

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M Research Foundation

For the Year Ended August 31, 2017

With Comparative Totals for the Year Ended August 31, 2016



Dr. Karen Butler-Purry, President
Dana R. Thomas, Chief Financial Officer

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TEXAS A&M RESEARCH FOUNDATION

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EXHIBIT III
TEXAS A&M RESEARCH FOUNDATION
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2017

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 774,306.89	\$ 2,835,450.37
Investments		
Restricted		
Cash & Cash Equivalents [Schedule Three]		
Investments		
Legislative Appropriations		
Receivables, Net [Note 24]		
Federal	1,751,509.13	2,032,036.22
Other Intergovernmental		
Interest and Dividends	31,669.40	104,900.95
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	1,005,601.47	1,132,973.50
Other	59,368.33	9,122.65
Due From Other Agencies		
Due From Other Members		3,990.24
Due From Other Funds	104,184.38	987,826.46
Consumable Inventories		
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets	60,493.30	
Total Current Assets	<u>\$ 3,787,132.90</u>	<u>\$ 7,106,300.39</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office		
Investments [Note 3]	307,764.03	369,199.37
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office		
Investments [Note 3]	7,786,287.25	7,082,645.65
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	305,303.34	305,303.34
Construction In Progress		461,070.00
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	1,879,982.86	1,879,982.86
Infrastructure		
Facilities and Other Improvements		
Furniture and Equipment	28,546,042.64	29,672,127.41
Vehicles, Boats, and Aircraft	74,250.16	41,891.90
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	5,000.00	5,000.00
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(23,954,816.29)	(24,347,596.77)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 14,949,813.99</u>	<u>\$ 15,469,623.76</u>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pensions		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 18,736,946.89</u>	<u>\$ 22,575,924.15</u>

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EXHIBIT III
TEXAS A&M RESEARCH FOUNDATION
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2017

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 1,378,746.13	\$ 1,264,353.36
Payroll		
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		14.72
Interfund Payable [Note 12]		
Due to Other Agencies		
Due to Other Funds	104,184.38	987,826.46
Due to Other Members	3,204,714.69	4,357,976.57
Funds Held for Investment		
Unearned Revenue	1,873,332.94	2,921,041.20
Employees' Compensable Leave		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Other Current Liabilities		328.90
Total Current Liabilities	<u>\$ 6,560,978.14</u>	<u>\$ 9,531,541.21</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave		
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations [Note 8]		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$</u>	<u>\$</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 6,560,978.14</u>	<u>\$ 9,531,541.21</u>
Net Position		
Net Investment In Capital Assets	\$ 6,855,762.71	\$ 8,017,778.74
Restricted for		
Debt Service		
Capital Projects		
Education	(621,674.59)	(229,898.16)
Endowment and Permanent Funds		
Nonexpendable	69,171.74	65,310.59
Expendable	2,912.29	3,984.78
Unrestricted	5,869,796.60	5,187,206.99
Total Net Position [Exhibit IV]	<u>\$ 12,175,968.75</u>	<u>\$ 13,044,382.94</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 18,736,946.89</u>	<u>\$ 22,575,924.15</u>

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EXHIBIT IV
 TEXAS A&M RESEARCH FOUNDATION
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2017

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Professional Fees		122,305.78
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	527,667.84	364,550.84
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	68,014,879.41	73,535,955.37
Federal Pass Through Revenue		
State Grant Revenue	202,793.62	106,075.77
State Pass Through Revenue		
Other Grants and Contracts - Operating	1,885,379.62	1,465,059.40
Other Operating Revenue	(11,180.87)	(10,826.67)
Total Operating Revenues	<u>\$ 70,619,539.62</u>	<u>\$ 75,583,120.49</u>
Operating Expenses		
Instruction	\$	\$
Research	68,253,456.88	72,862,586.27
Public Service	214,347.75	247,023.99
Academic Support		14,090.14
Student Services	924,885.99	1,040,956.24
Institutional Support	571,833.97	1,467,024.23
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	2,217,120.42	3,424,161.17
Total Operating Expenses [Schedule IV-1]	<u>\$ 72,181,645.01</u>	<u>\$ 79,055,842.04</u>
Total Operating Income [Loss]	<u>\$ (1,562,105.39)</u>	<u>\$ (3,472,721.55)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$	\$
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts		
Investment Income	680,998.80	415,355.42
Investing Activities Expense	(19,710.25)	(16,949.37)
Interest Expense	(164.35)	
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	20,757.01	
Settlement of Claims		
Other Nonoperating Revenues	79,623.16	134,644.63
Other Nonoperating [Expenses]	(67,813.17)	(437,184.06)
Total Nonoperating Revenues [Expenses]	<u>\$ 693,691.20</u>	<u>\$ 95,866.62</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ (868,414.19)</u>	<u>\$ (3,376,854.93)</u>

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SCHEDULE IV-1
 TEXAS A&M RESEARCH FOUNDATION
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX
 FOR THE YEAR ENDED AUGUST 31, 2017

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>ACADEMIC SUPPORT</u>	<u>STUDENT SERVICES</u>
Natural Classification					
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries & Wages		9,222,790.88	114,998.40		
Payroll Related Costs		2,255,557.88	25,434.53		
Payroll Related Costs-TRS Pension					
Professional Fees & Services		1,947,892.60			
Travel		1,000,348.16			
Materials & Supplies		4,593,882.93			
Communication & Utilities		715,004.07			13,620.92
Repairs & Maintenance		537,354.94			
Rentals & Leases		591,710.61			
Printing & Reproduction		14,790.47			
Federal Pass-Through					
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest					
Scholarships		113,361.19			
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		47,260,763.15	73,914.82		911,265.07
Total Operating Expenses	\$	\$ 68,253,456.88	\$ 214,347.75	\$	\$ 924,885.99

<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION & MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS & FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION & AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$	\$
36,008.70					9,373,797.98	12,229,851.56
9,379.50					2,290,371.91	2,788,881.55
263,456.91					2,211,349.51	33,253,143.81
5,006.45					1,005,354.61	2,909,522.02
16,737.58					4,610,620.51	7,595,907.09
124,257.07					852,882.06	797,758.67
29,250.87					566,605.81	599,902.26
9,539.96					601,250.57	415,849.37
					14,790.47	47,712.80
				2,217,120.42	2,217,120.42	3,424,161.17
						253.90
					113,361.19	398,495.23
78,196.93					48,324,139.97	14,594,402.61
<u>\$ 571,833.97</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,217,120.42</u>	<u>\$ 72,181,645.01</u>	<u>\$ 79,055,842.04</u>

[Exhibit IV]

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EXHIBIT V
TEXAS A&M RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	527,667.84	491,695.14
Proceeds From Grants and Contracts	69,405,807.20	78,372,326.76
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues		
Payments to Suppliers for Goods and Services	(71,018,842.42)	(77,245,642.42)
Payments to Employees	(45,388.20)	(684,038.23)
Payments for Loans Provided		
Payments for Other Operating Expenses		
Net Cash Provided [Used] By Operating Activities	\$ (1,130,755.58)	\$ 934,341.25
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$	\$
Proceeds From Gifts		
Proceeds From Endowments		
Proceeds From Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities		
Payments of Interest		
Payments for Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses		
Other Noncapital Transfers From/To System		
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$	\$
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$	\$
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(1,043,294.40)	(1,004,203.09)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]		
Intrasystem Transfers for Capital Debt [Mandatory]		
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (1,043,294.40)	\$ (1,004,203.09)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$ 95,061.05	\$ 312,380.48
Sales and Purchases of Investments Held By System	(101,618.95)	(1,606,282.89)
Proceeds From Interest and Investment Income	119,464.40	129,608.05
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 112,906.50	\$ (1,164,294.36)
Net Increase [Decrease] In Cash and Cash Equivalents	\$ (2,061,143.48)	\$ (1,234,156.20)
Cash and Cash Equivalents, Beginning of Year	\$ 2,835,450.37	\$ 4,069,606.57
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 2,835,450.37	\$ 4,069,606.57
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 774,306.89	\$ 2,835,450.37

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SCHEDULE N-2
 TEXAS A&M RESEARCH FOUNDATION
 NOTE 2 - CAPITAL ASSETS
 FOR THE YEAR ENDED AUGUST 31, 2017

	BALANCE 9-1-16	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 305,303.34	\$	\$
Construction In Progress	461,070.00		(461,070.00)
Total Non-Depreciable/Non-Amortizable Assets	<u>\$ 766,373.34</u>	<u>\$</u>	<u>\$ (461,070.00)</u>
Depreciable Assets			
Buildings	\$ 1,879,982.86	\$	\$
Furniture and Equipment	29,672,127.41		461,070.00
Vehicles, Boats and Aircraft	41,891.90		
Total Depreciable Assets at Historical Cost	<u>\$ 31,594,002.17</u>	<u>\$</u>	<u>\$ 461,070.00</u>
Less Accumulated Depreciation for			
Buildings	\$ (1,493,830.78)	\$	\$
Furniture and Equipment	(22,844,945.05)		
Vehicles, Boats and Aircraft	(3,820.94)		
Total Accumulated Depreciation	<u>\$ (24,342,596.77)</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets, Net	<u>\$ 7,251,405.40</u>	<u>\$</u>	<u>\$ 461,070.00</u>
Amortizable Assets - Intangible			
Computer Software	\$ 5,000.00	\$	\$
Total Intangible Assets at Historical Cost	<u>\$ 5,000.00</u>	<u>\$</u>	<u>\$</u>
Less Accumulated Amortization for			
Computer Software	\$ (5,000.00)	\$	\$
Total Accumulated Amortization	<u>\$ (5,000.00)</u>	<u>\$</u>	<u>\$</u>
Amortizable Assets, Net	<u>\$</u>	<u>\$</u>	<u>\$</u>
Capital Assets, Net	<u>\$ 8,017,778.74</u>	<u>\$</u>	<u>\$</u>

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-17
\$	\$	\$	\$	\$ 305,303.34
\$	\$	\$	\$	\$ 305,303.34
\$	\$	\$ 1,197,838.20 32,358.26	\$ (2,784,992.97)	\$ 1,879,982.86 28,546,042.64 74,250.16
\$	\$	\$ 1,230,196.46	\$ (2,784,992.97)	\$ 30,500,275.66
\$	\$	\$ (45,963.72) (2,268,896.92) (9,538.68)	\$ 2,717,179.80	\$ (1,539,794.50) (22,396,662.17) (13,359.62)
\$	\$	\$ (2,324,399.32)	\$ 2,717,179.80	\$ (23,949,816.29)
\$	\$	\$ (1,094,202.86)	\$ (67,813.17)	\$ 6,550,459.37
\$	\$	\$	\$	\$ 5,000.00
\$	\$	\$	\$	\$ 5,000.00
\$	\$	\$	\$	\$ (5,000.00)
\$	\$	\$	\$	\$ (5,000.00)
\$	\$	\$	\$	\$
\$	\$	\$ (1,094,202.86)	\$ (67,813.17)	\$ 6,855,762.71