

TEXAS A&M RESEARCH FOUNDATION

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INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

SUPPLEMENTAL INFORMATION

AND

COMPLIANCE REPORTS

AUGUST 31, 2013 AND 2012

TEXAS A&M RESEARCH FOUNDATION
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Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Texas A&M Research Foundation
College Station, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Texas A&M Research Foundation (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

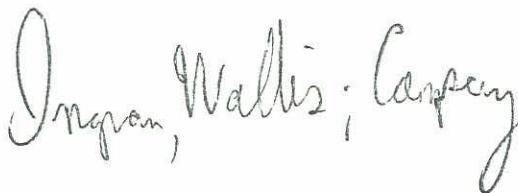
Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 21-25 is presented for purposes of additional analysis and is not a required part of the financial statements of the Foundation. The accompanying schedule of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*, issued by the Office of the Governor of the State, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Bryan, Texas
December 12, 2013



TEXAS A&M RESEARCH FOUNDATION
Statements of Financial Position
August 31, 2013 and 2012

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2013 | 2012 |
|---|----------------------|---------------------------|---------------------------|----------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 15,618,679 | \$ - | \$ - | \$ 15,618,679 | \$ 26,690,609 |
| Accounts and interest receivable, net | 5,271,457 | - | - | 5,271,457 | 7,788,935 |
| Due from A&M University, et. al. | | | | | |
| Accounts Receivable | 1,378,479 | - | - | 1,378,479 | 899,450 |
| Unbilled receivable on research contracts in progress | 8,805,418 | - | - | 8,805,418 | 3,695,411 |
| Inventories and prepaid expenses | 231,199 | - | - | 231,199 | 260,576 |
| Work in progress | 1,168,457 | - | - | 1,168,457 | - |
| Office and technical equipment | 45,315,233 | - | - | 45,315,233 | 45,625,005 |
| Software | 1,179,738 | - | - | 1,179,738 | 1,179,738 |
| Buildings and land | 1,969,897 | - | - | 1,969,897 | 1,969,897 |
| Less accumulated amortization and depreciation | (37,081,469) | - | - | (37,081,469) | (35,602,348) |
| Investment in mutual funds | - | 2,280 | 54,540 | 56,820 | 53,187 |
| Investment in corporate stock | - | - | 222,144 | 222,144 | 198,816 |
| Other assets | - | - | - | - | 13,018 |
| Total assets | \$ 43,857,088 | \$ 2,280 | \$ 276,684 | \$ 44,136,052 | \$ 52,772,294 |
| Liabilities and Net Assets | | | | | |
| Accounts payable | \$ 5,325,053 | \$ - | \$ - | \$ 5,325,053 | \$ 2,877,868 |
| Accrued liabilities | - | - | - | - | 83,281 |
| Deferred revenues | 2,589,828 | - | - | 2,589,828 | 8,695,224 |
| Due to A&M University, et.al. | | | | | |
| Accounts payable | 761,890 | - | - | 761,890 | 953,692 |
| Salary and wages | 8,216,395 | - | - | 8,216,395 | 11,669,019 |
| Indirect costs | 6,527,788 | - | - | 6,527,788 | 8,211,471 |
| Accrued vacation payable | 137,841 | - | - | 137,841 | 145,486 |
| Total liabilities | 23,558,795 | - | - | 23,558,795 | 32,636,041 |
| Net Assets | | | | | |
| Unrestricted | 20,298,293 | - | - | 20,298,293 | 19,884,250 |
| Temporarily restricted | - | 2,280 | - | 2,280 | 2,517 |
| Permanently restricted | - | - | 276,684 | 276,684 | 249,486 |
| Total net assets | 20,298,293 | 2,280 | 276,684 | 20,577,257 | 20,136,253 |
| Total liabilities and net assets | \$ 43,857,088 | \$ 2,280 | \$ 276,684 | \$ 44,136,052 | \$ 52,772,294 |

The accompanying notes are an integral part of these financial statements.

TEXAS A&M RESEARCH FOUNDATION
Statements of Activities
For the Years Ended August 31, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|----------------------|----------------------|
| Unrestricted Net Assets | | |
| Revenues and Gains | | |
| Revenue for sponsored research | \$ 172,757,910 | \$ 195,432,086 |
| Other acquisitions | 1,118,627 | 174,040 |
| Investment income | 780,505 | 513,803 |
| Unrealized gain on investment | 2,505 | 26,486 |
| Assets released from restrictions | 2,371 | 2,168 |
| Total Revenues and Gains | <u>174,661,918</u> | <u>196,148,583</u> |
| Expenses | | |
| Supporting services | 2,764,885 | 3,897,268 |
| Sponsored research expense | 167,987,380 | 191,049,725 |
| Bad debt expense | - | 128,432 |
| Contributions | 2,371 | 2,168 |
| Disposition of equipment | 479,653 | 320,956 |
| Depreciation and amortization expense | 3,013,586 | 2,781,405 |
| Total Expenses | <u>174,247,875</u> | <u>198,179,954</u> |
| Change in unrestricted net assets | <u>414,043</u> | <u>(2,031,371)</u> |
| Temporarily Restricted Net Assets | | |
| Investment income | 2,134 | 2,372 |
| Assets released from restrictions | <u>(2,371)</u> | <u>(2,168)</u> |
| Change in temporarily restricted net assets | <u>(237)</u> | <u>204</u> |
| Permanently Restricted Net Assets | | |
| Donation | 1,160 | 249 |
| Unrealized gain on investments | <u>26,038</u> | <u>43,832</u> |
| Change in permanently restricted net assets | <u>27,198</u> | <u>44,081</u> |
| Change in net assets | <u>441,004</u> | <u>(1,987,086)</u> |
| Net assets at beginning of year | <u>20,136,253</u> | <u>22,123,339</u> |
| Net assets at end of year | <u>\$ 20,577,257</u> | <u>\$ 20,136,253</u> |

The accompanying notes are an integral part of these financial statements.

TEXAS A&M RESEARCH FOUNDATION
Statements of Cash Flows
For the Years Ended August 31, 2013 and 2012

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 441,004 | \$ (1,987,086) |
| Adjustments to reconcile change in net assets to net cash provided for operating activities: | | |
| Other acquisitions | (1,118,627) | (174,040) |
| Disposition of equipment | 479,653 | 320,956 |
| Unrealized (gain) loss on mutual funds | (2,710) | (1,592) |
| Unrealized (gain) loss on investment in corporate stock | (23,328) | (42,240) |
| Depreciation and amortization | 3,013,586 | 2,781,405 |
| Net change in accounts and interest receivable | 2,038,449 | 1,268,819 |
| Net change in unbilled receivable on research accounts | (5,110,007) | 3,907,011 |
| Net change in inventories and prepaid expenses | 29,377 | 52,706 |
| Net change in other assets | 13,018 | 71,105 |
| Net change in deferred revenue | (6,105,396) | 427,193 |
| Net change in accounts payable | 2,447,185 | (1,252,277) |
| Net change in accrued liabilities | (83,281) | (207,127) |
| Net change in due to TAMUS | (5,328,109) | (1,098,828) |
| Net change in accrued vacation | (7,645) | (85,135) |
| Net cash provided/(used) by operating activities | <u>(9,316,831)</u> | <u>3,980,870</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant, and equipment | (1,754,176) | (2,417,025) |
| Purchase of mutual funds | (3,294) | (2,621) |
| Proceeds from sale of mutual funds | 2,371 | 2,168 |
| Net cash used by investing activities | <u>(1,755,099)</u> | <u>(2,417,478)</u> |
| Net change in cash and cash equivalents | (11,071,929) | 1,563,392 |
| Cash and cash equivalents at beginning of year | 26,690,609 | 25,127,217 |
| Cash and cash equivalents at end of year | <u>\$ 15,618,680</u> | <u>\$ 26,690,609</u> |

The accompanying notes are an integral part of these financial statements.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Texas A&M Research Foundation (Foundation) is a non-profit scientific research corporation organized under the laws of the State of Texas and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code). In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Code.

Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Compensated Absences

The Foundation accrues a liability for vested vacation time which employees are entitled to receive upon request or termination of employment.

Contributions

The Foundation reports gifts of cash and other assets as restricted if they are received with donor restrictions that limit the use of the donated assets. The Foundation has a restricted endowment that can be used for the benefit of the Foundation.

The Tina and Paul Gardner Reveille VII Research Fund, established to support the Texas A&M Department of Small Animal Clinical Sciences (the Department) in the College of Veterinary Medicine and Biomedical Sciences, currently exceeds \$50,000. Therefore, the income earnings will be distributed to the Department to be used exclusively for supporting proposed or on-going research projects by interns and Medicine Section residents. Income earnings are reported as temporarily restricted investments and transfer to unrestricted investments as funds become available for distribution to the Department. The donor requires the corpus to stay intact and unrealized capital gains to be added to the corpus which is carried as a restricted investment.

Concentration of Credit Risk

A significant amount of the Foundation's receivables are due from the Federal government and agencies thereof. Credit risk is based on the good standing of the Federal government.

Property, Plant and Equipment

The Foundation follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$5,000. The basis of valuation of purchased items is cost and of contributed items is fair value. Depreciation or amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

| | | |
|----------------------------|---------|-------|
| Furniture and equipment | 5-10 | years |
| Vehicles | 5 | years |
| Buildings and improvements | 20-31.5 | years |
| Software | 5-6 | years |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 2 – CASH AND INVESTMENTS:

Substantially all cash, except for working cash accounts, is deposited with the Foundation's depository bank in interest bearing accounts or is invested. The Foundation's investment policy is established by management and is designed to maximize the generation of current investment income while maintaining a liquid position through short-term investments. The policy states that funds may currently be invested in:

Certificates of Deposit, with maturities not to exceed 24 months, issued by a State or National bank and insured by the FDIC, or its successor, or secured (collateralized) by surety bond, or pledged securities. Collateral held by a third party will have a market value of not less than the principal amounts of the certificates.

Repurchase Agreements, with maturities not to exceed 7 days, secured by U.S. Treasury Securities or other government agency securities. Collateral must be held by a third party. All agreements will be in compliance with Federal Reserve Bank guidelines.

Money Market Funds must be registered with the Securities and Exchange Commission and be no-load funds. Funds may be invested or withdrawn daily. In addition, any money market fund utilized by the Foundation must meet the investment objectives listed above and may not contain in its portfolio investments in high risk investment instruments such as derivative products, venture capital, or futures contracts, etc.

Cash Concentration Pool offered by The Texas A&M University System. Investments in the Cash Concentration Pool will be limited to such investments as are eligible under The Texas A&M University System Investment Policy as adopted and amended from time to time by the Board of Regents of The Texas A&M University System.

Interest bearing bank accounts in federally insured savings and loan associations, and State and National banks. If the deposits exceed the amount insured by the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation or their successors, pledged securities must be obtained. The pledged collateral must be held by a third party, and at all times will have a market value of not less than the principal amounts deposited.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 2 – CASH AND INVESTMENTS – CONTINUED:

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Foundation has placed its cash and cash equivalents with high credit quality financial institutions and with The Texas A&M University System Treasury Office.

The Foundation's cash and cash equivalents do not represent a significant concentration of credit risk as the bank provides a surety bond for amounts in excess of FDIC coverage. Other cash and cash equivalents and investments do not represent a significant concentration of credit risk due to the diversification of the investments made by The Texas A&M University System Treasury Office and other financial institutions on behalf of the Foundation. The fair values of cash and cash equivalents approximate cost because of the immediate short term maturity of these financial instruments. Investments are stated at fair value.

The Foundation had the following cash equivalents and investments as of August 31, 2013:

| | <u>Carrying Amount</u> | <u>Unrestricted Investment Return</u> | <u>Temporarily Restricted Investment Return</u> | <u>Restricted Investment Return</u> |
|---------------------------------|----------------------------|---|---|---|
| <u>Unrestricted:</u> | | | | |
| Cash Concentration Pool | \$14,494,445 | | | |
| Investment income | | \$763,387 | | |
| Unrealized gain | | 2,505 | | |
| Wells Fargo InvestAccount | (29,745) | | | |
| Merrill Lynch Governmental Fund | 1,137,792 | 9,987 | | |
| Producers Cooperative | | 27 | | |
| <u>Temporarily Restricted:</u> | | | | |
| Tina and Paul Gardner | | | | |
| Reveille VII Research Fund | 2,280 | | | |
| Investment income | | | \$2,134 | |
| <u>Permanently Restricted:</u> | | | | |
| 9600 Shares of General | | | | |
| Electric Common Stock | 222,144 | 7,104 | | |
| Unrealized gain | | | | \$23,328 |
| Tina and Paul Gardner | | | | |
| Reveille VII Research Fund | 54,540 | | | |
| Unrealized gain | | | | 2,710 |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 2 – CASH AND INVESTMENTS – CONTINUED:

The Foundation had the following cash equivalents and investments as of August 31, 2012:

| | <u>Carrying Amount</u> | <u>Unrestricted Investment Return</u> | <u>Temporarily Restricted Investment Return</u> | <u>Restricted Investment Return</u> |
|---------------------------------|----------------------------|---|---|---|
| <u>Unrestricted:</u> | | | | |
| Cash Concentration Pool | \$13,643,996 | | | |
| Investment income | | \$493,711 | | |
| Unrealized gain | | 26,486 | | |
| Wells Fargo InvestAccount | 1,578,678 | | | |
| Merrill Lynch Governmental Fund | 11,427,805 | 13,756 | | |
| <u>Temporarily Restricted:</u> | | | | |
| Tina and Paul Gardner | | | | |
| Reveille VII Research Fund | 2,517 | | | |
| Investment income | | | \$2,372 | |
| <u>Permanently Restricted:</u> | | | | |
| 9600 Shares of General | | | | |
| Electric Common Stock | 198,816 | 6,336 | | |
| Unrealized gain | | | | \$42,240 |
| Tina and Paul Gardner | | | | |
| Reveille VII Research Fund | 50,670 | | | |
| Unrealized gain | | | | 1,592 |

NOTE 3 – FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 3 – FAIR VALUE MEASUREMENTS -CONTINUED:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2013 and 2012.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 3 – FAIR VALUE MEASUREMENTS -CONTINUED:

The Foundation had the following assets at fair value as of August 31, 2013:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------|-------------------|----------------|----------------|-------------------|
| Mutual funds: | | | | |
| Fixed income funds | \$ 18,027 | \$ - | \$ - | \$ 18,027 |
| Equities | 37,637 | - | - | 37,637 |
| Other funds | 1,156 | - | - | 1,156 |
| Total mutual funds | <u>56,820</u> | <u>-</u> | <u>-</u> | <u>56,820</u> |
| Common stocks: | | | | |
| Consumer | 222,144 | - | - | 222,144 |
| Total assets at fair value | <u>\$ 278,964</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 278,964</u> |

The Foundation had the following assets at fair value as of August 31, 2012:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------|-------------------|----------------|----------------|-------------------|
| Mutual funds: | | | | |
| Fixed income funds | \$ 19,679 | \$ - | \$ - | \$ 19,679 |
| Equities | 33,508 | - | - | 33,508 |
| Total mutual funds | <u>53,187</u> | <u>-</u> | <u>-</u> | <u>53,187</u> |
| Common stocks: | | | | |
| Consumer | 198,816 | - | - | 198,816 |
| Total assets at fair value | <u>\$ 252,003</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 252,003</u> |

NOTE 4 – RELATED PARTY TRANSACTIONS:

In September 2011 the Foundation began transitioning its research activity to Sponsored Research Services (SRS), a newly created office under The Texas A&M University System (System) and an officially acknowledged System member. While the System continues to designate the Foundation as one of the central entities through which System sponsored research grants/contracts are administered, the majority of work, with sponsor approval, will eventually transfer to SRS.

The Foundation also operates as The Texas A&M University System Health Science Center Research Foundation and as Prairie View A&M University Research Foundation. These entities are unincorporated subsidiaries of the Foundation.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 4 – RELATED PARTY TRANSACTIONS - CONTINUED:

Texas Transportation Research Foundation, Texas A&M Research Foundation Services, Inc. and HSC Biz, Inc. are all wholly owned subsidiaries of the Foundation. In March 2012 the Research Foundation's Board approved the dissolution of the Texas Research Foundation Services, Inc. and the Texas Transportation Research Foundation. The purposes for which these subsidiaries were created were no longer needed by the Research Foundation. The process to dissolve these entities is ongoing. The Foundation's financial statements have not been presented on a consolidated basis due to the overall immateriality of the activity of the subsidiaries.

(Continued on next page)

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 4 – RELATED PARTY TRANSACTIONS - CONTINUED:

In the following tables receipts constitute reimbursed expenses. Disbursements are comprised of salaries, direct costs and indirect cost reimbursements.

The following is a summary of transactions with the System and other related parties for the year ended August 31, 2013:

| | Accounts <u>Receivable</u> | Accounts <u>Payable</u> | <u>Receipts</u> | <u>Disbursements</u> |
|---|-------------------------------|----------------------------|--------------------|----------------------|
| Texas A&M University | \$47,696 | \$8,892,983 | \$328,199 | \$40,821,130 |
| Texas AgriLife Research | 75 | 2,964,576 | 3,262 | 13,686,306 |
| Texas AgriLife Extension Service | - | 4,319 | - | 76,231 |
| Texas Transportation Institute | 3,657 | 1,020,584 | 5,790 | 7,483,533 |
| Texas Engineering | | | | |
| Experiment Station | 64,574 | 148,395 | 573,782 | 279,345 |
| Prairie View A&M University | - | 187,181 | 103,653 | 1,091,926 |
| Texas A&M University at Galveston | - | 200,990 | - | 1,091,647 |
| Texas A&M University at Kingsville | - | 1,505 | - | 49,898 |
| Texas A&M System | | | | |
| Administrative and General Offices | 35,145 | (28,100) | 563,768 | 636,353 |
| Texas Veterinary Medical Diagnostic Laboratory | - | - | - | 1,617 |
| Texas A&M University Health Science Center | 230 | 1,673,233 | - | 11,310,293 |
| Texas A&M University at Texarkana | - | 14,405 | - | 44,351 |
| Tarleton State University | - | 2,827 | - | 136,760 |
| Texas A&M University at Commerce | - | 5,548 | - | 42,143 |
| Texas Engineering Extension Service | - | 8,250 | - | 50,644 |
| Texas Forest Service | - | - | - | - |
| West Texas A&M University | - | 1,375 | - | 82,190 |
| Texas A&M International University | - | 1,660 | - | 49,299 |
| Texas A&M University System | | | | |
| Sponsored Research Services | 1,219,322 | 375,242 | - | 739,329 |
| Electric Power Research Institute | - | 4,839 | - | - |
| Texas A&M University at Corpus Christi | 7,780 | 26,261 | - | 248,342 |
| | <u>\$1,378,479</u> | <u>\$15,506,073</u> | <u>\$1,578,454</u> | <u>\$77,921,337</u> |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 4 – RELATED PARTY TRANSACTIONS - CONTINUED:

The following is a summary of transactions with the System and other related parties for the year ended August 31, 2012:

| | <u>Accounts Receivable</u> | <u>Accounts Payable</u> | <u>Receipts</u> | <u>Disbursements</u> |
|--|--------------------------------|-----------------------------|--------------------|----------------------|
| Texas A&M University | \$86,418 | \$11,517,260 | \$258,872 | \$47,309,809 |
| Texas AgriLife Research | 15,713 | 3,509,646 | 16,798 | 13,822,872 |
| Texas AgriLife Extension Service | - | 12,670 | - | 72,991 |
| Texas Transportation Institute | - | 1,533,331 | 73,797 | 9,400,465 |
| Texas Engineering Experiment Station | 89,858 | 140,255 | 656,271 | 638,141 |
| Prairie View A&M University | 18,853 | 424,380 | 575,241 | 1,380,597 |
| Texas A&M University at Galveston | - | 299,906 | - | 1,267,876 |
| Texas A&M University at Kingsville | - | 21,659 | - | 26,501 |
| Texas A&M System Administrative and General Offices | 269 | 224,613 | 365,565 | 1,072,938 |
| Texas Veterinary Medical Diagnostic Laboratory | - | - | - | 1,710 |
| Texas A&M University Health Science Center | 889 | 2,827,370 | 17,035 | 20,758,323 |
| Texas A&M University at Texarkana | - | 15,287 | - | 63,593 |
| Tarleton State University | - | 108,323 | - | 196,708 |
| Texas A&M University at Commerce | - | 405 | - | 79,073 |
| Texas Engineering Extension Service | - | - | - | 56,118 |
| Texas Forest Service | - | - | - | 3,061 |
| West Texas A&M University | - | 24,262 | - | 39,515 |
| Texas A&M International University | - | 11,186 | - | 47,755 |
| Texas A&M University System Sponsored Research Services | 649,724 | 87,115 | - | - |
| Electric Power Research Institute | - | 4,839 | - | - |
| Texas A&M University at Corpus Christi | 37,726 | 71,675 | - | 151,279 |
| | <u>\$899,450</u> | <u>\$20,834,182</u> | <u>\$1,963,579</u> | <u>\$96,389,325</u> |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 5 – EMPLOYEE BENEFITS:

On September 1, 1984, the Foundation adopted a tax sheltered annuity plan covering substantially all of its employees. The Research Foundation's Board of Directors approved termination of the tax sheltered annuity plan, and, effective August 31, 2012, it was officially terminated. Employee balances were transferred to the participant or to another plan. There were no additional contributions made to the plan by the Foundation.

Thus far, the Foundation has elected to pay supplemental retirement benefits to employees not covered under the tax sheltered annuity plan. The voluntary payments are patterned after a state retirement system plan and payments to the former employees are periodically adjusted to reflect any changes in the state plan. The payments are made by transfers from the current fund. Payments to the remaining former employee, who passed away in January 2013, totaled \$1,475 for the year (\$3,540 in 2012). Benefits are payable for the life of each recipient. These payments do not constitute benefits payable from a qualified retirement plan.

NOTE 6 – BUILDINGS AND FACILITIES:

The Foundation owns a building and facilities located in College Station, Texas, which are used in the Geochemical and Environmental Research Group operations. Research projects are charged an off-campus indirect cost rate in addition to a direct charge for the use of this facility that is returned to building operations in the facilities account.

NOTE 7 – LEASED FACILITIES:

In August 2007 the Foundation relocated from the campus of Texas A&M University to an office building located in College Station, Texas. The lease has been transferred to SRS effective September 1, 2012.

All Foundation leases for various pieces of document reproduction equipment expired March 2013.

The Foundation, on behalf of The Texas A&M University System Health Science Center, leased general office space in Bryan, Texas. The lease expired August 15, 2013.

The Foundation currently has no future lease payments required under any leases.

Rent expense for the year ended August 31, 2013 and 2012, amounted to \$45,068 and \$341,463 respectively.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 8 – COMMITMENTS AND CONTINGENCIES:

Certain costs billed to the U.S. Government are subject to audit and determination of allowance or disallowance in accordance with sponsor contract provisions. In management's opinion there would be an immaterial adverse effect as a result of any such audits.

At August 31, 2013, the Foundation had \$24,577,296 (\$23,242,267 in 2012) in sponsor owned fixed assets on its fixed asset detail records. Title to these assets remains with the sponsors and therefore the assets are not included in the Foundation's financial statements.

The Foundation is responsible for maintaining accountability for these assets during the project's contract period. The assets are returned to the sponsor at the project's conclusion.

NOTE 9 – INTEGRATED OCEAN DRILLING PROGRAM (IODP)

Expenditures for IODP for the period ending August 31, 2013 were \$58.1 million. The current program ended September 29, 2013; however, the National Science Foundation (NSF) approved an extension of the current program to September 30, 2014 to enable transition to the new International Ocean Discovery Program which began on October 1, 2013. This new program will serve to advance basic research in the marine geosciences.

The NSF issued a Request for Proposal (RFPs) for Operations and Management of the Drilling Vessel JOIDES Resolution for the International Ocean Discovery Program (IODP) on October 4, 2012. As the proposed awardee, we are in the process of negotiating a five year cooperative agreement with NSF to begin on October 1, 2014 which will be presented to the National Science Board for approval in November of 2013.

NOTE 10 – DISPOSITION OF EQUIPMENT:

As a result of assets discarded, donated to Members of The Texas A&M University System, or transferred to other institutions, the Foundation's disposition of equipment for fiscal year 2013 was \$479,653 compared to \$320,956 for fiscal year 2012.

| | <u>FY13</u> | <u>FY12</u> |
|--------------------------|-------------------|-------------------|
| Discarded | \$ 25,430 | \$ 80,439 |
| Donated/transferred | 454,223 | 240,517 |
| Disposition of equipment | <u>\$ 479,653</u> | <u>\$ 320,956</u> |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 11 – FEDERAL INCOME TAXES:

On September 1, 2009, the Foundation adopted the provisions of ASC 740, *Income Taxes*, as amended by FASB in September 2009. The Foundation evaluates its uncertain tax positions using the provisions of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax provision or for all uncertain tax positions in the aggregate could differ from the amount recognized.

Interest and penalties associated with uncertain tax positions are recognized as components of federal income tax expense. As noted above, the Foundation is a tax-exempt non-profit organization; therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Foundation believes that its tax position regarding its status as a tax-exempt organization will remain significantly unchanged within the next twelve months.

While the Foundation is not aware of any tax examinations being conducted, tax years 2010 – 2012 remain subject to examination by the United States Internal Revenue Service.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS:

The Foundation has evaluated subsequent events through December 12, 2013, the date which the financial statements were available to be issued.

NOTE 13 – TRANSITION OF THE FOUNDATION:

In the Spring of 2011 The Texas A&M University System Board of Regents (The System) adopted a new structure for managing research administration within The System. The Board of Regents consolidated research administration services and established Texas A&M University System Sponsored Research Services (SRS) for this purpose. The consolidation of research administration services has had a significant impact on the role of the Texas A&M Research Foundation (Foundation), although it continues to operate as an independent 501(c)(3) organization. The focus of the change was to combine the operations of the Foundation into the overall operations of SRS. The Foundation's bylaws were revised to reflect the impact of this organizational change.

TEXAS A&M RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS – CONTINUED
AUGUST 31, 2013 and 2012

NOTE 13 – TRANSITION OF THE FOUNDATION - CONTINUED:

Staff from System member offices and the Foundation merged into a single office located at 400 Harvey Mitchell Parkway South, College Station, Texas. All but 16 current Foundation employees transitioned from Foundation employment to System employment. The remaining 16 employees were designated as “near retirement” and remained Foundation employees. As of August 31, 2013, there were 12 employees remaining. However, it is planned that the Foundation will not have any employees after August 31, 2016.

While most proposals are currently submitted in the name of the System member, researchers will be able to use the Foundation to submit proposals in the name of the Foundation when a nonprofit organization is needed. The Foundation will function more as a financial tool within SRS. The Foundation continues to work with sponsors to transfer active awards to the System members. It is estimated that it could take as long as three years to transition all of the research accounts currently administered by the Foundation to SRS. Research expenditures on the Foundation books have begun to decrease as new awards are set up on the System member books. In fiscal year 2013 approximately 627 research accounts were either transferred to SRS or terminated based on the research account’s end date.

The System expects the establishment of SRS and the consolidation of research administration will enhance sponsored research services by applying best practices under a common management and training function housed at a central location. The full implementation is expected to reduce research administration cost at The System and position all System members for the growth of their research enterprises.

NOTE 14 – LITIGATION:

All present legal proceedings have been resolved and the Foundation has no liability to any party as a result of such resolution.

SUPPLEMENTAL INFORMATION

TEXAS A&M RESEARCH FOUNDATION
Supplemental Schedule of Combined Statement of Activities
For the Year Ended August 31, 2013

| | Administrative | Service Facilities | Subtotal | Sponsored Research | Texas A&M University et al | Subtotal | Endowment | Property, Plant, and Equipment | Total |
|--|---------------------|--------------------|---------------------|---------------------|----------------------------|---------------------|-------------------|--------------------------------|----------------------|
| Support and revenue: | | | | | | | | | |
| Net revenue for sponsored research | \$ - | \$ - | \$ - | \$ 148,695,046 | \$ - | \$ 148,695,046 | \$ - | \$ - | \$ 148,695,046 |
| Indirect costs: | | | | | | | | | |
| Charges on research projects | 66,253 | - | 66,253 | - | 21,730,382 | 21,730,382 | - | - | 21,796,635 |
| Charges for services and facilities provided | 1,226,945 | 328,268 | 1,555,213 | - | - | - | - | - | 1,555,213 |
| Administrative cost allowance | 423,889 | - | 423,889 | - | - | - | - | - | 423,889 |
| Donation | - | - | - | - | - | - | 1,160 | - | 1,160 |
| Investment income | 780,505 | - | 780,505 | - | - | - | 2,134 | - | 782,639 |
| Unrealized gain on investments | 2,505 | - | 2,505 | - | - | - | 26,038 | - | 28,543 |
| Insurance proceeds | 7,569 | - | 7,569 | - | - | - | - | - | 7,569 |
| Other | 279,558 | - | 279,558 | - | - | - | - | - | 279,558 |
| Assets released from restrictions | 2,371 | - | 2,371 | - | - | - | (2,371) | - | - |
| Total support and revenue | <u>2,789,595</u> | <u>328,268</u> | <u>3,117,863</u> | <u>148,695,046</u> | <u>21,730,382</u> | <u>170,425,428</u> | <u>26,961</u> | <u>-</u> | <u>173,570,252</u> |
| Expenses: | | | | | | | | | |
| Research | - | - | - | 125,662,477 | - | 125,662,477 | - | - | 125,662,477 |
| Indirect | - | - | - | 20,594,521 | - | 20,594,521 | - | - | 20,594,521 |
| Contributions | 2,371 | - | 2,371 | - | - | - | - | - | 2,371 |
| Supporting services | 2,405,730 | 359,155 | 2,764,885 | - | 21,730,382 | 21,730,382 | - | - | 24,495,267 |
| Depreciation and amortization | - | - | - | - | - | - | - | 3,013,586 | 3,013,586 |
| Total expenses and losses | <u>2,408,101</u> | <u>359,155</u> | <u>2,767,256</u> | <u>146,256,998</u> | <u>21,730,382</u> | <u>167,987,380</u> | <u>-</u> | <u>3,013,586</u> | <u>173,768,222</u> |
| Excess (deficiency) of support and revenue over (under) expenses | 381,494 | (30,887) | 350,607 | 2,438,048 | - | 2,438,048 | 26,961 | (3,013,586) | (197,970) |
| Net assets at beginning of year | 4,539,360 | 154,195 | 4,693,555 | 2,018,403 | - | 2,018,403 | 252,003 | 13,172,292 | 20,136,253 |
| Transfers: | | | | | | | | | |
| Equipment acquisition from current funds | (30,522) | - | (30,522) | (1,723,654) | - | (1,723,654) | - | 1,754,176 | - |
| Other acquisitions | - | - | - | - | - | - | - | 1,118,627 | 1,118,627 |
| Disposition of equipment | - | - | - | - | - | - | - | (479,653) | (479,653) |
| Net assets at end of year | <u>\$ 4,890,332</u> | <u>\$ 123,308</u> | <u>\$ 5,013,640</u> | <u>\$ 2,732,797</u> | <u>\$ -</u> | <u>\$ 2,732,797</u> | <u>\$ 278,964</u> | <u>\$ 12,551,856</u> | <u>\$ 20,577,257</u> |

TEXAS A&M RESEARCH FOUNDATION
Supplemental Schedule of Supporting Services
Unrestricted - Administration
For the Year Ended August 31, 2013

| | General | Backlog | Reserve | Other | Total |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|
| Revenue and Gains: | | | | | |
| Indirect costs charged on research projects | \$ 66,253 | \$ - | \$ - | \$ - | \$ 66,253 |
| Charges for services and facilities provided | 1,226,945 | - | - | - | 1,226,945 |
| Administrative cost allowance | 271,289 | - | - | 152,600 | 423,889 |
| Investment income | - | 45,803 | - | 734,702 | 780,505 |
| Reimbursements | - | - | - | 261,026 | 261,026 |
| Other revenue | 17,069 | - | - | 1,463 | 18,532 |
| Insurance proceeds | - | - | - | 7,569 | 7,569 |
| Unrealized gain on investments | - | - | - | 2,505 | 2,505 |
| Assets released from restriction | - | - | - | 2,371 | 2,371 |
| Total revenue | <u>1,581,556</u> | <u>45,803</u> | <u>-</u> | <u>1,162,236</u> | <u>2,789,595</u> |
| Expenses: | | | | | |
| Salaries | 949,344 | - | - | (7,645) | 941,699 |
| Payroll taxes and insurance | 211,319 | - | - | - | 211,319 |
| Retirement plan contributions | 1,475 | - | - | - | 1,475 |
| Computer costs | 247,257 | - | - | - | 247,257 |
| Printing and reproduction | 3,410 | - | - | - | 3,410 |
| Communications | 811 | - | - | 34,100 | 34,911 |
| Supplies | 2,951 | - | - | 63,153 | 66,104 |
| Rent | 7,777 | - | - | - | 7,777 |
| Travel-administrative | 4,948 | - | - | 7,668 | 12,616 |
| Professional fees | 343,867 | - | - | 39 | 343,906 |
| Other services | 12,129 | - | (5,536) | 151,448 | 158,041 |
| Maintenance and repairs | 24,235 | - | - | 3,657 | 27,892 |
| Insurance - general | - | - | 29,500 | - | 29,500 |
| Shipping and postage | 58 | - | - | - | 58 |
| Project losses | - | - | 38,217 | - | 38,217 |
| Dues, subscriptions & training | 13,217 | - | - | 10,350 | 23,567 |
| Other | 563 | 2,358 | (37,377) | 21,037 | (13,419) |
| Interest expense | - | - | - | 5,282 | 5,282 |
| Amortization | 29,764 | - | - | (29,764) | - |
| Contributions | - | - | - | 2,371 | 2,371 |
| Other research support | - | - | - | 266,118 | 266,118 |
| Total expenses | <u>1,853,125</u> | <u>2,358</u> | <u>24,804</u> | <u>527,814</u> | <u>2,408,101</u> |
| Change in net assets | (271,569) | 43,445 | (24,804) | 634,422 | 381,494 |
| Net assets at beginning of year | 484,731 | 795,213 | 866,908 | 2,392,508 | 4,539,360 |
| Transfers: | | | | | |
| Equipment acquisitions transferred to property, plant and equipment | - | - | - | (30,522) | (30,522) |
| Cash transfers | 269,789 | - | 114,036 | (383,825) | - |
| Net assets at end of year | <u>\$ 482,951</u> | <u>\$ 838,658</u> | <u>\$ 956,140</u> | <u>\$ 2,612,583</u> | <u>\$ 4,890,332</u> |

TEXAS A&M RESEARCH FOUNDATION
Supplemental Schedule of Supporting Services
Unrestricted - Service Facilities
For the Year Ended August 31, 2013

| | <u>GERG Operations</u> |
|--|----------------------------|
| Revenue: | |
| Charges for services and facilities provided | \$ <u>328,268</u> |
| Total revenue | <u>328,268</u> |
| Expenses: | |
| Salaries and wages | 100,698 |
| Payroll taxes and insurance | 33,448 |
| Retirement contributions | 3,873 |
| Fuel | 844 |
| Stores and supplies | 4,953 |
| Repairs and replacements | 44,011 |
| Insurance | 12,046 |
| Communications | 3,824 |
| Professional Fees | 12,549 |
| Other | 9,112 |
| Indirect costs | 16,508 |
| Utilities | <u>117,289</u> |
| Total expenses | <u>359,155</u> |
| Change in net assets | (30,887) |
| Net assets at beginning of year | <u>154,195</u> |
| Net assets at end of year | \$ <u><u>123,308</u></u> |

TEXAS A&M RESEARCH FOUNDATION
Endowment
Statement of Activity
For the Year Ended August 31, 2013

| | William B. Clayton Memorial | Temporarily Restricted Tina and Paul Gardner Reveille VII Research Fund | Permanently Restricted Tina and Paul Gardner Reveille VII Research Fund | Total |
|----------------------------------|--------------------------------|--|--|--------------------------|
| Donation | \$ - | \$ - | \$ 1,160 | \$ 1,160 |
| Investment income | - | 2,134 | - | 2,134 |
| Unrealized gain on investments | 23,328 | - | 2,710 | 26,038 |
| Assets released from restriction | <u>-</u> | <u>(2,371)</u> | <u>-</u> | <u>(2,371)</u> |
| Total revenue | <u>23,328</u> | <u>(237)</u> | <u>3,870</u> | <u>26,961</u> |
| Net assets at beginning of year | <u>198,816</u> | <u>2,517</u> | <u>50,670</u> | <u>252,003</u> |
| Net assets at end of year | \$ <u><u>222,144</u></u> | \$ <u><u>2,280</u></u> | \$ <u><u>54,540</u></u> | \$ <u><u>278,964</u></u> |

TEXAS A&M RESEARCH FOUNDATION
Schedule of Changes in Property, Plant and Equipment
For the Year Ended August 31, 2013

| Property, Plant and Equipment | | | | | |
|-------------------------------|------------------------|---------------------|---------------------|--------------------------|------------------------|
| | <u>August 31, 2012</u> | <u>Purchases</u> | <u>Deletions</u> | <u>Reclassifications</u> | <u>August 31, 2013</u> |
| Equipment | \$ 45,450,965 | \$ 1,045,773 | \$ 2,014,118 | \$ (286,014) | \$ 44,196,606 |
| Work in Progress | - | 708,403 | - | 460,054 | 1,168,457 |
| Software | 1,179,738 | - | - | - | 1,179,738 |
| Buildings and land | <u>1,969,897</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,969,897</u> |
| Total | 48,600,600 | 1,754,176 | 2,014,118 | 174,040 | 48,514,698 |
| Other acquisitions | <u>174,040</u> | <u>1,118,627</u> | <u>-</u> | <u>(174,040)</u> | <u>1,118,627</u> |
| | <u>\$ 48,774,640</u> | <u>\$ 2,872,803</u> | <u>\$ 2,014,118</u> | <u>\$ -</u> | <u>\$ 49,633,325</u> |

| Accumulated Amortization and Depreciation | | | | | |
|---|------------------------|---------------------|---------------------|--------------------------|------------------------|
| | <u>August 31, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reclassifications</u> | <u>August 31, 2013</u> |
| Equipment | \$ 33,163,341 | \$ 2,942,837 | \$ 1,534,465 | \$ - | \$ 34,571,713 |
| Software | 1,117,569 | 31,028 | - | - | 1,148,597 |
| Buildings and land | <u>1,321,438</u> | <u>39,721</u> | <u>-</u> | <u>-</u> | <u>1,361,159</u> |
| | <u>\$ 35,602,348</u> | <u>\$ 3,013,586</u> | <u>\$ 1,534,465</u> | <u>\$ -</u> | <u>\$ 37,081,469</u> |

COMPLIANCE REPORTS



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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*

The Board of Directors
Texas A&M Research Foundation
College Station, Texas

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 Texas A&M Research Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Bryan, Texas
December 12, 2013

Imagon, Wallis; Agency



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

The Board of Directors
Texas A&M Research Foundation
College Station, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the Texas A&M Research Foundation's (the "Foundation") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Foundation's major federal and state programs for the year ended August 31, 2013. The Foundation's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Bryan, Texas
December 12, 2013



Texas A&M Research Foundation
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2013

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Identifying Number</u> | <u>Total Pass-Through and Expenditure</u> |
|--|------------------------|-------------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| <u>Department of Agriculture</u> | | | |
| Direct Program: | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | | \$ 284,951.89 |
| Grants for Agricultural Research, Special Research Grants | 10.200 | | 220,304.87 |
| Grants for Agricultural Research Competitive Research Grants | 10.206 | | 80,390.79 |
| Higher Education Graduate Fellowships Grant Program | 10.210 | | 195,443.62 |
| 1890 Institution Capacity Building Grants | 10.216 | | 2,424.89 |
| Food Assistance and Nutrition Research Programs (FANRP) | 10.253 | | 97,880.54 |
| Integrated Programs | 10.303 | | 282,151.40 |
| International Science and Education Grants | 10.305 | | 17,246.96 |
| Organic Agriculture Research and Extension Initiative | 10.307 | | 12,270.37 |
| Specialty Crop Research Initiative | 10.309 | | 676,435.96 |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | | 3,385,702.35 |
| Environmental Quality Incentives Program | 10.912 | | 10,742.45 |
| Scientific Cooperation and Research | 10.961 | | 15,992.36 |
| Pass Through From: | | | |
| Michigan State University | | | |
| Rosbreed: Enabling Marker Assisted Breeding in Rosaceae | 10.000 | 61-4296H | 59,225.58 |
| Kansas State University | | | |
| Grants for Agricultural Research, Special Research Grants | 10.200 | S11050 | 8,844.32 |
| Prairie View A&M University | | | |
| 1890 Institution Capacity Building Grants | 10.216 | 10048 | 12,789.55 |
| West Virginia State University | | | |
| 1890 Institution Capacity Building Grants | 10.216 | CR-0645-0001(USDA 2010-38821-21476) | 8,256.81 |
| St. Edward's University | | | |
| Hispanic Serving Institutions Education Grants | 10.223 | 1001151 | 23,884.46 |
| Mississippi State University | | | |
| Research Innovation and Development Grants in Economic (RIDGE) | 10.255 | 018000-321470-02 | 1,689.60 |
| Colorado State University | | | |
| Integrated Programs | 10.303 | G-1420-5 (USDA 2009-51110-06067) | 5,670.61 |
| Kansas State University | | | |
| Integrated Programs | 10.303 | S11059 (2010-51110-21083) | 2,909.87 |
| Oklahoma State University | | | |
| Integrated Programs | 10.303 | AB-5-67490-TAMU-RF | 46,187.14 |
| University of Illinois | | | |
| Specialty Crop Research Initiative | 10.309 | 2010-03728-01 | (1,675.52) |
| Center for Research on the Changing Earth System | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | TAMRF-30213 (2011-657003-30213) | 35,745.48 |
| University of California-Davis | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 201015739-02 | 8,153.99 |
| University of Delaware | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 25606 (2011-67003-30342) | 58,762.65 |
| University of Florida-Gainesville | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | UF11099 (USDA 2011-68002-30185) | 276,984.03 |
| University of Georgia | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | RD317100/4784286 (2011-68003-30012) | 97,026.61 |
| University of Maryland | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | Z541305 (USDA 2011-85204-30046) | 36,767.72 |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | Z541306 (USDA 2011-85204-30046) | 45,110.90 |
| University of Missouri | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | C00031587-7 (USDA 2011-68004-30214) | 15,193.83 |
| University of Nebraska | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 25-6321-0212-003 (2011-67003-30206) | 68,747.56 |
| Virginia Polytechnic Institute and State University | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 422198-19819 | 1,466.04 |
| Total, Department of Agriculture | | | <u>6,093,679.68</u> |

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| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Identifying Number</u> | <u>Total Pass-Through and Expenditure</u> |
|---|--------------------|---------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| <u>Department of Commerce</u> | | | |
| Direct Program: | | | |
| Integrated Ocean Observing System (IOOS) | 11.012 | | 1,444,033.30 |
| Fisheries Development and Utilization Research and Development | 11.427 | | 118,106.73 |
| Climate and Atmospheric Research | 11.431 | | 351,919.21 |
| Marine Fisheries Initiative | 11.433 | | 101,050.57 |
| Unallied Management Projects | 11.454 | | 62,378.64 |
| Special Oceanic and Atmospheric Projects | 11.460 | | 13,242.19 |
| Applied Meteorological Research | 11.468 | | 45,422.53 |
| Coastal Services Center | 11.473 | | 457,974.51 |
| Center for Sponsored Coastal Ocean Research-Coastal Ocean Program | 11.478 | | 141,760.69 |
| Pass Through From: | | | |
| University of Texas-Austin | | | |
| South West Academy for Nanoelectronics (SWAN) | 11.000 | UTA06-824 | 33,266.13 |
| Total, Department of Commerce | | | <u>2,769,154.50</u> |
| <u>Department of Defense</u> | | | |
| Direct Program: | | | |
| Discovery of Host-Based Therapeutics Targets for Biothreat Agents | 12.000 | HDTRA1-10-C-0063 P00001 | 10,435.26 |
| Using High-Throughput Screenings of Mouse Embryonic Stem Cell | | | |
| University Affiliation for Principles of Military Preventative Medicine | | | |
| Program of Instruction | 12.000 | W81K014-08-D-0001, 0006 | 1,224.19 |
| University Affiliation for Principles of Military Preventative Medicine | | | |
| Program of Instruction - Option Year 3 | 12.000 | W81K04-08-D0001 0004, 01 | (1,188.50) |
| University Affiliation for Principles of Military Preventative Medicine | | | |
| Program of Instruction - Option Year 4 | 12.000 | W81K04-08-D0001 005, 02 | 3,137.18 |
| REQ- Army Research Laboratory | 12.000 | W911QX-10-C-0003 | 4,582.07 |
| Long-Term Monitoring of Human Impacts at McMurdo Station, | | | |
| Antarctica - Phase 7 | 12.000 | W913E5-11-C-0004 | 425.12 |
| Long-Term Monitoring of Human Impacts at McMurdo Station, | | | |
| Antarctica - Phase 8 | 12.000 | W913E5-12-C-0006 | 58,162.79 |
| Human Impacts on the Environment at High Latitudes: Fate, Effect, and | | | |
| Transport of Contaminants | 12.000 | W913E5-13-C-0002 | 44,684.86 |
| Basic and Applied Scientific Research | 12.300 | N000140810467 | 32,902.10 |
| Basic and Applied Scientific Research | 12.300 | N000140811113 | 18,434.46 |
| Basic and Applied Scientific Research | 12.300 | N000140910107 | 20,060.72 |
| Basic and Applied Scientific Research | 12.300 | N000140910589 | 23,531.30 |
| Basic and Applied Scientific Research | 12.300 | N00014-10-1-0527 | 16,132.10 |
| Basic and Applied Scientific Research | 12.300 | N00014-11-1-0154 | 33,858.08 |
| Basic and Applied Scientific Research | 12.300 | N00014-11-1-0672 | 91,375.04 |
| Basic and Applied Scientific Research | 12.300 | N00014-11-1-0712 | 76,572.83 |
| Basic and Applied Scientific Research | 12.300 | N00014-12-1-0785 | 115,965.10 |
| Military Medical Research and Development | 12.420 | W81XWH0710244 | 2,094,914.02 |
| Military Medical Research and Development | 12.420 | W81XWH-10-1-0147 | 191,317.39 |
| Military Medical Research and Development | 12.420 | W81XWH-10-1-0255 | 215,595.43 |
| Military Medical Research and Development | 12.420 | W81XWH-10-1-0612 | 28,783.27 |
| Military Medical Research and Development | 12.420 | W81XWH-11-1-0158 | 49,434.56 |
| Military Medical Research and Development | 12.420 | W81XWH11-1-0194 | 28,828.12 |
| Military Medical Research and Development | 12.420 | W81XWH-11-1-0699 | 58,429.95 |
| Military Medical Research and Development | 12.420 | W81XWH1120166 | 90,273.43 |
| Air Force Defense Research Sciences Program | 12.800 | FA95500910500 | 210,114.24 |
| Air Force Defense Research Sciences Program | 12.800 | FA9550-11-1-0223 | 36,747.28 |
| Mathematical Sciences Grants Program | 12.901 | H98230-11-1-0167 | 4,379.84 |
| Mathematical Sciences Grants Program | 12.901 | H98230-12-1-0258 | 3,707.66 |
| Mathematical Sciences Grants Program | 12.901 | H98230-12-1-0258, P0001 | 24,270.76 |

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| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Identifying Number</u> | <u>Total Pass-Through and Expenditure</u> |
|--|--------------------|---------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Pass Through From: | | | |
| Science Applications International Corporation | | | |
| Science Applications International Corporation Mentor Protege Program with Cambridge | 12.000 | 010111883 | 48,921.17 |
| Universal Technology Corporation | | | |
| Peaking Factor (PF) Correlation Development and Helical Wire Insert Enhancement for Thermal Management | 12.000 | 11-S590-0004-02-C19 | (2,651.43) |
| University of Oregon | | | |
| Procurement Technical Assistance for Business Firms | 12.002 | 271251A | 3,172.50 |
| University of Texas-Austin | | | |
| Basic and Applied Scientific Research | 12.300 | UTA09-000726 (N00014-09-1-1054) | 155,710.92 |
| Florida A&M University | | | |
| Military Medical Research and Development | 12.420 | 003333 SUB C-3290 | 7,179.63 |
| Military Medical Research and Development | 12.420 | 003333 SUB C-3503 | 58,892.11 |
| University of Texas-Health Science Center-San Antonio | | | |
| Military Medical Research and Development | 12.420 | 127561 126994 | 305,565.76 |
| Kansas State University | | | |
| Basic Scientific Research | 12.431 | S08020 | 22,643.27 |
| University of South Carolina | | | |
| Basic Scientific Research | 12.431 | 07-1410, 13060 FA35 | 44,894.70 |
| Institute of International Education | | | |
| Basic, Applied, and Advanced Research in Science and Engineering Intific, Inc. | 12.630 | 2009-ROTC-U634007-1-TAMU | 11,338.59 |
| Research and Technology Development | 12.910 | N00014-11-C-0593 | 18,262.57 |
| Total, Department of Defense | | | <u>4,261,020.44</u> |
| <u>Department of Interior</u> | | | |
| Direct Program: | | | |
| U.S. Fish and Wildlife Service Analysis of Environmental Materials for Residues of Organic Contaminants | 15.000 | 982108D105/F12PC00080 | 176,537.64 |
| Technical Science-Analytical Service | 15.000 | F12PC00007 | 13,078.06 |
| Migratory Bird Monitoring, Assessment and Conservation | 15.655 | | 34,137.97 |
| Pass Through From: | | | |
| CSA International, Inc. | | | |
| Exploration and Research of Mid-Atlantic Deepwater Hard Bottom Habitats and Shipwrecks with Emphasis on Canyons and Coral | 15.000 | CSA JOB 2314 | 32,528.41 |
| Texas Parks & Wildlife | | | |
| Coastal Impact Assistance Program (CIAP) | 15.426 | 411172 | 6,920.18 |
| Total, Department of Interior | | | <u>263,202.26</u> |
| <u>Department of Justice</u> | | | |
| Direct Program: | | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | | 193,965.04 |
| Total, Department of Justice | | | <u>193,965.04</u> |
| <u>Department of State</u> | | | |
| Direct Program: | | | |
| RDT&E of Vehicle Anti-Ram Barriers | 19.000 | S-DSASD-10-CA-201 | 971,884.29 |
| General Department of State Assistance | 19.700 | | 354,243.71 |
| Pass Through From: | | | |
| University of Nebraska | | | |
| Breeding Sorghum for Improved Resistance to Biotic and Abiotic Stresses and Enhanced End-Use Characteristics for Southern Africa | 19.000 | 25-6805-0016-906 (TAM-102) | 35,907.87 |
| Total, Department of State | | | <u>1,362,035.87</u> |

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|--|--------------------|---------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| <u>Department of Transportation</u> | | | |
| Direct Program: | | | |
| Transportation Planning Analysis Technology Transfer and Program Support for the Travel Model Improvement Program (TMIP) | 20.000 | DTFH61-06-C-00047 | (0.01) |
| Field Evaluation of the Effectiveness of Detection-Control System (D-CS) | 20.000 | DTFH6108C00033 | 944.35 |
| Development of Minimum Roadway Guidance Information | 20.000 | DTFH6809E00105 | 41,449.17 |
| Develop a Turn-Key System for Remote Traffic Monitoring for Federal Land Management Agencies | 20.000 | DTFH70-10-E-00020 | 55,899.98 |
| Develop Traffic Counting/Monitoring Training for Federal Land Management Agencies | 20.000 | DTFH70-10-E-00021 | 38,950.32 |
| Transportation Economics Center - Years 2 - 5 | 20.000 | DTOS59-10-D-00504 | 1,999.04 |
| Public Transportation Research | 20.514 | | 5,519.04 |
| University Transportation Centers Program | 20.701 | | 504,828.75 |
| Pass Through From: | | | |
| American Road & Transportation Builders Association | | | |
| National Work Zone Safety Information Clearinghouse | 20.000 | 03192007 | 9,098.97 |
| Applied Research Associates, Inc. | | | |
| Work Plan for 2007 TOPR No. 6 - Task 2.2 - Highways for Life Projects | 20.000 | L00028.09003 | 3,307.08 |
| Battelle Memorial Institute | | | |
| Development in Weather Responsive Traffic Management (WRTM) Strategies | 20.000 | 600112-29 | 10,591.26 |
| Measuring Border Delay and Crossing Times at the US/Mexico Border | 20.000 | 60011214 | 2,704.30 |
| UPA Evaluation | 20.000 | 600112-15 | 202,363.28 |
| Congestion Pricing and High Occupancy Toll Lanes Program Support and Technical Assistance | 20.000 | 600112-27 | (2,844.55) |
| Traffic Incident Management (TIM) Incident-Performance Metric Adoption Campaign | 20.000 | 600112-30 | 32.04 |
| Urban Congestion Report Program | 20.000 | 600112-47 | 74,030.65 |
| Support to FHWA in the Development of the Active Transportation and Demand Management (ATDM) Program | 20.000 | 600112-40 | 9,967.49 |
| Exploratory Research on Technology Options for Collection of Road User Fees | 20.000 | 600112-43 | 90,482.46 |
| Signal Phase and Timing and Related Messages for Intelligentdrivesm Applications | 20.000 | 600112-44 | 116,780.10 |
| Impacts of Exempted Vehicles on Managed Lanes | 20.000 | 600112-45 | 13,052.55 |
| Evaluation of International Applications of ATM Lane Control Signing for Use in the United States | 20.000 | 600112-49 | 20,946.47 |
| Evaluation of Pedestrians Safely Engineering Countermeasures at Urban and Suburban Midblock Crossing Locations | 20.000 | 601119-1 | 104,326.42 |
| Improving Signing and Markings at Complex Interchanges | 20.000 | 601119-2 | 6,573.27 |
| International Border Crossing Electronic Screening System for Trucks and Buses | 20.000 | US001-0000276212 | 40,122.54 |
| Data Needs, Availability and Opportunities for Work Zone Performance Measures | 20.000 | US001-600112-46 | 39,476.55 |
| Support to FHWA in the Development and Delivery of Workshops on Active TDM | 20.000 | US001-600112-48 | 33,210.55 |
| Design and Operations Elements of Dynamic Shoulder Use | 20.000 | US001-600112-50 | 33,613.44 |
| Use of Technology and Data for Effective Work Zone Management | 20.000 | US001-600112-51 | 15,842.56 |
| Advanced Weather Responsive Traffic Management Strategies | 20.000 | US001-600112-53 | 45,513.51 |
| Integration of Weigh-In Motion Technology into NIST's Handbook #44 | 20.000 | US001-600112-54 | 41,983.22 |
| Traffic Management Technical Support - Phase 1 ATM Capability Framework | 20.000 | US001-600112-55 | 84,291.32 |
| Evaluation of Safety Treatments for Pedestrian Crossing: Pedestrian Hybrid Beacon, Rectangular Rapid Flashing Beacon | 20.000 | US001-601119-3 | 65,401.66 |

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|---|--------------------|------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Cambridge Systematics | | | |
| Long-Distance and Rural Travel Transferable Parameters for Statewide Travel Forecasting | 20.000 | 08488-001 | 24.18 |
| Improving Travel Behavior Data for Alternative Fuel Vehicles: A Scoping Study | 20.000 | 08551 TO 108 | 1,811.39 |
| Lower Functional Class Roadway Traffic Monitoring Enhancement and Travel Estimation | 20.000 | 7877 210 | 24,275.12 |
| Traffic Analysis Framework - Developing Traffic Data Collection Format and Procedures | 20.000 | 7877 TO 131 | 1,737.00 |
| Corridor and Gateway Concepts - FHWA Transportation Planning IDIQ - DTFH61-10-D-00005 TOPR PLO116 | 20.000 | 83050 TO #40 | 81,907.64 |
| Incorporating Reliability Performance Measures into the Transportation Planning and Programming Processes | 20.000 | 8353-001 | 18,099.44 |
| Data Nexus, Inc. | | | |
| An Investigation of Teen Driver Parental Involvement Programs in the U.S. | 20.000 | DTNH22-09-D-00134/TO0001 | 12,016.79 |
| Economic Development Research Group | | | |
| Development of Improved Economic Analysis Tools Based on Recommendations from Project CO3 | 20.000 | SHRP2 C11 | 2,634.98 |
| Hawaii Department of Transportation | | | |
| Crash Testing of Hawaii DOT Typical Cement Rubble Masonry Guardrail Walls at NCHRP Report 350 Test Levels One and Two | 20.000 | 61251 | 142,279.09 |
| Institute of Transportation Engineers | | | |
| Task IT42-020-Traffic Signal Operations Resource Development and Self Assessment/Traffic Signal Report Card | 20.000 | ITE-00-21.13 TO IT42-020 | 359.15 |
| Iowa State University | | | |
| A Guidebook for Construction Manager-at-Risk Contracting for Highway Projects | 20.000 | ISU 428-17-19 | 25,160.17 |
| Iteris | | | |
| NHI Operations Courses (ITERIS IDIQ) | 20.000 | 22J09NHI (DOTFHWA6108D0036) | 40.71 |
| NHI Traffic Signal Systems Courses (Developing Course 133028A and Support Courses 133028B, 133028C, 133028D) | 20.000 | 22-J-12-NH01 NH00F01 | 63,600.34 |
| Kimley-Horn and Associates | | | |
| Trip-Generation Rates for Transportation Impact Analyses of Infill Developments - NCHRP 08-66 | 20.000 | 04/11/08 (HR 08-66) | 3,716.13 |
| Kittelson and Associates | | | |
| Transit Capacity and Quality of Service Manual, 3rd Edition | 20.000 | 10800 TCRP A-15C | 4,738.04 |
| Update of the Signal Timing Manual | 20.000 | 11109 | 17,620.05 |
| Evaluating the Performance of Corridors with Roundabouts | 20.000 | 11334 | 17,008.18 |
| Condition of State and Federally Funded Transit Assets NCHRP Project 20-65 Research Task 48 | 20.000 | HR 20-65 (048) | 30,254.21 |
| Lee Engineering, L.L.C. | | | |
| DYNUS T-VISSIM Conversion Tool Improvement | 20.000 | TO MS12-03 435-B | 37.89 |
| Marshall University | | | |
| Transportation Rates Research - GIWW-E, Arkansas River, Red River Metropolitan Transp. Author.-Long Island | 20.000 | MURC 211258, P1200305-1 | 97,487.18 |
| Tactics - Crew Resource MGT Safety Training Initiative | 20.000 | PON6583 | 1,655.72 |
| NAS-National Cooperative Highway Research Program | | | |
| Development of Clear Recovery Area Guidelines | 20.000 | HR 17-11(002) | 7,957.96 |
| Enhanced Safety Prediction Methodology and Analysis Tool for Freeways and Interchanges | 20.000 | HR 17-45 | 4,235.09 |
| Testing of Cable Median Barrier in a Narrow Ditch | 20.000 | HR 22-14(004) | 5,445.77 |
| Properties of Foamed Asphalt for Warm Mix Asphalt Applications | 20.000 | HR9-53; NAS 138. TO 21 | 273,684.62 |
| Placement of Traffic Barriers on Roadside and Median Slopes | 20.000 | NAS 128, NO 7 / HR22-22(002) | 72,340.92 |
| Improved Right-of-Way Procedures and Business Practices | 20.000 | NAS 128.HR-20-84, 4 | 234,894.11 |
| Guidelines for Slope Traversability | 20.000 | NAS 138 TO 19 / HR 17-55 | 86,077.31 |
| Guidelines for Cost Effective Safety Treatments of Roadside Ditches | 20.000 | NAS 138 TO 01, HR 16-05 | 56,718.17 |
| Design Guidance for Intersection Auxiliary Lanes | 20.000 | NAS 138 TO#14, HR03-102 | 245,490.98 |
| Improving the Quality of Motorcycle Travel Data Collection | 20.000 | NAS 138 TO13 HR08-81 | 95,547.37 |
| Traffic Control Device Guidelines for Curves | 20.000 | NAS 138 TO22 HR 03 106 | 232,219.59 |
| Effective Project Scoping Practices to Improve On-Time and On-Budget Delivery of Highway Projects | 20.000 | NAS 138 TO23 HR 08-88 | 102,716.82 |
| Work Zone Crash Characteristics and Countermeasure Guidance | 20.000 | NAS 138 TP24 HR 17-61 | 79,473.57 |
| Managing Utilities on Highway Right-Of-Way | 20.000 | NAS 138, 25 | 32,941.86 |

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|---|--------------------|-------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Developing a Long-Range Strategic Plan for the MUTCD | 20.000 | NAS 138, HR 20-07(323) TO 18 | 20,908.42 |
| Performance-Related Specifications for Pavement Preservation Treatments | 20.000 | NAS 138, TO 05, HR 10-82 | (52.90) |
| Performance of WMA Technologies: Stage I - Moisture Susceptibility | 20.000 | NAS 138, TO 06, HR 09-49 | 106,190.32 |
| Long-Range Strategic Issues Affecting Preservation, Maintenance, and Renewal of Highway Infrastructure | 20.000 | NAS 138, TO 07, HR 20-83(003) | 135,470.86 |
| Guidelines for Nighttime Visibility of Overhead Guide Signs | 20.000 | NAS 138, TO 4, HR 05-20 | 260,279.11 |
| Effective Removal of Pavement Markings | 20.000 | NAS 138, TO 4; HR 14-22 | 2,538.13 |
| Design Guidelines for TL-3 Through TL-5 Roadside Barrier Systems | 20.000 | NCHRP 22-20(002) | 200,969.45 |
| Placed on Mechanically Stabilized Earth (MSE) Retaining Walls | 20.000 | NCHRP 9-52 | 275,054.81 |
| Short-Term Laboratory Conditioning of Asphalt Mixtures | 20.000 | | |
| NAS-NRC-TRB-NCFRP | | | |
| Integrating MTS Commerce Data with Multimodal Freight | 20.000 | NAS 138, TO 17 | 195,606.14 |
| Transportation Performance Measures to Support MTS Maintenance | | | |
| NAS-NRC-TRB-SHRP | | | |
| Effectiveness of Different Approaches to Disseminating Traveler Information on Travel Time Reliability | 20.000 | SHRP L-14 | 112,361.70 |
| Using Both Infrared and High-Speed Ground Penetrating Radar for Uniformity Measurements on New HMA Layers | 20.000 | SHRP R-06(C) | 148,361.16 |
| High-Speed Nondestructive Testing Methods for Mapping Voids, Debonding, Delaminations, Moisture, and Other Defects | 20.000 | SHRP R-06G | 126,222.86 |
| Roadsafe LLC | | | |
| Recommended Guidelines for the Selection of Test Levels 2 Through 5 Bridge Rails | 20.000 | 12202010 | 62.47 |
| Rutgers University | | | |
| Introduction to Statewide Transportation Planning TPE05-30 | 20.000 | 3854 PO1409855 430264 | 6.77 |
| Science Applications International Corporation | | | |
| Project Management - Technical Support for Highway Safety | 20.000 | P010052675-R1 4600006508 | 1,583.93 |
| Roadway Departure Focus State Initiatives: Technical Assistance and Support | 20.000 | TO4400159334-4600006508 | 5,800.96 |
| Science Applications International Corporation | | | |
| Highway Safety Visibility Program (HSVP) Outreach, Technical Assistance, and Rulemaking | 20.000 | P010052675 R6 T-11-002 | 37,268.20 |
| Signalized Intersections Guide and Workshop Update | 20.000 | P010052675 T-11-006 | 17,395.61 |
| Roundabouts Peer-To-Peer Program | 20.000 | P010052675,T-10-005 | 3,246.17 |
| Deployment of Detection-Control System (D-CS) Algorithm into Different Signal Controller Platforms | 20.000 | P010052675-R10 | 37,141.90 |
| Review of State's Railway-Highway Crossing Reports and Preparation of the Draft 2014 Section 130 Report to Congress | 20.000 | P010052675-R12 | 26,744.53 |
| Safety Support Services - Review of States' Railway-Highway Crossing Reports and Preparation of the Draft 2011 | 20.000 | P010052675-R4, T-11-003 | (111.53) |
| Study of the Best-Practices for Implementing Cost-Effective Roadway Safety Infrastructure Improvements on High Risk Rural Roads | 20.000 | P010052675-R8 | 34,619.60 |
| Technical Services Support - Guidance on Traffic Control Devices | 20.000 | P010052675-R9 | 23,129.77 |
| Roadway Departure Roadside Safety System Product Acceptance | 20.000 | P010052675-T-11-005 | 35,405.82 |
| University of Maryland | | | |
| CITE WRTM O-Line Training Development Support | 20.000 | Q072102 | 1,503.53 |

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|--|--------------------|--|---|
| <i>Research and Development Cluster</i> | | | |
| University of Wisconsin-Madison | | | |
| Assessing Public Benefits and Costs of Freight Transportation Projects | 20.000 | 211K481 | 7,986.28 |
| Air Cargo in the Mississippi Valley Freight Coalition Region | 20.000 | 266K630 | 1,468.35 |
| Minnesota Department of Transportation | | | |
| Highway Research and Development Program | 20.200 | 99007,1 | 157,340.39 |
| Science Applications International Corporation | | | |
| Highway Research and Development Program | 20.200 | DTFH60-10-D-00029 DO 1 / P010117845-R1 | 7,001.19 |
| Western Research Institute | | | |
| Highway Research and Development Program | 20.200 | TTI000 | 1,069,929.96 |
| Georgia Department of Transportation | | | |
| Highway Training and Education | 20.215 | CSSFT000900150, PI NO.0009150 | 2,755.98 |
| Perform Tech Incorporated | | | |
| Highway Training and Education | 20.215 | VARIOUS | 12,423.24 |
| Rutgers University | | | |
| Public Transportation Research | 20.514 | 4165 POS1418972 430264 | 247.04 |
| University of Wisconsin-Madison | | | |
| University Transportation Centers Program | 20.701 | 258K635 | (1,582.17) |
| Oklahoma State University | | | |
| Biobased Transportation Research | 20.761 | AB-5-61770.2.TAMRF4YUAN | 15,401.16 |
| Biobased Transportation Research | 20.761 | AB-5-61770.2.TAMRF5GANJEGUNTE | 23,767.13 |
| Total, Department of Transportation | | | <u>6,891,111.66</u> |
| <i>National Aeronautics and Space Administration</i> | | | |
| Direct Program: | | | |
| Ocean Acidification of the Greater Caribbean Region 1999-2009 | 43.000 | NNX08AW98G | 2,259.21 |
| Research in Light Scattering and Radiative Transfer for Improving the Retrieval of Ice Cloud Properties | 43.000 | NNX09AP63G | 27,053.21 |
| Participation in GPM Intersatellite Calibration and Radar Enhanced Radiometer Algorithm Working Groups | 43.000 | NNX10AG79G | 77,227.73 |
| TRMM Precipitation Radar Algorithm Evaluation and Model Simulator | 43.000 | NNX10AG89G | 27,171.57 |
| Development of an Algorithm to Retrieve the Habit and Relative Size Distribution of Ice Crystals in Cirrus Clouds | 43.000 | NNX10AL55G | 75,856.39 |
| Investigation of Precipitating Marine Stratocumulus Clouds in the Southeastern Pacific Using Cloudsat | 43.000 | NNX10AM21G | 50,011.19 |
| Measurements of Cloud Radiative Impact on the Climate Using Calipso, Cloudsat, and Other A-Train Sensors | 43.000 | NNX10AM27G | 131,291.55 |
| Midlevel Cloud Characterization Using A-Train Observations and the GISS GCM | 43.000 | NNX10AP06G | 62,139.08 |
| Increasing Electrocardiography (EGC) Predictive Power by Using the Random Forest Technique | 43.000 | NNX11AN08H | 5,942.15 |
| Science | 43.001 | | 587,789.15 |
| Pass Through From: | | | |
| Baylor College of Medicine (NSBRI) | | | |
| Team Leader - Musculoskeletal Alterations Team | 43.000 | NCC 9-58 42, MA01701.3 | (10,389.14) |
| NSBRI Website and Special Public Outreach Project Support | 43.000 | NCC9-58-42, A000010 | 127,192.11 |
| Maintaining Musculoskeletal Health in the Lunar Environment | 43.000 | NCC-9-58-42,MA01602, 4600575969 | 1,149.57 |
| California Institute of Technology | | | |
| Spitzer-Hetdex Exploratory Large Area (SHELA) Survey | 43.000 | RAS 1439010 | 26,728.15 |
| Survey of Paschen Alpha in High Redshift Galaxies | 43.000 | RSA NO. 1344439 | 11,826.16 |
| Ultra-Deep MIPS Imaging of the Locksman Hole | 43.000 | RSA NO. 1365085 | 2,259.17 |
| The Great Observatories Origins Deep Survey: Far-Infrared Imaging with Herschel | 43.000 | RSA NO. 1374214 | 86,369.32 |
| Spectroscopy of a Highly Magnified Galaxy Behind the Bullet Cluster | 43.000 | RSA NO. 1438585 | 6,748.76 |
| Jet Propulsion Laboratory | | | |
| Investigation of the Properties of Martian Atmospheric Dust and It's Effect on the Illumination of the Martian Surface | 43.000 | 1242728 | 29,135.97 |
| Understanding the Vertical Distribution of Water Vapor at the Phoenix Landing Site | 43.000 | 1422184 | 8,060.61 |
| Lockheed Martin Space Operations | | | |
| LMSO Storefront Property | 43.000 | 7200005451 | 1,338,160.64 |

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|---|------------------------|---------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Malin Space Science Systems | | | |
| Atmospheric Imaging Investigation for the Mars Science Laboratory Imaging Science Team | 43.000 | 11-0156 (NMO710846) | 149,204.18 |
| Space Telescope Science Institute | | | |
| A Detailed Analysis of the Stellar Populations in Galaxies at $Z > 7$ | 43.000 | HST-AR-12127.06-A | 16,597.51 |
| Star Cluster Dissolution in Various Environments | 43.000 | HST-AR-12148.01-A | 1,811.48 |
| Astronomy Teacher Professional Development for Laredo, Texas | 43.000 | HST-EO-12476.07A | 4,776.66 |
| Narrowing in on the Hubble Constant and Dark Energy | 43.000 | HST-GO-11570.09-A | 9,972.96 |
| Studying Cepheid Systematics in M81: H-Band Observations | 43.000 | HST-GO-11731.04-A | 4,009.04 |
| Cosmic Assembly Near-IR Deep Extragalactic Survey (CANDELS) - I | 43.000 | HST-GO-12060.47 | 30,642.95 |
| Super-Group 1120-1202: A Unique Laboratory for Tracing Galaxy Evolution in an Assembling Cluster at $Z=0.37$ | 43.000 | HST-GO-12470.01-A | 6,061.95 |
| Measuring the Hubble Flow Hubble Constant | 43.000 | HST-GO-12476.06-A | 38,699.69 |
| Cosmic Assembly Near-IR Deep Extragalactic Survey (CANDELS) - I | 43.000 | HST-GO-12590.01A | 9,932.01 |
| Teledyne Brown Engineering, Inc. | | | |
| Student Intern Rates for Teledyne Brown Engineering | 43.000 | PO00092259 | 2,827.60 |
| United Space Alliance, LLC | | | |
| Student Intern Rates for USA | 43.000 | 6000167439 | 14,347.76 |
| University of Wisconsin-Madison | | | |
| Science | 43.001 | 301K630 | 91,238.42 |
| Total, National Aeronautics and Space Administration | | | 3,054,104.76 |
| <u>National Endowment for the Arts/Humanities</u> | | | |
| Direct Program: | | | |
| Promotion of the Humanities Professional Development | 45.163 | | 28,179.12 |
| Total, National Endowment for the Arts/Humanities | | | 28,179.12 |
| <u>National Science Foundation</u> | | | |
| Direct Program: | | | |
| Engineering Grants | 47.041 | | 800,000.03 |
| Mathematical and Physical Sciences | 47.049 | | 6,529,549.62 |
| Geosciences | 47.050 | | 2,237,014.00 |
| Computer and Information Science and Engineering | 47.070 | | 274,277.53 |
| Biological Sciences | 47.074 | | 3,288,858.58 |
| Social, Behavioral, and Economic Sciences | 47.075 | | 313,664.04 |
| Education and Human Resources | 47.076 | | 893,277.14 |
| Polar Programs | 47.078 | | 39,075.79 |
| Office of Cyberinfrastructure | 47.080 | | 260,797.17 |
| Trans-NSF Recovery Act Research Support-RECOVERY | 47.082 | | 1,047,451.64 |
| Pass Through From: | | | |
| Princeton University | | | |
| Engineering Grants | 47.041 | 00001214 EEC-0540832 | 105,617.37 |
| University of Colorado-Denver | | | |
| Engineering Grants | 47.041 | FY12.579.003 (CCMI-1143922 EXT) | 4,260.91 |
| California Institute of Technology | | | |
| Mathematical and Physical Sciences | 47.049 | 44E-1088029 (PHY-0919599) | 7,468.03 |
| Mathematical and Physical Sciences | 47.049 | 68D-1086296 | 31,348.53 |
| Mathematical and Physical Sciences | 47.049 | 68D-1089182 | 1,089.17 |
| Case Western Reserve | | | |
| Mathematical and Physical Sciences | 47.049 | RES504475; 114064 (PHY-0919261) | 14,838.65 |
| Ohio State University | | | |
| Mathematical and Physical Sciences | 47.049 | 60018555 | 66,187.42 |
| Rice University | | | |
| Mathematical and Physical Sciences | 47.049 | R3C75E | 33,731.10 |
| University of Delaware | | | |
| Mathematical and Physical Sciences | 47.049 | 20653 (DMR-0906815) | 75,182.77 |

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|---|--------------------|----------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Consortium for Ocean Leadership, Inc | | | |
| Geosciences | 47.050 | JSC 4-02 | 58,051,793.18 |
| Geosciences | 47.050 | T329A13 | 666.58 |
| Geosciences | 47.050 | T329B13 | 2,530.69 |
| Geosciences | 47.050 | T334A13 | 1,095.09 |
| Geosciences | 47.050 | T336A13 | 2,996.67 |
| Geosciences | 47.050 | T342A13 | 13,469.96 |
| Geosciences | 47.050 | T343A13 | 54,489.20 |
| Geosciences | 47.050 | T344A13 | 2,189.58 |
| Regents of the University of California | | | |
| Geosciences | 47.050 | 20091128101 | 202,567.06 |
| Unavco: Plate Boundary Observatory | | | |
| Geosciences | 47.050 | EAR 0732947-05 | 76,275.43 |
| Regents of the University of California | | | |
| Biological Sciences | 47.074 | S-000500 (EF-1115144) | 20,431.04 |
| University of California-Riverside | | | |
| Biological Sciences | 47.074 | S-00000259 (DEB-0730616) | 22,787.29 |
| University of Texas-Austin | | | |
| Biological Sciences | 47.074 | UTA10-000935 (NSF IOS-1025947) | 85,541.31 |
| Colorado State University | | | |
| Social, Behavioral, and Economic Sciences | 47.075 | G30031 | 24,871.55 |
| Northwestern University | | | |
| Education and Human Resources | 47.076 | PROJ0001653 (NSF DRL-0908130) | 18,267.04 |
| University of Wisconsin-Madison | | | |
| Education and Human Resources | 47.076 | X496344 | 2,765.51 |
| U.S. Civilian Research & Development Foundation | | | |
| Office of International and Integrative Activities | 47.079 | RUB1-2996VL-11 | 4,316.28 |
| University of Colorado | | | |
| Trans-NSF Recovery Act Research Support-RECOVERY | 47.082 | SPO 0000073544, CU 1546775 | 7,385.62 |
| Total, National Science Foundation | | | <u>74,618,128.57</u> |
| <u>Department of Veterans Affairs</u> | | | |
| Pass Through From: | | | |
| Altarum Institute | | | |
| Evaluation of a VHA Project Arch Pilot Program | 64.000 | PENDING | (2,872.99) |
| Total, Department of Veterans Affairs | | | <u>(2,872.99)</u> |
| <u>Environmental Protection Agency</u> | | | |
| Direct Program: | | | |
| Auxiliary Power Unit Testing for Smartway Idle Reduction Technology | | | |
| Verification | 66.000 | EP-11-H-000527 | 56,623.39 |
| Gulf of Mexico Program | 66.475 | | 100,912.71 |
| Science to Achieve Results (STAR) Research Program | 66.509 | | 64,193.67 |
| P3 Award: National Student Design Competition for Sustainability | 66.516 | | 39,651.07 |
| Protection of Children from Environmental Health Risks | 66.609 | | 8,055.34 |
| Pass Through From: | | | |
| Health Effects Institute, The | | | |
| Methods to Investigate the Effects of Multiple Air Pollution Constituents | 66.000 | 4785-RFA09-1/10-1-2 | 12,644.06 |
| RTI International | | | |
| Fasomghg Modeling of Renewable Fuels Policy | 66.000 | T-312-0210826 TO18 (EP-W-07-069) | 14,616.41 |
| University of Texas-El Paso | | | |
| Congressionally Mandated Projects | 66.202 | 26-3008-24-61 | 4,789.16 |
| Texas State University | | | |
| Science to Achieve Results (STAR) Research Program | 66.509 | 8000001508.1 | 52,816.01 |
| Total, Environmental Protection Agency | | | <u>354,301.82</u> |

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|---|------------------------|------------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| <u>Department of Energy</u> | | | |
| Direct Program: | | | |
| The Institute for High Heat Flux Removal | 81.000 | DE-FG02-97ER54452 | 190,605.93 |
| Office of Science Financial Assistance Program-RECOVERY | 81.049 | | 486,656.66 |
| Office of Science Financial Assistance Program | 81.049 | | 4,205,369.90 |
| Renewable Energy Research and Development | 81.087 | | 107,581.20 |
| Advanced Research and Projects Agency – Energy Financial Assistance Program-RECOVERY | 81.135 | | 48,156.34 |
| Pass Through From: | | | |
| Battelle Energy Alliance, LLC | | | |
| Riverine and Lacustrine Adaptations: 2010 Idaho National Laboratory (INL) Archaeological Testing Project | 81.000 | 00106760 | 9,782.62 |
| Brookhaven National Laboratory | | | |
| Investigation of Cloud and Precipitation Processes Using WRF with a Two-Moment Microphysics | 81.000 | 208018 | (2,291.03) |
| Investigation of Cloud and Precipitation Processes Using WRF with a Two-Moment Microphysics | 81.000 | BNL-0000230619 | 15,010.90 |
| Fermi National Accelerator Laboratory | | | |
| US CMS Upgrade R&D M&O Subsystem | 81.000 | 584808 | 38,030.63 |
| US CMS Trigger M&O Subsystem | 81.000 | 584813 | 10,560.00 |
| US CMS Endcap Muon M&O Subsystem | 81.000 | 584823 | 242,753.69 |
| Spectrophotometric Calibration System for the Dark Energy Survey Camera | 81.000 | 596588 | (1,973.44) |
| Statement of Work for US CMS Texas A&M Research Foundation for Activities Related to the US CMS FPIX Subsystem | 81.000 | 599464 | 3,118.79 |
| Graduate Student Support from Fermi National Accelerator Laboratory | 81.000 | 600784 | 3,298.17 |
| OHEP Supplemental Distribution | 81.000 | 602673 | 22,893.96 |
| Savannah River Nuclear Solutions, LLC | | | |
| Separation of Americium from Curium by Ion Exchange | 81.000 | AC70059-O (DOE: DE-AC09-08SR22470) | 3,174.17 |
| Louisiana State University | | | |
| Office of Science Financial Assistance Program | 81.049 | 41922 | 160,677.82 |
| Office of Science Financial Assistance Program | 81.049 | 7261 (C175635) | 100,760.23 |
| Michigan State University | | | |
| Office of Science Financial Assistance Program | 81.049 | 61-3242 TAM | 68,417.41 |
| University of California-Berkeley | | | |
| Office of Science Financial Assistance Program | 81.049 | 00006785 (DE-SC0001015) | 210,508.10 |
| North Central Sun Grant Initiative | | | |
| Regional Biomass Energy Programs | 81.079 | 3TM160 (DE-FG36-08GO88073) | 45,625.71 |
| Total, Department of Energy | | | <u>5,968,717.76</u> |
| <u>Department of Education</u> | | | |
| Direct Program: | | | |
| Undergraduate International Studies and Foreign Language | 84.016 | | 29,246.35 |
| Fund for the Improvement of Postsecondary Education | 84.116 | | 317,122.45 |
| Education Research, Development and Dissemination | 84.305 | | 668,704.61 |
| Research in Special Education | 84.324 | | (201.75) |
| Transition to Teaching | 84.350 | | 12,962.89 |
| School Leadership | 84.363 | | 732,136.40 |
| Total, Department of Education | | | <u>1,759,970.95</u> |
| <u>Department of Health and Human Services</u> | | | |
| Direct Program: | | | |
| Regulation of Bile Duct Growth in Bile Duct Ligated Rats | 93.000 | 2R01DK062975-05A1 | 1,471.39 |
| Regulation of Circadian Transcription | 93.000 | 2R01NS052854-05A1 | 282,720.71 |
| Public Health Emergency Preparedness | 93.069 | | 398,325.52 |
| Environmental Health | 93.113 | | 146,140.91 |
| Oral Diseases and Disorders Research | 93.121 | | 257,660.69 |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | | 1,917,036.62 |
| Health Program for Toxic Substances and Disease Registry | 93.161 | | 125,664.51 |
| Research Related to Deafness and Communication Disorders | 93.173 | | 73,597.13 |
| Contraception and Infertility Research Loan Repayment Program | 93.209 | | 39,777.95 |
| Research and Training in Complementary and Alternative Medicine | 93.213 | | 26,459.37 |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | | 304,865.14 |

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|--|--------------------|------------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Mental Health Research Grants | 93.242 | | 294,459.69 |
| Occupational Safety and Health Program | 93.262 | | 1,522.31 |
| Alcohol Research Programs | 93.273 | | 592,407.45 |
| Drug Abuse and Addiction Research Programs | 93.279 | | 336,871.63 |
| Centers for Disease Control and Prevention-Investigations and Technical Assistance | 93.283 | | 5,275.86 |
| Minority Health and Health Disparities Research | 93.307 | | 510,159.34 |
| Research Infrastructure Programs | 93.351 | | 461,380.90 |
| National Center for Research Resources | 93.389 | | 259,880.31 |
| Cancer Cause and Prevention Research | 93.393 | | 829,985.74 |
| Cancer Treatment Research | 93.395 | | 732,644.51 |
| Cancer Biology Research | 93.396 | | 320,329.46 |
| Trans-NIH Recovery Act Research Support-RECOVERY | 93.701 | | 740,629.47 |
| Health Information Technology Regional Extension Centers Program-RECOVERY | 93.718 | | 1,913,363.52 |
| Health Careers Opportunity Program | 93.822 | | 186,044.63 |
| Cardiovascular Diseases Research | 93.837 | | 633,990.15 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | | 1,999.73 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | | 360,071.10 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | | 462,283.78 |
| Allergy, Immunology and Transplantation Research | 93.855 | | 3,341,408.54 |
| Biomedical Research and Research Training | 93.859 | | 5,243,486.29 |
| Child Health and Human Development Extramural Research | 93.865 | | 768,012.64 |
| Aging Research | 93.866 | | 207,930.49 |
| Vision Research | 93.867 | | (3,644.88) |
| Grants for Primary Care Training and Enhancement | 93.884 | | 137,408.83 |
| Prevention and Public Health Fund (PPHF) Public Health Traineeships | 93.964 | | 16,391.00 |
| Pass Through From: | | | |
| American Institutes for Research | | | |
| Standardized Antibiotic Use in Long-Term Care Settings (SAUL) Study | 93.000 | 02434.008 (HHSA2902006000191 T.O.8 | 12,477.32 |
| University of California-Irvine | | | |
| Fitness Annotation of Bacterial Genomes | 93.000 | 2010-2517 | 94,544.17 |
| University of Colorado-Denver | | | |
| IHS Coordinating Center | 93.000 | 11.001.006 | (2,473.43) |
| Washington University, St. Louis | | | |
| Integrated Nanosystems for Diagnosis and Therapy | 93.000 | PO NO.2911033P, NO.WU-11-71 | 705,670.85 |
| National Council on Aging | | | |
| Special Programs for the Aging-Title IV-and Title II-Discretionary Projects-RECOVERY | 93.048 | 08192010 | 19,331.24 |
| Old Dominion University Research Foundation | | | |
| Environmental Health | 93.113 | 10-212-396531 | 14,308.71 |
| University of Texas-Medical Branch-Galveston | | | |
| Environmental Health | 93.113 | 12-083 (UOSPC-0000000725) | 42,477.95 |
| Environmental Health | 93.113 | PENDING | 8,134.26 |
| Dental Designs Dallas | | | |
| Oral Diseases and Disorders Research | 93.121 | 2R44DE01782902A1 | 26,481.75 |
| University of Texas-Arlington | | | |
| Oral Diseases and Disorders Research | 93.121 | 26-1601-6162 | 24,789.98 |
| Stanford University | | | |
| Research Related to Deafness and Communication Disorders | 93.173 | 210591237668A (2R01DC00389611) | 12,921.86 |

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|--|--------------------|---------------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| University of Texas-School of Public Health-Houston | | | |
| Public Health Training Centers Program | 93.249 | 2016-6-1652 | 15,449.16 |
| Public Health Training Centers Program | 93.249 | 5UB6HP20188-03-00 | 134,373.80 |
| Public Health Research Institute | | | |
| Alcohol Research Programs | 93.273 | 1015640 (NIH R01AA018365) | 265,796.27 |
| San Diego State University Foundation | | | |
| Alcohol Research Programs | 93.273 | 53253HP16607809211 | 9,810.62 |
| Stanford University | | | |
| Centers for Disease Control and Prevention-Investigations and Technical Assistance | 93.283 | 2717749050754C | 41,643.24 |
| Centers for Disease Control and Prevention-Investigations and Technical Assistance | 93.283 | 2717749050754C; P.O. 60273257 | 37,647.90 |
| Fred Hutchinson Cancer Research Center | | | |
| Cancer Cause and Prevention Research | 93.393 | 0000757562 (5U01CA162077-02) | 163,118.35 |
| Southern Illinois University | | | |
| Cancer Cause and Prevention Research | 93.393 | 520354, PO95963 | 10,379.04 |
| University of Texas-M.D. Anderson | | | |
| Cancer Centers Support Grants | 93.397 | 32603/98015674 | 178.58 |
| Dartmouth College | | | |
| Trans-NIH Recovery Act Research Support-RECOVERY | 93.701 | 643 | 14,427.51 |
| Scott and White Healthcare | | | |
| Trans-NIH Recovery Act Research Support-RECOVERY | 93.701 | 090651 AMD 2 (1RC4AG03818301) | 35,735.46 |
| University of Texas-M.D. Anderson | | | |
| Trans-NIH Recovery Act Research Support-RECOVERY | 93.701 | 32958/98013924 | 15,645.29 |
| University of California-Davis | | | |
| Cardiovascular Diseases Research | 93.837 | 201120337-01 | 13,778.10 |
| University of Florida-Gainesville | | | |
| Cardiovascular Diseases Research | 93.837 | UF10091 (R18HL087800) | 14,862.46 |
| University of Missouri | | | |
| Cardiovascular Diseases Research | 93.837 | C00017558-1 | 11,586.92 |
| University of Washington | | | |
| Cardiovascular Diseases Research | 93.837 | 725280 | 28,421.08 |
| University of Utah | | | |
| Blood Diseases and Resources Research | 93.839 | 10007823-04 | 24,372.21 |
| University of North Carolina-Chapel Hill | | | |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | 5-31135 | 54,651.95 |
| University of Iowa | | | |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | 1000955724 (1R24DK091211-01 R) | 35,449.52 |
| Washington University, St. Louis | | | |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | WU-11-54 PO2910814P | 68,137.36 |
| University of California-San Francisco | | | |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | 5991SC | 36,292.95 |
| Cornell Univ.-Joan & Sanford I. Weill Medical College | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | 12040466 (5R01AI092573-02) | 75,078.62 |
| Allergy, Immunology and Transplantation Research | 93.855 | 13040491 (5R01AI092573-03) | 173,699.50 |
| University of California-Irvine | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | 2008-2034, 4 | 52,637.81 |
| University of Oklahoma Health Science Center | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | RS20110200-01 (2R01AI037657-15) | 62,492.72 |
| University of Texas-Health Science Center-Houston | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | 0007356A, 1 | (6,220.60) |
| Dartmouth College | | | |
| Biomedical Research and Research Training | 93.859 | 425255 | 33,885.28 |
| Biomedical Research and Research Training | 93.859 | 425265 | 42,780.72 |
| Biomedical Research and Research Training | 93.859 | 578 | 343,392.40 |
| Biomedical Research and Research Training | 93.859 | 579 | 57,506.87 |

Texas A&M Research Foundation
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2013

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Identifying Number</u> | <u>Total Pass-Through and Expenditure</u> |
|--|--------------------|-----------------------------|---|
| <i>Research and Development Cluster</i> | | | |
| Ohio State University Research Foundation | | | |
| Biomedical Research and Research Training | 93.859 | 60027355 (NIH R01 GM088670) | 44,239.04 |
| University of Illinois | | | |
| Biomedical Research and Research Training | 93.859 | 2009-01303-02 | 319,928.12 |
| Biomedical Research and Research Training | 93.859 | 2010-00365-04 | 48,069.91 |
| University of Southern California | | | |
| Biomedical Research and Research Training | 93.859 | 32560507 (50006056) | 289,925.88 |
| Biomedical Research and Research Training | 93.859 | H50842 | 3,257.12 |
| University of Texas-San Antonio | | | |
| PPHF-2012 Geriatric Education Centers | 93.969 | 152897/152895 | 23,768.29 |
| PPHF-2012 Geriatric Education Centers | 93.969 | PENDING | 2,666.70 |
| Total, Department Health and Human Services | | | <u>25,485,543.24</u> |
| <i>Department of Homeland Security</i> | | | |
| Direct Program: | | | |
| 2-1-1 Texas Database Analysis for Katrina-Rita Community Needs, 2005 (Option Year 2) | 97.000 | HSHQDC08P00161 | 7,477.11 |
| Development of Multi-Component Vaccines for African Swine Fever | 97.000 | HSHQDC-11-C-00116 | 90,251.83 |
| Assistance to Firefighters Grant | 97.044 | EMW2010FP00597 | 326,704.01 |
| Total, Department of Homeland Security | | | <u>424,432.95</u> |
| <i>United States Agency for International Development</i> | | | |
| Pass Through From: | | | |
| Michigan State University | | | |
| Increasing Utilization of Beans/Cowpeas to Promote Health in Malawi and Kenya | 98.000 | 61-2858 | 46,736.77 |
| University of Nebraska | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | 25-6805-0010-060 | 125,622.92 |
| USAID Foreign Assistance for Programs Overseas | 98.001 | 25-6805-0016-906 (TAM 101) | 214,582.03 |
| USAID Foreign Assistance for Programs Overseas | 98.001 | 25-6805-0016-906 (TAM 103) | 74,878.72 |
| University of Georgia | | | |
| USAID Development Partnerships for University Cooperation and Development | 98.012 | RC710-025/3842068 | 63,019.94 |
| USAID Development Partnerships for University Cooperation and Development | 98.012 | RC710-025/3842438 | 30,386.05 |
| Total, United States Agency for International Development | | | <u>555,226.43</u> |
| Total, Research and Development Cluster | | | <u>134,079,902.06</u> |
| <i>Hope VI Cluster</i> | | | |
| <i>Department of Housing and Urban Development</i> | | | |
| Pass Through From: | | | |
| Beaumont Housing Authority, City Of | | | |
| Demolition and Revitalization of Severely Distressed Public Housing | 14.866 | 01012007-04152011 | 620.26 |
| Total, Department of Housing and Urban Development | | | <u>620.26</u> |
| Total, Hope VI Cluster | | | <u>620.26</u> |
| Total, Federal Awards Expended | | | <u>\$ 134,080,522.32</u> |
| <i>State of Texas Research and Development Cluster</i> | | | |
| Texas Department of Transportation | | 50-1XXIA020 | 238,462.41 |
| Cancer Prevention Research Institute of Texas | | RP100781 | 264,552.04 |
| Cancer Prevention Research Institute of Texas | | PP100203 | 22,055.22 |
| Cancer Prevention Research Institute of Texas | | PP110036 | 135,321.85 |
| Cancer Prevention Research Institute of Texas | | RP110555 | 153,127.76 |
| Total, State of Texas Awards Expended | | | <u>\$ 813,519.28</u> |
| Total, Federal and State of Texas Awards Expended | | | <u>\$ 134,894,041.60</u> |

Texas A&M Research Foundation
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2013

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Identifying Number</u> | <u>Total Pass-Through and Expenditure</u> |
|--|------------------------|---------------------------|---|
| Summary of American Recovery and Reinvestment Act (ARRA) Funding included above: | | | |
| National Science Foundation | | | 1,054,837.26 |
| U.S. Department of Energy | | | 534,813.00 |
| U.S. Department of Health and Human Services | | | <u>2,739,132.49</u> |
| | | | <u>\$ 4,328,782.75</u> |

Texas A&M Research Foundation
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2013

| Subrecipients | CFDA Number | Amount Provided to Subrecipients |
|--|----------------|-------------------------------------|
| Federal Grantor/Pass-through Grantor Program Title | | |
| U.S. Department of Agriculture | | |
| Grants for Agricultural Research, Special Research Grants | 10.200 | \$ 40,467.51 |
| Higher Education Graduate Fellowships Grant Program | 10.210 | 44,309.99 |
| Integrated Programs | 10.303 | 65,879.88 |
| Specialty Crop Research Initiative | 10.309 | 421,749.96 |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 1,206,752.44 |
| Totals - U.S. Department of Agriculture | | <u>1,779,159.78</u> |
| U.S. Department of Commerce | | |
| Integrated Ocean Observing System (IOOS) | 11.012 | 903,305.05 |
| Fisheries Development and Utilization Research and Development | 11.427 | 30,289.92 |
| Coastal Services Center | 11.473 | 172,802.25 |
| Totals - U.S. Department of Commerce | | <u>1,106,397.22</u> |
| U.S. Department of Defense | | |
| Long-Term Monitoring of Human Impacts at McMurdo Station, Antarctica - Phase 8 | 12.000 | 13,673.00 |
| Basic and Applied Scientific Research | 12.300 | 43,322.67 |
| Military Medical Research and Development | 12.420 | 570,195.61 |
| Totals - U.S. Department of Defense | | <u>627,191.28</u> |
| U.S. Department of Justice | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | 110,786.85 |
| Totals - U.S. Department of Justice | | <u>110,786.85</u> |
| U.S. Department of Transportation | | |
| Enhanced Safety Prediction Methodology and Analysis Tool for Freeways and Interchanges | 20.000 | 1,690.71 |
| Effectiveness of Different Approaches to Disseminating Traveler Information on Travel Time Reliability | 20.000 | 18,546.79 |
| High-Speed Nondestructive Testing Methods for Mapping Voids, Debonding, Delaminations, and Moisture | 20.000 | 116,713.80 |
| Improved Right-of-Way Procedures and Business Practices | 20.000 | 32,178.33 |
| Guidelines for Cost Effective Safety Treatments of Roadside Ditches | 20.000 | 8,452.00 |
| Long-Range Strategic Issues Affecting Preservation, Maintenance, and Renewal of Highway Infrastructure | 20.000 | 5,280.00 |
| Evaluation of Pedestrians Safety Engineering Countermeasures at Urban and Suburban Midblock Crossing | 20.000 | 5,063.00 |
| Guidelines for Nighttime Visibility of Overhead Guide Signs | 20.000 | 152,965.77 |
| Improving the Quality of Motorcycle Travel Data Collection | 20.000 | 13,537.00 |
| Short-Term Laboratory Conditioning of Asphalt Mixtures | 20.000 | 49,218.29 |
| Effective Project Scoping Practices to Improve On-Time and On-Budget Delivery of Highway Projects | 20.000 | 18,713.21 |
| Properties of Foamed Asphalt for Warm Mix Asphalt Applications | 20.000 | 77,620.86 |
| Traffic Control Device Guidelines for Curves | 20.000 | 66,365.80 |
| Work Zone Crash Characteristics and Countermeasure Guidance | 20.000 | 18,615.52 |
| Highway Research and Development Program | 20.200 | 308,210.02 |
| Biobased Transportation Research | 20.761 | 12,201.14 |
| University Transportation Centers Program | 20.701 | 136,294.93 |
| Totals - U.S. Department of Transportation | | <u>1,041,667.17</u> |
| National Aeronautics and Space Administration | | |
| LMSO Storefront Property | 43.000 | 1,122,929.82 |
| Science | 43.001 | 68,351.43 |
| Totals - National Aeronautics and Space Administration | | <u>1,191,281.25</u> |
| National Science Foundation | | |
| Computer and Information Science and Engineering | 47.070 | 2,865.00 |
| Biological Sciences | 47.074 | 127,472.78 |
| Education and Human Resources | 47.076 | 88,624.38 |

Texas A&M Research Foundation
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2013

| Subrecipients | CFDA Number | Amount Provided to Subrecipients |
|--|----------------|-------------------------------------|
| Federal Grantor/Pass-through Grantor Program Title | | |
| Trans-NSF Recovery Act Research Support | 47.082 | 36,639.91 |
| Totals - National Science Foundation | | <u>255,602.07</u> |
| Environmental Protection Agency | | |
| Protection of Children from Environmental Health Risks | 66.609 | 3,935.13 |
| Totals - Environmental Protection Agency | | <u>3,935.13</u> |
| U.S. Department of Energy | | |
| Office of Science Financial Assistance Program | 81.049 | 65,744.92 |
| Totals - U.S. Department of Energy | | <u>65,744.92</u> |
| U.S. Department of Education | | |
| Education Research, Development and Dissemination | 84.305 | 323,788.12 |
| Transition to Teaching | 84.350 | 1,914.78 |
| School Leadership | 84.363 | 409,887.99 |
| Totals - U.S. Department of Education | | <u>735,590.89</u> |
| U.S. Department of Health and Human Services | | |
| Special Programs for the Aging-Title IV-and Title II-Discretionary Projects | 93.048 | 3,282.79 |
| Cancer Cause and Prevention Research | 93.393 | 3,585.66 |
| Biomedical Research and Research Training | 93.859 | 271,317.46 |
| Public Health Emergency Preparedness | 93.069 | 139,791.30 |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | 209,719.09 |
| Health Program for Toxic Substances and Disease Registry | 93.161 | 23,507.97 |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | 103,041.19 |
| Mental Health Research Grants | 93.242 | 53,176.17 |
| Drug Abuse and Addiction Research Programs | 93.279 | 682.46 |
| Minority Health and Health Disparities Research | 93.307 | 246,310.36 |
| National Center for Research Resources | 93.389 | 86,409.29 |
| Cancer Cause and Prevention Research | 93.393 | 4,091.51 |
| Trans-NIH Recovery Act Research Support | 93.701 | 24,080.51 |
| Health Information Technology Regional Extension Centers Program | 93.718 | 83,370.18 |
| Cardiovascular Diseases Research | 93.837 | 19,382.31 |
| Allergy, Immunology and Transplantation Research | 93.855 | 1,083,079.19 |
| Biomedical Research and Research Training | 93.859 | 941,584.21 |
| Child Health and Human Development Extramural Research | 93.865 | 38,930.38 |
| Aging Research | 93.866 | (0.03) |
| Totals - U.S. Department of Health and Human Services | | <u>3,335,342.00</u> |
| Total Amount Provided to Subrecipients | | <u>\$ 10,252,698.56</u> |

TEXAS A&M RESEARCH FOUNDATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
YEAR ENDED AUGUST 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – The accompanying schedule of expenditures of federal and state awards presents all federal and state expenditures of the Texas A&M Research Foundation (the “Foundation”).

Basis of Accounting – The expenditures on the accompanying schedule of expenditures of federal and state awards are presented using the cash basis of accounting. Under the cash basis method of accounting, revenue and expense are recorded in the books of account when received and paid, respectively, without regard to the period to which they apply.

Relationship to Financial Statements – Expenditures of federal and state awards are reported in the Foundation’s financial statements on the accrual basis. Following is reconciliation between the financial statements and the Schedule of Expenditures of Federal and State Awards as of August 31, 2013.

| | |
|---|----------------------|
| Sponsored research expense in Statement of Activities, August 31, 2013 | \$167,987,380 |
| Non-federal/non State of Texas expenditures | (30,075,196) |
| Research equipment purchased and capitalized during the year | 1,045,773 |
| Work in progress additions | 708,403 |
| Other | (<u>4,772,318</u>) |
| Total Expenditures per Schedule of Expenditures of Federal and State Awards, August 31, 2013 | <u>\$134,894,042</u> |

Relationship to Federal and State Financial Reports – Amounts reported in the accompanying schedule of expenditures of federal and state awards agree with the amounts reported in the related federal and state financial reports in all significant respects.

**TEXAS A&M RESEARCH FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none
 X reported
- Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none
 X reported

Type of auditors' report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-----------------------|---|
| N/A | Research and Development Cluster |

| <i>Identifying Number(s)</i> | <i>Name of State Program or Cluster</i> |
|------------------------------|---|
| N/A | State of Texas Research & Development Cluster |

Dollar threshold used to distinguish between
Federal type A and Federal type B programs: \$3,000,000

Dollar threshold used to distinguish between
State type A and State type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal or State award findings and questioned costs which are required to be reported in accordance with Section 510(a) of Circular A-133 or the State of Texas Single Audit Circular.

**TEXAS A&M RESEARCH FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements which were required to be reported in accordance with *Government Auditing Standards*.

FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal or State award findings and questioned costs which are required to be reported in accordance with Section 510(a) of Circular A-133 or the State of Texas Single Audit Circular.