

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M System Technology Commercialization

For the Year Ended August 31, 2015

With Comparative Totals for the Year Ended August 31, 2014



Billy Hamilton, Executive Vice Chancellor & Chief Financial Officer
Brett Cornwell, Associate Vice Chancellor

UNAUDITED

TEXAS A&M SYSTEM
TECHNOLOGY COMMERCIALIZATION

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	707-1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	707-2-1
IV - 1	Schedule of NACUBO Function to Natural Classification Matrix	707-3-1
V	Statement of Cash Flows	707-4-1
	<u>SCHEDULES</u>	
THREE	Schedule of Cash & Cash Equivalents	707-16-1
N-2	Note 2 - Capital Assets	707-17-1

UNAUDITED

EXHIBIT III
TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 2,587,582.25	\$ 3,831,029.62
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	133,032.61	239,491.59
Investments		
Legislative Appropriations		
Receivables, Net [Note 24]		
Federal		
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	6,067,640.89	5,957,210.56
Other		
Due From Other Agencies		
Due From Other Members		
Due From Other Funds		
Consumable Inventories		
Merchandise Inventories		
Loans and Contracts	356,048.19	
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 9,144,303.94</u>	<u>\$ 10,027,731.77</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	702,399.18	1,795,877.52
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	6,599.00	6,599.00
Vehicles, Boats, and Aircraft		
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software		
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(6,599.00)	(6,599.00)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 702,399.18</u>	<u>\$ 1,795,877.52</u>
Deferred Outflows of Resources [Note 28]		
Derivative Instruments	\$	\$
Government Acquisition		
Pensions		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 9,846,703.12</u>	<u>\$ 11,823,609.29</u>

UNAUDITED

EXHIBIT III
 TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 5,541,110.59	\$ 6,795,291.86
Payroll	143,224.49	151,578.75
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies		
Due to Other Funds		
Due to Other Members	8,997.39	6,388.25
Funds Held for Investment		
Unearned Revenue		
Employees' Compensable Leave	1,080.19	1,234.98
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		
Total Current Liabilities	<u>\$ 5,694,412.66</u>	<u>\$ 6,954,493.84</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	106,220.19	116,175.14
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		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 106,220.19</u>	<u>\$ 116,175.14</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 5,800,632.85</u>	<u>\$ 7,070,668.98</u>
Net Position		
Net Investment In Capital Assets	\$	\$
Restricted for		
Debt Service		
Capital Projects		
Education	122,278.34	342,559.93
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	3,923,791.93	4,410,380.38
Total Net Position [Exhibit IV]	<u>\$ 4,046,070.27</u>	<u>\$ 4,752,940.31</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 9,846,703.12</u>	<u>\$ 11,823,609.29</u>

UNAUDITED

EXHIBIT IV
 TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u> </u>	<u> </u>
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Hospitals and Clinics		
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	40,847.56	88,891.06
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating		
Federal Pass Through Revenue		
State Grant Revenue		
State Pass Through Revenue	117,859.11	131,773.00
Other Grants and Contracts - Operating		5,000.00
Other Operating Revenue	6,500.00	7,100.00
	<u> </u>	<u> </u>
Total Operating Revenues	\$ 165,206.67	\$ 232,764.06
Operating Expenses		
Instruction	\$	\$
Research		
Public Service		
Hospitals and Clinics		
Academic Support		
Student Services		
Institutional Support	488,903.81	1,635,987.70
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization		
	<u> </u>	<u> </u>
Total Operating Expenses [Schedule IV-1]	\$ 488,903.81	\$ 1,635,987.70
Total Operating Income [Loss]	\$ (323,697.14)	\$ (1,403,223.64)
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$	\$
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	22,204.00	21,325.00
Land Income		
Investment Income	438,174.50	(1,269,930.59)
Investing Activities Expense		
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets		
Settlement of Claims	(1,675.98)	
Other Nonoperating Revenues		
Other Nonoperating [Expenses]		
	<u> </u>	<u> </u>
Total Nonoperating Revenues [Expenses]	\$ 458,702.52	\$ (1,248,605.59)
Income [Loss] Before Other Revenues and Transfers	\$ 135,005.38	\$ (2,651,829.23)

UNAUDITED

SCHEDULE IV-1
 TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX
 FOR THE YEAR ENDED AUGUST 31, 2015

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>HOSPITALS & CLINICS</u>	<u>ACADEMIC SUPPORT</u>
Natural Classification					
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries & Wages					
Payroll Related Costs					
Payroll Related Costs-TRS Pension					
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>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>STUDENT SERVICES</u>	<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>
\$	\$	\$	\$	\$	\$	\$	\$
	116,938.01					116,938.01	
	30,453.11					30,453.11	
	260,479.53					260,479.53	1,574,154.77
	11,047.91					11,047.91	6,389.37
	2,066.65					2,066.65	4,060.15
	7,836.82					7,836.82	6,377.58
	10,066.92					10,066.92	4,374.71
							1,090.80
	6.47					6.47	183.28
	<u>50,008.39</u>					<u>50,008.39</u>	<u>39,357.04</u>
<u>\$</u>	<u>\$ 488,903.81</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 488,903.81</u>	<u>\$ 1,635,987.70</u>

[Exhibit IV]

UNAUDITED

EXHIBIT V
TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	40,847.56	88,891.06
Proceeds From Grants and Contracts	232,110.60	22,521.51
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	6,500.00	7,100.00
Payments to Suppliers for Goods and Services	(1,817,766.64)	(408,277.79)
Payments to Employees	(165,855.12)	
Payments for Loans Provided	(356,048.19)	
Payments for Other Operating Expenses		
Net Cash Provided [Used] By Operating Activities	\$ (2,060,211.79)	\$ (289,765.22)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$	\$
Proceeds From Gifts	22,204.00	21,325.00
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	(1,675.98)	
Other Noncapital Transfers From/To System	(841,875.42)	7,404,769.54
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ (821,347.40)	\$ 7,426,094.54
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		
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.	\$	\$
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	1,531,652.84	(3,066,262.97)
Proceeds From Interest and Investment Income		454.86
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 1,531,652.84	\$ (3,065,808.11)
Net Increase [Decrease] In Cash and Cash Equivalents	\$ (1,349,906.35)	\$ 4,070,521.21
Cash and Cash Equivalents, Beginning of Year	\$ 4,070,521.21	\$
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 4,070,521.21	\$
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 2,720,614.86	\$ 4,070,521.21

UNAUDITED

EXHIBIT V
 TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(323,697.14)	(1,403,223.64)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation		
Bad Debt Expense		
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	(110,430.33)	(5,957,210.56)
[Increase] Decrease In Due From Other Funds		
[Increase] Decrease In Due From System Members		
[Increase] Decrease In Inventories		
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts	(356,048.19)	
[Increase] Decrease In Other Assets		
[Increase] Decrease In Payables	(1,262,535.53)	6,946,870.61
[Increase] Decrease In Due to Other Agencies/Funds		
[Increase] Decrease In Due to System Members	2,609.14	6,388.25
[Increase] Decrease In Unearned Revenue		
[Increase] Decrease In Deposits		
[Increase] Decrease In Employees' Compensable Leave	(10,109.74)	117,410.12
[Increase] Decrease In OPEB Liability		
[Increase] Decrease In Pension Liability		
[Increase] Decrease In Self Insured Accrued Liability		
[Increase] Decrease In Other Liabilities		
Total Adjustments	\$ (1,736,514.65)	\$ 1,113,458.42
Net Cash Provided [Used] By Operating Activities	\$ (2,060,211.79)	\$ (289,765.22)
Non-Cash Transactions		
Donation of Capital Assets	\$	\$
Net Change In Fair Value of Investments	(3.26)	(106.53)
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other		

UNAUDITED

SCHEDULE N-2
 TEXAS A&M SYSTEM TECHNOLOGY COMMERCIALIZATION
 NOTE 2 - CAPITAL ASSETS
 FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE 9-1-14	ADJUSTMENTS	COMPLETED CIP
Depreciable Assets			
Furniture and Equipment	\$ 6,599.00	\$	\$
Total Depreciable Assets at Historical Cost	\$ 6,599.00	\$	\$
Less Accumulated Depreciation for			
Furniture and Equipment	\$ (6,599.00)	\$	\$
Total Accumulated Depreciation	\$ (6,599.00)	\$	\$
Depreciable Assets, Net	\$	\$	\$
Capital Assets, Net	\$	\$	\$

<u>INC-INTERAGENCY TRANSACTIONS</u>	<u>DEC-INTERAGENCY TRANSACTIONS</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 8-31-15</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ 6,599.00
\$ _____	\$ _____	\$ _____	\$ _____	\$ 6,599.00
\$ _____	\$ _____	\$ _____	\$ _____	\$ (6,599.00)
\$ _____	\$ _____	\$ _____	\$ _____	\$ (6,599.00)
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>