

KSURSF Board Meeting Minutes  
December 9, 2013

Attendees: Ken Harmon, voting member; Randy Hinds, voting member; Charles Amlaner, voting member; Flora Devine, voting member; Mark Anderson, voting member; John Salerno, voting member; John Marshall, non-voting advisor; Carolyn Elliott-Farino, non-voting secretary.

The meeting was called to order at 10:38 AM.

1. The first item on the agenda was to review the minutes of the April 2013 meeting. There was a question about how KSURSF would account for donations of equipment without a dollar value (the second paragraph in item #6): i) not put the gift on the books; or ii) put the gift on the books with no value. The Board decided on a third alternative, that **KSURSF could accept gifts without a dollar value, but pay a consultant to appraise the value of the gift.** The minutes were approved subject to this edit. The revised minutes are attached.

2. The next item on the agenda was a presentation of the KSURSF FY13 audit in draft form, which the Board accepted. If anything else were to arise with the audit, the Board could review it at that point. The CEO Ken Harmon is to sign the management letter and send it back to the auditors and KSURSF will receive the final audit. (Update 8/19/14: Dr. Harmon signed the letter and the final audit was received and is attached.)

3. The FY 14 budget was approved with one change: KSURSF is to allocate \$5000 to a miscellaneous account. The resolution is attached.

4. The Board approved a resolution to change KSURSF's check signature policy from requiring two signatures on every check to requiring one physical signature and one stamped signature. The resolution is attached.

The Board then discussed the departure of Teresa Joyce, one of KSURSF's signatories, and decided to replace her as a signatory with Ron Matson.

5. The Board approved the proposed F&A and Management Fee Policy with the addition of a paragraph about charging a higher fee if the Board determined it was necessary. The resolution is attached.

6. The sixth agenda item was to discuss the implementation of an investment strategy with KSURSF funds. The Board decided that KSURSF should talk with the KSU Foundation's investment committee about using their advisor. Charlie Amlaner and Ken Harmon are to meet with Mike Harders about this.

7. The seventh item on the agenda was a discussion of the departure of Teresa Joyce from KSU and the KSURSF Board. The Board decided to table this until consolidation is complete.

8. The eighth item was a discussion of the appointment of a representative from the Faculty Senate. The bylaws require that the KSURSF Board include a member selected by the Faculty

Senate. Carolyn Elliott-Farino is to draft a list of people from other colleges and forward this list to Dr. Amlaner who will then contact the president of the Faculty Senate.

9. Item nine on the agenda was to discuss running all grant and contract proposals through Ithenticate, the plagiarism detection software. The Board decided that this was a good idea. This was an information issue.

10. Dr. Amlaner updated the Board on patent activity: Adam Kirkpatrick's app is going to be sold on iTunes. (Update 10/11/14: The app is being sold on iTunes.) John Salerno and Jonathan McMurry, biology faculty members, have created a small business, New Echota Biotechnology, and it is slated to occupy the lab space in Prillaman Hall vacated by Svetlana Dambinova. There was also a discussion about space utilization fees but no decisions were taken.

11. The Board discussed the consolidation of KSURSF with SPSU's research foundation, SPARC. SPSU's president and attorney contacted Dr. Amlaner to talk about this; they want to start a conversation about the amalgamation. (Update 10/11/14: All discussions about combining KSURSF and SPARC have been tabled until after the BOR votes on consolidation in January 2015. This is per the BOR's direction. Update 11/20/14: Work on consolidating the two foundations authorized by Dr. Papp in October. Work ongoing.)

12. There being no other items or reports for discussion, the meeting was adjourned at 12:22 pm.

## KSURSF BOARD MEETING

30 April 2013

Attendees: Ken Harmon (KH), voting member; Teresa Joyce (TJ), voting member; Randy Hinds (RH), voting member; Charles Amlaner (CA), voting member; Flora Devine (FD), voting member; Mark Anderson (MA), voting member; John Salerno (JS), voting member; John Marshall (JM), non-voting advisor; Carolyn Elliott-Farino (CEF), non-voting secretary. Guest: Eric Vreeland, Mauldin & Jenkins.

### Mauldin & Jenkins FY 12 Financial Statements Reissued

Prior to the start of the Board meeting, Eric Vreeland of Mauldin & Jenkins, who oversaw KSURSF's FY 12 audit, explained why the financial statements needed to be reissued. Subsequent to the issuance of the June 30, 2012 OMB Circular A-133 compliance report, it was discovered that the Schedule of Findings and Questioned Costs did not properly identify all of the major programs required by A-133. Based on this revised schedule and the revised Schedule of Federal Expenditures of Federal Awards, which regrouped expenditures into proper clusters and groupings, M&J identified and tested Education and Human Resources grants as major and they retested the Research & Development cluster. There were no changes to the statements and no additional cost to KSURSF.

### Board Meeting Minutes

1. The meeting was called to order by Board Chair Ken Harmon.
2. The minutes from the 13 November 2012 meeting were approved.
3. Resolution to accept the reissued FY 12 audit: The motion was seconded and the resolution was approved.
4. KSURSF's Chief Operating Officer Charles Amlaner presented KSU's F&A (indirects) rate proposal that was forwarded to the federal government at the end of March 2013. The rate is slated to decrease due to increased expenditures on teaching, research, and public service not accompanied by a corresponding increase in administrative costs (library, sponsored projects, general, and departmental) or facilities costs (maintenance and depreciation). The rate proposal is not a KSURSF responsibility, but it impacts KSURSF's ability to stimulate research and economic development. The Board discussed the need for KSU to consider being more strategic in its expenditures so that future rate proposals will yield a higher rate, allowing KSURSF and KSU to maximize the potential return on F&A.
5. Carolyn Elliott-Farino updated the Board on the policy manual. CEF said they were making good progress and expected to have it ready by 30 June per the Board mandate.
6. CEF and CA updated the Board on equipment donations: one was received since the previous meeting, valued at \$32,000. The donation was made to KSURSF and the assets (two pieces) were transferred to KSU using the KSURSF Asset Transfer Agreement. The Board discussed standard operating procedures for asset transfers, including which entity should accept the donation, KSURSF, KSU, or the KSU Foundation. Any of the three can accept a donation depending on the circumstances and communication between all parties to determine the best way forward is important. Harmon, Amlaner, and Mike Harders, KSU's VP for Advancement and Development, should meet to discuss this topic. The

donor needs to give the valuation amount and KSURSF/KSU needs to keep the equipment for at least three years, otherwise the donor would be required to redo their taxes.

John Salerno mentioned that not every donor cares about receiving a donee letter for tax purposes and KSURSF/KSU's insistence on a valuation amount could cause KSURSF to lose a donation. The Board decided that KSURSF/KSU could accept the gift without a dollar value and pay a consultant to appraise the value of the gift. The gift would go on the books with the consultant's appraised value. Salerno also suggested that for future donations KSURSF/KSU will need to pay someone to move the equipment.

7. The KSURSF-Clinic MOU has not yet been updated. John Marshall and Elliott-Farino are working on this. A Board member asked how the Clinic was being funded, since only a small part passes through KSURSF. There was no answer to the question.
8. COO Amlaner gave an update on patent activity. KSURSF has spent \$95,000 on various application and legal fees for the commercialization of KSU employees' intellectual property. Henceforth, the Board will receive semi-annual reports on IP development and commercialization.
9. The Faculty Senate has not yet appointed a faculty member to the Board. The Board was reminded that the representative does not have to be a member of the Faculty Senate. From the Bylaws, 4.2 (5): "The Faculty Senate of Kennesaw State University shall appoint one faculty member who shall, at the time of appointment to the Board of Directors, be a tenured member of the Corps of Instruction holding the rank of associate professor or professor, and shall have full voting power." CEO Harmon and/or COO Amlaner will contact the Faculty Senate president, Ken White.
10. The COI disclosure forms were distributed to the Board members, signed, and collected by Secretary Elliott-Farino.
11. Report of the Chairperson: Nothing to report.
12. Reports of other officers: Nothing to report.
13. Report of the Executive Committee: Nothing to report.
14. Reports of other committees: Nothing to report.
15. Other new business: None.
16. The Board Secretary will send out a request for the next board meeting to be held in October 2013.
17. The meeting was adjourned by the Chair.

**KENNESAW STATE UNIVERSITY  
RESEARCH AND SERVICE  
FOUNDATION, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2013**

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**FINANCIAL REPORT  
JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
Kennesaw State University Research and Service Foundation, Inc.  
Kennesaw, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of Kennesaw State University Research and Service Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses 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 Kennesaw State University Research and Service Foundation, Inc. as of June 30, 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.

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**Other Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 5, 2013, on our consideration of Kennesaw State University Research and Service Foundation, Inc.'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 Kennesaw State University Research and Service Foundation, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia  
December 5, 2013

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013 AND 2012**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
<b>Current assets</b>		
Cash	\$ 1,103,798	\$ 1,568,803
Investments	1,676,575	-
Grants receivable	1,031,613	761,205
Prepaid expenses	500	8,410
Project advances	49,265	4,642
<b>Total current assets</b>	<b>3,861,751</b>	<b>2,343,060</b>
Software, net of accumulated amortization of \$15,535 and \$10,445, respectively	1,323	6,413
<b>Total assets</b>	<b>\$ 3,863,074</b>	<b>\$ 2,349,473</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,016,508	\$ 1,001,795
Current maturities of long-term debt	12,941	12,941
Deferred revenue	769,968	864,635
<b>Total current liabilities</b>	<b>2,799,417</b>	<b>1,879,371</b>
Long-term debt, less current maturities	16,177	29,118
<b>Total liabilities</b>	<b>2,815,594</b>	<b>1,908,489</b>
<b>Net assets</b>		
Unrestricted	648,361	288,647
Temporarily restricted	399,119	152,337
<b>Total net assets</b>	<b>1,047,480</b>	<b>440,984</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,863,074</b>	<b>\$ 2,349,473</b>

See Notes to Financial Statements.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and other support</b>			
Contributions	\$ 25,438	\$ 562,584	\$ 588,022
Grants	3,636,308	-	3,636,308
Sales and service revenue	919,308	-	919,308
Royalties	22,716	-	22,716
Donated services and equipment	212,393	-	212,393
Interest income	3,083	-	3,083
Other income	31,553	-	31,553
Net assets released from restrictions	315,802	(315,802)	-
<b>Total revenues and other support</b>	<b>5,166,601</b>	<b>246,782</b>	<b>5,413,383</b>
<b>Expenses</b>			
Community clinic	51,738	-	51,738
Research grants and contracts	4,521,275	-	4,521,275
Develop intellectual property	92,085	-	92,085
Management and general	141,789	-	141,789
<b>Total expenses</b>	<b>4,806,887</b>	<b>-</b>	<b>4,806,887</b>
Change in net assets	359,714	246,782	606,496
Net assets, beginning of year	288,647	152,337	440,984
Net assets, end of year	<u>\$ 648,361</u>	<u>\$ 399,119</u>	<u>\$ 1,047,480</u>

**See Notes to Financial Statements.**

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and other support</b>			
Contributions	\$ 273,317	\$ 189,304	\$ 462,621
Grants	2,363,274	346,127	2,709,401
Sales and service revenue	155,097	1,070	156,167
Royalties	21,935	6,480	28,415
Donated services and equipment	142,884	-	142,884
Interest income	672	-	672
Other income	77,814	5,038	82,852
Net assets released from restrictions	540,608	(540,608)	-
<b>Total revenues and other support</b>	<b>3,575,601</b>	<b>7,411</b>	<b>3,583,012</b>
<b>Expenses</b>			
Community clinic	21,685	-	21,685
Research grants and contracts	3,109,024	-	3,109,024
Develop intellectual property	42,129	-	42,129
Management and general	90,733	-	90,733
<b>Total expenses</b>	<b>3,263,571</b>	<b>-</b>	<b>3,263,571</b>
Change in net assets	312,030	7,411	319,441
Net assets, beginning of year	(23,383)	144,926	121,543
Net assets, end of year	<u>\$ 288,647</u>	<u>\$ 152,337</u>	<u>\$ 440,984</u>

**See Notes to Financial Statements.**

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013**

	Program Services				Total
	Community Clinic	Research Grants and Contracts	Develop Intellectual Property	Management and General	
<b>Expenses</b>					
Advertising	\$ -	\$ 2,578	\$ -	\$ -	\$ 2,578
Bank fees	-	568	-	3,640	4,208
Consultants/Honorariums	-	206,278	-	-	206,278
Amortization	1,265	3,031	-	794	5,090
Dues and subscriptions	300	28,105	-	2,250	30,655
Equipment	-	70,420	-	-	70,420
Gifts and contributions	-	68,696	-	-	68,696
Information technology services	1,575	5,168	-	850	7,593
Insurance	-	22,580	-	4,936	27,516
Lab supplies and fees	268	258	-	-	526
Legal and accounting	-	11,291	60,134	29,565	100,990
Licenses and permits	150	2,959	-	750	3,859
Materials and supplies	2,171	62,371	-	1,982	66,524
Meals and entertainment	-	122,701	-	4,965	127,666
Medical supplies	115	-	-	-	115
Meeting	-	75	-	-	75
Miscellaneous	-	1,803	-	10,193	11,996
Postage	-	272	-	26	298
Printing	-	39	-	-	39
Promotional material and incentives	-	2,875	-	-	2,875
Registration fees	-	6,916	-	750	7,666
Rent	4,800	189,882	-	-	194,682
Research subcontracted to KSU	8,642	3,480,978	-	259	3,489,879
Salaries and wages	31,951	31,951	31,951	79,740	175,593
Scholarships	-	4,300	-	-	4,300
Sponsorships	-	4,690	-	-	4,690
Stipends	-	52,650	-	-	52,650
Telephone	501	5,277	-	-	5,778
Travel	-	129,317	-	1,089	130,406
	-	3,246	-	-	3,246
<b>Total expenses</b>	<b>\$ 51,738</b>	<b>\$ 4,521,275</b>	<b>\$ 92,085</b>	<b>\$ 141,789</b>	<b>\$ 4,806,887</b>

**See Notes to Financial Statements.**

# KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2012

	Program Services				Total
	Community Clinic	Research Grants and Contracts	Develop Intellectual Property	Management and General	
<b>Expenses</b>					
Advertising	\$ -	\$ 13,858	\$ -	\$ -	\$ 13,858
Bad debt	-	10,825	-	1,855	12,680
Bank fees	3	24	-	2,945	2,972
Consultants/Honorariums	-	374,948	-	-	374,948
Amortization	4,296	-	-	794	5,090
Dues and subscriptions	200	17,114	-	1,125	18,439
Equipment	-	22,299	-	-	22,299
Gifts and contributions	-	13,715	-	-	13,715
Information technology services	4,085	14,110	-	1,581	19,776
Insurance	-	306	-	2,317	2,623
Lab supplies and fees	529	5,030	-	-	5,559
Legal and accounting	-	-	28,534	17,064	45,598
Licenses and permits	-	1,775	-	2,250	4,025
Materials and supplies	1,943	321,381	-	555	323,879
Meals and entertainment	-	64,819	-	3,330	68,149
Medical supplies	2,842	-	-	-	2,842
Meeting	-	3,203	-	-	3,203
Miscellaneous	7,503	25,506	-	136	33,145
Postage	-	760	-	-	760
Printing	218	3,737	-	-	3,955
Promotional material and incentives	-	25,314	-	-	25,314
Recruiting	-	4,677	-	-	4,677
Registration fees	-	21,161	-	55	21,216
Rent	-	58,041	-	-	58,041
Research subcontracted to KSU	-	1,201,320	-	-	1,201,320
Salaries and wages	-	72,475	13,595	56,726	142,796
Scholarships	-	482,189	-	-	482,189
Sponsorships	-	8,800	-	-	8,800
Stipends	-	78,844	-	-	78,844
Telephone	66	3,747	-	-	3,813
Travel	-	259,046	-	-	259,046
<b>Total expenses</b>	<u>\$ 21,685</u>	<u>\$ 3,109,024</u>	<u>\$ 42,129</u>	<u>\$ 90,733</u>	<u>\$ 3,263,571</u>

See Notes to Financial Statements.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 606,496	\$ 319,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	5,090	5,090
Net change in:		
Grants receivable	(270,408)	(577,764)
Prepaid expenses and other assets	(36,713)	(5,868)
Accounts payable	1,014,713	686,816
Deferred revenue	(94,667)	320,314
Net cash provided by operating activities	<u>1,224,511</u>	<u>748,029</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	<u>(1,676,575)</u>	-
Net cash (used in) investing activities	<u>(1,676,575)</u>	-
<b>FINANCING ACTIVITIES</b>		
Payments on long-term debt	<u>(12,941)</u>	<u>(12,941)</u>
Net cash (used in) financing activities	<u>(12,941)</u>	<u>(12,941)</u>
Increase (decrease) in cash	(465,005)	735,088
Cash, beginning of year	<u>1,568,803</u>	<u>833,715</u>
Cash, end of year	<u>\$ 1,103,798</u>	<u>\$ 1,568,803</u>

**See Notes to Financial Statements.**

# KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC. NOTES TO FINANCIAL STATEMENTS

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## NOTE 1. ORGANIZATION

Kennesaw State University Research and Service Foundation, Inc. (the "Foundation") was established and incorporated as a non-profit organization in the State of Georgia in August 2005 to contribute to the educational, research and service functions of Kennesaw State University (the "University"). The Foundation secures gifts, contributions and grants from individuals, private organizations and public agencies and obtains contracts with such individuals or entities for the performance of sponsored research, development, education, or other programs by the various colleges, schools, departments or other units of the University. All research grants awarded to the Foundation are subcontracted to the University. At June 30, 2013 and 2012 there was \$1,964,661 and \$939,799, respectively, due to the University related to research grants awarded which is included in accounts payable on the statements of financial position.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Foundation does not have any permanently restricted net assets as of June 30, 2013 and 2012.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of unrestricted funds are grants and contributions.

Temporarily restricted net assets are those resources currently available to use, but expendable only for purposes specified by the donor or grantor. Such resources originate from grants and contributions restricted for specific purposes. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Cash Concentration

The Foundation maintains cash balances at a high quality financial institution. Cash balances are insured by the FDIC for up to \$250,000. Cash balances often times exceed the FDIC insurance limit, however, management does not believe it is exposed to significant credit risk on its account.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Contributions

Contributions are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the nature of the restrictions, or absence thereof.

#### Revenue Recognition

Revenue from research agreements is recognized based on the portion of work completed. Revenue from reimbursement basis grants is recognized as expenditures are made.

#### Grants Receivable

Grants receivable represents amounts due to the Foundation for research from various funding sources. An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible amounts at year end. Management did not consider any amounts to be uncollectible at June 30, 2013 and 2012.

#### Deferred Revenue

Deferred revenue represents funds received from reimbursement basis grants and research agreements prior to the Foundation incurring related reimbursable costs.

#### Donated Services and Equipment

Donated services and equipment are reflected as revenues and other support in the accompanying statement of activities at their estimated values at the date of receipt. Donated services represent salaries and wages paid by the University on behalf of the Foundation. Donated equipment represents equipment donated by third parties. Donated services and equipment totaled \$212,393 and \$142,884 for the years ended June 30, 2013 and 2012, respectively.

#### Software

Software is stated at cost less accumulated amortization. Amortization amounted to \$5,090 for each of the years ended June 30, 2013 and 2012 and is computed using the straight-line method over the estimated useful life of 3 years.

#### Fair Value of Financial Instruments

At June 30, 2013 and 2012, the carrying value of financial instruments such as cash, accounts receivable and payable approximated their fair values due to the short-term maturity of these financial instruments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Tax

The Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

The Foundation accounts for uncertain tax positions in accordance with accounting standards that provide guidance on when uncertain tax positions are recognized in an entity's financial statements and how the values of these positions are determined. No liability has been recorded as of June 30, 2013 and 2012 due to uncertain tax positions.

With few exceptions, the Foundation is no longer subject to U.S. federal income tax examinations for years before 2010.

#### Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

### NOTE 3. LONG-TERM DEBT

The Foundation received an uncollateralized zero interest term loan from a related party, Kennesaw State University Foundation, during the year ended June 30, 2011. The loan is payable in quarterly principal installments of \$3,235 and matures on September 30, 2015.

Scheduled maturities required on long-term debt for future years are as follows:

During the year ended June 30,	
2014	12,941
2015	12,941
2016	3,236
Total	<u>\$ 29,118</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. FAIR VALUE MEASUREMENTS

GAAP has established a framework for measuring fair value that provides a 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 are described as follows:

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.

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 on a recurring basis.

*Investments in Georgia Fund 1* – Valued at the net asset value of shares held by the Foundation at year end.

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 the 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The fair values of the Foundation's investment assets at June 30, 2013, by asset class are as follows:

	Investments at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Georgia Fund 1				
Repurchase agreements	\$ 620,333	\$ -	\$ -	\$ 620,333
Certificates of deposit	519,738	-	-	519,738
Agency securities	452,675	-	-	452,675
Commercial paper	83,829	-	-	83,829
	\$ 1,676,575	\$ -	\$ -	\$ 1,676,575

### NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are contributions received to support the research of specified scientific investigators. These amounts result from contributions from granting agencies and other institutions which provide support.

At June 30, 2013 and 2012, temporarily restricted net assets were available for the following:

	2013	2012
Research agreements	\$ 399,119	\$ 152,337

Temporarily restricted net assets consist primarily of cash at June 30, 2013 and 2012.

### NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the years ended June 30, 2013 and 2012 by incurring expenses satisfying the restricted purpose of research and development as specified by donors and grantors. Net assets released from restrictions totaled \$315,802 and \$540,608 for the years ended June 30, 2013 and 2012, respectively.

### NOTE 7. COMMITMENTS

Grants often require fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although the return of funds is a possibility, the Foundation deems the contingency unlikely as the Foundation has implicitly agreed to comply with the provisions of each grant received.

### NOTE 8. SUBSEQUENT EVENTS

Management has evaluated events occurring through December 5, 2013, the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Federal CFDA #</u>	<u>Passthrough Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Defense</b>			
Intensive Summer Program for Chinese Teachers in K-12 2013	12.900		\$ 104,687
KSU STARTALK	12.900		<u>16,662</u>
			121,349
Passthrough: Mathematical Sciences Research Institute KSU Math Circle	12.901	N/A	1,442
Passthrough: The University of Texas at San Antonio Collegiate Cyber Defense Competition	12.300	26-0201-15 KSURS	<u>13,750</u>
<b>Total Department of Defense</b>			<b>136,541</b>
<b>Department of State</b>			
Passthrough: American Association of Museums Understanding Islam in a Cross-Cultural Context	19.000	N/A	<u>2,167</u>
<b>Total Department of State</b>			<b>2,167</b>
<b>Department of the Interior</b>			
Passthrough: University of West Georgia America View / U.S. Geological Survey	15.815	SA0812-17254-01	<u>2,243</u>
<b>Total Department of the Interior</b>			<b>2,243</b>
<b>Department of Housing and Urban Development</b>			
Passthrough: Cobb County CDBG Program Cobb County Development Block Grant Program	14.218	CD12-C12CW-P	<u>8,642</u>
<b>Total Department of Housing and Urban Development</b>			<b>8,642</b>
<b>National Aeronautics and Space Administration</b>			
Passthrough: Georgia Institute of Technology NASA Space Grant Consortium	43.001	RB130-G10	<u>23,718</u>
<b>Total National Aeronautics and Space Administration</b>			<b>23,718</b>
<b>Department of Education</b>			
<b>Mathematics and Science Partnership Grants</b>			
Passthrough: Georgia Department of Education Northwest Georgia Math and Science Education Partnership MSP Program	84.366	N/A	57,515
	84.366	N/A	<u>356,689</u>
			414,204
Passthrough: University of Georgia Math Teachers' Geometry Circle	84.367	RH216-309/4941536	28,538
Expanding Teachers' Content and Pedagogical Content Knowledge Through Problem-Based Learning	84.367	RH216-309/4941526	28,538
Improving Chemistry Education for All	84.367	RH216-309/4941516	15,946
TQ Math	84.367	RH216-309/4941506	18,430
Statistics and Probability math Teachers' Circle	84.367	RH216-320/4943916	<u>35,576</u>
			127,028
Asian Studies at Kennesaw State University	84.016A		<u>99,900</u>
<b>Total Department of Education</b>			<b>641,132</b>
<b>National Endowment for the Arts</b>			
NEA GAP: Art Works 2, FY2012	45.024		<u>15,000</u>
<b>Total National Endowment for the Arts</b>			<b>15,000</b>
<b>Department of Transportation</b>			
<b>Highway Safety Cluster</b>			
Passthrough: Governor's Office of Highway Safety YA Grant	20.600	YA-2012-000-00292	4,658
GOHS	20.600	YA-2013-000-00406	<u>3,276</u>
			7,934
<b>Total Department of Transportation</b>			<b>7,934</b>

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Federal CFDA #</u>	<u>Passthrough Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>			
Passthrough: Emory University			
Youth @ Risk	93.136	S743965	4,526
Head Start Cluster			
Passthrough: Department of Early Care and Learning			
Surveys and Gap Analysis to Support the GA State Advisory Council on Early Childhood Education and Care	93.708	46900-621-V12KSU027 FY2012	43,633
Passthrough: The Regents of the University of New Mexico			
Spatiotemporal Modeling of Cell Signaling	93.859	3R85S	11,651
Purification of a Modified Flagellar Export Apparatus	93.859		92,719
Molecular Mechanism of Akirin Function During Myogenesis	93.859		<u>13,453</u>
			117,823
Student Financial Assistance Cluster			
Nurse Faculty Loan Program	93.264		<u>24,418</u>
<b>Total Department of Health and Human Services</b>			<b>190,400</b>
<b>National Science Foundation</b>			
Research & Development Cluster			
Efficient High Order Methods for Deterministic and Stochastic Problems in Flow Analysis Control	47.049		14,977
Differential and Total Cross Sections of Top Quard Production and Other Processes at the LHC	47.049		29,366
Passthrough: Mathematical Association of America			
Kennesaw Mountain Undergraduate Mathematics Conference 2012	47.049	N/A	<u>2,787</u>
			47,130
Passthrough: Georgia Institute of Technology			
Center for Chemical Evolution	47.070	RB011-G10	2,095
Investigating Hox Gene Regulation of Paired Appendage Patterning in the Basal Actinopterygian, Polyodon	47.074		42,144
Domain Shuttle Mechanisms for Catalysis and Control in Nitric Oxide Synthas	47.074		27,888
Characterization of the Manganese Centers of Oxalate Oxidase from Ceriporiopsis Subvermispora	47.074		26,293
Investigating Novel Mechanisms of MAPKAP Kinase 2 (MK2) Regulation	47.074		86,073
MRI: Acquisition of a Confocal Microscope for Multidisciplinary Research	47.074		<u>333,131</u>
			515,529
Recruiting and Retaining Teacher Leaders in Physics and Chemistry	47.076		304,098
WIKled Biology	47.076		62,832
Developing Student Centered Assessment for General Chemistry	47.076		54,644
Animated Database Courseware (ADbC)	47.076		21,984
Scholarship Program in Science and Mathematics	47.076		92,043
Teacher Recruitment Initative in Physics and Chemistry	47.076		99,628
Passthrough: University of Georgia			
Strengthening the Stem Pipeline in the Peach State Recruitment, Retention and Research	47.076	RR740-010/4940376	129,679
Collaborative Research: Analytic Method Transfer - Development of Case Stu	47.076		<u>12,820</u>
			777,728
Passthrough: Utah Valley University			
CI-Team Implementation Project: Native American Regional IT Industry Workforce Development Workforce Development	47.080	N/A	10,499
ARRA - Collinear and Soft Gluon Corrections in Top Quark and Higgs Processes at the LHC and the Tevatron	47.082		1,136
ARRA - Increasing Mathematics Teachers for ALL Students	47.082		<u>163,248</u>
			164,384
<b>Total National Science Foundation</b>			<b>1,517,365</b>
			<u><u>\$ 2,545,142</u></u>

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

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**NOTE 1. BASIS OF PRESENTATION**

Kennesaw State University Research and Service Foundation, Inc. presents its schedule of expenditures of federal awards on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**NOTE 2. SUBRECIPIENT**

Substantially all federal expenditures identified in Kennesaw State University Research and Service Foundation, Inc.'s Schedule of Expenditures of Federal Awards were sub-awarded to Kennesaw State University.



**INDEPENDENT AUDITOR'S 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***

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To the Board of Directors  
Kennesaw State University Research and Service Foundation, Inc.  
Kennesaw, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kennesaw State University Research and Service Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Kennesaw State University Research and Service Foundation, Inc.'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 Kennesaw State University Research and Service Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Kennesaw State University Research and Service Foundation, Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 5, 2013



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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To the Board of Directors  
Kennesaw State University Research and Service Foundation, Inc.  
Kennesaw, Georgia

### Report on Compliance for Each Major Federal Program

We have audited Kennesaw State University Research and Service Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kennesaw State University Research and Service Foundation, Inc.'s major federal programs for the year ended June 30, 2013. Kennesaw State University Research and Service Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Kennesaw State University Research and Service Foundation, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 program occurred. An audit includes examining, on a test basis, evidence about Kennesaw State University Research and Service Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Kennesaw State University Research and Service Foundation, Inc.'s compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Kennesaw State University Research and Service Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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**Report on Internal Control Over Compliance**

Management of Kennesaw State University Research and Service Foundation, Inc. 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 Kennesaw State University Research and Service Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Kennesaw State University Research and Service Foundation, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 5, 2013

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

**Financial Statements:**

Type of auditors' report issued

Unmodified

Yes

No

Internal control over financial reporting:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None  
Reported

Noncompliance material to the financial statements noted?

X

**Federal Awards:**

Internal controls over major programs:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None  
Reported

Type of auditors' report issued on compliance for major programs

Unmodified

Audit findings required to be reported in accordance with OMB Circular A-133 Section 510(a)

None

**Identification of major programs:**

Mathematics and Science Partnerships	84.366
Research & Development Cluster	47.049, 47.070, 47.074, 47.076, 47.080, 47.082

Dollar threshold used to distinguish between Type A and Type B programs

\$ 300,000

Yes

No

Auditee qualified as low-risk auditee?

X

Financial statement findings?

X

Federal award findings questioned costs?

X

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
YEAR ENDED JUNE 30, 2013**

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**II. FINANCIAL STATEMENT FINDINGS**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE  
FOUNDATION, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED June 30, 2012**

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**II. FINANCIAL STATEMENT FINDINGS**

**FINDING NO. 2012-1 DEFERRED REVENUE**

**Condition:** Management is not accurately determining whether grant revenues should be deferred or recognized as restricted revenue.

**Criteria:** Advances from third parties for which the Foundation has not yet performed services should be recorded as deferred revenue until the services have been performed.

**Cause:** There are no procedures in place to identify which contracts represent exchange transactions and should be deferred until the services have been performed.

**Effect:** The correction of the condition resulted in a decrease in net assets of \$219,708, an increase in revenue of \$74,835, and an increase in deferred revenue of \$144,873.

**Recommendation:** Procedures should be implemented to identify exchange transactions and record revenue in accordance with the type of transaction.

**Planned corrective action:** Kennesaw State University Research and Service Foundation, Inc.'s management agrees with the finding and the recommendation will be implemented.

**Status:** Corrected.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE

BOARD OF DIRECTORS

KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

RESOLUTION TO APPROVE FY 14 BUDGET

*WHEREAS* the operations personnel of KSURSF have prepared the FY 14 budget based on projected revenues and expenditures for the remainder of the fiscal year;

Now therefore be it resolved that:

The Board of Directors of the Kennesaw State University Research and Service Foundation approves the attached FY 14 budget.

9 December 2013

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Date of Resolution Approval

	Fiscal Year 2013 Approved	Fiscal Year 2013 Actual	2014 Budget
<b>Revenue</b>			
Contribution	0.00	5.00	0.00
Indirects	100,000.00	87,385.72	100,000.00
Interest Income	672.08	3,083.03	4,200.00
Management Fee	0.00	0.00	20,000.00
<b>Total Revenue</b>	<b>100,672.08</b>	<b>90,473.75</b>	<b>124,200.00</b>
<b>Expenses</b>			
Accounting Fees	15,000.00	12,344.75	6,000.00
Audit & Tax Prep	15,000.00	17,220.00	18,000.00
IT Services	2,000.00	850.00	658.00
Legal Fees ( <i>IP Development</i> )	48,850.00	60,134.10	70,000.00
Professional Dues & Memberships ( <i>UCRF</i> )	1,200.00	2,250.00	1,250.00
Materials & Supplies	0.00	1,981.63	1,000.00
Postage	0.00	26.04	0.00
Licenses & Permits ( <i>SAGE financial software</i> )	2,000.00	750.00	3,000.00
Travel	4,000.00	1,088.99	2,400.00
Catering/Meals (annual faculty grants reception, networking)	0.00	4,964.98	4,000.00
Reimburse KSU Catering/Meals	0.00	258.52	0.00
Registration Fees ( <i>second attendee to UCRF</i> )	150.00	750.00	750.00
Insurance	2,500.00	4,936.10	3,500.00
Miscellaneous	0.00	10,192.50	5,000.00
Bank Fees	1,000.00	3,639.89	5,700.00
Depreciation	800.00	793.56	0.00
Grant Application Fees	250.00	0.00	0.00
<b>Total Expenses</b>	<b>105,691.00</b>	<b>122,181.06</b>	<b>121,258.00</b>
Increase (Decrease) in Net Assets FY13			2,942.00
Beginning Net Assets			(29,664.58)
Ending Net Assets			(26,722.58)

BOARD OF DIRECTORS

KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

RESOLUTION TO APPROVE A REVISED CHECK SIGNATURE POLICY

*WHEREAS* KSURSF's current policy is to require two signatures on every check;

*WHEREAS* a stamped signature is used infrequently and only when a second signatory is unavailable for an extended period of time;

*WHEREAS* it is becoming more frequent that only one signatory is available to sign checks, therefore impeding KSURSF's ability to do business in a timely manner;

Now therefore be it resolved that:

The Board of Directors of the Kennesaw State University Research and Service Foundation approves that one physical signature and one stamped signature will be required for all checks.

9 December 2013

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Date of Resolution Approval

BOARD OF DIRECTORS

KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

RESOLUTION TO APPROVE THE KSURSF F&A COSTS AND MANAGEMENT FEE POLICY

*WHEREAS* KSURSF has drafted a policy on charging facilities and administrative costs (F&A) or a management fee on KSURSF projects;

Now therefore be it resolved that:

The Board of Directors of the Kennesaw State University Research and Service Foundation approves the KSURSF Facilities and Administrative Costs (F&A) and Management Fee Policy.

9 December 2013

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Date of Resolution Approval