West Virginia State University Research and Development Corporation

Financial Statements as of and for the

Years Ended June 30, 2024 and 2023

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
West Virginia State University Research and Development Corporation
Institute, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of West Virginia State University Research and Development Corporation (a component unit of West Virginia State University), as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise West Virginia State University Research and Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of West Virginia State University Research and Development Corporation, as of June 30, 2024 and 2023 and the changes in financial position, and its cash flows for the year then ended in accordance 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Virginia State University Research and Development Corporation and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 West Virginia State University

Research and Development Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS and *Government 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 West Virginia State University Research and Development Corporation'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 West Virginia State University Research and Development Corporation'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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of proportionate share of net OPEB liability and contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2024, on our consideration of West Virginia State University Research and Development Corporation'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 solely 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 the effectiveness of West Virginia State University Research and Development Corporation's 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 West Virginia State University Research and Development Corporation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 3, 2024

West Virginia State University
Research and Development Corporation
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

I. Introduction

A. *Historical Background*

West Virginia State University Research and Development Corporation (WVSURDC or the Corporation) was incorporated in 1991, under the W.Va. Code Chapter 18B. The Corporation serves as West Virginia State University's (WVSU or the University) fiscal management agent of its externally sponsored funding including grants, contracts, and gifts derived from federal, state, municipal, corporate, foundation, and private individuals. The Corporation operates as a nonprofit entity exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The WVSURDC formally provides management and oversight of external support for WVSU via their affiliations and operating agreements with the University's Board of Governors and the University's Chief Executive Officer, respectively. The Corporation and its functions reside outside of the University's fiscal operations. The Research and Public Service Unit at the University utilizes the Corporation as its fiscal agent.

West Virginia State University is an 1890 Land-Grant and Historically Black institution of higher education founded in 1891, under the Second Morrill Act. The University's central mission is to become the most student-centered, research and teaching, land-grant University in the State of West Virginia and beyond, by meeting the higher education and economic development needs of the state and region through innovative teaching and applied research. The re-attainment of its Land-Grant status, combined with the implementation of graduate programs, has significantly augmented activities related to research, teaching, and public service over the last decade. This successful expansion of the University's research and outreach programming has only been possible through the attainment of supplementary external resources. Therefore, the University's faculty along with research and outreach staff, and administrators are continually seeking opportunities for enhancing research, teaching, and public service through external sponsored support. In fact, scholarly activities supported through the attainment of external funding, in support of the institution's mission, are being increasingly recognized. The collective and dynamic effort, infused with innovative ideas and approaches, has resulted in the University's sustained level of these resources, within the last 5 years, in spite of economic challenges faced at the regional, national, and global levels.

B. *Overview of the Financial Statements and the Financial Analysis*

The present document provides an overview of the Corporation's financial statements to its stakeholders for the year ended June 30, 2024. Based on these financial statements, the Corporation's management also presents discussion and analysis, which highlights the successes and challenges experienced throughout the reporting year. This management's discussion and analysis is required as supplemental information prescribed by the Governmental Accounting Standards Board (GASB No. 34 & 35 directives). This financial information is structured into an activity-based reporting format and offers an overview of the Corporation's fiscal activities focusing on the year ended. The analysis is based on the position of three main financial statements: (1) Net Position; (2) Revenues, Expenses, and Changes in Net Position; and (3) Cash

Flows. Additional information relevant to fiscal years 2023 and 2022 is also included in this analysis to facilitate the reader a comparative framework between immediate past and present financial positions of the Corporation.

II. Statement of Net Position

The "Statement of Net Position" reflects the Corporation's assets, liabilities, and its net position at the end of the fiscal year. This statement provides stakeholders with fiscal information of the Corporation at a point in time (June 30, 2024). It also offers readers an overview of the net position and the assets (and liabilities) which are available to the Corporation for future investments and to continue operating.

The statements' net position is divided into three main categories: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The first asset category provides information on the Corporation's interest in property, plant, and equipment owned by the institution. The second category is further divided into non-expendable and expendable components of restricted net position. Non-expendable assets of restricted net position are only available for investment purposes; usually the Corporation does not operate restricted net position assets. Expendable components of restricted net position are to be expended by the institution for the purpose in which grantors and donors have intended, such as time and purpose restrictions. Finally, unrestricted components of net position are not restricted as to use, but only available to the institution for allowable expenditures.

Condensed Statements of Net Position

	FY 2024	FY 2023	FY 2022
Assets			
Cash and cash equivalents	**$ 198,581**	$ 424,821	$ 1,399,607
Other current assets	**2,896,876**	2,087,761	1,052,049
Noncurrent assets	**3,327,599**	2,256,797	1,665,937
Total Assets	**6,423,056**	4,769,379	4,117,593
Deferred Outflows of Resources	**32,036**	98,556	60,872
Total	**6,455,092**	4,867,935	4,178,465
Liabilities			
Current liabilities	**2,757,253**	1,758,490	1,959,911
Non-current liabilities	**97,092**	119,930	(12,065)
Total Liabilities	**2,854,345**	1,878,420	1,947,846
Deferred Inflows of Resources	**133,454**	291,370	658,233
Total	**2,987,799**	2,169,790	2,606,079
Net Position			
Net investment in capital assets	**3,026,866**	2,037,022	1,665,936
Restricted: other postemployment benefit	**84,253**	-	16,605
Unrestricted	**356,174**	661,123	(110,155)
Total Net Position	**3,467,293**	2,698,145	1,572,386
Total Liabilities and Net Position	**$ 6,455,092**	$ 4,867,935	$ 4,178,465

Assets and Deferred Outflows of Resources: In fiscal year 2024, the Corporation's total assets and deferred outflows of resources increased by $1,587,157 which represents a 33 percent improvement in contrast to the previous year. The deferred outflow of resources that resulted from the implementation of GASB 75-Other Postemployment Benefits added $32,036 to total assets and deferred outflows of resources of $6,455,092. The overall increase in total assets this fiscal year is the result of equipment replacement and additional equipment purchases. Non-current assets also experienced an increase of $1,070,802 when compared to the previous year. Current assets this year represented 48 percent of the total assets and deferred outflows of resources; whereas the non-current portion represented 52 percent. The value of the Corporation's cash and cash equivalents depends on the level of grant activity and the time at which this report is prepared, and this is affected by receivables and payables in transit as well as by outstanding items, such as checks.

Liabilities and Deferred Inflows of Resources: The balance of total liabilities and deferred inflows of resources during the current fiscal year increased by nearly 38 percent ($818,009). The overall increase was the result of an increase in the current liabilities portion, which increased by 53 percent ($998,763). The decrease in non-current liabilities balance is the result of a decrease in SBITA liability. Current liabilities increased this year as a result of an increase in unearned revenue and accounts payable. Deferred inflows of resources decreased by $157,916 from GASB 75 activity. Accounts payable (and receivables) are variable throughout the year and vary from year to year depending upon the Corporation's level of activity and timing of awards. The current ratio suggests the Corporation operated with more current assets than current liabilities.

Net Position: Total net position this year improved by $769,148. The current value of total net position changed from $2,698,145 to $3,467,293. This change in net position was impacted by a change in unrestricted net position of $(304,948) (changed from $661,123 to $356,174). The total depreciation expense of $745,270 this year was offset by additions in capital assets of $1,737,050, resulted in an increase in capital assets, net of $986,549. Net investment in capital assets comprised the purchase of fixed assets that are required to fulfill the goals and objectives obligated within the Corporation's grants and contract agreements. The value of net investments in capital assets of $3,026,866, restricted net position for Other Postemployment Benefits of $84,253, and unrestricted net position $356,174 resulted in a total net position this year of $3,467,293, compared to $2,698,145 the previous year

III. Revenue, Expenses, and Changes in Net Position

The statement of "Revenue, Expenses, and Changes in Net Position" reveals the financial activities that contributed to changes in the total net position. The statement offers information related to operating and non-operating revenues earned, and all of the expenses, gains and losses incurred by the Corporation during the reporting fiscal year. Both, the revenues earned and the expenses incurred by the Corporation, are disclosed as operating and non-operating to distinguish as to their purpose and their associated distribution. All other revenues, expenses, gains, and losses are also part of this statement to identify other less common sources of revenue and expenses not being directly associated with the Corporation's chief activities.

Operating revenues, for the Corporation, are usually attained from grants, contracts, private gifts and other externally sponsored agreements in exchange for goods and services as agreed with the respective funding agencies, grantors, or constituents providing these resources. Operating expenses are those expenses incurred with the acquisition or delivery of promised goods and services provided in return for revenues and to carry out the mission of the Corporation. Non-operating revenues are those revenues not directly linked to providing specific goods and/or services.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	FY 2024	FY 2023	FY 2022
Operating revenues	**$ 16,485,302**	$ 14,221,515	$ 11,586,926
Operating expenses	**15,234,864**	12,554,887	11,611,260
Operating Income/Losses	**1,250,438**	1,666,628	(24,334)
Non-operating revenues and expenses:	**(71,023)**	(49,689)	8,995
Capital Grants & Gifts	**-**	-	1,284,843
Transfer of Assets to the University	**(410,267)**	(491,180)	(783,360)
Increase (Decrease) in Net Position	**769,148**	1,125,759	486,144
Net Position — Beginning of Year	**2,698,145**	1,572,386	1,086,242
Net Position — End Year	**$ 3,467,293**	$ 2,698,145	$ 1,572,386

The sources of operating revenues for the Corporation commonly derive from federal, state, and private externally sponsored funding. Operating revenues this year improved by $2,263,787, compared to the previous year. The increase in operating revenues stems from an increase in federal funding of $1,804,217, an increase in state funding of $528,933, and offset by a decrease in private funding of $(69,363). Given the current economic climate, the University and Corporation will continue to strategize ways to compensate for possible fluctuations in state and federal funding in the coming fiscal years. Each year, the revenue composition of the Corporation changes depending upon the availability of funds from each revenue source, and the overall level of combined efforts made by faculty, staff, and administrators. In an effort to expand operating revenues, the Corporation continues to seek external and internal resources for additional funding.

The Corporation's total operating expenses this year rose by 21 percent. Operating expenses increased from $12,554,887 to $15,234,864. The overall increase of $2,679,977 in the Corporation’s total operating expenses was driven by an upswing in salaries and wages and overall grant activity.

The Statement of Revenues, Expenses, and Changes in Net Position reflects an operating income for the year of $1,250,438. There was a decrease in non-operating revenues in 2024. The amount of contributions to the University ($410,267) decreased compared to the previous year ($491,80). Operations were impacted again this year by the booking of accumulated depreciation. The activity-based financial reporting format, to which the Corporation is subject through GASB 34, must account for the value of depreciation of its capital assets. Capital assets (e.g. research and other educational equipment) acquired through grants and contracts are recorded as capital expenses and capitalized by the Corporation or the University’s fiscal entities (depending on the type of asset acquired). The costs of the assets’ depreciation is not recoverable due to the fact that it cannot be charged back to federal or state grants and/or contracts in subsequent years. In other words, these assets are not normally replenished at the end of their useful life. Thus, accumulated depreciation is a factor, which affects the value of net position reported within a given year.

Non-operating revenues and expenses are minimal compared to the value of their operating counterparts, as the Corporation does not purposely engage in promoting this activity as part of its financial operations. This year’s increase in net position ($769,148) was impacted by the contributions to the University ($410,267).

IV. Cash Flows

The "Statement of Cash Flows" is the third and last component of the financial statements presented by the Corporation. This particular statement offers detail information regarding the Corporation's cash position during the year's end. The statement of cash flows is comprised of five elements: (1) Operating cash flows, which reflect the net cash used by the Corporation in carrying out its operating activities; (2) The cash flow activities from non-capital financial activities, which reveal the cash received and spent for non-operating, non-investing, and non-capital financial purposes; (3) The cash flows from investing activities, which indicates the level of purchases, proceeds, and interests received from investing activities; (4) The cash flows from capital and related financing activities, invested in the acquisition of fixed or capital assets as per agreements with funding agencies; and (5) The reconciliation of net cash used to the operating income (or losses) reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Statements of Cash Flows

	FY 2024	FY 2023	FY 2022
Cash provided (used) by:			
Operating activities	**$ 1,929,340**	$ 541,652	$ 771,125
Investing activities	**2,143**	1,862	90
Non-capital financing	**(410,267)**	(491,180)	(783,360)
Capital and related financing activities	**(1,747,456)**	(1,027,120)	783,359
Net Increase (Decrease) in Cash and Cash Equivalents	**(226,240)**	(974,786)	771,214
Cash, beginning of year	**424,821**	1,399,607	628,393
Cash, end of year	**$198,581**	$ 424,821	$ 1,399,607

The cash and cash equivalents value of as of June 30, 2024 was $198,581. This year’s lower value can be attributed to capital and related financing activities $(1,747,456) compared to last year’s use of funds of $(1,027,120). Cash flow provided by investing activities is normally inconspicuous and represented only $2,143, derived from interest income. Interest income derived from federal and state accounts is always minimized, as the Corporation does not purposely engage in investing activities of any funding derived from externally sponsored support. The combined carrying amount of cash in bank at June 30, 2024 and 2023 was $640,228 and $829,612, respectively. The difference, from year to year, is normally caused by outstanding checks and items in transit during the span of the fiscal year. The Corporation carries a certain level of cash in the banks in order to effectively conduct its operating activities.

V. Capital Assets and Debt Administration

The Corporation, as established in the aforementioned operations agreement with the University, is charged with the administrative and fiscal management of the majority of the grants, contracts, and sponsored agreements for the institution. Frequently some of these agreements allow the purchases of capital assets, including educational and research equipment, land and buildings, new construction and renovation of educational facilities, infrastructure development, and motored vehicles. During fiscal year 2024, the Corporation experienced costs incurred at various University owned property, which tracked with a Transfer to Assets to the University line as stated previously. New purchases of capital assets, derived from capital grants and gifts received, totaled $1,737,050 compared to the $952,236 reported the previous year. The level of total depreciation expense this year was $605,204 compared to $415,697 last year. As per institutional and State's guidelines, major assets such as real estate and capital improvements are titled to the University (its Board of Governors) and thus transferred and recorded on the University's financial statements. These assets are normally recorded as expenditures within the Corporation and capitalized on the University's side. As per agreement and policy, the assets carried in the Corporation's capital assets are limited to vehicles, computing, scientific, and research equipment.

VI. Economic Outlook

West Virginia State University (WVSU), as a Historically Black and 1890 Land-Grant Institution, receives through the Corporation, federal and state appropriations, competitive grants and contracts, and county, local, foundation and private support invested to build capacity and strengthen its tripartite missions, including research, extension services, and instruction. In spite of recent economic challenges, the Corporation continues to maintain a strong financial position as detailed above.

The USDA NIFA Administered Agricultural Research and Extension Capacity funding continues to be a significant portion of the WVSURDC funding portfolio. Over the past five years the Corporation has seen an average increase in this funding of 5%. which provides support of research and educational programing related to STEAM (Science, Technology, Engineering, Agriculture and Mathematics, disciplines). With the passage of the U.S. 2018 Farm Bill, new programs and funding was available to the 1890 Universities in support of scholarships for undergraduate students pursuing agricultural degrees (1890 Scholarship Program), and 1890 Centers of Excellence. The University's Title III funding, attained through the U.S. Department of Education, including Title III Parts B and F continued playing a significant role in the institutional efforts geared towards STEM outreach for youth. Other federal agencies such as the National Institute of Health (NIH), the National Science Foundation (NSF), Department of Defense, and Department of Energy experienced also budget increases.

At the state level, the University also fared well as it again received a close 1-to-1 State Match ($3.95 M) from the WV Legislature in support of its 1890 land-grant research and extension programs. Legislative funds to support the University's Healthy Grandfamilies Program remained at $800,000 for the fiscal year. This program remains in great demand at the state level as more grandparents support their grandchildren. Grandparents receive social work support services such as help locating community resources; confidential assistance in addressing unmet needs; and advocacy services.

In conclusion, the West Virginia State University Research and Development Corporation is expected to continue playing a vital role in supporting the University's mission as the official designated fiscal administrator of external resources which support the advancement of research, teaching, and public service. In this capacity, the Corporation is poised to continue being the foundational and fiscal catalyst for increasing and effectively managing external sponsored funding for the University. Based on this year's financial statements, reflected by accounting indicators such as total revenue, expenses, liabilities, and net assets), suggest that the Corporation's fiscal position remains strong in this fiscal year. As the University implements the new strategic plan for the next five years, a renewed and bolder vision including the greater attainment of external resources is underway. The ultimate goal in improving the University and the Corporation's overall operations and financial position is to increase the level of services and the wellbeing of all its stakeholders.

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS AND DEFERRED OUTFLOWS	**2024**	2023
CURRENT ASSETS:		
Cash and cash equivalents	**$ 198,581**	$ 424,821
Grants and contracts receivable	**1,332,029**	1,893,370
Other receivables	**68,539**	3,560
Due from West Virginia State University	**1,165,287**	17,475
Prepaid expense	**331,021**	173,356
Total current assets	**3,095,457**	2,512,582
NONCURRENT ASSETS:		
Other post employment benefts asset	**84,253**	-
Capital assets - net	**3,243,346**	2,256,797
Total noncurrent assets	**3,327,599**	**2,256,797**
TOTAL ASSETS	**6,423,056**	**4,769,379**
DEFERRED OUTFLOWS OF RESOURCES	**32,036**	98,556
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 6,455,092**	$ 4,867,935
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	**1,206,086**	$ 818,723
Unearned revenue	**1,129,391**	581,604
Due to West Virginia State University	**50,073**	-
Lease liabilty - current portion	**32,867**	6,664
SBITA liability - current portion	**86,534**	149,865
Compensated absences - current portion	**252,302**	201,634
Total current liabilities	**2,757,253**	**1,758,490**
NONCURRENT LIABILITIES:		
Compensated absences - noncurrent portion	**13**	393
Lease liabilty - noncurrent portion	**52,842**	5,414
SBITA liability - noncurrent portion	**44,237**	57,832
Other post employment benefts liability	**-**	56,291
Total noncurrent liabilities	**97,092**	119,930
Total liabilities	**2,854,345**	1,878,420
DEFERRED INFLOWS OF RESOURCES	**133,454**	291,370
TOTAL LIABILIIIES AND DEFERRED INFLOWS OF RESOURCES	**2,987,799**	2,169,790
NET POSITION:		
Net investment in capital assets	**3,026,866**	2,037,022
Restricted for Other Postemployment Benefit	**84,253**	-
Unrestricted	**356,174**	661,123
Total net position	**3,467,293**	2,698,145
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 6,455,092**	$ 4,867,935

The Accompanying Notes Are An Integral Part of These FInancial Statements

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Contracts and grants:		
Federal	**$ 11,122,181**	$ 9,317,964
State	**5,154,178**	4,625,245
Private	**208,943**	278,306
Total operating revenues	**16,485,302**	14,221,515
OPERATING EXPENSES:		
Salaries and wages	**6,251,821**	5,360,967
Supplies and other services	**6,708,038**	4,892,464
Benefits	**1,253,692**	1,396,170
Depreciation and amortization	**745,270**	666,549
Utilities	**276,043**	238,737
Total operating expenses	**15,234,864**	12,554,887
OPERATING INCOME (LOSS)	**1,250,438**	1,666,628
NONOPERATING REVENUES (EXPENSES):		
Investment income	**2,143**	1,862
Interest expense	**(12,342)**	(18,789)
Payments on behalf of the Corporation	**(60,824)**	(62,065)
Gain (loss) on disposal of capital assets	**-**	29,303
Net nonoperating revenues	**(71,023)**	(49,689)
INCREASE IN NET POSITION BEFORE TRANSFERS	**1,179,415**	1,616,939
TRANSFER OF ASSETS TO THE UNIVERSITY	**(410,267)**	(491,180)
INCREASE (DECREASE) IN NET POSITION	**769,148**	1,125,759
NET POSITION — Beginning of year	**2,698,145**	1,572,386
NET POSITION — End of year	**$ 3,467,293**	$ 2,698,145

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS PROVIDED BY		
OPERATING ACTIVITIES:		
Contracts and grants	**$ 16,431,712**	$ 12,519,869
Payments to and on behalf of employees	**(7,747,989)**	(7,152,504)
Payments to suppliers	**(6,478,340)**	(4,586,976)
Payments to utilities	**(276,043)**	(238,737)
Net cash provided by operating activities	**1,929,340**	541,652
CASH FLOWS USED IN NON-CAPITAL FINANCING ACTIVITIES:		
Contributions to the University	**(410,267)**	(491,180)
Net cash used by non-capital financing activities	**(410,267)**	(491,180)
CASH FLOWS PROVIDED BY CAPITAL FINANCING ACTIVITIES:		
Lease payments	**(12,830)**	(1,061)
SBITA payments	**(149,865)**	(146,504)
Purchases of capital assets	**(1,584,761)**	(879,555)
Net cash provided by capital financing activities	**(1,747,456)**	(1,027,120)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Investment income	**2,143**	1,862
DECREASE IN CASH AND CASH EQUIVALENTS	**(226,240)**	(974,786)
CASH AND CASH EQUIVALENTS — Beginning of year	**424,821**	1,399,607
CASH AND CASH EQUIVALENTS — End of year	**$ 198,581**	$ 424,821
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	**$ 1,250,438**	$ 1,666,628
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	**745,270**	666,549
Changes in assets and liabilities:		
Grants/contracts receivable	**561,341**	(1,051,837)
Other receivable	**(64,979)**	6,276
Due from West Virginia State University	**(1,097,739)**	(9,380)
Prepaid expenses	**(157,665)**	19,229
Accounts payable and due to other	**387,363**	286,259
Unearned Revenue	**547,787**	(646,705)
Payments on behalf of Corporation	**(60,824)**	(62,065)
Compensated absences and other post employment benefits	**(181,652)**	(333,302)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,929,340**	$ 541,652
NONCASH TRANSACTIONS —		
Refunds on behalf of the Corporation	**$ (60,824)**	$ (62,065)
Right-to-use assets acquired through outstanding SBITAs	**$ 120,619**	$ 393,236
Right-to-use assets acquired through outstanding leases	**$ 82,011**	$ 13,738

1. ORGANIZATION

West Virginia State University Research and Development Corporation (the "Corporation") is a not-for-profit corporation incorporated in 1991, pursuant to the laws of the State of West Virginia (the "State"). The purpose of the Corporation is to foster, support, and assist in any research and economic development activities consistent with the educational objectives and mission of West Virginia State University (the "University"). With the assistance of the University, the Corporation has been designated by the University to fulfill the role of public institutions to work in partnership with business, industry, or government and encourages the acceptance of gifts, grants, contracts, and equipment and the sharing of facilities, equipment, technical assistance, and instructional programs in the State. The Corporation is governed by a board of directors (the "Board of Directors"), the chairperson of which is the president of the University. The Corporation receives grants on behalf of the University, some of which are for the construction or acquisition of capital assets. These expenditures are recorded on the Corporation's records and the completed or substantially completed asset is transferred to the University as the beneficiary of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles as prescribed by Governmental Accounting Standards Board (GASB) standards. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Corporation's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity — The Corporation is included in the financial statements of the University (its Parent), as the University is the sole member of the nonstock not-for-profit corporation. The University is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. The University is a separate entity which, along with all State institutions of higher education, the West Virginia Higher Education Policy Commission (which includes West Virginia Network for Educational Telecomputing) (the "Commission"), and the West Virginia Council for Community and Technical College Education form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State and its financial statements are discretely presented in the State's annual comprehensive financial report.

Financial Statement Presentation — GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented to focus on the Corporation as a whole. The components of net position are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Corporation obligations. The Corporation's components of net position are classified as follows:

Net Investment in Capital Assets — This represents the Corporation's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Corporation has no capital-related debt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted, Expendable — This includes resources in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted, expendable components of net position at June 30, 2023. The Corporation had restricted net position in the current year relating to their other postemployment benefit asset.

Restricted, Nonexpendable— This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Corporation did not have any restricted, nonexpendable components of net position at June 30, 2024 and 2023.

Unrestricted — This represents resources that are not subject to externally imposed stipulations. Such resources are derived from investment income and sales and services of educational activities. These resources are used for transactions related to the educational and general operations of the Corporation and may be designated for specific purposes by action of the Board of Directors.

Basis of Accounting — For financial reporting purposes, the Corporation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses are reported when materials or services are received.

Cash and Cash Equivalents — For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts — It is the Corporation's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the Corporation on such balances, and such other factors which, in the Corporation's judgment, require consideration in estimating doubtful accounts. As of June 30, 2024 and 2023, the Corporation has not recorded an allowance for doubtful accounts.

Capital Assets — Capital assets include property, plant, and equipment, software, books, and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction or acquisition value at the date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library books, 5 years for software, and 3 to 10 years for furniture and equipment. The Corporation's threshold for capitalizing capital assets is $5,000.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying assets, unless the lease contains a purchase option. The Corporation’s agreements meeting the definition of a lease do not contain purchase options.

Additionally, capital assets include intangible right-to-use subscription-based information technology arrangement (“SBITA”) assets, initially measured at the present value of payments expected to be made during the term of the agreement. SBITA assets are amortized on a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

straight-line basis over the term of the agreement.

Unearned Revenue – Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue.

Compensated Absences and Other Post-Employment Benefits (OPEB) — GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The Corporation is required to participate in this multiple employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The Corporation's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988, but did not choose such coverage until after 1988, but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple employer, cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3 1/3 years of teaching service extend health insurance for one year of single coverage, and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the Corporation. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for the vacation leave or OPEB benefits is recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position. (See Note 5).

Deferred Outflows of Resources — Consumption of net position of the Corporation that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position.

Deferred Inflows of Resources — Acquisition of net position by the Corporation that is

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position.

Risk Management — The State's Board of Risk and Insurance Management (BRIM) provides general liability coverage to the Corporation and its employees. Such coverage may be provided to the Corporation by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Corporation or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the Corporation is currently charged by BRIM and the ultimate cost of that insurance based on the Corporation's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the Corporation and the Corporation's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

Classification of Revenues — The Corporation has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state, local, and nongovernmental grants and contracts.

Nonoperating Revenues — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as investment income and sale of capital assets.

Other Revenues — Other revenues consist primarily of capital grants and gifts.

Use of Restricted Components of Net Position — The Corporation has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Generally, the Corporation attempts to utilize restricted resources first when practical.

Government Grants and Contracts — Government grants and contracts normally provide for the recovery of direct and indirect costs subject to an audit. The Corporation recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Tax Status — The Corporation has applied for and received from the Internal Revenue Service an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code as an entity organized for educational, research, and economic development purposes.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)-

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement, a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined, benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Corporation has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

GASB has also issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The Corporation has not yet determined the effect that the adoption of GASB Statement No. 102 may have on its financial statements.

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, the statement clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. (2) Unusual or infrequent items, the statement provides description of unusual or infrequent items and where on the statements they should be presented. (3) Proprietary fund statement of revenues, expenses, and changes in net position, providing definitions for operating and nonoperating revenues and expenses, and the order in which they should be presented (4) major component unit information, adding a requirement that major component units should be presented separately in the statements unless it reduces readability, and (5) budgetary comparison information should be presented as RSI. The Corporation has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

Reclassification –

Certain amounts have been reclassified from the prior year presentation. These changes had no impact on the Corporation's change in net position.

3. CASH AND CASH EQUIVALENTS

The carrying amount of cash in bank at June 30, 2024 and 2023 was $198,581 and $424,821, respectively, compared with the bank balance of $640,228 and $829,612, respectively. The difference is primarily caused by outstanding checks and items in transit. Of the bank balances at June 30, 2024 and 2023, $250,000 and $330,091, respectively, were covered by Federal Deposit Insurance Corporation, while $390,228 and $499,521 respectively, was uninsured and uncollateralized and therefore exposed to custodial credit risk. The Corporation does not have a policy related to this type of deposit risk.

4. CAPITAL ASSETS

A summary of capital asset transactions for the years ended June 30, 2024 and 2023 is as follows:

2024	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Equipment	$6,382,431	$1,245,484	$ (63,864)	$7,564,051
Motor vehicles	791,909	281,986	-	1,073,895
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,944
Total capital assets	7,572,464	1,527,470	(63,864)	9,036,070
Right-to-use- assets being amortized				
Leased Office Space	13,738	88,961	-	102,699
SBITA - IT Software	468,736	120,619	(81,433)	507,922
Total right-to-use assets	482,474	209,580	(81,433)	610,621
Less accumulated depreciation for:				
Equipment	4,642,699	351,520	(58,633)	4,935,586
Motor vehicles	585,946	203,983	-	789,929
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total accumulated depreciation	5,626,769	555,503	(58,633)	6,123,639
Less accumulated amortization for:				
Leased Office Space	1,717	15,992	-	17,709
SBITA - IT Software	169,655	173,775	(81,433)	261,997
Total accumulated amortization	171,372	189,767	(81,433)	279,706
Capital assets - net	2,256,797	991,780	(5,231)	3,243,346
Capital asset summary:				
Capital assets	8,054,938	1,737,050	(145,297)	9,646,691
Less accumulated depreciation and amortization	5,798,141	745,935	(140,066)	6,403,345
Capital assets - net	$2,256,797	$ 991,780	$ (5,231)	$ 3,243,346

4. CAPITAL ASSETS (continued)

2023	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Equipment	$5,932,008	$650,425	$(200,002)	$6,382,431
Motor vehicles	718,249	124,510	(50,850)	791,909
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total capital assets	7,048,381	774,935	(250,852)	7,572,464
Right-to-use- assets being amortized				
Leased Office Space	-	13,738	-	13,738
SBITA - IT Software	305,173	163,563	-	468,736
Total right-to-use assets	305,173	177,301	-	482,474
Less accumulated depreciation for:				
Equipment	4,440,410	402,291	(200,002)	4,642,699
Motor vehicles	543,910	92,886	(50,850)	585,946
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total accumulated depreciation	5,382,444	495,177	(250,852)	5,626,769
Less accumulated amortization for:				
Leased Office Space	-	1,717	-	1,717
SBITA - IT Software	-	169,655	-	169,655
Total accumulated amortization	-	171,372	-	171,372
Capital assets - net	1,971,110	285,687	-	2,256,797
Capital asset summary:				
Capital assets	7,353,554	952,236	(250,852)	8,054,938
Less accumulated depreciation and amortization	5,382,444	666,549	(250,852)	5,798,141
Capital assets - net	$1,971,110	$285,687	$ -	$2,256,797

Title for motor vehicles is with the University.

5. OTHER POST EMPLOYMENT BENEFITS

Employees of the Corporation are enrolled in the West Virginia Other Postemployment Benefit Plan (the "OPEB plan") which is administered by the West Virginia Public Employees Insurance Agency ("PEIA") and the West Virginia Retiree Health Benefit Trust Fund (the "RHBT").

Following is the Corporation's other postemployment benefits (asset) liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2024 and 2023:

	2024	2023
Net OPEB liability (asset)	$(84,253)	$ 56,921
Deferred outflows of resources	32,036	98,556
Deferred inflows of resources	133,454	291,370
Revenues (offset)	(60,824)	(62,065)
OPEB expense (offset)	(292,596)	(340,307)
Contributions made by the Corporation	168	53,393

The OPEB plan is a cost-sharing, multiple employer, defined benefit other post-employment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code. Financial activities of the Plan are accounted for in RHBT, a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of PEIA and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the PEIA Finance Board. The Plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board ("CPRB"). The plan is closed to new entrants.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under CPRB and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System ("STRS"), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with

5. OTHER POST EMPLOYMENT BENEFITS (continued)

GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2023 and 2022 were:

	July 2022-June 2023 2023	Feb. 2022-June 2022 2023	July 2021-Jan. 2022 2023
Paygo premium	$ 70	$ 48	$ 116

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service.

5. OTHER POST EMPLOYMENT BENEFITS (continued)

Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3-1/3 years of teaching service extend health insurance coverage for one year of family coverage. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

The Corporation's contributions to the OPEB plan for the years ended June 30, 2024 and 2023 were $168 and $53,393, respectively.

Assumptions

The June 30, 2024 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.

5. OTHER POST EMPLOYMENT BENEFITS (continued)

- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 7.0% for medical and 8.0% for drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 − June 30, 2020.

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are reviewed at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25 basis point spread.

5. OTHER POST EMPLOYMENT BENEFITS (continued)

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2023 and 2022 are summarized below:

June 30, 2023

Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

June 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge funds	10.0%	2.4%
Private equity	10.0%	6.8%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% and 6.65% for fiscal years 2024 and 2023, respectively. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% and 6.65% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the Corporation's proportionate share of the net OPEB liability (asset) as of June 30, 2024 and 2023 calculated using a discount rate that is one percentage point lower (6.40% in 2024; 5.65% in 2023) or one percentage point higher (8.40% in 2024; 7.65% in 2023) than the current rate (7.40% in 2024; 6.65% in 2023).

5. OTHER POST EMPLOYMENT BENEFITS (continued)

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2024	$(14,256)	$(84,253)	$(161,024)
2023	144,689	56,291	(19,545)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the Corporation's proportionate share of the net OPEB liability (asset) as of June 30, 2024 and 2023 calculated using the healthcare cost trend rate, as well as what the Corporation's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2024	$ (214,628)	$ (84,253)	$ 70,787
2023	(32,003)	56,291	160,766

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2024 net OPEB liability was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The June 30, 2023 net, OPEB (asset) was measured as of June 30, 2022, and the total OPEB (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2024, the Corporation's proportionate share of the net OPEB (asset) was $(120,215). Of this amount, the Corporation recognized $(84,253) as its proportionate share on the statement of net position. The remainder of $(35,962) denotes the Corporation's proportionate share of net OPEB (asset) attributable to the special funding.

At June 30, 2023, the Corporation's proportionate share of the net OPEB liability was $75,574. Of this amount, the Corporation recognized $56,291 as its proportionate share on the statement of net position. The remainder of $19,283 denotes the Corporation's proportionate share of net OPEB (asset) attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2023 and 2022. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the Corporation's proportion was 0.0532%, an increase of 0.0026% from its proportion of 0.0506% calculated as of June 30, 2022. At the June 30,

5. OTHER POST EMPLOYMENT BENEFITS (continued)

2022 measurement date, the Corporation's proportion was 0.0506%, a decrease of 0.0052% from its proportion of 0.0558% calculated as of June 30, 2021.

For the year ended June 30, 2024, the Corporation recognized OPEB expense of $(292,596). Of this amount, $(231,772) was recognized as the Corporation's proportionate share of OPEB expense and $(60,824) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Corporation also recognized revenue of $(60,824) for support provided by the State.

For the year ended June 30, 2023, the Corporation recognized OPEB expense of $(340,307). Of this amount, $(278,242) was recognized as the Corporation's proportionate share of OPEB expense and $(62,065) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Corporation also recognized revenue of $(62,065) for support provided by the State.

At June 30, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 8,636	$ 35,998
Net difference between projected and actual investment earnings	-	1,405
Changes in assumptions	23,232	47,007
Differences between expected and actual non-investment experience		49,044
Reallocation of opt-out employer change in proportionate share		
Contributions after the measurement date	168	-
Total	$ 32,036	$ 133,454

5. OTHER POST EMPLOYMENT BENEFITS (continued)

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 325	$ 76,186
Net difference between projected and actual investment earnings	8,738	-
Changes in assumptions	36,100	143,026
Differences between expected and actual non-investment experience	-	71,810
Reallocation of opt-out employer change in proportionate share	-	348
Contributions after the measurement date	53,393	-
	$ 98,556	$ 291,370

The Corporation will recognize the $168 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2025	$ (54,037)
2026	(45,052)
2027	562
2028	(3,059)
	$ (101,586)

Payables to the OPEB Plan

The Corporation did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2024.

6. RETIREMENT PLAN

All eligible employees of the Corporation participate in the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (the TIAA-CREF). The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Each employee who elects to participate in this plan is required to make a contribution equal to 6% of total annual compensation. The Corporation matches the employees' 6% contributions. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF, which are not matched by the Corporation.

Total contributions to the TIAA-CREF for the years ended June 30, 2024 and 2023, were $611,438 and $273,769, respectively, which consisted of equal contributions from the Corporation and covered employees in 2024 and 2023 of $263,072 and $117,004, respectively and employees contributed non matched amounts of $85,294 and $39,762, respectively.

The Corporation's total payroll for the years ended June 30, 2024 and 2023, was $5,950,702 and $5,095,755, respectively; total covered employees' salaries for TIAA-CREF were $4,384,533 and $4,028,975, in 2024 and 2023, respectively.

7. CONTINGENCIES

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Corporation's management believes disallowances, if any, will not have a significant financial impact on the Corporation's financial position.

The nature of the educational industry is such that, from time-to-time, claims will be presented against the Corporation on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the Corporation would not seriously affect the financial position of the institution.

8. UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2024 and 2023, the Corporation has no designated unrestricted components of net position.

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Operating expenses within both natural and functional classifications for the years ended June 30, 2024 and 2023, are as follows:

2024	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
Research	$2,467,628	$435,403	2,574,506	$212,117	$ -	$5,689,654
Public service	2,484,497	522,851	2,334,202	63,926	-	5,405,476
General institutional support	1,299,696	295,438	1,799,330	-	-	3,394,464
Depreciation and amortization	-	-	-	-	745,270	745,270
Total	$6,251,821	$1,253,692	$6,708,038	$276,043	$ 745,270	$15,234,864

2023	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
Research	$2,143,743	$436,430	$1,315,700	$162,527	$ -	$4,058,400
Public service	2,114,410	560,635	1,758,344	76,210	-	4,479,599
General institutional support	1,102,814	399,105	1,818,420	-	-	3,320,339
Depreciation and amortization	-	-	-	-	666,549	666,549
Total	$5,360,967	$1,396,170	$4,892,464	$238,737	$666,549	$12,554,887

10. LONG-TERM LIABILITIES

The summary of long-term obligation transactions for the Corporation for the years ended June 30, 2024 and 2023 is as follows:

2024	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$202,027	$363,928	$(313,640)	$252,315	$252,302
Lease liability	12,078	86,461	(12,830)	85,709	32,867
SBITA liability	207,697	72,939	(149,865)	130,771	86,534
	$ 421,802	$523,328	$(476,335)	$468,795	$371,703

2023	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 203,678	$315,157	$(316,808)	$202,027	$201,634
Lease Liability	-	13,139	(1,061)	12,078	6,664
SBITA liability	305,173	49,028	(146,504)	207,697	149,865
	$ 508,851	$377,324	$(464,373)	$421,802	$358,163

11. LEASES

The Corporation leases office space under two long-term, noncancelable lease agreements. The leases have monthly installments of $600 and $2,500 plus interest at 6.5% with a due date of March 2026 and February 2027, respectively.

Future annual minimum lease payments on leases for years subsequent to June 30, 2024, are as follows:

Maturity Analysis	Principal	Interest	Total Payments
2025	$32,867	$4,605	$37,472
2026	33,321	2,408	35,729
2027	19,521	479	20,000
	$85,709	$7,492	$93,201

12. SBITAs

The Corporation has agreements for various terms under long-term, noncancelable subscription-based information technology agreements (SBITAs). The SBITAs have annual payments ranging from $5,500 to $70,155 plus interest at 6.5% with due dates ranging from February 2025 to May 2029.

Future annual minimum lease payments on leases for years subsequent to June 30, 2024, are as follows:

Maturity Analysis	Principal	Interest	Total Payments
2025	$86,534	$8,758	$95,292
2026	13,024	2,963	15,986
2027	14,695	2,090	16,786
2028	16,518	1,106	17,624
	$130,771	$14,917	$145,688

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2024

Last 10 Fiscal Years*

	2023	2023	2022	2021	2020	2019	2018
Corporation's proportion of the net OPEB liability (asset) (percentage)	0.053240936%	0.050576494%	0.055844135%	0.059117180%	0.061021257%	0.060808047%	0.063187947%
Corporation's proportionate share of the net OPEB liability (asset)	$ (84,253)	$ 56,291	$ (16,605)	$ 261,357	$ 1,012,423	$ 1,304,525	$ 1,553,786
State's proportionate share of the net OPEB liability (asset)	(35,962)	19,283	(3,270)	57,790	207,187	267,187	319,149
Total proportionate share of the net OPEB liability (asset)	$ (120,215)	$ 75,574	$ (19,875)	$ 319,147	$ 1,219,610	$ 1,571,712	$ 1,872,935
Corporation's covered-employee payroll	$ 3,793,093	$ 928,434	$ 3,928,923	$ 1,363,196	$ 1,246,918	$ 1,389,541	$ 1,389,541
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	2.22%	6.06%	0.42%	19.17%	81.19%	93.88%	111.82%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 168	$ 53,393	$ 59,466	$ 101,836	$ 125,721	$ 124,254	$ 129,787
Contributions in relation to the statutorily required contributior	(168)	(53,393)	(59,466)	(101,836)	(125,721)	(124,254)	(129,787)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 4,651,233	$ 3,793,093	$ 928,434	$ 3,928,923	$ 1,363,196	$ 1,246,918	$ 1,389,541
Contributions as a percentage of covered-employee payroll	0.00%	1.41%	6.40%	2.59%	9.22%	9.96%	9.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is availabl€

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
West Virginia State University Research and Development Corporation
Institute, West Virginia

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 the business-type activities of West Virginia State University Research and Development Corporation (a component unit of West Virginia State University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the West Virginia State University Research and Development Corporation's basic financial statements, and have issued our report thereon dated October 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Virginia State University Research and Development Corporation'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 West Virginia State University Research and Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of West Virginia State University Research and Development Corporation'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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Virginia State University Research and Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

West Virginia State University Research and Development Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the West Virginia State University Research and Development Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. West Virginia State University Research and Development Corporation'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 3, 2024

Finding Number: 2024-001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During the audit, we identified $252,325 related to incorrectly recording federal grant revenues on a cash basis.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America. Their responsibilities include recording significant financial reporting processes, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; record recurring and nonrecurring adjustments to the financial statements and safeguarding the Corporation's assets.

Effect: The lack of controls in place over the recording of financial activities, presentation of the financial statements, and the safeguarding of assets resulted in an audit adjustment of $252,325 to decrease revenues and increase deferred revenues.

Cause: The Corporation received grants for which cash was received in advanced of performing the services. During our preparation of the schedule of expenditures of federal awards for the year ended June 30, 2024, we noted that Federal grant revenues of approximately $254,161 had been recorded in advance of the expenditure of the funds. Upon further review and discussion with management, the Corporation was recording grant revenue on a cash basis rather than when the eligibility requirement of expending the funds for their intended purpose was met.

Repeat Finding: Yes, 2023-001

Recommendation: The Corporation should evaluate their financial reporting processes and controls, accounting and recording of grant revenues to ensure they are recorded in the correct fiscal year.

Views of responsible officials and planned corrective actions: Management will implement a review process to ensure that when cash advancement grants are received that revenue is recorded only when the eligible expenses are incurred.

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION

UNIFORM GUIDANCE REPORT

YEAR ENDED JUNE 30, 2024

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL
YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
West Virginia State University Research and Development Corporation
Institute, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Virginia State University Research Corporations, a component unit of West Virginia State University, 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 West Virginia State University Research and Development Corporation's major federal programs for the year ended June 30, 2024. West Virginia State University Research and Development Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Virginia State University Research and Development Corporation 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, 2024.

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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Virginia State University Research and Development Corporation 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 West Virginia State University Research and Development Corporation'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 West Virginia State University Research and Development Corporation's federal programs.

Auditors' Responsibilities 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 West Virginia State University Research and Development Corporation'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 GAAS, *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 West Virginia State University Research and Development Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 West Virginia State University Research and Development Corporation'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 West Virginia State University Research and Development Corporation'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 West Virginia State University Research and Development Corporation'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

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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business type activities, of West Virginia State University Research and Development Corporation as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise West Virginia State University Research and Development Corporation's basic financial statements. We have issued our report thereon, dated October 3, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 27, 2025

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Program or Cluster Title/Federal Grantor	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Federal Expenditures	Pass through to Subrecipients	Federal Expenditures with Pass-Through
RESEARCH AND DEVELOPMENT CLUSTER:						
U.S. Department of Agriculture						
Cooperative State Research Education and Cooperative Research (Evans Allen — Section 1445) 1890	10.205	N/A	N/A	$ 1,758,565	$ -	$ 1,758,565
	10.205 Subtotal			1,758,565	-	1,758,565
Capacity Building Grant — CHARACTERIZATION OF PHENOTYPIC	10.216	N/A	N/A	53,367	17,250	70,617
Capacity Building Grant — KSU	10.216	KENTUCKY STATE	20193882129032	-	8,691	8,691
Capacity Building Grant — BREEDING HIGH VALUE SQUASH	10.216	N/A	N/A	10,575	4,432	15,007
Capacity Building Grant — CAPSICUM CHINESES PEPPERS	10.216	N/A	N/A	128,039	21,791	149,830
Capacity Building Grant — COMPARATIVE TRANS GENOMICS	10.216	N/A	N/A	1,070		1,070
Capacity Building Grant — DEVELOPING CLIMATE- -RESILIENT OILSEED CROP	10.216	N/A	N/A	3,287	233	3,520
Capacity Building Grant — OILSEED PLANTS	10.216	N/A	N/A	-	6,879	6,879
Capacity Building Grant — EMPOWER NEXT GEN GENE	10.216	N/A	N/A	94,678	36,102	130,780
Capacity Building Grant — EST. PLANT AND SOIL SCIENC CURR.	10.216	N/A	N/A	57,400	17,999	75,399
Capacity Building Grant — EXPLORING WILD GERMPLASM	10.216	N/A	N/A	172,236	39,836	212,072
Capacity Building Grant — GENETRIC IMPROVEMENT PHOTO	10.216	N/A	N/A	20,785	2,748	23,533
Capacity Building Grant — HEALTHY RIVERS	10.216	N/A	N/A	62,297	4,531	66,828
Capacity Building Grant — IMPACT OF WATER QUALITY	10.216	N/A	N/A	92,053	31,243	123,295
Capacity Building Grant — INFRASTUCTURE FOR TEACHIN	10.216	N/A	N/A	17,837	3,791	21,628
Capacity Building Grant — PERFECT STORM	10.216	N/A	N/A	50,924	8,427	59,351
Capacity Building Grant — SAFER MICROGREENS PRODUCTION	10.216	N/A	N/A	400		400
Capacity Building Grant — SOLAR RADIATION	10.216	N/A	N/A	21,317	6,880	28,196
Capacity Building Grant — SELENIUM IN WATERMELONS	10.216	N/A	N/A	708	67	774
Capacity Building Grant — STRENGTHING BIOENERGY	10.216	N/A	N/A	123,525	56,624	180,148
Capacity Building Grant — TRANSLATIONAL GENOMICS	10.216	N/A	N/A	133,010	55,560	188,569
	10.216 Subtotal			1,043,506	323,083	1,366,589
Sustainable Agriculture (SARE) HELPING FARMER	10.215	University of Vermont	SNE21-015-WV-35383	7,028	625	7,653
	10.215 Subtotal			7,028	625	7,653
AFRI-ENHANCING CROP YEILD	10.310	N/A	N/A	49,642	13,503	63,145
Capacity Building Grant — GUMMY STEM BLIGHT	10.310	N/A	N/A	123,021	58,921	181,942
MID-ATLANTIC SUSTAINABLE BIOMASS	10.310	WVU	20-182-WVSU	5,125	8,169	13,294
	10.310 Subtotal			177,789	80,593	258,381

See accompanying Notes to Schedule of Expenditures of Federal Awards

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Program or Cluster Title/Federal Grantor	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity	Federal Expenditures	Pass through to Subrecipients	Federal Expenditures with Pass-Through
National Institutes of Health (NIH)						
WV-INBRE-CNPR	93.859	WVU	01-054B-WVSU-5	$ 19,962	$ 6,924	$ 26,886
	93.859 Subtotal			19,962	6,924	26,886
National Science Foundation (NSF)						
LSAMP 3	47.076	UNIVERSITY OF KENTUCKY	32000002015-19-047	2,000	702	2,702
EPSCOR — 15-20	47.079	WVRO HEPC	OIA-1458952	4,138		4,138
EPSCOR RII TRACK	47.079	WVRO HEPC	NSF 22-599	181,963	21,791	203,754
RII TRACK-2FEC	47.083	WVU	19-473-WVSU	27,174	8,732	35,905
RAMP	47.740	WVU	23-609-WVSU	5,573		5,573
	47.076 Subtotal			220,847	31,224	252,071
Total research and development cluster				3,227,697	442,449	3,670,146
US Department of Agriculture						
MCINTIRE STENNIS 22	10.202	N/A	N/A	58,405	-	58,405
MCINTIRE STENNIS 23	10.202	N/A	N/A	83,669	-	83,669
MCINTIRE STENNIS 24	10.202	N/A	N/A	1,932	-	1,932
	10.202 Subtotal			144,006	-	144,006
WV EXTENSION IMPLEMENTATION	10.329	WVU	14-930-WVSURDC-2	1,378	-	1,378
	10.329 Subtotal			1,378	-	1,378
Cooperative State Research Education and Extension Service						
Cooperative Extension Service (Smith Lever — Section 1444)	10.512	N/A	N/A	1,689,356	-	1,689,356
	10.512 Subtotal			1,689,356	-	1,689,356
1890 Scholarship Program	10.524	N/A	N/A	702,157	-	702,157
	10.524 Subtotal			702,157	-	702,157
1890 Facilities Grant Extension Service	10.500	N/A	N/A	72,990	-	72,990
	10.500 Subtotal			72,990	-	72,990
Renewable Rources Extension Act						
Renewable Resources Extension Act — RREA 23	10.515	N/A	N/A	6,321	-	6,321
	10.515 Subtotal			6,321	-	6,321
Expanded Food and Nutrition Education						
Program — EFNEP 20	10.514	N/A	N/A	3,227	-	3,227
Program — EFNEP 21	10.514	N/A	N/A	63,040	-	63,040
Program — EFNEP 22	10.514	N/A	N/A	4,270	-	4,270
Program — EFNEP 23	10.514	N/A	N/A	20,853	-	20,853
	10.514 Subtotal			91,391	-	91,391

See accompanying Notes to Schedule of Expenditures of Federal Awards

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Program or Cluster Title/Federal Grantor	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity	Federal Expenditures	Pass through to Subrecipients	Federal Expenditures with Pass-Through
MONITORING EMERGINIG PLANT DISEASES	10.523	UMES	23-127HEH	$ 14,256	$ 533	$ 14,790
YOGUART FORTIFICATION	10.523	1890 FOUNDATION	WVSU-13-01-VSU	4,544	-	4,544
CISFRL COE THRUST	10.523	1890 FOUNDATION	CISFRL	433	-	433
CISFRL THRUST	10.523	1890 FOUNDATION	2021-CFSPES-WVSU	80,234	17,652	97,886
	10.523 Subtotal			99,467	18,185	117,653
Capacity Building Grant — SOWING YOUNG SPROUTS	10.216	N/A	N/A	2,797	1,794	4,591
Capacity Building Grant — WV TREE MINDER	10.216	N/A	N/A	29,939	9,368	39,307
	10.216 Subtotal			32,736	11,162	43,898
CUCCAP	10.309	MICHIGAN STATE	RC111377J	60,326	5,570	65,896
	10.309 Subtotal			60,326	5,570	65,896
USDA						
EVALUTING USDA AMS	10.164	N/A	N/A	5,024	-	5,024
	10.164 Subtotal			5,024	-	5,024
EXCITE 3		1890 FOUNDATION	EXC3-2023-2434	9,076	3,536	12,612
	Subtotal			9,076	3,536	12,612
U.S. Department of Education (D of Ed)						
Title III-B-2019 Strengthening Historically Black Colleges	84.031	N/A	N/A			
Title III-B-2022 Strengthening Historically Black Colleges	84.031	N/A	N/A	3,319	-	3,319
Title III-B-2023 Strengthening Historically Black Colleges	84.031	N/A	N/A	876,047	-	876,047
Title III-B-2024 Strengthening Historically Black Colleges	84.031	N/A	N/A	1,481,314	-	1,481,314
FUTURE ACT-2023	84.031 B	N/A	N/A	77,097	-	77,097
FUTURE ACT-2024	84.031 B	N/A	N/A	379,482	-	379,482
	84.031 Subtotal			2,817,260	-	2,817,260
Title VII Master 2021	84.382 G	N/A	N/A	4,223	-	4,223
Title VII Master 2022	84.382 G	N/A	N/A	13,781	-	13,781
Title VII Master 2023	84.382 G	N/A	N/A	362,079	-	362,079
Title VII Master 2024	84.382 G	N/A	N/A	398,705	-	398,705
	84.382 G Subtotal			778,788	-	778,788
UPWARD BOUND	84.047A	WVDOE	Not Available	321,602	12,778	334,380
	84.047A Subtotal			321,602	12,778	334,380
RESIDENCY 2 STIPENDS	84.334S	WVDOE	ARPA ESSER	32,000	-	32,000
	84.334S Subtotal			32,000	-	32,000

See accompanying Notes to Schedule of Expenditures of Federal Awards

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Program or Cluster Title/Federal Grantor	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity	Federal Expenditures	Pass through to Subrecipients	Federal Expenditures with Pass-Through
SPECIALTY CROP IMPROVING VINTAGE TOMATO	10.170	WVDA	SC20 06	$ 9,422	$ -	$ 9,422
WONDERVALLEY	10.170	WONDERVALLEY FARMS	WVSTIMULUS H.R.133	6,979	-	6,979
	10.170 Subtotal			16,401	-	16,401
DEVELOPMENT OF WALNUT SAP SPOUT	10.174	FUTURE GENERATIONS	552-WVSU-01	1,101	-	1,101
ACER ACCESS DEVELOPMENT PROGRAM	10.174	FUTURE GENERATIONS	568-WVSU-01	18,827	3,571	22,398
	10.174 Subtotal			19,928	3,571	23,499
NEXT GEN WV AGRICULTURE PROFESSIONALS	10.237	N/A	N/A	152,185	26,070	178,255
	10.237 Subtotal			152,185	26,070	178,255
OASIS IN THE DESERT	10.902	N/A	N/A	31,761	3,252	35,013
	10.902 Subtotal			31,761	3,252	35,013
HEIRS PROPERTY	10.147	ALCORN STATE	ASU330292-16	22,058	-	22,058
	10.147 Subtotal			22,058	-	22,058
NASA						
WVSU CASTEM ECLIPSE	43.008	WV SPACE CONSORTIUM	EPO ECLIPSE	4,705	-	4,705
NASA-YJ		WV SPACE CONSORTIUM	80NSSC20M0055	441	-	441
	43.008 Subtotal			5,145	-	5,145
U.S. Department of Transportation (DOT)						
STI	20.205	WV DOT	WV DOT-22NSTI	15,664	4,994	20,658
	20.205 Subtotal			15,664	4,994	20,658
DEPT OF HEALTH AND HUMAN						
HGP-DHHR	93.994	WVDHHR	WVDHHR-G240144	71,862	6,814	78,675
FDA PRODUCE SAFETY	93.994	WVDA	WVDA- PSI F CO	16,363	-	16,363
	93.994 Subtotal			88,225	6,814	95,039
DEPT OF ENERGY						
ROLE OF DUCKWEED	81.049	N/A	N/A	24,611	7,938	32,549
	81.049 Subtotal			24,611	7,938	32,549
EPA						
EPA REGION 3	66.309	NATIONAL WILDLIFE FEDERATION	95314201-0-XJ	9,017	-	9,017
	66.309 Subtotal			9,017	-	9,017
NURSING EXPANSION	21.019	N/A	N/A	13,673	-	13,673
	21.019 Subtotal			13,673	-	13,673
AEOP HIGH SCHOOL APPRENTICESHIP	12.63	N/A	N/A	23,560	-	23,560
	12.63 Subtotal			23,560	-	23,560
TOTAL FEDERAL AWARDS				$ 10,513,803	$ 546,319	$ 11,060,122

See accompanying Notes to Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of West Virginia State University Research and Development Corporation that have been financed by the U.S. government (federal awards). Federal awards received directly from federal agencies are included in the Schedule, as are federal guaranteed loans disbursed by other sources. Additionally, all federal awards passed through from other entities have been included in the Schedule. The Corporation is required to match certain grant agreements, as defined in the grants, and these matching amounts are not included in the Schedule.

The information in the Schedule is presented in accordance with requirements of 2 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 Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of West Virginia State University Research and Development Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported 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.

The Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The Corporation has predetermined Facilities and Administrative (F&A) rates for fiscal year 2024. The base rates for other F&A cost recoveries range from 26% to 50% for fiscal year 2024.

WEST VIRGINIA STATE UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ___________ yes ____x____ no
   - Significant deficiency(ies) identified? ____x____ yes ___________ none reported
3. Noncompliance material to financial Statements noted? ___________ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ___________ yes ____x____ no
   - Significant deficiency(ies) identified? ___________ yes ____x____ none reported
2. Type of auditors' report issued on: compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___________ yes ____x____ no

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
84.031	Higher Education Institutional Aid
10.512	Extension Services at 1890 Colleges and Tuskegee University, West Virginia State College, and Central State University
84.382	Strengthening Minority Serving Institutions

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___________ yes ____x____ no

Section II – Financial Statement Findings

2024 – 001 – Audit Adjustment

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During the audit, we identified $252,325 related to incorrectly recording federal grant revenues on a cash basis.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America. Their responsibilities include recording significant financial reporting processes, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; record recurring and nonrecurring adjustments to the financial statements and safeguarding the Corporation's assets.

Effect: The lack of controls in place over the recording of financial activities, presentation of the financial statements, and the safeguarding of assets resulted in an audit adjustment of $252,325 to decrease revenues and increase deferred revenues.

Cause: The Corporation received grants for which cash was received in advanced of performing the services. During our preparation of the schedule of expenditures of federal awards for the year ended June 30, 2024, we noted that Federal grant revenues of approximately $254,161 had been recorded in advance of the expenditure of the funds. Upon further review and discussion with management, the Corporation was recording grant revenue on a cash basis rather than when the eligibility requirement of expending the funds for their intended purpose was met.

Repeat Finding: Yes, 2023-001

Recommendation: The Corporation should evaluate their financial reporting processes and controls, accounting and recording of grant revenues to ensure they are recorded in the correct fiscal year.

Views of responsible officials and planned corrective actions: Management will implement a review process to ensure that when cash advancement grants are received that revenue is recorded only when the eligible expenses are incurred.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported with *2 CFR 200.516(a)*.