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# ANNUAL FINANCIAL REPORT

of

**Texas A&M System Sponsored Research Services**

*For the Year Ended August 31, 2014*

*With Comparative Totals for the Year Ended August 31, 2013*



**Leo J. Paterra, Executive Director**  
**Mark S. Smock, Chief Operating Officer**  
**Jim Joyce, Associate Executive Director**

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TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES

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TEXAS A&M SYSTEM  
SPONSORED RESEARCH SERVICES

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EXHIBIT III  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u>                    </u>	<u>                    </u>
Assets and Deferred Outflows	\$	\$
Current Assets		
Cash & Cash Equivalents [Schedule Three]	3,768,687.41	3,562,473.72
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]		
Investments		
Legislative Appropriations		
Receivables, Net [Note 24]		
Federal		
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts		418.51
Other		
Due From Other Agencies		
Due From Other Members	166,813.78	148,018.22
Due From Other Funds	104,789.56	92,120.19
Consumable Inventories		
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 4,040,290.75</u>	<u>\$ 3,803,030.64</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Offices		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Offices		
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements		
Construction In Progress		
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements		
Infrastructure		
Facilities and Other Improvements		
Furniture and Equipment	599,724.70	624,810.92
Vehicles, Boats, and Aircraft	11,633.34	11,633.34
Other Capital Assets	1,056,361.98	1,056,361.98
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	4,769,836.81	4,769,836.81
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(2,780,451.84)	(1,549,968.14)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 3,657,104.99</u>	<u>\$ 4,912,674.91</u>
Deferred Outflows of Resources		
Derivative Instruments [Note 7]	\$	\$
Government Acquisition [Note 28]		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 7,697,395.74</u>	<u>\$ 8,715,705.55</u>

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EXHIBIT III  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u>                    </u>	<u>                    </u>
Liabilities		
Current Liabilities		
Payables		
Accounts	\$ 915,258.88	\$ 1,052,971.26
Payroll	773,227.07	703,959.25
Investment Trades		
Self-Insured Health and Dental		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies		
Due to Other Funds	104,789.56	92,120.19
Due to Other Members	18,008.05	16,685.86
Funds Held for Investment		
Unearned Revenue		
Employees' Compensable Leave	48,654.78	47,165.57
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Other Current Liabilities		
	<u>                    </u>	<u>                    </u>
Total Current Liabilities	\$ 1,859,938.34	\$ 1,912,902.13
Non-Current Liabilities		
Interfund Payable [Note 12]		
Employees' Compensable Leave	\$ 485,203.45	\$ 428,539.45
Other Post Employment Benefits [Note 11]		
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		
Other Non-Current Liabilities		
	<u>                    </u>	<u>                    </u>
Total Non-Current Liabilities	\$ 485,203.45	\$ 428,539.45
Total Liabilities	<u>\$ 2,345,141.79</u>	<u>\$ 2,341,441.58</u>
Net Position		
Net Investment In Capital Assets	\$ 3,657,104.99	\$ 4,912,674.91
Restricted for		
Debt Service		
Capital Projects		
Education		
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	1,695,148.96	1,461,589.06
	<u>                    </u>	<u>                    </u>
Total Net Position [Exhibit IV]	\$ 5,352,253.95	\$ 6,374,263.97
Total Liabilities and Net Position	<u>\$ 7,697,395.74</u>	<u>\$ 8,715,705.55</u>

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EXHIBIT IV  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u>                    </u>	<u>                    </u>
Operating Revenues		
Tuition and Fees-Pledged	\$	\$
Discounts and Allowances		
Net Tuition and Fees - Non-Pledged		
Net Hospitals and Clinics		
Net Professional Fees		
Net Auxiliary Enterprises		
Net Other Sales of Goods and Services	264,346.69	232,448.89
Discounts and Allowances-Sales		
Interest Revenue		
Federal Revenue - Operating	972,733.93	843,366.10
Federal Pass Through Revenue		
State Grant Revenue		
State Pass Through Revenue		
Other Grants and Contracts - Operating		16,453.63
Other Operating Revenue		
	<u>                    </u>	<u>                    </u>
Total Operating Revenues	<u>\$ 1,237,080.62</u>	<u>\$ 1,092,268.62</u>
Operating Expenses		
Instruction	\$	\$
Research	972,733.93	859,819.73
Public Service		
Hospitals and Clinics		
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	1,221,121.53	656,113.82
	<u>                    </u>	<u>                    </u>
Total Operating Expenses [Schedule IV-1]	<u>\$ 2,193,855.46</u>	<u>\$ 1,515,933.55</u>
Total Operating Income [Loss]	<u>\$ (956,774.84)</u>	<u>\$ (423,664.93)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$	\$
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts		
Land Income		
Investment Income	2,998.97	5,381.89
Investing Activities Expense		
Interest Expense and Fiscal Charges		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets		
Net Increase [Decrease] In Fair Value		
Settlement of Claims		
Other Nonoperating Revenues	4,726.56	38,512.32
Other Nonoperating [Expenses]	(38,512.32)	(4,726.56)
	<u>                    </u>	<u>                    </u>
Total Nonoperating Revenues [Expenses]	<u>\$ (30,786.79)</u>	<u>\$ 39,167.65</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ (987,561.63)</u>	<u>\$ (384,497.28)</u>

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EXHIBIT IV  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u>                    </u>	<u>                    </u>
Other Revenues and Transfers		
Capital Contributions	\$	\$
Capital Appropriations [Higher Education Fund]		
Additions to Permanent and Term Endowments		
Special Items		
Extraordinary Items		
Transfers In		
Transfers From Other State Agencies		
Mandatory Transfers From Other Members		1,427,940.04
Nonmandatory Transfers From Other Members		5,498,996.73
Nonmandatory Transfers From Members/Agencies-Cap Assets		
Transfers Out		
Transfers to Other State Agencies		
Mandatory Transfers to Other Members		
Nonmandatory Transfers to Other Members		(168,175.52)
Nonmandatory Transfers to Members/Agencies - Cap Assets	(34,448.39)	
Legislative Transfers - In		
Legislative Transfers - Out		
Legislative Appropriations Lapsed		
	<u>                    </u>	<u>                    </u>
Total Other Revenues and Transfers	\$ (34,448.39)	\$ 6,758,761.25
	<u>                    </u>	<u>                    </u>
Change In Net Position	\$ (1,022,010.02)	\$ 6,374,263.97
	<u>                    </u>	<u>                    </u>
Net Position, Beginning of Year	\$ 6,374,263.97	\$
Restatement		
	<u>                    </u>	<u>                    </u>
Net Position, Beginning of Year, Restated	\$ 6,374,263.97	\$
	<u>                    </u>	<u>                    </u>
Net Position, End of Year	\$ 5,352,253.95	\$ 6,374,263.97
	<u>                    </u>	<u>                    </u>

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SCHEDULE IV-1  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX  
 FOR THE YEAR ENDED AUGUST 31, 2014

	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS & CLINICS	ACADEMIC SUPPORT
Natural Classification	\$	\$	\$	\$	\$
Cost of Goods Sold					
Salaries & Wages		767,367.36			
Payroll Related Costs		205,366.57			
Professional Fees & Services					
Travel					
Materials & Supplies					
Communication & Utilities					
Repairs & Maintenance					
Rentals & Leases					
Printing & Reproduction					
Federal Pass-Through					
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest					
Scholarships					
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses					
Total Operating Expenses	<u>\$</u>	<u>\$ 972,733.93</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>



NACUBO FUNCTION

STUDENT SERVICES	INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY	DEPRECIATION & AMORTIZATION	TOTAL	PRIOR YEAR
\$	\$	\$	\$	\$	\$	\$	\$
						767,367.36	698,161.62
						205,366.57	161,658.11
					1,221,121.53	1,221,121.53	656,113.82
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,221,121.53</u>	<u>\$ 2,193,855.46</u>	<u>\$ 1,515,933.55</u>

[Exhibit IV]

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EXHIBIT V  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities	\$	\$
Proceeds Received From Tuition and Fees		
Proceeds Received From Customers	249,669.85	2,425,453.74
Proceeds From Sponsored Programs	953,938.37	711,801.51
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues		
Payments to Suppliers for Goods and Services		
Payments to Employees - Salaries & Benefits	(966,607.74)	(803,921.70)
Payments for Loans Provided		
Payments for Other Operating Expenses		
Net Cash Provided [Used] By Operating Activities	<u>\$ 237,000.48</u>	<u>\$ 2,333,333.55</u>
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$	\$
Proceeds From Gifts		
Proceeds From Endowments		
Proceeds - Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Capital Contributions		
Proceeds From Other Noncapital Financing Activities	4,726.56	38,512.32
Payments of Interest		
Payments - Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(38,512.32)	(4,726.56)
Other Noncapital Transfers From/To System		1,259,764.52
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	<u>\$ (33,785.76)</u>	<u>\$ 1,293,550.28</u>
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 Loans		
Proceeds From Other Capital & Related Financing Activities		
Payments for Additions to Capital Assets		(69,792.00)
Payments of Principal On Debt Issuance		
Payments for Capital Leases		
Payments for Interest On Debt Issuance		
Payments for Interfund Loans		
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.	<u>\$</u>	<u>\$ (69,792.00)</u>
Cash Flows From Investing Activities		
Proceeds From Sales and Maturities of Investments	\$	\$
Sales and Purchases of Investments Held By System		
Proceeds From Interest and Investment Income	2,998.97	5,381.89
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	<u>\$ 2,998.97</u>	<u>\$ 5,381.89</u>
Increase [Decrease] In Cash and Cash Equivalents	<u>\$ 206,213.69</u>	<u>\$ 3,562,473.72</u>
Cash and Cash Equivalents, Beginning of Year Restatement	<u>\$ 3,562,473.72</u>	<u>\$</u>
Restated Beginning Cash and Cash Equivalents	<u>\$ 3,562,473.72</u>	<u>\$</u>
Cash and Cash Equivalents, End of Year [Sch Three]	<u><u>\$ 3,768,687.41</u></u>	<u><u>\$ 3,562,473.72</u></u>

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EXHIBIT V  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u>                    </u>	<u>                    </u>
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(956,774.84)	(423,664.93)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Depreciation and Amortization	1,221,121.53	656,113.82
Bad Debt Expense		
Operating Income [Loss] Classification Differences		
Changes In Assets and Liabilities		
Accounts Receivable, Net	418.51	(418.51)
Due From Other Agencies/Funds		
Due From System Members	(18,795.56)	(148,018.22)
Inventories		
Prepaid Expenses		
Loans and Contracts		
Other Assets		
Payables	(68,444.56)	1,756,930.51
Due to Other Agencies/Funds		
Due to System Members	1,322.19	16,685.86
Unearned Revenue		
Deposits		
Compensated Absence Liability	58,153.21	475,705.02
Other Post Employment Benefits Liability		
Self Insured Accrued Liability		
Other Liabilities		
Total Adjustments	<u>\$ 1,193,775.32</u>	<u>\$ 2,756,998.48</u>
Net Cash Provided [Used] By Operating Activities	<u>\$ 237,000.48</u>	<u>\$ 2,333,333.55</u>
Non-Cash Transactions		
Donation of Capital Assets	\$	\$
Net Change In Fair Value of Investments		
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Other	(34,448.39)	5,498,996.73

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TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES

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SCHEDULE THREE  
TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
SCHEDULE OF CASH & CASH EQUIVALENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

	<u>CURRENT YEAR TOTAL</u>
Cash & Cash Equivalents	
Current Assets	
Cash In State Treasury	
Assets Held By System Offices-Current	<u>\$ 3,768,687.41</u>
Total Current Cash and Cash Equivalents [Exhibit III]	<u>\$ 3,768,687.41</u>
Total Cash & Cash Equivalents [Exhibit V]	<u><u>\$ 3,768,687.41</u></u>

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SCHEDULE N-2  
 TEXAS A&M SYSTEM SPONSORED RESEARCH SERVICES  
 NOTE 2 - CAPITAL ASSETS  
 FOR THE YEAR ENDED AUGUST 31, 2014

	BALANCE 9-1-13	ADJUSTMENTS	COMPLETED CIP
Depreciable Assets			
Furniture and Equipment	\$ 624,810.92	\$	\$
Vehicles, Boats and Aircraft	11,633.34		
Other Capital Assets	1,056,361.98		
	<u>1,692,806.24</u>		
Total Depreciable Assets at Historical Cost	\$ 1,692,806.24	\$	\$
Less Accumulated Depreciation for			
Furniture and Equipment	\$ (262,085.96)	\$	\$
Vehicles, Boats and Aircraft	(3,955.36)		
Other Capital Assets	(806,943.14)		
	<u>(1,072,984.46)</u>		
Total Accumulated Depreciation	\$ (1,072,984.46)	\$	\$
Depreciable Assets, Net	<u>\$ 619,821.78</u>	<u>\$</u>	<u>\$</u>
Amortizable Assets - Intangible			
Computer Software	\$ 4,769,836.81	\$	\$
	<u>4,769,836.81</u>		
Total Intangible Assets at Historical Cost	\$ 4,769,836.81	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (476,983.68)	\$	\$
	<u>(476,983.68)</u>		
Total Accumulated Amortization	\$ (476,983.68)	\$	\$
Amortizable Assets, Net	<u>\$ 4,292,853.13</u>	<u>\$</u>	<u>\$</u>
Capital Assets, Net	<u>\$ 4,912,674.91</u>	<u>\$</u>	<u>\$</u>

<u>INC-INTERAGENCY TRANSACTIONS</u>	<u>DEC-INTERAGENCY TRANSACTIONS</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 8-31-14</u>
\$ 55,941.50	\$ (81,027.72)	\$	\$	\$ 599,724.70 11,633.34 1,056,361.98
\$ 55,941.50	\$ (81,027.72)	\$	\$	\$ 1,667,720.02
\$ (55,941.50)	\$ 46,579.33	\$ (88,127.25) (2,966.52) (176,060.40)	\$	\$ (359,575.38) (6,921.88) (983,003.54)
\$ (55,941.50)	\$ 46,579.33	\$ (267,154.17)	\$	\$ (1,349,500.80)
\$	\$ (34,448.39)	\$ (267,154.17)	\$	\$ 318,219.22
\$	\$	\$	\$	\$ 4,769,836.81
\$	\$	\$	\$	\$ 4,769,836.81
\$	\$	\$ (953,967.36)	\$	\$ (1,430,951.04)
\$	\$	\$ (953,967.36)	\$	\$ (1,430,951.04)
\$	\$	\$ (953,967.36)	\$	\$ 3,338,885.77
\$	\$ (34,448.39)	\$ (1,221,121.53)	\$	\$ 3,657,104.99

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