

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

FINANCIAL STATEMENTS AND COMPLIANCE

*As of and for the Years Ended June 30, 2022 and 2021*

*And Report of Independent Auditor*

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**TABLE OF CONTENTS**

---

**REPORT OF INDEPENDENT AUDITOR**..... 1-2

**FINANCIAL STATEMENTS**

Statements of Financial Position.....3  
Statements of Activities.....4-5  
Statements of Functional Expenses .....6-7  
Statements of Cash Flows .....8  
Notes to the Financial Statements .....9-13

**COMPLIANCE SECTION**

Report of Independent Auditor 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*..... 14-15  
  
Report of Independent Auditor on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance..... 16-18  
  
Schedule of Expenditures of Federal Awards.....19-22  
Notes to Schedule of Expenditures of Federal Awards .....23  
Schedule of Findings and Questioned Costs.....24-27  
Summary Schedule of Prior Year Audit Findings .....28  
Management's Corrective Action Plan.....29

## Report of Independent Auditor

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

### Opinion

We have audited the accompanying financial statements of Kennesaw State University Research and Service Foundation, Inc. (the “Foundation”), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 September 28, 2022, 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.

*Cherry Bekaert LLP*

Augusta, Georgia

September 28, 2022, except for the schedule of expenditures of federal awards to which the date is March 31, 2023.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2022 AND 2021*

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 3,002,989	\$ 2,782,723
Investments	1,789,221	1,785,204
Grants receivable, net	575,053	495,402
Prepaid expenses	53,038	-
<b>Total Assets</b>	<u>\$ 5,420,301</u>	<u>\$ 5,063,329</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 2,768,549	\$ 2,036,609
Deferred revenue	1,657,535	979,655
Total Current Liabilities	<u>4,426,084</u>	<u>3,016,264</u>
<b>NET ASSETS</b>		
Without donor restrictions	467,299	1,592,010
With donor restrictions	526,918	455,055
Total Net Assets	<u>994,217</u>	<u>2,047,065</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,420,301</u>	<u>\$ 5,063,329</u>

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

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Grants	\$ 6,198,366	\$ 172,463	\$ 6,370,829
Program service revenue	1,077,608	1,500	1,079,108
Royalties	728,262	-	728,262
Contributed nonfinancial assets	284,948	-	284,948
Interest income	5,635	-	5,635
Other income	289,826	-	289,826
Net assets released from restrictions	102,100	(102,100)	-
Total Revenues and Other Support	<u>8,686,745</u>	<u>71,863</u>	<u>8,758,608</u>
Expenses:			
Program Services:			
Research grants, contracts, and other	9,478,927	-	9,478,927
Development of intellectual property	135,747	-	135,747
Total Program Services	9,614,674	-	9,614,674
Supporting Services:			
Management and general	196,782	-	196,782
Total Expenses	<u>9,811,456</u>	<u>-</u>	<u>9,811,456</u>
Change in net assets	(1,124,711)	71,863	(1,052,848)
Net assets, beginning of year	1,592,010	455,055	2,047,065
Net assets, end of year	<u>\$ 467,299</u>	<u>\$ 526,918</u>	<u>\$ 994,217</u>

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

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**

YEARS ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Grants	\$ 6,296,868	\$ 168,250	\$ 6,465,118
Program service revenue	580,877	-	580,877
Royalties	442,285	-	442,285
Contributed nonfinancial assets	256,719	-	256,719
Interest income	3,142	-	3,142
Other income	155,551	-	155,551
Net assets released from restrictions	229,128	(229,128)	-
Total Revenues and Other Support	<u>7,964,570</u>	<u>(60,878)</u>	<u>7,903,692</u>
Expenses:			
Program Services:			
Research grants, contracts, and other	7,027,336	-	7,027,336
Development of intellectual property	200,475	-	200,475
Total Program Services	<u>7,227,811</u>	<u>-</u>	<u>7,227,811</u>
Supporting Services:			
Management and general	161,824	-	161,824
Total Expenses	<u>7,389,635</u>	<u>-</u>	<u>7,389,635</u>
Change in net assets	574,935	(60,878)	514,057
Net assets, beginning of year	<u>1,017,075</u>	<u>515,933</u>	<u>1,533,008</u>
Net assets, end of year	<u>\$ 1,592,010</u>	<u>\$ 455,055</u>	<u>\$ 2,047,065</u>

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

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2022

	Program Services		Total Program Services	Supporting Services	Total
	Research Grants and Contracts	Development of Intellectual Property		Management and General	
Expenses:					
Advertising	\$ 2,330	\$ -	\$ 2,330	\$ -	\$ 2,330
Bank fees	-	-	-	1,179	1,179
Consultants/honorariums	77,496	-	77,496	-	77,496
Dues and subscriptions	700	-	700	4,693	5,393
Gifts and contributions	377,569	-	377,569	-	377,569
Management fee	4,499	-	4,499	-	4,499
Insurance	-	-	-	4,461	4,461
Legal and accounting	-	40,764	40,764	22,901	63,665
Licenses and permits	49,375	-	49,375	-	49,375
Materials and supplies	2,359	-	2,359	1,462	3,821
Meals and entertainment	45,634	-	45,634	-	45,634
Miscellaneous	6,398	-	6,398	11,144	17,542
Printing	564	-	564	-	564
Registration fees	55	-	55	-	55
Rent	5,640	-	5,640	-	5,640
Grants and contracts subcontracted to KSU	8,048,860	-	8,048,860	-	8,048,860
Donated salaries	94,982	94,983	189,965	94,983	284,948
Travel	111	-	111	1,320	1,431
Royalties	762,355	-	762,355	-	762,355
Bad debt	-	-	-	54,639	54,639
Total Expenses	<u>\$ 9,478,927</u>	<u>\$ 135,747</u>	<u>\$ 9,614,674</u>	<u>\$ 196,782</u>	<u>\$ 9,811,456</u>

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



**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2021

	Program Services		Total Program Services	Supporting Services	Total
	Research Grants and Contracts	Development of Intellectual Property		Management and General	
Expenses:					
Advertising	\$ 489	\$ -	\$ 489	\$ -	\$ 489
Bank fees	-	-	-	1,216	1,216
Consultants/honorariums	301,558	-	301,558	-	301,558
Dues and subscriptions	36,673	-	36,673	4,401	41,074
Gifts and contributions	112,620	-	112,620	-	112,620
Management fee	24,729	-	24,729	-	24,729
Information technology services	-	-	-	2,500	2,500
Insurance	-	-	-	5,754	5,754
Legal and accounting	-	115,749	115,749	18,151	133,900
Licenses and permits	18,837	-	18,837	-	18,837
Materials and supplies	223	-	223	228	451
Meals and entertainment	466	-	466	-	466
Miscellaneous	9,214	-	9,214	31,300	40,514
Postage	40	-	40	9	49
Printing	2,147	-	2,147	-	2,147
Registration fees	50	-	50	-	50
Rent	2,540	-	2,540	-	2,540
Grants and contracts subcontracted to KSU	5,986,298	-	5,986,298	-	5,986,298
Donated salaries	84,727	84,726	169,453	84,726	254,179
Royalties	446,725	-	446,725	-	446,725
Bad debt	-	-	-	13,539	13,539
Total Expenses	<u>\$ 7,027,336</u>	<u>\$ 200,475</u>	<u>\$ 7,227,811</u>	<u>\$ 161,824</u>	<u>\$ 7,389,635</u>

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

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED JUNE 30, 2022 AND 2021*

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,052,848)	\$ 514,057
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net change in:		
Grants receivable	(79,651)	(219,292)
Prepaid expenses	(53,038)	1,164
Accounts payable	731,940	103,540
Deferred revenue	677,880	(319,363)
Net cash flows from operating activities	<u>224,283</u>	<u>80,106</u>
<b>Cash flows from Investing activities:</b>		
Purchases of investments and reinvested earnings	<u>(4,017)</u>	<u>(1,442)</u>
Net change in cash and cash equivalents	220,266	78,664
Cash and cash equivalents, beginning of year	<u>2,782,723</u>	<u>2,704,059</u>
Cash and cash equivalents, end of year	<u>\$ 3,002,989</u>	<u>\$ 2,782,723</u>

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

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

*JUNE 30, 2022 AND 2021*

---

**Note 1—Organization and summary of significant accounting policies**

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. Research grants awarded to the Foundation are primarily subcontracted to the University. At June 30, 2022 and 2021, there was \$2,022,709 and \$1,836,358, respectively, due to the University related to research grants awarded. The amounts are included in accounts payable on the statements of financial position.

*Basis of Presentation* – The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

*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.

*Cash and Cash Equivalents* – The Foundation maintains cash balances at a high quality financial institution. Cash balances are insured by the Federal Department of Insurance Corporation (“FDIC”) for up to \$250,000. Cash balances often exceed the FDIC insurance limit; however, management does not believe it is exposed to significant credit risk on its account.

*Fair Value of Financial Instruments* – At June 30, 2022 and 2021, the carrying value of financial instruments such as cash, grants receivable, and accounts payable approximated their fair values due to the short-term maturity of these financial instruments.

*Grants Receivable, Net* – Grants receivable represents amounts due to the Foundation for research and service from various funding sources. An allowance for uncollectible receivables is provided based on management’s evaluation of potential uncollectible amounts at year-end. As of June 30, 2022 and 2021, the allowance for uncollectible receivables was \$118,022 and \$63,396, respectively.

*Investments* – The Foundation invests in Georgia Fund 1, an investment pool managed in trust by the Georgia Office of the State Treasurer.

*Net Assets* – Revenues and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions. At times, the governing board may review its financial standing and designate sums from net assets without donor restrictions for specific operating activities.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

*JUNE 30, 2022 AND 2021*

---

**Note 1—Organization and summary of significant accounting policies (continued)**

*Revenue Recognition* – 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 net assets with donor restrictions or net assets without donor restrictions depending on the nature of the restrictions, or absence thereof. Revenues from non-exchange transactions, contributions and grants, may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments) and are included in contributions and grants on the accompanying statements of activities. Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

Contributions and grants are only reported as donor-restricted when the restriction is more specific than the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in the Foundation's Articles of Incorporation and Bylaws.

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

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

*Income Tax* – The Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and is classified as an organization which is not a private foundation under Section 509(a) of the 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, 2021 and 2020 due to uncertain tax positions.

*Contributed Nonfinancial Assets* – The Foundation records contributed nonfinancial assets at their estimated fair value on the date of receipt and reported as expense when utilized. The Foundation receives services, space, equipment, and other nonfinancial items without payment or compensation. When the value of such services and support is ascertainable and meets the criteria for recognition, it is recognized in the accompanying financial statements as revenue and expense at the estimated fair value on the date of donation.

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

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include donated salaries and professional services, which are allocated on the basis of estimates of time and effort.

*New Accounting Pronouncements* – In September 2020, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the guidance is to increase the transparency of contributed nonfinancial assets through improvements to the presentation and disclosure of such assets. The guidance does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Foundation adopted ASU 2020-07 for the year ended June 30, 2022, with no material impact to the financial statements.

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

JUNE 30, 2022 AND 2021

**Note 1—Organization and summary of significant accounting policies (continued)**

*Future Accounting Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the calendar year ending June 30, 2023. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**Note 2—Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position dates, comprise the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 3,002,989	\$ 2,782,723
Investments	1,789,221	1,785,204
Grants receivable, net	<u>575,053</u>	<u>495,402</u>
	5,367,263	5,063,329
Less net assets with donor restrictions	<u>(526,918)</u>	<u>(455,055)</u>
	<u>\$ 4,840,345</u>	<u>\$ 4,608,274</u>

The Foundation maintains all cash balances, including amounts in excess of daily requirements, in deposit accounts at major financial institutions and in an investment fund managed in trust by the Office of the State Treasurer.

**Note 3—Fair value measurements**

U.S. 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; and
- 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.

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

JUNE 30, 2022 AND 2021

**Note 3—Fair value measurements (continued)**

*Net Asset Value (“NAV”)* – Valued at NAV of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

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 methodology 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 method 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 method is 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.

The Foundation adopted the provisions of ASU 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share*, for certain investments in funds that do not have readily determinable fair values. The guidance allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated under the standards.

The fair values of the Foundation’s investment assets at June 30, 2022 and 2021 are as follows:

	<b>June 30, 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
Georgia Fund 1	\$ -	\$ -	\$ -	\$ 1,789,221	\$ 1,789,221
	<b>June 30, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
Georgia Fund 1	\$ -	\$ -	\$ -	\$ 1,785,204	\$ 1,785,204

There were no unfunded commitments or specified redemption periods as of June 30, 2021 and 2020.

**Note 4—Net assets with donor restrictions**

Net assets with donor restrictions 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.

Net assets with donor restrictions are restricted for the following purposes or periods:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified purpose:		
Research agreements - noncore purposes	\$ 526,918	\$ 455,055

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

*JUNE 30, 2022 AND 2021*

**Note 5—Net assets released from restrictions**

Net assets were released from restrictions during the years ended June 30, 2022 and 2021 by incurring expenses satisfying the restricted purpose of research and service as specified by donors and grantors. Net assets released from restrictions totaled \$102,100 and \$229,128 for the years ended June 30, 2022 and 2021, respectively.

**Note 6—Contributed nonfinancial assets**

The Foundation received the following contributions of nonfinancial assets for the years ended June 30:

<u>Nonfinancial Contributions Category</u>	<u>Types of Contributions</u>	<u>Report Classification</u>	<u>2022</u>	<u>2021</u>
Donated salaries	Salaries	Contributed nonfinancial assets	\$ 284,948	\$ 254,179
Donated rent	Institutional support	Contributed nonfinancial assets	-	2,540
			<u>\$ 284,948</u>	<u>\$ 256,719</u>

**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.

The Foundation may be party to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the Foundation's financial position.

**Note 8—Effects of COVID-19 coronavirus**

The worldwide spread of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has reached most areas in the state of Georgia and is considered a Public Health Emergency of International Concern by the World Health Organization.

The University developed a plan for operations for the current 2021-2022 academic year as part of a comprehensive system-wide planning initiative. In August 2021, the University began the Fall semester on its campuses at normal capacity with health and safety measures in place, including, but not limited to, providing multiple COVID-19 testing and vaccinations locations for students, faculty, and staff encouraging face coverings while inside campus facilities, enhanced cleaning protocols, dedicated contact tracing staff, and isolation and quarantine procedures for residential students. The University and the University system will continue to monitor the situation and will make public health-informed decisions as deemed appropriate to help keep the University campus community safe.

The Foundation may continue to experience adverse impacts as a result of any continued duration, spread, and impact of the COVID-19 pandemic.

**Note 9—Subsequent events**

Management has evaluated events occurring through September 28, 2022, the date the financial statements were available to be issued.

## **COMPLIANCE SECTION**



**Report of Independent Auditors 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**

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) (the "Foundation"), which comprise the statement of financial position as of June 30, 2022, 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 September 28, 2022.

**Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Foundation's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Cherry Bekaert LLP*

Augusta, Georgia

September 28, 2022, except for the schedule of expenditures of federal awards to which the date is March 31, 2023

## **Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Kennesaw State University Research and Service Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2022. The Foundation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### **Basis for Opinion on Each Major Federal Program**

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

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

#### **Responsibilities of Management for Compliance**

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

#### **Auditor's Responsibility for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Augusta, Georgia  
March 31, 2023

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

Cluster/ Agency	Program	Project Name	Identifying Number	ALN #	Total Federal Expenditures	Amount Provided to Subrecipients
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
	AmeriCorps Volunteers in Service to America					
	Direct Awards	AmericorpsVISTA		94.013	\$ 10,712	\$ 10,712
				<b>Total ALN #94.013</b>	<b>10,712</b>	<b>10,712</b>
				<b>Total Corporation for National and Community Service</b>	<b>10,712</b>	<b>10,712</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>						
	Office of Stem Engagement (OSTEM)					
	Pass-through from:					
	CTEN Global Strategies, LLC	Hedera Hashgraph		43.009	22,363	20,898
	Phoenix Analysis & Design Technologies, Inc.	AperiodicLattice		43.009	40,365	37,152
				<b>Total ALN #43.009</b>	<b>62,728</b>	<b>58,050</b>
				<b>Total National Aeronautics and Space Administration</b>	<b>62,728</b>	<b>58,050</b>
<b>HIGHWAY SAFETY CLUSTER</b>						
<b>DEPARTMENT OF TRANSPORTATION</b>						
	State and Community Highway Safety					
	Pass-through from:					
	Governor's Office of Highway Safety	FY22	YA-2020-402 TSP-020	20.600	5,267	5,267
				<b>Total ALN #20.600</b>	<b>5,267</b>	<b>5,267</b>
				<b>Total Department of Transportation</b>	<b>5,267</b>	<b>5,267</b>
				<b>Total Highway Safety Cluster</b>	<b>5,267</b>	<b>5,267</b>
<b>RESEARCH &amp; DEVELOPMENT CLUSTER</b>						
<b>DEPARTMENT OF AGRICULTURE</b>						
	Specialty Crop Block Grant Program - Farm Bill					
	Pass-through from:					
	Georgia Department of Agriculture	Mushrooms	AM170100XXXXG018	10.170	18,135	18,135
				<b>Total ALN #10.170</b>	<b>18,135</b>	<b>18,135</b>
	Agriculture and Food Research Initiative (AFRI)					
	Pass-through from:					
	Bowling Green State University	Pollination	371535589	10.310	36,271	33,791
				<b>Total ALN #10.310</b>	<b>36,271</b>	<b>33,791</b>
	National Fish and Wildlife Foundation					
	Pass-through from:					
	Texas Parks & Wildlife Department	TricoloredBat	0406.18.061358	10.683	7,074	6,298
				<b>Total ALN #10.683</b>	<b>7,074</b>	<b>6,298</b>
				<b>Total Department of Agriculture</b>	<b>61,480</b>	<b>58,224</b>
<b>DEPARTMENT OF DEFENSE</b>						
	Military Medical Research and Development					
	Pass-through from:					
	University of Texas Health Science Center San Antonio	MilitaryTrainee	371535589	12.420	21,095	18,846
				<b>Total ALN #12.420</b>	<b>21,095</b>	<b>18,846</b>
	Basic Scientific Research					
	Direct Awards	CognitiveProcesses		12.431	93,207	84,443
				<b>Total ALN #12.431</b>	<b>93,207</b>	<b>84,443</b>
	Information Security Grants					
	Direct Awards	2021 CAE Scholarship Grant Program		12.902	40,677	39,104
				<b>Total ALN #12.902</b>	<b>40,677</b>	<b>39,104</b>
	GenCyber Grants Program					
	Direct Awards	GenCyberCamp	371535589	12.903	29,083	27,510
				<b>Total ALN #12.903</b>	<b>29,083</b>	<b>27,510</b>
				<b>Total Department of Defense</b>	<b>184,062</b>	<b>169,903</b>

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

Cluster/ Agency	Program	Project Name	Identifying Number	ALN #	Total Federal Expenditures	Amount Provided to Subrecipients
<b>DEPARTMENT OF THE INTERIOR</b>						
	Endangered Species Recovery Implementation					
	Direct Awards			15.657	\$ 60,155	\$ 56,657
	Pass-through from:					
	National Fish and Wildlife Foundation	TesVOCsWNS.66731	371535589	15.657	50,047	46,399
				<b>Total ALN #15.657</b>	<b>110,202</b>	<b>103,056</b>
				<b>Total Department of the Interior</b>	<b>110,202</b>	<b>103,056</b>
<b>DEPARTMENT OF STATE</b>						
	Academic Exchange Programs - Undergraduate Programs					
	Pass-through from:					
	University of Nebraska at Omaha	SEALIFY20		19.009	28,726	26,880
				<b>Total ALN #19.009</b>	<b>28,726</b>	<b>26,880</b>
				<b>Total Department of State</b>	<b>28,726</b>	<b>26,880</b>
<b>DEPARTMENT OF TRANSPORTATION</b>						
	Highway Research and Development Program					
	Pass-through from:					
	Georgia Souther Research & Service Foundation	Winter Roadway		20.200	263	263
	Georgia Department of Transportation	DrillShaft	RP 19-07	20.200	(1,063)	(834)
				<b>Total ALN #20.200</b>	<b>(800)</b>	<b>(571)</b>
				<b>Total Department of Transportation</b>	<b>(800)</b>	<b>(571)</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>						
	Office of Stem Engagement (OSTEM)					
	Pass-through from:					
	Georgia Institute of Technology	NASAFY18	NNX15AP85H	43.008	7,976	7,463
	Georgia Institute of Technology	NASA-FY21-Leadership	371535589	43.008	6,244	6374
	Georgia Institute of Technology	NASA-FY21-STEMEnrich	371535589	43.008	10,794	11,620
				<b>Total ALN #43.008</b>	<b>25,014</b>	<b>25,457</b>
				<b>Total National Aeronautics and Space Administration</b>	<b>25,014</b>	<b>25,457</b>
<b>NATIONAL SCIENCE FOUNDATION</b>						
	Engineering					
	Direct Awards			47.041	59,194	56,573
	Pass-through from:					
	North Carolina State University	EFRI NEWLAW	1931371-SUB00001797	47.041	106,363	99,528
				<b>Total ALN #47.041</b>	<b>165,557</b>	<b>156,101</b>
	Mathematical and Physical Sciences					
	Direct Awards			47.049	297,255	293,768
	Pass-through from:					
	Rowan University	DataAnomalies	1830489	47.049	(233)	(851)
				<b>Total ALN #47.049</b>	<b>297,022</b>	<b>292,917</b>
	Computer and Information Science and Engineering					
	Direct Awards			47.070	190,831	187,937
				<b>Total ALN #47.070</b>	<b>190,831</b>	<b>187,937</b>
	Biological Sciences					
	Direct Awards			47.074	204,500	189,008
				<b>Total ALN #47.074</b>	<b>204,500</b>	<b>189,008</b>
	Education and Human Resources					
	Direct Awards			47.076	\$ 973,492	\$ 934,831
	Pass-through from:					
	Association of Public Land and Land-grant Universities	SEMINAL CY2018	1624610	47.076	14,411	13,434
	University of Georgia	LSAMP-KSU-Y5	371535589	47.076	49,456	48,040
	University of Georgia	LSAMPFY21	371535589	47.076	65,701	64,839
				<b>Total ALN #47.076</b>	<b>1,103,060</b>	<b>1,061,144</b>
				<b>Total National Science Foundation</b>	<b>1,960,970</b>	<b>1,887,107</b>

# KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

<b>DEPARTMENT OF ENERGY</b>								
<b>Office of Science Financial Assistance Program</b>								
<b>Pass-through from:</b>								
	University of Texas at Dallas	HYBRID-NETWORKS		81.049	\$ 15,623	\$ 14,600		
	Research Foundation for the State University of NY	Mesoscale	68856-2-1147910	81.049	16,744	15,234		
				<b>Total ALN #81.049</b>	<b>32,367</b>	<b>29,834</b>		
<b>Technical Assistance</b>								
<b>Pass-through from:</b>								
	LBNL-University of California	Geo-Economics	DE-AC02-05CH11231	81.000	49,837	45,594		
				<b>Total ALN #81.000</b>	<b>49,837</b>	<b>45,594</b>		
<b>Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Assistance</b>								
<b>Direct Awards</b>								
		Georgia Industrial Assessment Center		81.117	79,121	73,939		
				<b>Total ALN #81.117</b>	<b>79,121</b>	<b>73,939</b>		
				<b>Total Department of Energy</b>	<b>161,325</b>	<b>149,367</b>		
<b>DEPARTMENT OF EDUCATION</b>								
<b>Education Research, Development and Dissemination</b>								
<b>Pass-through from:</b>								
	Middle Tennessee State University	PDConnectAPChem	371535589	84.305A	11,560	10,046		
				<b>Total ALN #84.305A</b>	<b>11,560</b>	<b>10,046</b>		
<b>Gaining Early Awareness and Readiness for Undergraduate Programs</b>								
<b>Pass-through from:</b>								
	Georgia Institute of Technology	GearUp	P334S160030	84.334	168,844	165,526		
				<b>Total ALN #84.334</b>	<b>168,844</b>	<b>165,526</b>		
				<b>Total Department of Education</b>	<b>180,404</b>	<b>175,572</b>		
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<b>Oral Diseases and Disorders Research</b>								
<b>Direct Awards</b>								
		Removing Barriers		93.121	70	65		
				<b>Total ALN #93.121</b>	<b>70</b>	<b>65</b>		
<b>Injury Prevention and Control Research and State and Community Based Programs</b>								
<b>Pass-through from:</b>								
	Georgia State University	SUSI-SexViolence	371535589	93.136	6,845	5,510		
				<b>Total ALN #93.136</b>	<b>6,845</b>	<b>5,510</b>		
<b>Mental Health Research Grants</b>								
<b>Direct Awards</b>								
				93.242	142,912	142,912		
				<b>Total ALN #93.242</b>	<b>142,912</b>	<b>142,912</b>		
<b>Discovery and Applied Research for Technological Innovations to Improve Human Health</b>								
<b>Direct Awards</b>								
				93.286	155,673	144,841		
				<b>Total ALN #93.286</b>	<b>155,673</b>	<b>144,841</b>		
<b>Chafee Education and Training Vouchers Program (ETV)</b>								
<b>Direct Awards</b>								
				93.310	151,221	141,316		
				<b>Total ALN #93.310</b>	<b>151,221</b>	<b>141,316</b>		
<b>ACL National Institute on Disability, Independent Living, and Rehabilitation Research</b>								
<b>Pass-through from:</b>								
	HHS - Admin for Community Living			93.433	1,185	1,158		
				<b>Total ALN #93.433</b>	<b>1,185</b>	<b>1,158</b>		
<b>Foster Care Title IV-E</b>								
<b>Pass-through from:</b>								
	Georgia State University	TitleIV2020-21	42700-040-0000076230	93.658	342	342		
	Georgia State University	TitleIV2021-22		93.658	88,467	88,467		
				<b>Total ALN #93.658</b>	<b>88,809</b>	<b>88,809</b>		
<b>Mental and Behavioral Health Education and Training Grants</b>								
<b>Direct Awards</b>								
		CEBBH		93.732	158,660	156,870		
<b>Pass-through from:</b>								
	Ubitrix			93.732	39,240	36,670		
				<b>Total ALN #93.732</b>	<b>197,900</b>	<b>193,540</b>		
<b>Cardiovascular Diseases Research</b>								
<b>Direct awards</b>								
				93.837	128,735	120,303		
<b>Pass-through from:</b>								
	Rice University	ShearForces	1R01HL140305-01A1	93.837	88,779	82,028		
				<b>Total ALN #93.837</b>	<b>217,514</b>	<b>202,331</b>		



**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

Cluster/ Agency	Program	Project Name	Identifying Number	ALN #	Total Federal Expenditures	Amount Provided to Subrecipients
<b>Allergy and Infectious Diseases Research</b>						
	Direct awards			93.855	361,369	\$ 345,774
	Pass-through from:					
	University of Georgia	UGASub2543-Curaxin	371535589	93.855	73,120	65,026
				<b>Total ALN #93.855</b>	<b>434,489</b>	<b>410,800</b>
<b>Biomedical Research and Research Training</b>						
	Direct Awards			93.859	200,838	185,472
	Pass-through from:					
	University of California, Irvine	LAProtein		93.859	9,805	9,163
	University of Pittsburgh	LAProtein	5R01GM116889-02	93.859	4,339	4,060
				<b>Total ALN #93.859</b>	<b>214,982</b>	<b>198,695</b>
<b>Child Health and Human Development Extramural Research</b>						
	Direct Awards			93.865	54,513	50,235
	Pass-through from:					
	Emory University	PostpartumFamPlan		93.865	44,918	41,982
				<b>Total ALN #93.865</b>	<b>99,431</b>	<b>92,217</b>
<b>Aging Research</b>						
	Direct Awards			93.866	235,197	219,307
				<b>Total ALN #93.866</b>	<b>235,197</b>	<b>219,307</b>
<b>Total Department of Health and Human Services</b>					<b>1,946,228</b>	<b>1,841,501</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>						
Homeland Security Grant Program						
	Pass-through from:					
	Georgia Emergency Management Agency	EnhancedSecurity	EMW-2020-55-0089	97.067	73,527	73,527
				<b>Total ALN #97.067</b>	<b>73,527</b>	<b>73,527</b>
<b>Total Department of Homeland Security</b>					<b>73,527</b>	<b>73,527</b>
<b>Total Research &amp; Development Cluster</b>					<b>4,731,138</b>	<b>4,510,023</b>
<b>STUDENT FINANCIAL AID CLUSTER</b>						
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Nurse Faculty Loan Program (NFLP)						
	Direct Awards			93.264	146,015	146,015
				<b>Total ALN #93.264</b>	<b>146,015</b>	<b>146,015</b>
<b>Total Student Financial Aid Cluster</b>					<b>146,015</b>	<b>146,015</b>
<b>TRIO CLUSTER</b>						
<b>DEPARTMENT OF EDUCATION</b>						
TRIO Upward Bound						
	Direct Awards			84.047	1,060,800	1,040,810
				<b>Total ALN #84.047</b>	<b>1,060,800</b>	<b>1,040,810</b>
<b>Total TRIO Cluster</b>					<b>1,060,800</b>	<b>1,040,810</b>
<b>DEPARTMENT OF EDUCATION</b>						
Education Stabilization Funds						
American Rescue Plan Elementary and Secondary Emergency Relief Fund						
	Pass-through from:					
	Georgia Statewide Afterschool Network	BOOST		84.425U	96,148	94,440
<b>Total Department of Education</b>					<b>96,148</b>	<b>94,440</b>
<b>Total Schedule of Expenditures of Federal Awards</b>					<b>\$ 6,112,808</b>	<b>\$ 5,865,317</b>

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

---

**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Kennesaw State University Research and Service Foundation, Inc. (the “Foundation”) under programs of the federal government for the year ended June 30, 2022 and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

**Note 2—Summary of significant accounting policies**

*Basis of Accounting* – Expenditures reported on the Schedule are prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

*Negative Expenditures* – Negative expenditures reported in the Schedule may be the result of a correction of an expenditure which was originally posted in a prior fiscal year, such as the recording of a refund for goods or services not received. Although the current expenditures on a grant may be negative, the total of all expenditures on the grant is expected to be positive over its entire period of performance.

**Note 3—Assistance Listing numbers**

All programs included in the Schedule are presented by Federal agency and major subdivision within the Federal agency. Pass-through awards have been presented by pass-through entity and Federal identification number or pass-through entity identification number, when available.

**Note 4—Indirect cost rate**

The Foundation has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**Note 5—Noncash awards**

The Foundation did not receive any material noncash federal awards during the year ended June 30, 2022.

**Note 6—Contingencies**

These award programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Foundation expects such amounts, if any, to be immaterial.

**Note 7—Subrecipient**

The Foundation provided all federal awards, net of a portion of the indirect costs retained by the Foundation, to Kennesaw State University as a subrecipient.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2022

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to financial statements noted  yes  no

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to federal awards  yes  no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

**Assistance Listing #**

**Program Name**

Various (listed by ALN number on the Schedule

Research and Development Cluster

**TRIO Cluster**

84.047

Upward Bound

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2022

---

**Section II. Findings in Relation to the Audit of the Financial Statements**

Significant Deficiency  
2022-001: Year-End Closing Process

*Condition:* The year-end closing process for the year ended June 30, 2022, extended over a period of time because monthly procedures were not performed during the fiscal year as it pertains to proper classification of net assets and accounting for prior period entries which resulted in an understatement of revenue and overstatement of deferred revenue.

*Criteria:* Internal controls should be sufficient to provide oversight of the year-end close process to ensure that revenue and expenses are properly closed out.

*Cause:* There is an insufficient review in place on a year-end basis to ensure that grant revenues, deferred revenue, and net assets are appropriately closed.

*Effect:* Because of the lack of timely review from the proper level of management, grant revenue may be recorded in the improper period. Revenues should be recorded in proper financial period, including accuracy of accounts receivable and deferred revenue.

*Repeat Finding:* No.

*Recommendation:* Procedures should be implemented to ensure timely management review of accounts receivable and deferred revenues. Additional oversight and review of detailed project reporting, including timing of recorded revenues and expenditures, are necessary to ensure proper cutoff of revenues and the year-end close process.

**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

See attached management's corrective action plan.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2022

---

**Section III. Federal Awards Findings and Questioned Costs**

**Finding 2022-002**

Federal Agency:	Various
Federal Program:	Research and Development Cluster
CFDA:	Various
Compliance Requirement:	Allowable Costs – Incomplete Time and Effort Certifications
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Repeat Finding:	Yes

**CRITERIA:**

The Office and Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") establishes principles and standards for determining costs for federal awards carried out through grants, contracts, and other agreements. To be allowable under federal awards, expenditures must be allocable, reasonable, and supported by adequate documentation. Section 200.430 of Uniform Guidance requires that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (a) the system for establishing the estimates produces reasonable approximations of the activity actually performed; (b) significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner; and (c) the non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

**CONDITION:**

To meet the requirements of the Uniform Guidance for time and effort reporting, the Foundation utilizes an after-the-fact effort reporting system to certify that salaries charged, or cost shared, to Federal awards are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. Actual effort expended is then certified by a responsible person with suitable means of verification that the work was performed, generally the Principal Investigator, at the end of each semester. The Grants Office manually creates time and effort reports each semester. These effort reports are by Federal award and note all the employees who had payroll charged or cost shared to the project, the percentage of each employee's total payroll charged or cost shared to the project, as well as the percentage of each employee's total payroll charged to other projects or activities so that 100 percent of each employee's effort is reported. The Principal Investigator for each Federal award is required to sign the Time and Effort reports to certify the reasonableness of the estimated total work effort for the period covered by the report.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2022*

---

During our testing of the Research and Development Cluster, we sampled 40 expenditures. The sample was not intended to be and was not statistically valid. These 40 expenditures represented charges made on 20 federal awards. Payroll charges for 29 employees were selected for 9 of these federal awards. Our review of the Time and Effort Certifications resulted in the following:

- Certifications were not completed for four (4) employees who had charges on two (2) projects in our sample.
- For all the Time and Effort Certifications reviewed, the percentages of effort being certified were calculated based on the date the payroll charges were made or adjusted. If adjustments from a prior period were posted to a subsequent period, the percentage of effort for the period being certified were distorted and did not truly reflect the percentage of effort for the current term being certified.

**QUESTION COSTS:**

\$2,100 – calculated as the total payroll of the sampled payroll expenditures for which no Time and Effort Certification was completed.

**CAUSE:**

The Foundation does not have a system of process and controls in place to ensure all payroll certifications are completed.

**EFFECTS:**

Effort reporting is a federal compliance requirement. Lack of time and effort certifications could result in expenditures of federal awards for unallowable purposes.

**RECOMMENDATIONS:**

We recommend all payroll charges and adjustments to payroll charges be assigned a pay period. Time and Effort Certifications should include data based on these pay periods, and not the general ledger posting period. We also recommend the Time and Effort Certifications be prepared for each employee who had time charged to any federal program or cost shared to any federal program, rather than prepared for each federal award. The Foundation should then implement policies and control procedures to ensure time and effort certifications are completed in a timely manner. These policies should include annual training of the Grants Office as well as Principal Investigators and Department Administrators involved in federal awards.

**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

See attached management's corrective action plan.

**KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2022*

---

**Finding 2021-001 Timing of Revenue Recognition**

**Condition:** Grant revenues were not accurately recorded in the appropriate financial reporting period, also resulting in misstatement of accounts receivable and deferred revenue.

**Current Status:** Finding has been resolved.

**Finding 2021-002 Allowable Costs – Incomplete Time and Effort Certifications**

**Condition:** To meet the requirements of the Uniform Guidance for time and effort reporting, the Foundation utilizes an after-the-fact effort reporting system to certify that salaries charged, or cost shared, to Federal awards are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. Actual effort expended is then certified by a responsible person with suitable means of verification that the work was performed, generally the Principal Investigator, at the end of each semester. The Grants Office manually creates time and effort reports each semester. These effort reports are by Federal award and note all the employees who had payroll charged or cost shared to the project, the percentage of each employee's total payroll charged or cost shared to the project, as well as the percentage of each employee's total payroll charged to other projects or activities so that 100 percent of each employee's effort is reported. The Principal Investigator for each Federal award is required to sign the Time and Effort reports to certify the reasonableness of the estimated total work effort for the period covered by the report.

During our testing of the Research and Development Cluster, we sampled 40 expenditures. The sample was not intended to be and was not statistically valid. These 40 expenditures represented charges made on 28 Federal awards. Payroll charges for 37 employees were made on 19 of these federal awards. Our review of the Time and Effort Certifications resulted in the following:

- Certifications were not completed for eight (8) employees who had charges on four (4) projects in our sample.
- For all the Time and Effort Certifications reviewed, the percentages of effort being certified were calculated based on the date the payroll charges were made or adjusted. If adjustments from a prior period were posted to a subsequent period, the percentage of effort for the period being certified were distorted and did not truly reflect the percentage of effort for the current term being certified.

**Current Status:** Finding is repeated in the 2022 audit as Finding 2022-002.

**Finding 2021-003 Special Tests and Provisions – Key Personnel**

**Condition:** The Foundation has no policies and procedures or internal controls to ensure the Foundation adhere to key personnel commitments specified in applications/proposals or awards (which may be an incorporation by reference of the approved application/proposal) and obtained any required federal awarding agency approval for changes.

**Current Status:** Finding has been resolved.



## CORRECTIVE ACTION PLAN

### **Audit Finding Number: 2022-001**

Auditee's Response: The Foundation concurs with Finding 2022-001

Corrective Action Plan: Grants Accounting is finalizing a Year-End process document outlining all yearly tasks, timelines, and entries required for an accurate and timely closing. The document will outline the various tasks, responsible positions, and due date. This document will be a piece of a larger KSURSF procedure manual outlining the documented practices and procedures of all accounting tasks to be updated no later than 7/1/23. The primary issue involved getting adjusting entries from the prior audit recorded. These final entries will be recorded soon after the audits are completed as part of the Grants Accounting timeline.

Anticipated Completion Date: Specific Year-End closing checklist - April 2023. Complete KSURSF Operational calendar – July 2023

Responsible Person, Title: Rob Bridges, Director of Grants Accounting

### **Audit Finding Number: 2022-002**

Auditee's Response: The Foundation concurs with Finding 2022-002

Corrective Action Plan: Sponsored Programs is in the process of implementing a new software system (Maximus) allowing for systematic Time and Effort (TE) tracking rather than manual. Time and Effort reports will be generated in the Maximus system which will allow for completion tracking and reminder alerts to all parties. Implementation related to the corrective action plan in the prior year had been delayed due to the company's schedule but is currently on track for completion by the anticipated completion date. Concurrently, Grants Accounting will serve in a support role verifying all TE certification forms have been received based off the list generated by Sponsored Programs/Maximus. SponProg and Grants Accounting have already met to generate an ongoing schedule for future TE cycles to ensure timely processing and collection. Grants Accounting management will meet with Kennesaw State University's payroll department and the auditors to review available reporting options for TE charges based on pay periods. One of the missing certifications were for an award noted as a prize. Three were for a program where the TE form was provided, but the responsible person

---

KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION, INC.

Kennesaw Hall • MD 0111 • 585 Cobb Avenue • Kennesaw, GA 30144  
Phone: 470-578-6046 • Fax: 470-578-9110 • [www.kennesaw.edu](http://www.kennesaw.edu)



did not sign. While the services recorded to the grant were appropriate, management will refund the amounts associated with missing certifications to the respective grants.

Anticipated Completion Date: Maximus Go Live is scheduled for July 2023 pending any further implementation delays. KSU is currently in the data testing phase with the Maximus implementation team. Schedule for future cycles has already been developed and implemented as of March 2023. The review of payroll reports will work in conjunction with the implementation of Maximus.

Responsible Person, Title: Renita Wiley, Director of Sponsored Programs / Rob Bridges, Director of Grants Accounting

Approved: Rob Bridges

Date: 03/31/2023