

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Marshall University Research Corporation
(A Blended Component Unit of Marshall University)
Huntington, West Virginia

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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 financial position of the business-type activities of the Corporation as of June 30, 2023 and 2022, and the 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 Opinion

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 opinion.

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 opinion. 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 and *Government Auditing Standards* 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.

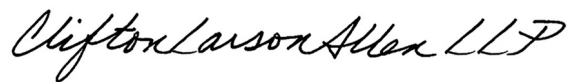
Board of Directors
Marshall University Research Corporation
(A Blended Component Unit of Marshall University)

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 audits 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 11, 2023, 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

King of Prussia, Pennsylvania
October 11, 2023

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023, as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2022 compared to fiscal year 2021.

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
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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023, certain amounts are reserved for specific programs.

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

	2023	2022	2021
Assets:			
Current Assets	\$ 28,104	\$ 26,061	\$ 21,193
Other Noncurrent Assets	30,325	29,770	35,174
Capital Assets, Net	11,522	10,694	9,930
Total Assets	69,951	66,525	66,297
Liabilities:			
Current Liabilities	23,589	20,514	20,443
Noncurrent Liabilities	940	1,275	1,314
Total Liabilities	24,529	21,789	21,757
Net Position:			
Net Investment in Capital Assets	10,714	9,409	8,795
Restricted:			
Nonexpendable	15,000	15,000	15,000
Expendable	19,550	18,678	17,048
Unrestricted	158	1,649	3,697
Total Net Position	45,422	44,736	44,540
Total Liabilities and Net Position	\$ 69,951	\$ 66,525	\$ 66,297

Changes to Net Position

The increase in net position of \$685,681 in FY2023 was due to the increase in investment income, offset by the net operating loss. 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 first component is the Corporation's net investment in capital assets, which increased \$1,289,590 during FY2023 and increased \$614,437 during FY2022.

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

**MARSHALL UNIVERSITY RESEARCH CORPORATION
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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

Changes to Net Position (Continued)

Restricted expendable assets increased \$903,144 during FY2023 and increased \$1,630,225 during FY2022. 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 \$1,297,854 for FY2023 and \$1,265,065 for FY2022.

Finally, unrestricted net assets decreased by \$1,507,053 for FY2023 and decreased by \$2,048,362 for FY2022 and over the prior year total. Activity in Cost Recovery and Operating Funds accounts for the 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.

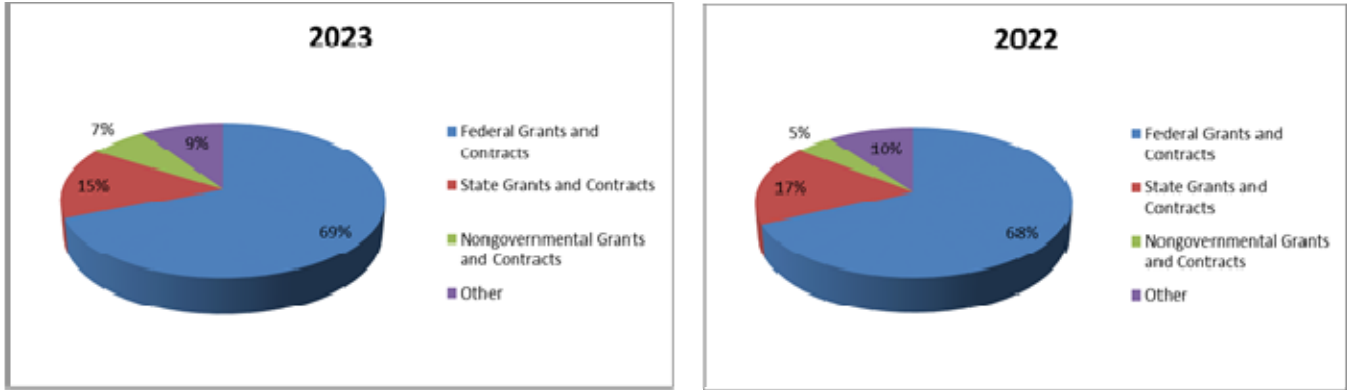
**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30
(IN THOUSANDS)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 58,628	\$ 53,421	\$ 47,815
Operating Expenses	<u>(60,845)</u>	<u>(50,748)</u>	<u>(47,582)</u>
Operating Income (Loss)	(2,217)	2,673	233
Nonoperating Revenues (Expenses)	<u>2,903</u>	<u>(2,477)</u>	<u>7,687</u>
Increase in Net Position	686	196	7,920
Net Position - Beginning of Year	<u>44,736</u>	<u>44,540</u>	<u>36,620</u>
Net Position - End of Year	<u><u>\$ 45,422</u></u>	<u><u>\$ 44,736</u></u>	<u><u>\$ 44,540</u></u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

Revenues

The following charts illustrate the composition of revenues by source for 2023 and 2022:



Changes to Operating Revenues and Expenses

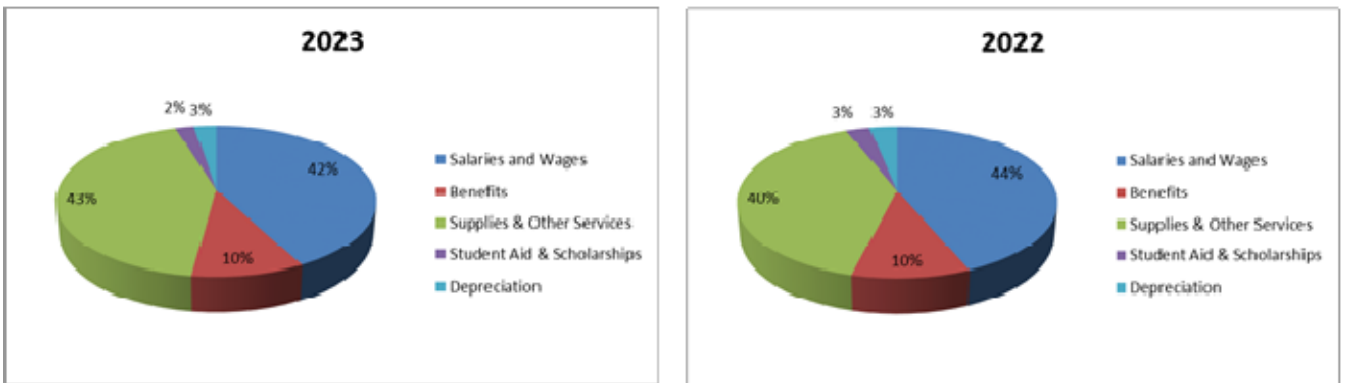
For FY2023, Operating Revenues were \$58,627,516, an increase of \$5,206,509 compared to FY2022. This is primarily the result of an increase in government grants and contracts totaling \$3,556,751 and nongovernmental grants and contracts totaling 1,588,567.

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.

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 \$60,845,190 for FY2023 as compared to \$50,747,983 for FY2022, an increase of \$10,097,207.

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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

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

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>2023</u>	<u>2022</u>	<u>2021</u>
Cash Provided (Used) by:			
Operating Activities	\$ (1,781)	\$ 6,739	\$ (1,112)
Noncapital Financing Activities	-	-	-
Capital and Related Financing Activities	(2,891)	(2,290)	(1,685)
Investing Activities	<u>2,580</u>	<u>417</u>	<u>1,183</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,092)	4,866	(1,614)
Cash and Cash Equivalents - Beginning of Year	<u>7,895</u>	<u>3,029</u>	<u>4,643</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,803</u>	<u>\$ 7,895</u>	<u>\$ 3,029</u>

The decrease in cash balance in 2023 is due to the current year expenditure of income and advances received from sponsor agencies in prior year, as well as expenditure of unrestricted funds.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

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 \$805,090 at June 30, 2023. 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 FY2023, \$2,509,488 in capital assets was purchased, which was research equipment. The Corporation has no other debt obligations.

ECONOMIC OUTLOOK

Marshall University Research Corporation achieved a record level of grant awards in FY23 on behalf of Marshall University: \$68 million.

New personnel were added in grant development and grant writing to accelerate the momentum. Marshall was awarded \$1.5 million in ARC funds in partnership with WVU, matched by the State, to assist communities in accessing grant resources. These additions will enhance Marshall's ability to compete for external funding.

Modernization of our grant IT infrastructure was undertaken with the transition to Cayuse, which will automate and simplify grant submission and administration processes.

Marshall's strategic research focus areas were identified as health care, cybersecurity and forensics, advanced energy, advanced manufacturing, entrepreneurship and aviation. This focus led to significant results:

- A 5-year \$1 million award to the Marshall University Division of Aviation will help diversify the region's economy while providing an increased workforce in an ever-expanding industry full of opportunities for the area. The money will help the Aviation Maintenance program at Tri-State Airport train airplane mechanics to work on airplanes in their backyard and worldwide.
- Marshall has been granted \$45 million by the State of West Virginia to build a state-of-the-art Cybersecurity Center, which will accelerate our ability to acquire and conduct grants in this area of strategic importance to the University, the region and the nation.
- Marshall will be a collaborator in the West Virginia Network for Functional Neuroscience and Transcriptomics (WV-NFNT), a statewide collaboration of neuroscientists and bio informaticists working to position West Virginia as a center for impactful neuroscience research. This was funded by the National Science Foundation for \$20 million over five years and will probe the fundamental neuroscience of substance use disorder.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
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MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

The Center of Excellence for Recovery continued its important work on substance use disorder for the region with the following awards:

- \$3 million grant from the Health Resources and Services Administration's (HRSA) Rural Communities Opioid Response Program. This grant aims to address the pressing issue of opioid use in rural West Virginia by expanding access to Medications for Opioid Use Disorder (MOUD) and support services.
- \$1 million to examine the experiences of transitional-aged youth (TAY) from their own perspective, using both quantitative and qualitative methods to provide a comprehensive view of the diverse pathways that lead to independence.
- \$500,000 from SAMHSA (Substance Abuse and Mental Health Services Administration) to develop and implement training on mental health and substance use disorder awareness in communities throughout the following West Virginian counties: Boone, Cabell, Clay, Kanawha, Lincoln, Logan, Mason, Mingo, Putnam and Wayne.

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, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 5,803,493	\$ 7,895,279
Grants and Contracts Receivable - Net of Allowance of \$2,245,684 for 2023 and \$2,525,795 for 2022	21,660,454	17,746,495
Other Accounts Receivable	14,727	55,025
Prepaid Expenses	625,308	363,890
Total Current Assets	28,103,982	26,060,689
Noncurrent Assets:		
Investments	30,119,543	29,769,954
Capital Assets, Net	11,727,111	10,694,137
Total Noncurrent Assets	41,846,654	40,464,091
 Total Assets	 \$ 69,950,636	 \$ 66,524,780
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 4,769,147	\$ 2,561,683
Accrued Liabilities	1,554,541	1,602,655
Notes Payable - Current Portion	161,018	161,018
Lease Liability - Current Portion	160,683	147,156
Compensated Absences	1,073,141	1,016,577
Unearned Revenue	15,870,336	15,024,806
Total Current Liabilities	23,588,866	20,513,895
Noncurrent Liabilities:		
Notes Payable	644,072	805,090
Lease Liability	47,285	171,358
Unearned Rent Revenue	248,526	298,231
Total Noncurrent Liabilities	939,883	1,274,679
Total Liabilities	24,528,749	21,788,574
NET POSITION		
Net Investment in Capital Assets	10,714,051	9,424,461
Restricted for:		
Nonexpendable	15,000,000	15,000,000
Expendable - Sponsored Projects	19,550,381	18,678,041
Unrestricted	157,455	1,633,704
Total Net Position	45,421,887	44,736,206
 Total Liabilities and Net Position	 \$ 69,950,636	 \$ 66,524,780

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, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Contracts and Grants:		
Federal	\$ 40,389,777	\$ 36,381,051
State	8,772,073	9,224,048
Private and Local	3,911,443	2,322,876
Program Income	1,297,854	1,265,065
Miscellaneous	4,256,369	4,227,967
Total Operating Revenues	58,627,516	53,421,007
OPERATING EXPENSES		
Salaries and Wages	25,692,997	22,113,247
Benefits	6,016,282	5,280,144
Supplies and Other Services	26,019,553	20,150,312
Utilities	216,777	146,658
Student Financial Aid - Scholarships and Fellowships	1,339,119	1,419,826
Depreciation and Amortization	1,560,462	1,637,796
Total Operating Expenses	60,845,190	50,747,983
NET OPERATING INCOME (LOSS)	(2,217,674)	2,673,024
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss) - Including Unrealized Gain (Loss) of \$2,336,773 for 2023 and (\$6,671,092) for 2022	2,929,517	(4,985,792)
Interest on Indebtedness	(36,454)	(31,525)
PPP Loan Forgiveness	-	2,555,000
Gain (Loss) on Disposal of Equipment	10,292	(14,407)
Nonoperating Revenues (Expenses), Net	2,903,355	(2,476,724)
INCREASE IN NET POSITION	685,681	196,300
Net Position - Beginning of Year	44,736,206	44,539,906
NET POSITION - END OF YEAR	\$ 45,421,887	\$ 44,736,206

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Contracts and Grants	\$ 50,284,975	\$ 49,739,082
Payment to and on Behalf of Employees	(31,741,474)	(27,822,946)
Payments to Suppliers	(24,272,672)	(19,053,595)
Payments for Utilities	(216,777)	(146,658)
Payments from Scholarship and Fellowships	(1,339,119)	(1,419,826)
Program Income	1,297,854	1,265,065
Other Receipts, Net	4,206,661	4,178,259
Net Cash Provided (Used) by Operating Activities	(1,780,552)	6,739,381
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Notes Payable	(161,018)	(161,018)
Purchases of Capital Assets	(2,509,488)	(2,008,975)
Proceeds from Sale of Capital Assets	12,500	48,052
Interest Paid on Notes Payable	(26,426)	(31,525)
Interest Paid on Leases	(10,028)	(13,218)
Principal Payments on Leases	(196,702)	(123,435)
Net Cash Used by Capital Financing Activities	(2,891,162)	(2,290,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(15,890,524)	(12,747,054)
Sales/Maturities of Investments	17,878,068	11,479,522
Investment Income	592,384	1,685,272
Net Cash Provided by Investing Activities	2,579,928	417,740
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,091,786)	4,867,002
Cash and Cash Equivalents - Beginning of Year	7,895,279	3,028,277
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,803,493	\$ 7,895,279

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, 2023 AND 2022

	2023	2022
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net Operating Income (Loss)	\$ (2,217,674)	\$ 2,673,024
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	1,560,462	1,637,796
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(3,873,662)	18,419
Prepaid Expenses	(261,418)	(18,687)
Accounts Payable	2,207,465	(190,451)
Accrued Liabilities	(48,114)	(275,049)
Unearned Revenue	845,530	2,999,884
Unearned Rent Revenue	(49,705)	(49,704)
Compensated Absences	56,564	(55,851)
Net Cash Provided (Used) by Operating Activities	\$ (1,780,552)	\$ 6,739,381
 SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Loss on Disposal of Equipment	\$ 2,208	\$ 49,240
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 27,575	\$ 32,171

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023 and 2022.

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, 2023 AND 2022**

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, 2023 AND 2022

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 March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This standard did not have a significant impact on the Corporation.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. This standard did not have a significant impact on the Corporation.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Money Market and Cash Equivalents	\$ 5,795,141	\$ 7,875,225
In Bank	8,352	20,054
Total	<u>\$ 5,803,493</u>	<u>\$ 7,895,279</u>

The carrying amount of cash in bank at June 30, 2023 and 2022, was \$8,352 and \$20,054, respectively, as compared with a bank balance of \$8,352 and \$20,054, respectively. The bank balances were secured by federal depository insurance, as noted below, or collateralized by securities held by the State's agent. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing accounts for \$250,000.

At June 30, 2023 and 2022, \$1,444,199 and \$335,415, 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 \$4,350,944 and \$7,539,810, compared with bank balances of \$6,316,472 and \$9,612,493 at June 30, 2023 and 2022, respectively, are held in a business checking account collateralized at 163% and 117%, 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:

	<u>2023</u>	<u>2022</u>
Corporate Bonds	\$ 2,890,559	\$ 4,216,667
Supranational Bonds	179,035	847,492
Equity Mutual Funds	19,348,397	17,791,816
Fixed Income Mutual Funds	1,691,867	2,449,322
U.S. Government Agency Obligations	363,889	504,467
U.S. Treasury Obligations	5,645,796	3,960,190
Total Investments	<u>\$ 30,119,543</u>	<u>\$ 29,769,954</u>

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

Credit Risk

The U.S. Government Agency Obligations, U.S. Treasury Obligations, and Supranational Bonds held by the Corporation have an average maturity of 4.6 and 3.8 years at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, 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, 2023, have S&P ratings ranging from AA+ to BBB and Moody's ratings ranging from Aaa to Baa2. The Corporate Bonds held at June 30, 2022, had S&P ratings ranging from AAA to BBB and Moody's ratings ranging from Aaa to Baa3.

Concentration of Credit Risk

The Corporation's investment policy (not approved by the board of directors as of June 30, 2023 and 2022) 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 as follows:

	<u>2023</u>	<u>2022</u>
iShares Russell Mid-Cap Growth	\$ -	\$ 1,769,553
TIAA-CREF Large-Cap Growth Index Fund	4,458,431	4,395,236
TIAA-CREF Large-Cap Value Index Fund	3,802,672	3,437,647
Harding Loevner Institutional Emerging Markets	1,837,424	1,597,604
iShares Core MSCI EAFE	5,084,505	4,432,935
DFA Inflation Protected Securities Portfolio	1,691,867	1,712,366
iShares Russell Mid-Cap Value	1,960,424	-
Total	<u>\$ 18,835,323</u>	<u>\$ 17,345,341</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.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS

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

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

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

	2023			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 2,890,559	\$ -	\$ 2,890,559
Supranational Bonds	-	179,035	-	179,035
Equity Mutual Funds	19,348,397	-	-	19,348,397
Fixed Income Mutual Funds	1,691,867	-	-	1,691,867
U.S. Government Agency Obligations	-	363,889	-	363,889
U.S. Treasury Obligations	-	5,645,796	-	5,645,796
Total Investments	\$ 21,040,264	\$ 9,079,279	\$ -	\$ 30,119,543

	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	\$ 20,241,138	\$ 9,528,816	\$ -	\$ 29,769,954

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 CAPITAL ASSETS

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

	2023			
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	27,980,550	2,509,488	(1,168,851)	29,321,187
Right-to-Use Leased Assets	441,949	86,156	-	528,105
Total Capital Assets	<u>33,355,118</u>	<u>2,595,644</u>	<u>(1,168,851)</u>	<u>34,781,911</u>
Less: Accumulated Depreciation and Amortization:				
Building	1,257,817	98,652	-	1,356,469
Equipment	21,257,887	1,284,054	(1,166,643)	21,375,298
Right-to-Use Leased Assets	145,277	177,756	-	323,033
Total Accumulated Depreciation and Amortization	<u>22,660,981</u>	<u>1,560,462</u>	<u>(1,166,643)</u>	<u>23,054,800</u>
Capital Assets, Net	<u>\$ 10,694,137</u>	<u>\$ 1,035,182</u>	<u>\$ (2,208)</u>	<u>\$ 11,727,111</u>
	2022			
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	26,977,597	2,008,974	(1,006,021)	27,980,550
	263,391	178,558	-	441,949
Total Capital Assets	<u>32,173,607</u>	<u>2,187,532</u>	<u>(1,006,021)</u>	<u>33,355,118</u>
Less: Accumulated Depreciation:				
Building	1,159,165	98,652	-	1,257,817
Equipment	20,820,802	1,393,866	(956,781)	21,257,887
	-	145,277	-	145,277
Total Accumulated Depreciation	<u>21,979,967</u>	<u>1,637,795</u>	<u>(956,781)</u>	<u>22,660,981</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, 2023 AND 2022

NOTE 6 LONG-TERM LIABILITIES

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

	2023				
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Current Portion
Notes Payable	\$ 966,108	\$ -	\$ (161,018)	\$ 805,090	\$ 161,018
Unearned Rent	347,936	-	(49,705)	298,231	49,705
Lease Liabilities	147,156	60,812	-	207,968	160,683
Total Long-Term Liabilities	\$ 1,461,200	\$ 60,812	\$ (210,723)	\$ 1,311,289	\$ 371,406
	2022				
	Balance - Beginning of Year	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

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.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 NOTES PAYABLE (CONTINUED)

The scheduled maturities on notes payable are as follows at June 30, 2023:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 161,018
2025	161,018
2026	161,018
2027	161,018
2028	161,018
Total	<u>\$ 805,090</u>

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

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

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Corporation intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In September 2021, the Corporation received forgiveness for the entire amount outstanding on the PPP Loan from the Small Business Administration. The Small Business Association may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors for a period of six years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty, however, management is of the opinion that any review will not have any impact on the Corporation's statement of net position or statement of revenues, expenses, and changes in net position, as the PPP loan was used for its intended purpose.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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>
2024	\$ 160,683	\$ 3,899	\$ 164,582
2025	47,285	288	47,573
Total	<u>\$ 207,968</u>	<u>\$ 4,187</u>	<u>\$ 212,155</u>

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

Buildings	\$ 493,811
Equipment	34,294
Less: Accumulated Amortization	<u>(323,033)</u>
Total	<u>\$ 205,072</u>

NOTE 9 RELATED-PARTY TRANSACTIONS

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

	<u>2023</u>	<u>2022</u>
Statement of Net Position Balances:		
Advances Receivable	\$ 250,000	\$ 250,000
Due from the University	1,256,084	423,978
Due to the University	664,660	686,757
Statement of Revenues, Expenses, and Changes in Net Position Transactions:		
Grants and Contracts Revenue	2,961,893	7,460,654
Other Sources of Revenue	127,176	172,166
Payroll and Benefits Expense	6,944,947	7,247,726
Other Expenses	1,513,322	1,125,880

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.

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2023 and 2022, 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, 2023, 2022, and 2021, were \$2,363,890, \$2,248,094, and \$2,092,724, respectively, which consisted of \$1,130,808, \$1,046,080, and \$988,448, respectively, from the Corporation and \$1,233,172, \$1,202,014, and \$1,104,276, respectively, from employees.

The Corporation's total payroll for the years ended June 30, 2023, 2022, and 2021, was \$21,903,403, \$19,478,605, and \$18,659,149, respectively. Total covered employees' salaries in TIAA-CREF were \$18,798,917, \$17,436,237, and \$16,466,851 for the years ended June 30, 2023, 2022, and 2021, respectively.

NOTE 12 CONTINGENCIES

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

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

MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 DONOR-RESTRICTED ENDOWMENTS

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

NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

	2023						Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/Amortization	
Instruction	\$ 2,198,167	\$ 520,917	\$ 2,209,527	\$ 1,793	\$ 809,443	\$ -	\$ 5,739,847
Research	7,390,919	1,566,307	11,610,582	35,815	286,895	-	20,890,518
Public Service	11,802,782	2,920,647	7,420,667	70,050	100,172	-	22,314,318
Academic Support	111,769	30,542	92,857	400	50,600	-	286,168
Student Activities	477,254	120,828	362,673	8,308	84,125	-	1,053,188
General							
Institutional Support	3,712,106	857,041	4,323,247	100,411	7,884	-	9,000,689
Depreciation and Amortization	-	-	-	-	-	1,560,462	1,560,462
Total	<u>\$ 25,692,997</u>	<u>\$ 6,016,282</u>	<u>\$ 26,019,553</u>	<u>\$ 216,777</u>	<u>\$ 1,339,119</u>	<u>\$ 1,560,462</u>	<u>\$ 60,845,190</u>

	2022						Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	
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	6,332,027	61,711	247,173	-	18,464,884
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	2,196,420	74,491	30,343	145,277	6,623,100
Depreciation	-	-	-	-	-	1,492,519	1,492,519
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>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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 Agriculture						
Agricultural Research Service	D	10.001			\$ 6,858	\$ -
Agricultural Marketing Service	I	10.170	Future Generations University Corporation	202112-552-APRCB-01	10,848	-
Total Department of Agriculture					<u>17,706</u>	<u>-</u>
Department of Commerce						
Economic Development Cluster	D	11.307			(3,228)	-
Economic Development Cluster	I	11.307	Coalfield Development Corpration	01-79-15293	30,183	-
Total Department of Commerce					<u>26,955</u>	<u>-</u>
Department of Defense:						
Office of the Secretary	D	12.630			794,881	232,721
National Security Agency	D	12.901			17,521	-
Total Department of Defense					<u>812,402</u>	<u>232,721</u>
Department of Housing and Urban Development						
Community Development Block Grants	I	14.228	WV Department of Economic Development	RPMTPLMID0017	111,137	-
Community Development Block Grants	I	14.228	WV Development Office	RPMTPLNMID0018	93,965	-
		Subtotal 14.228			<u>205,102</u>	<u>-</u>
Total Department Housing and Urban Development					<u>205,102</u>	<u>-</u>
Department of the Interior:						
Fish and Wildlife Service - State Wildlife Grants	I	15.634	South Carolina Department of Natural Resources	P24014306020	22,827	-
Geological Survey	D	15.808			4,687	-
Total Department of the Interior					<u>27,514</u>	<u>-</u>
Department of Justice:						
Prescription Drug Monitoring Program	I	16.560	RTI International	2-312-0218404-67091L; HH1NQ1B5MPV3	7,314	-
Second Chance	I	16.827	West Virginia University	09-097QQQ-MURC	1,860	-
Total Department of Justice					<u>9,174</u>	<u>-</u>
Department of Labor						
Occupational Safety and Health Administration	D	17.502			34,772	-
Total Department of Labor					<u>34,772</u>	<u>-</u>
Department of Transportation						
National Infrastructure Investments	I	20.933	Engineering & Software Consultants LLC	21-59; DTFH61-17-D-00005	11,954	8,932
Total Department of Transportation					<u>11,954</u>	<u>8,932</u>
Appalachian Regional Commission						
Appalachian Research	D	23.011			129,437	-
Total Appalachian Regional Commission					<u>129,437</u>	<u>-</u>

See accompanying Notes to 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, 2023**

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 Aeronautics and Space Administration:						
OSTEM	I	43.008	West Virginia University	N/A	\$ 10,106	\$ -
OSTEM	I	43.008	West Virginia University	15-683-MURC-2	19,536	-
OSTEM	I	43.008	West Virginia University	22-634-MURC;MM000470458	29,674	-
OSTEM	I	43.008	West Virginia University	80NSSC20M0055	13,360	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC	3,948	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC-2	86,857	-
OSTEM	I	43.008	West Virginia University	91-175-MURC-2	11,424	-
OSTEM	I	43.008	West Virginia University	SEED Grant	9,365	-
Total National Aeronautics and Space Administration		Subtotal 43.008			<u>184,270</u>	-
National Science Foundation:						
Engineering	D	47.041			98,466	-
Geosciences	D	47.050			8,546	-
Geosciences	I	47.050	Purdue University	10001393-019	1,705	-
		Subtotal 47.050			<u>10,251</u>	-
Computer and Information Science	D	47.070			77,462	-
Computer and Information Science	I	47.070	West Virginia University	21-395-MURC	40,109	-
		Subtotal 47.070			<u>117,571</u>	-
Biological Sciences	D	47.074			114,761	-
Biological Sciences	I	47.074	University of North Carolina at Chapel Hill	5116250	(858)	-
		Subtotal 47.074			<u>113,903</u>	-
Education and Human Resources	D	47.076			187,506	-
Education and Human Resources	I	47.076	Mountwest Community and Technical College	2202015 - DUE	33,143	-
Education and Human Resources	I	47.076	University of Alaska Fairbanks	PO539381	4,509	-
Education and Human Resources	I	47.076	University of Kentucky	3200002015-19-046	42,949	-
Education and Human Resources	I	47.076	University of Kentucky	3200004325-22-133	32,534	-
Education and Human Resources	I	47.076	University of Alaska Fairbanks	S000 23866	24,542	-
		Subtotal 47.076			<u>325,183</u>	-
International Science and Engineering	I	47.079	WV Higher Education Policy Commission	HEPC.DSR.16.2	3,956	-
National Science Foundation	I	47.083	WV Higher Education Policy Commission	NSF2023 TRACK1-002 ; OIA 2242771	28,586	-
Total National Science Foundation					<u>697,916</u>	-
Department of Veterans Affairs:						
VA Health Administration Center	D	64.054			18,537	-
Total Department of Veterans Affairs					<u>18,537</u>	-

See accompanying Notes to 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, 2023**

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):						
Environmental Protection Agency:						
National Student Design Competition	D	66.516			\$ 5,998	\$ -
Total Environmental Protection Agency					<u>5,998</u>	<u>-</u>
Department of Energy						
Science Financial Assistance Program	D	81.049			1,929	-
University Coal Research	I	81.057	University of Utah	10058252-01	4,838	-
Total Department of Energy					<u>6,767</u>	<u>-</u>
Department of Education						
Office of Postsecondary Education	D	84.116Z			9,178	-
Total Department of Education					<u>9,178</u>	<u>-</u>
Department of Health and Human Services						
State Capacity Building	I	93.240	National Association of County and City Health Officials	6NU38OT000306-02-01	1	-
Mental Health Research	D	93.242			95,604	-
National Institutes of Health - Alcohol Research Programs	D	93.273			37,635	-
National Institutes of Health - Drug Abuse and Addiction Research	D	93.279			1,430,679	187,710
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	University of Cincinnati	013764-00021	1,739	-
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	University of Cincinnati	013764-00024	(54,190)	-
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	Pennsylvania State University	1 R61 DA056764-01;MARUDA056764	296,962	-
National Institutes of Health - Drug Abuse and Addiction Research	I	93.279	University of Cincinnati	013764-00037	71,310	-
		Subtotal 93.279			<u>1,746,500</u>	<u>187,710</u>
Centers for Disease Control and Prevention	I	93.323	WV Department of Health and Human Resources	G211058	559,990	-
Centers for Disease Control and Prevention	I	93.323	WV Department of Health and Human Resources	G220332	681,061	-
Centers for Disease Control and Prevention	I	93.323	WV Department of Health and Human Resources	G231006	134,369	-
		Subtotal 93.323			<u>1,375,420</u>	<u>-</u>
National Institutes of Health	I	93.361	University of Baylor	7000001650	3,972	-
National Institutes of Health - HIV Prevention Activities	D	93.393			99,662	-
Centers for Disease Control and Prevention - Strengthening Public Health	I	93.421	National Association of County and City Health	2021-030901	(214)	-
National Institutes of Health - Cardiovascular Diseases Research	D	93.837			269,716	-
National Institutes of Health - Cardiovascular Diseases Research	D	93.837	Medical College of Wisconsin	1R01HL164460-01A1	791	-
		Subtotal 93.837			<u>270,507</u>	<u>-</u>

See accompanying Notes to 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, 2023**

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 (Continued):						
National Institutes of Health	D	93.839			\$ 335,905	\$ -
National Institutes of Health - Diabetes, Digestive and Kidney Research	D	93.847			740,754	-
National Institutes of Health - Extramural Research Programs	D	93.853			147,001	-
National Institutes of Health - Extramural Research Programs	I	93.853	Case Western Reserve University	RES513538	21,536	-
National Institutes of Health - Extramural Research Programs	I	93.853	Virginia Commonwealth University	FP00017404_SA001	668	-
		Subtotal 93.853			<u>169,205</u>	<u>-</u>
National Institutes of Health - Allergy and Infectious Diseases Research	D	93.855			127,220	-
National Institutes of Health - Biomedical Research	D	93.859			5,313,788	2,278,035
National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	12-303-MURC	(9,456)	-
National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	12-303-MURC-2	891,331	-
COVID-19; National Institutes of Health - Biomedical Research	I	93.859	West Virginia University	12-303H-MURC	101,632	-
		Subtotal 93.859			<u>6,297,295</u>	<u>2,278,035</u>
National Institutes of Health - Aging Research	I	93.866	Research Foundation for SUNY - University of Buffalo	R1274904	27,358	-
Total Department of Health and Human Services					<u>11,326,824</u>	<u>2,465,745</u>
Subtotal Research and Development Cluster					<u>13,524,506</u>	<u>2,707,398</u>
OTHER PROGRAMS:						
Department of Agriculture:						
Food and Nutrition Service	I	10.561	West Virginia University	14-895-MURC-5	(7,407)	-
Food and Nutrition Service	I	10.561	West Virginia University	14-895-MURC-7	145,648	-
Food and Nutrition Service	I	10.561	West Virginia University		318,830	-
		Subtotal 10.561			<u>457,071</u>	<u>-</u>
Total Department of Agriculture					<u>457,071</u>	<u>-</u>
Department of Commerce						
Economic Development Administration	D	11.303			133,550	-
Economic Development Administration	D	11.307			620,260	-
COVID-19; Economic Development Administration	D	11.307			43,490	-
Economic Development Administration	I	11.307	Advantage Valley Inc	EDA #01-79-1512	53,234	-
Economic Development Administration	I	11.307	WV Department of Economic Development	21ARPSP-F03	7,400	-
Economic Development Administration	I	11.307	Generation West Virginia Inc	01-79-152941	24,444	-
Economic Development Administration	I	11.307	West Virginia Community Development Hub Inc	01-79-15290	21,453	-
Economic Development Administration	I	11.307	Coalfield Development Corporation	01-79-152941; HH1NQ1B5MPV3	6,981	-
		Subtotal 11.307			<u>777,262</u>	<u>-</u>
Total Department of Commerce					<u>910,812</u>	<u>-</u>

See accompanying Notes to 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, 2023**

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 Defense						
Department of the Army - Basic Scientific Research	I	12.431	Academy of Applied Science	N/A	\$ 424	\$ -
Office of Economic Adjustment - Community Investment	I	12.600	Catalyst Connection	CATALYST-21-018	239,462	-
Office of Economic Adjustment - Community Investment	I	12.600	University of Tennessee	A22-0469-S003	41,247	-
		Subtotal 12.600			280,709	-
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	N/A	40,426	-
Office of the Secretary - Basic, Applied and Advanced Research	I	12.630	Technology Student Association	202-2021 UNITE	(1,562)	-
		Subtotal 12.630			38,864	-
National Security Agency - GenCyber Grants	D	12.903			88,929	-
Total Department of Defense					408,926	-
Department of Housing and Urban Development						
Community Planning and Development	I	14.228	WV Department of Economic Development	AMA DEV2300000003	73,010	-
Total Department of Housing and Urban Development					73,010	-
Department of Interior						
National Park Service - Historic Preservation Fund	D	15.904			10,560	-
Total Department of Interior					10,560	-
Department of Justice						
Office of Justice Programs - Juvenile Justice	I	16.540	WV Division of Administrative Services	21-JJP-03	21,470	-
Office of Justice Programs - Juvenile Justice	I	16.540	WV Division of Administrative Services	22-JJP-04	22,856	-
		Subtotal 16.540			44,326	-
Office of Justice Programs - National Institute of Justice Research	I	16.560	WV Division of Criminal Justice Services	20-SAKI-001	33,915	-
Office of Justice Programs - Crime Victim Assistance	D	16.582			14,667	-
Office of Justice Programs	D	16.753			32,840	-
Office of Justice Programs - Second Chance Act	I	16.812	Lifehouse WV	2019-CY-BX-001	8,156	-
Office of Justice Programs - Second Chance Act	I	16.812	Lifehouse WV	2019-RC-BX-003	57,718	-
		Subtotal 16.812			65,874	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	Missouri Highway Patrol Crime Laboratory	2019-RURAL-044 MURC	115,570	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	WV Department of Health and Human Resources	G211004	29,030	-
Office of Justice Programs - Comprehensive Opioid Abuse Program	I	16.838	WV Department of Health and Human Resources	G230897	74,114	-
		Subtotal 16.838			218,714	-
Office of Justice Programs - STOP School Violence	I	16.839	WV Department of Education	GRTAWD04021900005949	80,804	-
COVID-19; Office of Justice Programs - STOP School Violence	I	16.839	WV Department of Education	GRTAWD04022100006007	35,940	-
		Subtotal 16.839			116,744	-
Office of Justice Programs - Opioid Affected Youth Initiative	D	16.842			192,137	-
Total Department of Justice					719,217	-

See accompanying Notes to 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, 2023**

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 - WIOA Dislocated Worker	D	17.280			\$ 385,956	\$ 181,469
Employment and Training Administration	D	17.289			514,161	13,641
Mine Safety and Health Administration	D	17.603			14,350	-
Total Department of Labor					<u>914,467</u>	<u>195,110</u>
Department of Transportation:						
Federal Motor Carrier Safety Administration	D	20.237			140,902	-
Total Department of Transportation					<u>140,902</u>	<u>-</u>
Department of the Treasury						
COVID-19; Department of the Treasury	I	21.019	WV Higher Education Policy Commission	2022-BHWFED-16	100,000	-
Total Department of the Treasury					<u>100,000</u>	<u>-</u>
Appalachian Regional Commission:						
Appalachian Regional Development	D	23.001			135,230	12,000
Appalachian Regional Development	I	23.001	Cabell Huntington Hospital Foundation	IS-20789-22	9,340	-
Appalachian Regional Development	I	23.001	Region 2 Planning and Development Council	PW-20076-IM-20	341,459	-
		Subtotal 23.001			<u>486,029</u>	<u>12,000</u>
Appalachian Area Development	D	23.002			185,234	45,950
Appalachian Area Development	I	23.002	Shawnee State University	SSU006	492	-
Appalachian Area Development	I	23.002	The EdVenture Group Inc	ARC-SWEEP-1901	58,867	-
Appalachian Area Development	I	23.002	WV Regional Technology Park Corp	PWR-MURC	246,917	-
		Subtotal 23.002			<u>491,510</u>	<u>45,950</u>
Total Appalachian Regional Commission					<u>977,539</u>	<u>57,950</u>
National Endowment for the Humanities:						
Promotion of the Humanities	I	45.129	WV Humanities Council	Various	43,386	-
Total National Endowment for the Humanities					<u>43,386</u>	<u>-</u>
Small Business Administration						
Small Business Administration	D	59.059			61,438	-
Total Small Business Administration					<u>61,438</u>	<u>-</u>
Department of Energy:						
State Energy Program	I	81.041	WV Office of Energy	22*3402	10,238	-
Total Department of Energy					<u>10,238</u>	<u>-</u>
Department of Education:						
Office of Special Education and Rehabilitation - Special Education Grants - IDEA Cluster	I	84.027	WV Department of Education	Various	318,281	-
Office of Special Education and Rehabilitation - Special Education Grants - IDEA Cluster	I	84.027A	WV Department of Education	Various	522,044	-
		IDEA Cluster Subtotal			<u>840,325</u>	<u>-</u>
Office of Postsecondary Education - TRIO Cluster	D	84.042A			339,670	-
Office of Postsecondary Education - TRIO Cluster	D	84.044A			613,882	-
Office of Postsecondary Education - TRIO Cluster	D	84.047A			394,476	-
Office of Postsecondary Education - TRIO Cluster	D	84.066A			271,317	-
		TRIO Cluster Subtotal			<u>1,619,345</u>	<u>-</u>

See accompanying Notes to 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, 2023**

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 Education (Continued):						
Office of Special Education and Rehabilitative Services - Special Education Preschool	I	84.173	WV Department of Education	GRTAWD04022200002096	\$ 118,041	\$ -
Office of Special Education and Rehabilitative Services - Special Education Preschool	I	84.173A	WV Department of Education	GRTAWD04022300002163	190,976	-
Office of Elementary and Secondary Education	D	84.184			13,306	-
Office of Special Education and Rehabilitative Services - Special Education - Personnel	D	84.325			248,093	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	2019-NEWGU	13,329	-
Office of Postsecondary Education	I	84.344S	WV Higher Education Policy Communication	FY23-GU-MU 1	18,986	-
		Subtotal 84.344S			32,315	-
COVID - 19, Education Stabilization Fund	I	84.425U	WV Department of Education	GRTAWD04022200003224	76,000	-
COVID - 19, Education Stabilization Fund	I	84.425U	WV Department of Education	GRTAWD04022200005961	124,950	-
		Subtotal 84.425U			200,950	-
Total Department of Education					3,263,351	-
Department of Health and Human Services						
Administration for Children and Families - Enhance Safety of Children	I	93.087	Prestera Center for Mental Health Services		46,643	-
Office of Assistant Secretary for Health	I	93.088	The Hektoen Institute for Medical Research	1332-324-MARSHALL	15,794	-
Centers for Disease Control and Prevention	I	93.136	WV Department of Health and Human Resources	G220884	225,614	-
Centers for Disease Control and Prevention	I	93.136	WV Department of Health and Human Resources	G221173	84,393	-
Centers for Disease Control and Prevention	I	93.136	WV Department of Health and Human Resources	G231032	736,244	605,625
		Subtotal 93.136			1,046,251	605,625
Health Resources and Services Administration	D	93.155			228,268	-
Health Resources and Services Administration	D	93.191			90,729	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	D	93.243			1,072,588	24,988
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	City of Huntington	MURC-1	80,484	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	Prestera Center for Mental Health Services	Various	77,569	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	The Danya Institute	ATTCC02	21,016	-
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Department of Education	Various	490,402	125,885
Substance Abuse and Mental Health Services Administration - Substance Abuse	I	93.243	WV Department of Health and Human Resources	Various	329,259	-
		Subtotal 93.243			2,071,318	150,873
Centers for Disease Control and Prevention	I	93.268	WV Department of Health and Human Resources	G221090	38,876	-
Centers for Disease Control and Prevention - Epidemiology and Lab Capacity	I	93.323	WV Department of Health and Human Resources	G210837	130,014	-
COVID-19; Centers for Disease Control and Prevention - Epidemiology and Lab Capacity	I	93.323	WV Department of Health and Human Resources	G221069	95,993	-
		Subtotal 93.323			226,007	-
Centers for Disease Control and Prevention	I	93.391	WV Department of Health and Human Resources	G220909	128,064	-
Centers for Disease Control and Prevention	I	93.391	WV Department of Health and Human Resources	G221086	204,924	54,000
		Subtotal 93.391			332,988	54,000

See accompanying Notes to 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, 2023**

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 (Continued):						
Centers for Disease Control and Prevention - Strengthening Public Health Systems	I	93.421	National Association of Chronic Disease Directors	Various	\$ 119,062	\$ -
Centers for Disease Control and Prevention - Improving Health of Americans	I	93.426	WV Dept of Health and Human Resources	G230354	152,848	-
Substance Abuse and Mental Health Services Administration	D	93.493			1,200,958	337,409
Administration for Children and Families	D	93.647			404,494	49,182
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	G220053	4,266	-
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	G230174	123,645	-
		Subtotal 93.658			<u>127,911</u>	<u>-</u>
Health Resources and Services Administration - Mental and Behavioral Health	D	93.732			141,945	-
Substance Abuse and Mental Health Services Administration - Opioid STR	I	93.788	WV Dept of Health and Human Resources	Various	2,300,189	506,962
Health Resources and Services Administration - Primary Care Training	D	93.884			191,936	-
Health Resources and Services Administration - Rural Health Care Services	I	93.912	Prestera Center for Mental Health	N/A	158,395	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.958	WV Department of Health and Human Resources	Various	955,695	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	Prestera Center for Mental Health	N/A	58,981	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	WV Department of Health and Human Resources	Various	398,628	-
		Subtotal 93.959			<u>457,609</u>	<u>-</u>
Health Resources and Services Administration	I	93.994	WV Department of Health and Human Resources	G220841	35,060	-
Health Resources and Services Administration	I	93.994	WV Department of Health and Human Resources	G230324	75,803	-
		Subtotal 93.994			<u>110,863</u>	<u>-</u>
Total Department of Health and Human Services					10,418,779	1,704,051
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>18,510,416</u>	<u>1,957,111</u>
Total Federal Expenditures					<u>\$ 32,034,922</u>	<u>\$ 4,664,509</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

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, 2023, 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, 2023.

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 2 INDIRECT COST RATE (CONTINUED)

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, 2023	48.00%
Organized Research - Off-Campus	July 1, 2017	June 30, 2023	26.00
Instruction - On-Campus	July 1, 2017	June 30, 2023	48.80
Instruction - Off Campus	July 1, 2017	June 30, 2023	26.00
Other Sponsored Activities - On-Campus	July 1, 2017	June 30, 2023	30.00
Other Sponsored Activities - Off-Campus	July 1, 2017	June 30, 2023	22.90

NOTE 3 SUBRECIPIENT EXPENDITURES

Subrecipient expenditures in the Schedule at June 30, 2023 include:

Federal Agency	Subrecipient	Federal ALN	Subrecipient Expenditures
Research and Development:			
Department of Defense	Auburn University	12.630	\$ 22,590
Department of Defense	FDH Infrastructure Services	12.630	131,745
Department of Defense	Mississippi State Univ	12.630	12,074
Department of Defense	Tennessee Tech University	12.630	28,648
Department of Defense	Univ of Kentucky Research Foundation	12.630	37,664
Department of Transportation	West Virginia University Research Corporation	20.933	8,932
Department of Health and Human Services	Texas Tech University Health Sciences Center	93.279	163,545
Department of Health and Human Services	Univ of Kentucky Research Foundation	93.279	24,165
Department of Health and Human Services	Applied Research Foundation of West Virginia	93.859	86,207
Department of Health and Human Services	Bluefield State College	93.859	9,470
Department of Health and Human Services	Texas A and M AgriLife Research	93.859	22,869
Department of Health and Human Services	The University of Charleston	93.859	36,935
Department of Health and Human Services	The University of Texas at	93.859	40,004
Department of Health and Human Services	Univ of Charleston	93.859	91,063
Department of Health and Human Services	Univ of Kentucky Research Foundation	93.859	9,013
Department of Health and Human Services	West Liberty State University	93.859	216,715
Department of Health and Human Services	West Virginia University Research Corporation	93.859	(268,065)
Department of Health and Human Services	West Virginia University Research Corporation	93.859	1,886,988
Department of Health and Human Services	WV School of Osteopathic Medicine	93.859	127,078
Department of Health and Human Services	WV Wesleyan College	93.859	19,758
Subtotal Research and Development			2,707,398

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 3 SUBRECIPIENT EXPENDITURES (CONTINUED)

Federal Agency	Subrecipient	Federal ALN	Subrecipient Expenditures
Other Programs:			
Department of Labor	Hope Nation Inc	17.280	\$ 88,042
Department of Labor	Mountwest Community and Tec	17.280	93,427
Department of Labor	West Virginia Women Work In	17.289	13,641
Appalachian Regional Commission	Holzer Clinic LLC	23.001	12,000
Appalachian Regional Commission	Circles Campaign of the Ohio	23.002	6,090
Appalachian Regional Commission	Unlimited Future Inc	23.002	18,279
Appalachian Regional Commission	West Virginia University Research Corporation	23.002	20,352
Appalachian Regional Commission	WV Perinatal Partnerships Inc	23.002	1,229
Department of Health and Human Services	The Mosaic Group Inc	93.136	605,625
Department of Health and Human Services	West Virginia University Research Corporation	93.243	128,611
Department of Health and Human Services	WV School of Osteopathic Medicine	93.243	22,262
Department of Health and Human Services	Ebenezer Medical Outreach	93.391	27,000
Department of Health and Human Services	Milan Puskar Health Right	93.391	27,000
Department of Health and Human Services	Community Connections Inc	93.493	337,409
Department of Health and Human Services	Cabell Huntington Co	93.647	49,182
Department of Health and Human Services	Boone Memorial Hospital Inc	93.788	101,403
Department of Health and Human Services	BridgeValley Community and Technical College	93.788	23,850
Department of Health and Human Services	Community Connections Inc	93.788	40,991
Department of Health and Human Services	FMRS Health Systems Inc	93.788	47,775
Department of Health and Human Services	Prestera Center for Mental	93.788	95,908
Department of Health and Human Services	Quality Insights Inc	93.788	126,270
Department of Health and Human Services	Southern Highlands Community Mental Health Center	93.788	43,662
Department of Health and Human Services	WV School of Osteopathic Medicine	93.788	27,103
	Subtotal Other Programs		<u>1,957,111</u>
	Total All Subrecipient		<u>\$ 4,664,509</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-Thrgough Agency Award Number	Federal Expenditures
45.129	WV Humanities Council	20.1.7842	\$ 92
45.129	WV Humanities Council	22.1.8157;SO-268683-20	10,640
45.129	WV Humanities Council	22.2.8235	1,500
45.129	WV Humanities Council	SO-253174-17;19.1.7697	2,635
45.129	WV Humanities Council	SO-253174-17;20.1.7838	14,960
45.129	WV Humanities Council	SO-268683-20; 21.5.8106	13,559
	Subtotal		<u>43,386</u>
84.027	WV Department of Education	GRTAWD04022200001820	47,529
84.027	WV Department of Education	GRTAWD04022000003589	(2,725)
84.027	WV Department of Education	GRTAWD04022100002202	135
84.027	WV Department of Education	GRTAWD04022200002097	80,967
84.027	WV Department of Education	GRTAWD04022200002098	30,898
84.027	WV Department of Education	GRTAWD04022200005442	161,477
	Subtotal		<u>318,281</u>
84.027A	WV Department of Education	GRTAWD04022200003014	43,658
84.027A	WV Department of Education	GRTAWD04022200003913	6,250
84.027A	WV Department of Education	GRTAWD04022300002159	78,956
84.027A	WV Department of Education	GRTAWD04022300002160	238,547
84.027A	WV Department of Education	GRTAWD04022300002161	24,639
84.027A	WV Department of Education	GRTAWD04022300002162	129,994
	Subtotal		<u>522,044</u>
93.243	Prestera Center for Mental Health Services	1H79T1083422-03;HH1NQ1B5MPV3	51,822
93.243	Prestera Center for Mental Health Services	HH1NQ1B5MPV3	25,747
	Subtotal		<u>77,569</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS (CONTINUED)

Federal ALN	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures
93.243	WV Department of Education	GRTAWD04022300002590	\$ 128,590
93.243	WV Department of Education	GRTAWD04022300002594	56,497
93.243	WV Department of Education	GRTAWD04022100003043	11,208
93.243	WV Department of Education	GRTAWD04022200002752	122,965
93.243	WV Department of Education	GRTAWD04022200002762	18,345
93.243	WV Department of Education	GRTAWD04022200002764	14,936
93.243	WV Department of Education	GRTAWD04022200002765	29,399
93.243	WV Department of Education	GRTAWD04022300002591	34,320
93.243	WV Department of Education	GRTAWD04022300002593	74,142
	Subtotal		<u>490,402</u>
93.243	WV Department of Health and Human Resources	G200582	1,239
93.243	WV Department of Health and Human Resources	G210809	28,730
93.243	WV Department of Health and Human Resources	G220677	71,035
93.243	WV Department of Health and Human Resources	G221048	78,854
93.243	WV Department of Health and Human Resources	G230611	8,170
93.243	WV Department of Health and Human Resources	G230611	62,037
93.243	WV Department of Health and Human Resources	G230622	79,194
	Subtotal		<u>329,259</u>
93.421	National Association of Chronic Disease Directors	1952021	8,972
93.421	National Association of Chronic Disease Directors	220236	51,028
93.421	National Association of Chronic Disease Directors	2230003	59,062
	Subtotal		<u>119,062</u>
93.788	WV Department of Health and Human Resources	G220501	112,589
93.788	WV Department of Health and Human Resources	G220529	22,045
93.788	WV Department of Health and Human Resources	G220551	287,203
93.788	WV Department of Health and Human Resources	G220584	435,011
93.788	WV Department of Health and Human Resources	G220872	223,620
93.788	WV Department of Health and Human Resources	G221024	14,052
93.788	WV Department of Health and Human Resources	G230706	406,686
93.788	WV Department of Health and Human Resources	G230728	106,600
93.788	WV Department of Health and Human Resources	G230756	157,363
93.788	WV Department of Health and Human Resources	G230757	385,686
93.788	WV Department of Health and Human Resources	G230769	136,336
	Subtotal		<u>2,287,191</u>
93.958	WV Dept. of Health and Human Resources	G220703	182,418
93.958	WV Dept. of Health and Human Resources	G220732	677,849
93.958	WV Dept. of Health and Human Resources	G230581	61,332
93.958	WV Dept. of Health and Human Resources	G230919	34,096
	Subtotal		<u>955,695</u>
93.959	WV Dept. of Health and Human Resources	G220869	45,291
93.959	WV Dept. of Health and Human Resources	G220875	172,898
93.959	WV Dept. of Health and Human Resources	G221058	18,403
93.959	WV Dept. of Health and Human Resources	G230901	96,017
93.959	WV Dept. of Health and Human Resources	G231046	66,019
	Subtotal		<u>398,628</u>
	Total		<u>\$ 5,541,517</u>



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

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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marshall University Research Corporation's basic financial statements, and have issued our report thereon dated October 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marshall University Research Corporation'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 Marshall University Research Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall University Research Corporation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

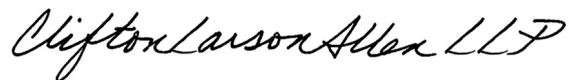
Board of Directors
Marshall University Research Corporation
(A Blended Component Unit of Marshall University)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall University Research Corporation'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*.

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

King of Prussia, Pennsylvania
October 11, 2023



**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's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Marshall University Research Corporation's major federal programs for the year ended June 30, 2023. Marshall University Research Corporation'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, Marshall University Research Corporation 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, 2023.

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 Marshall University Research Corporation 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 Marshall University Research Corporation'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 Marshall University Research Corporation'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 Marshall University Research Corporation'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 Marshall University Research Corporation'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 Marshall University Research Corporation'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 Marshall University Research Corporation'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 Marshall University Research Corporation'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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 Marshall University Research Corporation as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Marshall University Research Corporation's basic financial statements. We have issued our report thereon, dated October 11, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

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

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

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 18, 2024

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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? _____ yes x 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? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
93.493	Congressional Directives
93.136	Injury Prevention and Control Research and State and Community Based Programs

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 961,048
- Auditee qualified as low-risk auditee? _____ yes x no

**MARSHALL UNIVERSITY RESEARCH CORPORATION
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the Uniform Guidance (as defined in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*).