Progenesis Technologies				100,000
Total Investments				<u>\$ 35,173,487</u>

NOTE 5 CAPITAL ASSETS

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

	2022			
	Balance - Beginning of Year (As Restated)	Additions	Reductions	Balance - End of Year
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	26,977,597	2,008,975	(1,006,021)	27,980,551
Right to Use Leased Assets	263,391	178,558	-	441,949
Total Capital Assets	<u>32,173,607</u>	<u>2,187,533</u>	<u>(1,006,021)</u>	<u>33,355,119</u>
Less: Accumulated Depreciation and Amortization:				
Building	1,159,165	98,653	-	1,257,818
Equipment	20,820,802	1,393,866	(956,781)	21,257,887
Right to Use Leased Assets	-	145,277	-	145,277
Total Accumulated Depreciation and Amortization	<u>21,979,967</u>	<u>1,637,796</u>	<u>(956,781)</u>	<u>22,660,982</u>
Capital Assets, Net	<u>\$ 10,193,640</u>	<u>\$ 549,737</u>	<u>\$ (49,240)</u>	<u>\$ 10,694,137</u>

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2021			
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year
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	\$ 10,037,066	\$ (15,230)	\$ (91,587)	\$ 9,930,249

NOTE 6 LONG-TERM LIABILITIES

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

	2022				
	Balance - Beginning of Year (As Restated)	Additions	Reductions	Balance - End of Year	Current Portion
Notes Payable	\$ 1,127,126	\$ -	\$ (161,018)	\$ 966,108	\$ 161,018
Unearned Rent	397,640	-	(49,704)	347,936	49,705
Lease Liabilities	249,212	157,253	(87,951)	318,514	147,156
Total Long-Term Liabilities	\$ 1,773,978	\$ 157,253	\$ (298,673)	\$ 1,632,558	\$ 357,879
	2021				
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	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	\$ 1,735,490	\$ -	\$ (210,724)	\$ 1,524,766	\$ 210,723

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 April 1, 2014 to April 1, 2018 was 1.6415%. The rate for the period April 1, 2018 to April 1, 2022 was 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, 2022:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 161,018
2024	161,018
2025	161,018
2026	161,018
2027	161,018
Thereafter	161,018
Total	<u>\$ 966,108</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.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 NOTES PAYABLE (CONTINUED)

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.

NOTE 8 LEASES

The Corporation leases equipment, as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through January 2025 and bear interest at a rate of 3.71%.

Total future minimum lease payments under lease arrangements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 147,156	\$ 3,618	\$ 150,774
2024	136,144	1,626	137,770
2025	35,214	87	35,301
Total	<u>\$ 318,514</u>	<u>\$ 5,331</u>	<u>\$ 323,845</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Buildings	\$ 421,098
Equipment	20,851
Less: Accumulated Amortization	<u>(145,277)</u>
Total	<u>\$ 296,672</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 RELATED-PARTY TRANSACTIONS

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

	2022	2021
Statement of Net Position Balances:		
Advances Receivable	\$ 250,000	\$ 250,000
Due from the University	423,978	290,159
Due to the University	686,757	1,030,652
Statement of Revenues, Expenses, and Changes in Net Position Transactions:		
Grants and Contracts Revenue	7,460,654	8,176,261
Other Sources of Revenue	172,166	205,649
Payroll and Benefits Expense	7,247,726	6,786,898
Other Expenses	1,125,880	902,311

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.

NOTE 10 UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2022 and 2021, the Corporation has no designated components of net position.

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, 2022, 2021, and 2020, were \$2,248,094, \$2,092,724, and \$2,008,035, respectively, which consisted of \$1,046,080, \$988,448, and \$941,424, respectively, from the Corporation and \$1,202,014, \$1,104,276, and \$1,066,611, respectively, from employees.

The Corporation's total payroll for the years ended June 30, 2022, 2021, and 2020, was \$19,478,605, \$18,659,149, and \$17,832,871, respectively. Total covered employees' salaries in TIAA-CREF were \$17,436,237, \$16,466,851, and \$15,690,726 for the years ended June 30, 2022, 2021, and 2020, respectively.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2023 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.

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.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2022						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/ Amortization	Total
Instruction	\$ 2,320,621	\$ 568,905	\$ 1,979,504	\$ 1,964	\$ 694,134	\$ -	\$ 5,565,128
Research	6,453,931	1,472,943	9,208,556	3,465	339,502	-	17,478,397
Public Service	9,303,454	2,520,519	6,332,021	61,711	247,173	-	18,464,878
Academic Support	51,497	11,501	66,015	480	50,750	-	180,243
Student Activities	403,260	110,191	367,790	4,547	57,924	-	943,712
General							
Institutional							
Support	3,580,484	596,085	2,196,426	74,491	30,343	-	6,477,829
Depreciation and							
Amortization	-	-	-	-	-	1,637,796	1,637,796
Total	<u>\$ 22,113,247</u>	<u>\$ 5,280,144</u>	<u>\$ 20,150,312</u>	<u>\$ 146,658</u>	<u>\$ 1,419,826</u>	<u>\$ 1,637,796</u>	<u>\$ 50,747,983</u>

	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	\$ -	\$ 3,707,800
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							
Amortization	-	-	-	-	-	1,537,948	1,537,948
Total	<u>\$ 20,161,670</u>	<u>\$ 4,721,774</u>	<u>\$ 19,734,873</u>	<u>\$ 217,996</u>	<u>\$ 1,207,917</u>	<u>\$ 1,537,948</u>	<u>\$ 47,582,178</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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 Cluster	D	11.307			\$ 22,749	\$ -
Total Department of Commerce					<u>22,749</u>	<u>-</u>
Department of Defense:						
Office of the Secretary						
Basic, Applied and Advanced Research	I	12.360	Parabon Nanolabs Inc	20170508-MARSHALL-051-USD-SBIRII	7,182	-
Advanced Research and Development	I	12.630	Academy of Applied Science	N/A	461,305	35,930
Total Department of Defense					<u>468,487</u>	<u>35,930</u>
Department of Housing and Urban Development						
Community Development Block Grants	I	14.228	WV Division of Natural Resources	RPMTPLMID0017	20,329	-
Community Development Block Grants	I	14.228	South Carolina Department of Natural Resources	RPMTPLNMID0018	15,408	-
		Subtotal 14.228			<u>35,737</u>	<u>-</u>
Total Department Housing and Urban Development					<u>35,737</u>	<u>-</u>
Department of the Interior:						
Fish and Wildlife Service - State Wildlife Grants	I	15.634	South Carolina Department of Natural Resources	P24014306020	16,476	-
Total Department of the Interior					<u>16,476</u>	<u>-</u>
Department of Justice:						
Prescription Drug Monitoring Program	I	16.754	Southwestern Community Action Council	SRDRC Fresh Start	5,871	-
Second Chance	I	16.812	Lifehouse WV	202-RW-BX-003	73,118	-
Total Department of Justice					<u>78,989</u>	<u>-</u>
Department of Transportation						
Federal Highway Administration	I	20.205	WV Department of Transportation	T699-ITS-2.00	(931)	-
National Infrastructure Investments	I	20.933	Engineering & Software Consultants LLC	21-59	84,024	-
Total Department of Transportation					<u>83,093</u>	<u>-</u>
Appalachian Regional Commission						
Appalachian Research	D	23.011			112,521	-
Total Appalachian Regional Commission					<u>112,521</u>	<u>-</u>
National Aeronautics and Space Administration:						
OSTEM	I	43.008	West Virginia University	N/A	1,330	-
OSTEM	I	43.008	West Virginia University	15-683-MURC-2	24,272	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC	7,248	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC-2	41,176	-
OSTEM	I	43.008	West Virginia University	91-175-MURC	(1,415)	-
OSTEM	I	43.008	West Virginia University	91-175-MURC-2	36,997	-
OSTEM	I	43.008	West Virginia University	Glee2023	2,476	-
OSTEM	I	43.008	West Virginia University	SEED Grant	737	-
Total National Aeronautics and Space Administration		Subtotal 43.008			<u>112,821</u>	<u>-</u>

See Notes to the Schedule of Expenditures of Federal Awards

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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			\$ 336,180	\$ -
Mathematical and Physical Sciences	I	47.049	Murray State University	OIA-1632888	8,267	-
Geosciences	D	47.050			4,575	-
Geosciences	I	47.050	Purdue University	10001393-019	12,511	-
		Subtotal 47.050			<u>17,086</u>	-
Computer and Information Science	I	47.070	West Virginia University	21-395-MURC	37,306	-
Biological Sciences	D	47.074			25,981	-
Biological Sciences	I	47.074	University of North Carolina at Chapel Hill	5116250	2,902	-
		Subtotal 47.074			<u>28,883</u>	-
Education and Human Resources	D	47.076			158,347	-
Education and Human Resources	I	47.076	University of Kentucky	3200002015-19-046	38,218	-
Education and Human Resources	I	47.076	University of Kentucky	3200004325-22-133	8,036	-
Education and Human Resources	I	47.076	University of Alaska Fairbanks	S000 23866	(4,912)	-
		Subtotal 47.076			<u>199,689</u>	-
International Science and Engineering	I	47.079	WV Higher Education Policy Commission	HEPC.DSR.16.2	183,552	-
Total National Science Foundation					<u>810,963</u>	-
Department of Veterans Affairs:						
VA Health Administration Center	D	64.054			27,055	-
Total Department of Veterans Affairs					<u>27,055</u>	-
Environmental Protection Agency:						
National Student Design Competition	D	66.516			9,408	-
Total Environmental Protection Agency					<u>9,408</u>	-
Department of Energy						
State Energy Program	I	81.041	WV Office of Energy	21*4822	15,798	-
Science Financial Assistance Program	D	81.049			10,095	-
University Coal Research	I	81.057	University of Utah	10058252-01	122,365	-
Total Department of Energy					<u>148,258</u>	-

See Notes to the Schedule of Expenditures of Federal Awards

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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):						
Department of Health and Human Services						
Health Status of Minority Populations	I	93.044	WVSU Metro Area Agency on Aging	T3/STATE FORMULA	\$ 10,414	\$ -
Family Smoking Prevention	D	93.077			3,195	-
Environmental Health	I	93.113	City of Huntington	G220332	887,417	-
Rural Health Research Centers	D	93.155			72,628	-
State Capacity Building	I	93.240	National Association of County and City Health Officials	6NU38OT000306-02-01	43,243	-
Mental Health Research	D	93.242			126,743	-
Mental Health Research	I	93.242	Ohio Northern University	2GF043	17,561	-
		Subtotal 93.242			<u>144,304</u>	-
National Institutes of Health - Alcohol Research Programs	D	93.273			380,520	12,361
National Institutes of Health - Drug Abuse and Addiction Research	D	93.279			1,070,743	163,825
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	University of Cincinnati	013764-00021	59,413	-
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	University of Cincinnati	013764-00024	77,964	-
		Subtotal 93.279			<u>1,208,120</u>	<u>163,825</u>
Centers for Disease Control and Prevention	I	93.323	WV Department of Health and Human Resources	G211058	327,462	-
National Institutes of Health - HIV Prevention Activities	D	93.393			97,362	-
Cancer Cause and Prevention	D	93.396			(9,997)	-
Centers for Disease Control and Prevention - Strengthening Public Health	I	93.421	National Association of County and City Health	2021-030901	4,364	-
National Institutes of Health - Cardiovascular Diseases Research	D	93.837			369,154	-
National Institutes of Health - Diabetes, Digestive and Kidney Research	D	93.847			485,063	-
National Institutes of Health - Extramural Research Programs	D	93.853			362,804	-
National Institutes of Health - Extramural Research Programs	I	93.853	Case Western Reserve University	RES513538	22,752	-
		Subtotal 93.853			<u>385,556</u>	-
National Institutes of Health - Allergy and Infectious Diseases Research	D	93.855			188,105	-
National Institutes of Health - Biomedical Research	D	93.859			5,955,218	2,053,402
National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	3200003706-21-166	19,105	-
National Institutes of Health - Biomedical Research	I	93.859	West Liberty University	N/A	(4,825)	-
National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	12-303-MURC	986,471	-
		Subtotal 93.859			<u>6,955,969</u>	<u>2,053,402</u>
National Institutes of Health - Aging Research	D	93.866			(4,486)	-
National Institutes of Health - Aging Research	I	93.866	Research Foundation for SUNY - University of Buffalo	R1274904	11,264	-
		Subtotal 93.866			<u>6,778</u>	-
National Institutes of Health - Vision Research	I	93.867	Jaeb Center for Health Research Inc	U10EY11751	8	-
National Institutes of Health - Vision Research	I	93.867	Jaeb Center for Health Research Inc	UG1EY011751	535	-
		Subtotal 93.867			<u>543</u>	-
Total Department of Health and Human Services					<u>11,560,200</u>	<u>2,229,588</u>
Subtotal Research and Development Cluster					<u>13,486,757</u>	<u>2,265,518</u>

See Notes to the Schedule of Expenditures of Federal Awards

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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	D	10.351			\$ 18,604	\$ -
Rural Housing Service	D	13.446			(14,489)	-
Food and Nutrition Service	I	10.561	West Virginia University	14-895-MURC-5	1,428	-
Food and Nutrition Service	I	10.561	West Virginia University	14-895-MURC-6	132,287	-
Food and Nutrition Service	I	10.561	West Virginia University	14-895-MURC-7	365,364	-
		Subtotal 10.561			<u>499,079</u>	<u>-</u>
Total Department of Agriculture					503,194	-
Department of Commerce						
Economic Development Administration - Cluster Grants	D	11.020			157,766	-
Economic Development Administration - Economic Development Technical Assist.	D	11.303			83,868	7,900
COVID - 19, Economic Development Cluster	D	11.307			471,561	-
COVID - 19, Economic Development Cluster	I	11.307	Advantage Valley Inc	EDA #01-79-1512	29,673	-
		Subtotal 11.307			<u>501,234</u>	<u>-</u>
Total Department of Commerce					742,868	7,900
Department of Defense						
Department of the Army - Basic Scientific Research	I	12.431	Academy of Applied Science	N/A	1,106	-
Office of Economic Adjustment - Community Investment	I	12.600	Catalyst Connection	CATALYST-21-018	87,132	-
Office of Economic Adjustment - Community Investment	I	12.600	University of Tennessee	A22-0469-S003	43,757	-
		Subtotal 12.600			<u>130,889</u>	<u>-</u>
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	N/A	36,469	-
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	202-2021 UNITE	23,151	-
		Subtotal 12.630			<u>59,620</u>	<u>-</u>
National Security Agency - GenCyber Grants	D	12.903			22,122	-
Total Department of Defense					<u>213,737</u>	<u>-</u>
Department of Interior						
National Park Service - Historic Preservation Fund	D	15.904			5,593	-
Total Department of Interior					<u>5,593</u>	<u>-</u>
Department of Justice						
Office of Justice Programs - Juvenile Justice	I	16.540	WV Division of Administrative Services	21-JJP-03	30,530	-
Office of Justice Programs - National Institute of Justice Research	I	16.560	WV Division of Criminal Justice Services	20-SAKI-001	42,889	-
Office of Justice Programs - Crime Victim Assistance	D	16.582			231,021	109,553
Office of Justice Programs - Second Chance Act	I	16.812	Lifeshouse WV	2019-CY-BX-001	10,627	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	Missouri Highway Patrol Crime Laboratory	2019-RURAL-044 MURC	267,313	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	WV Department of Health and Human Resources	G211004	5,116	-
		Subtotal 16.838			<u>272,429</u>	<u>-</u>
Office of Justice Programs - STOP School Violence	I	16.839	WV Department of Education	GRTAWD04021900005949	57,302	-
Office of Justice Programs - STOP School Violence	I	16.839	WV Department of Education	GRTAWD04022100006007	62,264	-
		Subtotal 16.839			<u>119,566</u>	<u>-</u>
Office of Justice Programs - Opioid Affected Youth Initiative	D	16.842			129,029	-
Office of Justice Programs - Opioid Affected Youth Initiative	I	16.842	United Way of the River Cities	N/A	45,565	-
		Subtotal 16.842			<u>174,594</u>	<u>-</u>
Total Department of Justice					<u>881,656</u>	<u>109,553</u>

See Notes to the Schedule of Expenditures of Federal Awards

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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 Labor:						
Employment and Training Administration - H-1B Job Training	D	17.268			\$ 304,832	\$ 28,348
Employment and Training Administration - WIOA Dislocated Worker	D	17.280			116,468	35,231
Mine Safety and Health Administration	D	17.603			49,036	-
Total Department of Labor					<u>470,336</u>	<u>63,579</u>
Appalachian Regional Commission:						
Appalachian Regional Development	D	23.001			210,000	-
Appalachian Regional Development	I	23.001	Region 2 Planning and Development Council	N/A	367,163	-
		Subtotal 23.001			<u>577,163</u>	<u>-</u>
Appalachian Area Development	D	23.002			464,000	65,568
Appalachian Area Development	I	23.002	Shawnee State University	SSU006	63,548	-
Appalachian Area Development	I	23.002	The EdVenture Group Inc	ARC-SWEEP-1901	60,511	-
Appalachian Area Development	I	23.002	WV Regional Technology Park Corp	PWR-MURC	63	-
		Subtotal 23.002			<u>588,122</u>	<u>65,568</u>
Total Appalachian Regional Commission					<u>1,165,285</u>	<u>65,568</u>
National Endowment for the Humanities:						
Promotion of the Humanities	I	45.129	WV Humanities Council	SO-263390-19	(173)	-
Promotion of the Humanities	I	45.129	WV Humanities Council	Various	24,956	-
		Subtotal 45.129			<u>24,783</u>	<u>-</u>
Promotion of the Humanities	D	45.130			(2,264)	-
Promotion of the Humanities	D	45.169			49,001	-
Total National Endowment for the Humanities					<u>71,520</u>	<u>-</u>
Department of Energy:						
State Energy Program	I	81.041	WV Office of Energy	22*3402	13,707	-
Total Department of Energy					<u>13,707</u>	<u>-</u>
Department of Education:						
Office of Special Education and Rehabilitation - Special Education Grants - IDEA C	I	84.027	WV Department of Education	Various	684,416	-
Office of Postsecondary Education - TRIO Cluster	D	84.042A			315,309	-
Office of Postsecondary Education - TRIO Cluster	D	84.044A			608,282	-
Office of Postsecondary Education - TRIO Cluster	D	84.047A			528,086	-
Office of Postsecondary Education - TRIO Cluster	D	84.066A			284,121	-
		TRIO Cluster Subtotal			<u>1,735,798</u>	<u>-</u>
Office of Special Education and Rehabilitative Services - Special Education Presch	I	84.173	WV Department of Education	Various	277,465	-
Office of Special Education and Rehabilitative Services - Special Education - Perso	D	84.325			245,160	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	2019-NEWGU	72,952	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	2020-GU-TFYP-3	16,882	-
		Subtotal 84.344S			<u>89,834</u>	<u>-</u>
COVID - 19, Education Stabilization Fund	I	84.425U	WV Department of Education	GRTAWD04022200003224	38,000	-
Total Department of Education					<u>3,070,673</u>	<u>-</u>

See Notes to the Schedule of Expenditures of Federal Awards

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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		\$ 140,953	\$ -
Administration for Children and Families - Enhance Safety of Children	I	93.087	Prestera Center for Mental Health Services	90CU0092-01	(448)	-
		Subtotal 93.087			<u>140,505</u>	
Health Resources and Services Administration - Maternal and Child Health	D	93.110			79,666	-
Environmental Health	I	93.113	WV Department of Health and Human Resources	G220412	85,059	-
Cooperative Agreements to States	I	93.130	WV Department of Health and Human Resources	G110036	(539)	-
Injury Prevention and Control	I	93.136	WV Department of Health and Human Resources	G220884	490,264	-
Health Resources and Services Administration - Graduate Psychology Education	D	93.191			429,294	-
Health Resources and Services Administration - Telehealth Programs	D	93.211			1,215	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	D	93.243			696,798	149,295
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	Prestera Center for Mental Health Services	Various	94,153	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	The Danya Institute	ATTCC02	58,959	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Department of Education	Various	397,893	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Department of Health and Human Resources	Various	<u>362,287</u>	-
		Subtotal 93.243			<u>1,610,090</u>	<u>149,295</u>
Centers for Disease Control and Prevention - Epidemiology and Lab Capacity	I	93.323	WV Department of Health and Human Resources	Various	255,795	-
Centers for Disease Control and Prevention	I	93.391	WV Department of Health and Human Resources	Various	64,489	-
Centers for Disease Control and Prevention - Strengthening Public Health Systems	I	93.421	National Association of Chronic Disease Directors	Various	103,462	-
Centers for Disease Control and Prevention - Improving Health of Americans	I	93.426	WV Dept of Health and Human Resources	Various	226,900	-
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	Various	416,904	-
Health Resources and Services Administration - Mental and Behavioral Health	D	93.732			35,756	-
Substance Abuse and Mental Health Services Administration - Opioid STR	I	93.788	WV Dept of Health and Human Resources	Various	2,111,955	635,915
Health Resources and Services Administration - Primary Care Training	D	93.884			3,179	-
Health Resources and Services Administration - Rural Health Care Services	I	93.912	Prestera Center for Mental Health	N/A	50,898	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.958	WV Department of Health and Human Resources	Various	291,977	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	Prestera Center for Mental Health	N/A	18,342	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	WV Department of Health and Human Resources	Various	<u>557,609</u>	-
		Subtotal 93.959			<u>575,951</u>	-
Health Resources and Services Administration	I	93.994	WV Department of Health and Human Resources	Various	<u>71,220</u>	-
Total Department of Health and Human Services					<u>7,044,040</u>	<u>785,210</u>
Department of Homeland Security:						
Disaster Grants - Public Assistance	I	97.036	WV Army National Guard	N/A	(720)	-
Total Department of Homeland Security					<u>(720)</u>	<u>-</u>
Subtotal Other Programs					<u>14,181,889</u>	<u>1,031,810</u>
Total Federal Expenditures					<u>\$ 27,668,646</u>	<u>\$ 3,297,328</u>
<i>See Notes to the Schedule of Expenditures of Federal Awards</i>						

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

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 (A Blended Component Unit of Marshall University) (the Corporation) for the year ended June 30, 2022, 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, then the three-digit program extension is identified as a U followed by a two digit number (e.g. U01, U02, etc.) 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 structure is as follows:

Rate Type	Effective Period		Negotiated Rate
	From	To	
Organized Research - On-Campus	July 1, 2019	June 30, 2022	48.00%
Organized Research - Off-Campus	July 1, 2017	June 30, 2022	26.00
Instruction - On-Campus	July 1, 2017	June 30, 2022	48.80
Instruction - Off Campus	July 1, 2017	June 30, 2022	26.00
Other Sponsored Activities - On-Campus	July 1, 2017	June 30, 2022	30.00
Other Sponsored Activities - Off-Campus	July 1, 2017	June 30, 2022	22.90

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 3 SUBRECIPIENT EXPENDITURES

Subrecipient expenditures in the Schedule at June 30, 2022, include:

Federal Agency	Subrecipient	Federal ALN	Subrecipient Expenditures
Research and Development:			
Department of Defense	FDH Infrastructure Services	12.630	\$ 35,930
Dept. of Health and Human Services	Icahn School of Medicine at Mount Sinai	93.273	12,361
Dept. of Health and Human Services	Texas Tech University Health Sciences Center	93.279	149,369
Dept. of Health and Human Services	University of Kentucky Research Foundation	93.279	14,456
Dept. of Health and Human Services	Applied Research Foundation of West Virginia	93.859	188,420
Dept. of Health and Human Services	Texas A and M AgriLife Research	93.859	31,678
Dept. of Health and Human Services	The University of Texas at Austin	93.859	22,096
Dept. of Health and Human Services	University of Charleston	93.859	236,795
Dept. of Health and Human Services	University of Kentucky Research Foundation	93.859	22,727
Dept. of Health and Human Services	West Liberty State University	93.859	303,185
Dept. of Health and Human Services	WVU Research Corp.	93.859	1,147,180
Dept. of Health and Human Services	WV School of Osteopathic Medicine	93.859	101,321
Subtotal Research and Development			2,265,518
Other Programs:			
Department of Commerce	Concord University Research and Development	11.303	7,900
Department of Justice	Legal Aid of West Virginia	16.582	106,553
Department of Justice	Peacetree Center for Wellness PLLC	16.582	3,000
Department of Labor	National Center for Defense Manufacturing	17.268	28,348
Department of Labor	Hope Nation	17.280	35,231
Appalachian Regional Commission	Unlimited Future Inc	23.002	19,750
Appalachian Regional Commission	WV Perinatal Partnerships Inc	23.002	45,818
Dept. of Health and Human Services	WVU Research Corp	93.243	138,716
Dept. of Health and Human Services	WV School of Osteopathic Medicine	93.687	10,579
Dept. of Health and Human Services	Boone Memorial Hospital	93.788	301,563
Dept. of Health and Human Services	Bridge Valley Community and	93.788	48,205
Dept. of Health and Human Services	FMRS Health Systems Inc.	93.788	30,282
Dept. of Health and Human Services	Prestera Center for Mental Health	93.788	90,147
Dept. of Health and Human Services	Quality Insights Inc	93.788	43,730
Dept. of Health and Human Services	Southern Highlands Community Mental Health Center	93.788	83,045
Dept. of Health and Human Services	WV School of Osteopathic Medicine	93.788	38,943
Subtotal Other Programs			1,031,810
Total All Subrecipient			<u>\$ 3,297,328</u>

NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS

The following table details all pass-through agency award numbers denoted as “various” in the Schedule:

Federal ALN	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures
45.129	WV Humanities Council	18.4.7631	\$ (48)
45.129	WV Humanities Council	19.5.7774	254
45.129	WV Humanities Council	20.1.7842	6,051
45.129	WV Humanities Council	20.5.7965	17,015
45.129	WV Humanities Council	21.2.8048	184
45.129	WV Humanities Council	21.2.8128	1,500
	Subtotal		24,956

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS (CONTINUED)

Federal ALN	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures
84.027	WV Department of Education	GRTAWD04022200001820	\$ 175,095
84.027	WV Department of Education	GRTAWD04021800000854	(2,091)
84.027	WV Department of Education	GRTAWD04021800004931	120
84.027	WV Department of Education	GRTAWD04021900002471	(4,634)
84.027	WV Department of Education	GRTAWD04021900005358	2,152
84.027	WV Department of Education	GRTAWD04022000001788	56
84.027	WV Department of Education	GRTAWD04022000003589	1,825
84.027	WV Department of Education	GRTAWD04022000005129	34,100
84.027	WV Department of Education	GRTAWD04022100002202	87,325
84.027	WV Department of Education	GRTAWD04022100002203	33,436
84.027	WV Department of Education	GRTAWD04022200002097	181,053
84.027	WV Department of Education	GRTAWD04022200002098	75,435
84.027	WV Department of Education	GRTAWD04022200002246	6,250
84.027	WV Department of Education	GRTAWD04022200003014	75,385
84.027	WV Department of Education	GRTAWD04022200003913	18,909
	Subtotal		<u>684,416</u>
84.173	WV Department of Education	GRTAWD04021600005091	(800)
84.173	WV Department of Education	GRTAWD04021700005000	(28)
84.173	WV Department of Education	GRTAWD04022100002204	88,144
84.173	WV Department of Education	GRTAWD04022200002096	190,149
	Subtotal		<u>277,465</u>
93.243	Prestera Center for Mental Health Services	1H79T1083422	23,267
93.243	WV Dept. of Health and Human Resources	HH1NQ1B5MPV3	70,886
	Subtotal		<u>94,153</u>
93.243	WV Department of Education	GRTAWD04021700003322	(605)
93.243	WV Department of Education	GRTAWD04021900002217	738
93.243	WV Department of Education	GRTAWD04022100003043	122,127
93.243	WV Department of Education	GRTAWD04022100003439	29,862
93.243	WV Department of Education	GRTAWD04022200002752	97,931
93.243	WV Department of Education	GRTAWD04022200002762	49,332
93.243	WV Department of Education	GRTAWD04022200002764	48,364
93.243	WV Department of Education	GRTAWD04022200002765	50,144
	Subtotal		<u>397,893</u>
93.243	WV Department of Health and Human Resources	2200005901	18,979
93.243	WV Department of Health and Human Resources	G210571	49,421
93.243	WV Department of Health and Human Resources	G210584	99,650
93.243	WV Department of Health and Human Resources	G210809	69,337
93.243	WV Department of Health and Human Resources	G220677	124,900
	Subtotal		<u>362,287</u>
93.323	WV Department of Health and Human Resources	G210837	217,161
93.323	WV Department of Health and Human Resources	G221069	38,634
	Subtotal		<u>255,795</u>
93.391	WV Department of Health and Human Resources	G220909	58,087
93.391	WV Department of Health and Human Resources	G221086	6,402
	Subtotal		<u>64,489</u>
93.421	National Association of Chronic Disease Directors	5-NU38OT000286-04	59,943
93.421	National Association of Chronic Disease Directors	5-NU38OT00086-03	43,519
	Subtotal		<u>103,462</u>
93.426	WV Department of Education	NA	(71)
93.426	WV Department of Education	G210084	61
93.426	WV Department of Education	G220185	226,910
	Subtotal		<u>226,900</u>
93.658	WV Dept. of Health and Human Resources	G180270	(146)
93.658	WV Dept. of Health and Human Resources	G200369	105,682
93.658	WV Dept. of Health and Human Resources	G210076	199,115
93.658	WV Dept. of Health and Human Resources	G220053	112,253
	Subtotal		<u>416,904</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS (CONTINUED)

Federal ALN	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures
93.788	WV Dept. of Health and Human Resources	G180788	\$ (173)
93.788	WV Dept. of Health and Human Resources	G200680	78,492
93.788	WV Dept. of Health and Human Resources	G200682	195,554
93.788	WV Dept. of Health and Human Resources	G200684	131,926
93.788	WV Dept. of Health and Human Resources	G210730	8,810
93.788	WV Dept. of Health and Human Resources	G210840	16,185
93.788	WV Dept. of Health and Human Resources	G220501	256,079
93.788	WV Dept. of Health and Human Resources	G220529	25,657
93.788	WV Dept. of Health and Human Resources	G220551	658,526
93.788	WV Dept. of Health and Human Resources	G220584	325,032
93.788	WV Dept. of Health and Human Resources	G220872	404,153
93.788	WV Dept. of Health and Human Resources	G221024	11,714
	Subtotal		<u>2,111,955</u>
93.958	WV Dept. of Health and Human Resources		189,310
93.958	WV Dept. of Health and Human Resources	G210663	44,429
93.958	WV Dept. of Health and Human Resources	G220703	58,238
	Subtotal		<u>291,977</u>
93.959	WV Dept. of Health and Human Resources	G210961	362,300
93.959	WV Dept. of Health and Human Resources	G220869	50,850
93.959	WV Dept. of Health and Human Resources	G220875	128,156
93.959	WV Dept. of Health and Human Resources	G221058	16,303
	Subtotal		<u>557,609</u>
93.994	WV Dept. of Health and Human Resources	G190652	(2,429)
93.994	WV Dept. of Health and Human Resources	G210387	(216)
93.994	WV Dept. of Health and Human Resources	G220421	73,865
	Subtotal		<u>71,220</u>
	Total		<u><u>\$ 5,941,481</u></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
(A Blended Component Unit of Marshall University)
Huntington, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Marshall University Research Corporation (A Blended Component Unit of Marshall University) (MURC), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise MURC's basic financial statements, and have issued our report thereon dated October 20, 2022.

Report on 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 opinions 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 a 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Board of Directors
Marshall University Research Corporation
(A Blended Component Unit of Marshall University)

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on MURC’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. MURC’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 20, 2022



**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
(A Blended Component Unit of Marshall University)
Huntington, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Marshall University Research Corporation (A Blended Component Unit of Marshall University)'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, 2022. MURC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, MURC complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MURC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MURC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to MURC's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MURC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MURC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MURC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of MURC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MURC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on MURC's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. MURC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

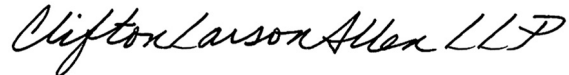
Government Auditing Standards requires the auditor to perform limited procedures on MURC's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. MURC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Directors
Marshall University Research Corporation
(A Blended Component Unit of Marshall University)

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, 2022, and the related notes to the financial statements, which collectively comprise MURC's basic financial statements. We have issued our report thereon, dated October 20, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 22, 2022

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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? yes x no
 - Significant deficiency(ies) identified? x yes 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
Various	Research and Development Cluster
84.027	IDEA Cluster:
84.173	IDEA – Special Education – Grants to States
	IDEA – Preschool Grants
93.788	Opioid STR

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 830,061

Auditee qualified as low-risk auditee? _____ yes x no

Section II – Financial Statement Findings

2022 – 001 Grant Receivable/Revenue

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement: MURC’s internal controls must be able to prevent or detect a material misstatement in the financial statements. Internal controls are critical to ensure accurate financial reporting. Grant revenues and receivables balances are required to be recognized only upon expiration of eligibility requirements.

Condition: During the performance of the audit, we noted that MURC overstated grants receivable and grant revenue by \$750,000 by recording amounts related to a contractual agreement with an agency which specified that the period of service for the contract was for the fiscal year ended June 30, 2023.

Cause: MURC did not have proper controls, policies or procedures in place related to the accounting for grants receivable and revenue.

Effect: An adjusting journal entry for \$750,000 was made to reduce grant revenue and receivables.

Repeat Finding: Not a repeat finding

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

Views of Responsible Officials and Planned Corrective Action: Management agrees and has a plan to correct the finding.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 002 Incorrect Fringe Benefit and Indirect Cost Rates Charged to Grants

Federal agency: National Science Foundation, Department of Education, Department of Health and Human Services

Federal program title: Research & Development Cluster, IDEA Cluster, Opioid STR

Federal Assistance Listing Number: 93.279, 47.074, 84.027, 93.788

Award Period: July 1, 2021 to June 30, 2022

Type of Finding: Significant Deficiency in Internal Controls Over Compliance and Other Matter

Criteria or Specific Requirement: When an entity has a negotiated indirect cost rate agreement, rates used to charge indirect costs must be consistent with the appropriate indirect cost rate proposal in accordance with c CFR Part 200, Appendix III or agreement with a pass-through entity. The entity must also have designed and implemented appropriate internal controls over cost rates that are charged to grants.

Condition: MURC's indirect cost rate agreement contains percentages to be applied to direct costs to claim as indirect costs and fringe benefit rates that are to be applied to salaries and wages of employees charged to federal grants. During testing it was noted that for the period of April 1, 2022 to June 30, 2022, an incorrect indirect cost rate percentage and fringe rate was used to calculate indirect costs charged to federal grants.

Questioned Costs: Questioned costs are under \$25,000

Cause: MURC's system of internal controls did not properly identify incorrect fringe benefit rates being charged to certain grant agreements.

Effects: Fringe benefit rates charged to certain grants were incorrect.

Repeat Finding: Not a repeat finding.

Recommendation: MURC should implement a control to establish an ongoing review process of the fringe benefit rates being charged to grants.

Views of Responsible Officials: Management agrees and has a plan to correct the finding.