COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | *NEIGHBORS*
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

West Virginia State University Research and Development Corporation

Financial Statements as of and for the
Years Ended June 30, 2026 and 2025

Right there with you

CLAconnect.com



WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	4-9
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2026 AND 2025:	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 29
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of Net OPEB Liability and Contributions	31-34
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*	35

CliftonLarsonAllen LLP
CLAconnect.com

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 financial statements of the West Virginia State University Research and Development Corporation, a component unit of West Virginia State University, as of and for the years ended June 30, 2026 and 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia State University Research and Development Corporation, as of June 30, 2026 and 2025 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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 audits 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 September 28, 2026, 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
September 28, 2026

West Virginia State University
Research and Development Corporation
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2026

Management of the West Virginia State University Research and Development Corporation (the Corporation) provides the following management's discussion and analysis to highlight the successes and challenges experienced throughout the reporting year.

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 2026 and 2025 is also included in this analysis to facilitate the reader a comparative framework between immediate past and present financial positions of the Corporation.

1. 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, 2026). 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.

Condensed Statements of Net Position

	FY 2026	FY 2025	FY 2024
Assets			
Cash and cash equivalents	**$ 1,101,769**	$ 2,329,120	$ 198,581
Other current assets	**3,155,910**	2,052,204	2,896,876
Noncurrent assets	**5,357,799**	3,849,892	3,327,599
Total Assets	**9,615,478**	8,231,216	6,423,056
Deferred Outflows of Resources	**158,636**	47,498	32,036
Total	**9,774,114**	8,278,714	6,455,092
Liabilities			
Current liabilities	**4,071,776**	4,232,812	2,757,253
Non-current liabilities	**53,832**	50,735	97,092
Total Liabilities	**4,125,608**	4,283,547	2,854,345
Deferred Inflows of Resources	**92,622**	9,116	133,454
Total	**4,218,230**	4,292,663	2,987,799
Net Position			
Net investment in capital assets	**5,281,730**	3,752,635	3,026,866
Restricted: other postemployment benefit	**-**	177	84,253
Unrestricted	**274,154**	233,239	356,174
Total Net Position	**5,555,884**	3,986,051	3,467,293
Total Liabilities and Net Position	**$ 9,774,114**	$ 8,278,714	$ 6,455,092

Assets and Deferred Outflows of Resources: In fiscal year 2026, the Corporation's total assets increased $1,384,262 or 16 percent in comparison with the prior year. The increase is due to $1.5 million in capital asset purchases related to new and updated laboratory space offset by a net decrease in current assets of approximately $123 thousand. The grants and contracts receivable balance increased $1.1 million mainly due to timing of grant drawdown requests. The cash balance decreased approximately $1.2 million due to increased purchases of capital assets and increased payroll expenses. Current assets this year represented 45 percent of the total assets and deferred outflows of resources; whereas the non-current portion represented 55 percent.

In fiscal year 2025, the Corporation's total assets and deferred outflows of resources increased by $1,823,622 which represents a 28 percent improvement in contrast to the previous year. The deferred outflow of resources that resulted from GASB 75-Other Postemployment Benefits added $47,498 to total assets and deferred outflows of resources of $8,278,714. The overall increase in total assets in 2025 is the result of an increase in cash due to higher indirect recovered and other deferred revenues. Non-current assets also experienced an increase of $522,293 when compared to 2024. Current assets for 2025 represented 53 percent of the total assets and deferred outflows of resources; whereas the non-current portion represented 47 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.

Liabilities and Deferred Inflows of Resources: Total liabilities and deferred inflows of resources decreased by 2 percent or $74,433 in comparison to the prior year. The decrease was driven by a drop in deferred revenue of approximately $1.1 million due to timing of grant drawdowns at the end of the fiscal year. The decrease was offset by an increase in accounts payable and accrued liabilities ($152 thousand), bank overdrafts ($441,591) and compensated absences ($124 thousand). The increase in accounts payable and accrued liabilities was due to the timing of payments. The increase in compensated absences is based on an estimate of the amount of leave expected to be taken. The current ratio indicates the Corporation maintained more current assets than current liabilities.

The balance of total liabilities and deferred inflows of resources during fiscal year 2025 increased by nearly 44 percent ($1,304,864). The overall increase was the result of an increase in the current liabilities portion, which increased by 54 percent ($1,475,559). The decrease in non-current liabilities balance is the result of a decrease in the leases and SBITA liabilities. Current liabilities increased in 2025 as a result of an increase in unearned revenue and accounts payable. Deferred inflows of resources decreased by $124,338 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 indicates the Corporation maintained more current assets than current liabilities.

Net Position: Total net position in 2026 improved by $1,569,833. The value of total net position changed from $3,986,051 to $5,555,884. The majority of the increase was due to an increase in net investment in capital assets.

Total net position in 2025 improved by $518,758. This change in net position was impacted by a change in unrestricted net position of $(122,935) (changed from $356,174 to $233,239). The total depreciation expense of $778,150 in 2025 was offset by additions in capital assets of $1,391,851, resulted in an increase in capital assets, net of $725,769. 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 $3,752,635, restricted net position for Other Postemployment Benefits of $177, and unrestricted net position $233,239 resulted in a total net position in 2025 of $3,986,051, compared to $3,467,293 in 2024.

2. 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, noncapital subsidies, and non-operating to distinguish as to their purpose and their associated distribution.

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. Noncapital subsidies consist of payments on behalf of the Corporation related to the OPEB special funding situation. Non-operating revenues and expenses are those revenues and expenses not directly linked to providing specific goods and/or services and capital transfers to the University.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	FY 2026	FY 2025	FY 2024
Operating revenues	**$ 24,956,172**	$ 21,948,504	$ 16,485,302
Operating expenses	**18,520,382**	17,555,853	15,234,864
Operating Income/Losses	**6,435,790**	4,392,651	1,250,438
Noncapital subsidies	**49,606**	299	(60,824)
Non-operating revenues (expenses)	**(4,915,563)**	(3,874,192)	(420,466)
Increase (Decrease) in Net Position	**1,569,833**	518,758	769,148
Net Position — Beginning of Year	**3,986,051**	3,467,293	2,698,145
Net Position — End Year	**$ 5,555,884**	$ 3,986,051	$ 3,467,293

Operating Revenues: The sources of operating revenues for the Corporation commonly derive from federal, state, and private externally sponsored funding. Operating revenues in 2026 improved $3,007,668, compared to the previous year. The increase is due to an increase in federal grants of $2,993,317. This increase was primarily attributable to Department of Education Title III grants, including a supplemental award of approximately $1.6 million recognized in 2026, as well as Title III Futures Act carryover funds from 2025 that were applied during 2026.

Operating revenues in 2025 improved by $5,463,202, compared to the previous year. The increase in operating revenues stems from an increase in federal funding of $4,508,721, an increase in state funding of $815,707, and an increase in private funding of $138,774.

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.

Operating Expenses: The Corporation's operating expenses for 2026 increased by 5 percent over 2025. The majority of the increase came from supplies and other services and salaries, wages and benefits. The increase included additional costs associated with the new laboratory spaces, Title III Supplemental funds expenses and increases in salaries and benefits.

The Corporation's total operating expenses for 2025 rose by 15 percent. Operating expenses increased from $15,234,864 in 2024 to $17,555,853. The overall increase of $2,320,989 in the Corporation's total operating expenses was driven by an upswing in salaries and wages and overall grant activity.

Non-Operating Revenues and Expenses:

Non-operating expenses, net increased in 2026 by $1,041,371. The majority of the increase was due to an increase in transfers to the University of equipment and capital improvement costs.

There was an increase in non-operating expenses in 2025. The amount of contributions to the University ($3,865,884) increased compared to the previous year ($410,267). The increase in transfers of assets to the University included nearly $2.3 million for construction and renovations to various buildings, as well as the completion of the first phase of the greenhouse project. Additional transfers consisted of equipment and software purchases totaling $927,447 for various University areas, $312,111 for the renovation of cybersecurity classrooms and equipment, and $306,933 for equipment purchases in the Nursing program.

3. 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 detailed information regarding the Corporation's cash position during the year. 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 2026	FY 2025	FY 2024
Cash provided (used) by:			
Operating activities	$ 6,058,531	$ 7,508,650	$ 1,929,340
Investing activities	2,942	8,369	2,143
Non-capital financing	(4,913,081)	(3,865,884)	(410,267)
Capital and related financing activities	(2,375,743)	(1,520,596)	(1,747,456)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,227,351)	2,130,539	(226,240)
Cash, beginning of year	2,329,120	198,581	424,821
Cash, end of year	$ 1,101,769	$ 2,329,120	$ 198,581

The cash and cash equivalents value of as of June 30, 2026 was $1,101,769. This year's lower value can be attributed to a decrease in cash provided by operating activities of $6,058,531 compared to last year's funds provided of $7,508,650. This decrease was due to the recognition of deferred revenue and a decrease in cash received for contracts and grants. Cash flows provided by investing activities is nominal and represented only $2,942, derived from interest income. Cash flows used in non-capital financing activities increased due to a larger amount of assets transferred to the University. The amount of cash used to purchase capital assets increased as well. All of these factors are what caused a decrease in cash for the year ended June 30, 2026.

The cash and cash equivalents value of as of June 30, 2025 was $2,329,120. Fiscal year 2025's higher value can be attributed to an increase in cash provided by operating activities $(7,508,650) compared to last year's funds provided of $(1,929,340). Cash flow provided by investing activities is nominal and represented only $8,369, 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, 2025 and 2024 was $3,095,846 and $640,228, respectively. The difference, from year to year, is normally caused by deferred revenues and items in transit at year end. The Corporation carries a certain level of cash in the banks in order to effectively conduct its operating activities.

Significant Capital Assets and Long-term Financing Activity

The Corporation, as established in an 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 2026, the Corporation experienced costs incurred at various University owned properties, which tracked with a transfer of assets to the University line. New purchases of capital assets, derived from capital grants and gifts received, totaled $2,410,390 compared to the $1,391,851 reported the previous 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.

Currently Known Facts, Decisions and Conditions

West Virginia State University (WVSU), as a Historically Black College and University (HBCU) and 1890 Land-Grant Institution, receives through the Corporation, federal and state appropriations, competitive grants and contracts, and county, local, foundation and private support. These resources are invested to build institutional capacity and strengthen the University's missions, including research, extension services, and instruction. Despite recent economic challenges, the Corporation continues to maintain a strong financial position, as detailed in the financial results presented above.

USDA National Institute of Food and Agriculture (NIFA) - administered Agricultural Research and Extension Capacity funding continues to be a significant portion of the WVSURDC funding portfolio. In fiscal year 2026, the Corporation received level funding from USDA, while USDA NIFA did not issue a Notice of Funding Opportunity for the 1890 Capacity Building Grants program in either fiscal year 2025 or 2026. Over the past two years, the Corporation has experienced level funding in USDA Cooperative Research and Extension funding. These resources provide critical support for research and educational programming Science, Technology, Engineering, Agriculture and Mathematics (STEAM) disciplines.

The passage of U.S. 2018 Farm Bill also expanded opportunities for 1890 Land-Grant Institutions through programs supporting undergraduate agricultural scholarships, including 1890 Scholarship Program, as well as the establishment of 1890 Centers for Excellence. The University's Title III funding, provided through the U.S. Department of Education, including Title III Parts B and F, continues to play a significant role in institutional efforts supporting STEM outreach and educational opportunities for youth. The addition of supplemental Title III funding in fiscal year 2026 provided an opportunity to enhance

classroom infrastructure and technology. Other federal agencies, including the National Science Foundation (NSF), Department of Defense (DOD), and Department of Energy (DOE), continue to play an integral role in supporting the University's research activities.

At the state level, the University received, for the second consecutive year, slightly more than 100% of the one-to-one State Match provided by the West Virginia Legislature in support of its 1890 land-grant research and extension programs. Legislative funding for the University's Healthy Grandfamilies Program remained at $800,000 for the fiscal year. This program continues to be in significant demand throughout the state as an increasing number of grandparents provide primary or substantial care for their grandchildren. Through the program, grandparents receive social work support services, including assistance locating community resources, confidential assistance in addressing unmet needs, and advocacy services.

In conclusion, the West Virginia State University Research and Development Corporation continues to play a vital role in advancing the University's mission, as the designated fiscal administrator of external resources supporting research, teaching, and public service. In this capacity, the Corporation serves as a catalyst for securing, administering, and effectively managing external sponsored funding for the University.

The Corporations' fiscal year 2026 financial statements, reflected through key indicators such as total revenue, expenses, liabilities, and net position, demonstrate that its financial position remains strong. Looking ahead, as the University implements its approved five-year strategic plan, the Corporation is positioned to embrace a renewed and bolder vision, one centered on expanding external resources, strengthening financial sustainability, and supporting institutional priorities. The ultimate goal of these efforts is to enhance the University's operations, ensure the Corporation's fiscal health, and improve the quality of services provided to all stakeholders, thereby contributing to the long-term success and wellbeing of West Virginia State University and the communities it serves.

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

ASSETS AND DEFERRED OUTFLOWS	2026	2025
CURRENT ASSETS:		
Cash and cash equivalents	**$ 1,101,769**	$ 2,329,120
Grants and contracts receivable	**2,786,541**	1,715,801
Other receivables	**13,165**	3,555
Due from West Virginia State University	**2,325**	2,401
Due from Higher Education Policy Commission	**16,851**	-
Prepaid expense	**337,028**	330,447
Total current assets	**4,257,679**	4,381,324
NONCURRENT ASSETS:		
Other post employment benefits asset	**-**	177
Capital assets not being depreciated or amortized	**350,731**	263,489
Capital assets - net of depreciation and amortization	**5,007,068**	3,586,226
Total noncurrent assets	**5,357,799**	3,849,892
TOTAL ASSETS	**9,615,478**	8,231,216
DEFERRED OUTFLOWS OF RESOURCES	**158,636**	47,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 9,774,114**	$ 8,278,714
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Bank overdraft	**$ 441,591**	$ -
Accounts payable and accrued liabilities	**1,176,449**	1,024,818
Unearned revenue	**1,535,362**	2,615,269
Due to West Virginia State University	**223,821**	41,350
Lease liability - current portion	**19,521**	33,321
SBITA liability - current portion	**46,215**	13,024
Compensated absences - current portion	**628,817**	505,030
Total current liabilities	**4,071,776**	**4,232,812**
NONCURRENT LIABILITIES:		
Lease liability - noncurrent portion	**-**	19,521
SBITA liability - noncurrent portion	**10,333**	31,214
Other post employment benefits liability	**43,499**	-
Total noncurrent liabilities	**53,832**	50,735
Total liabilities	**4,125,608**	4,283,547
DEFERRED INFLOWS OF RESOURCES	**92,622**	9,116
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**4,218,230**	4,292,663
NET POSITION:		
Net investment in capital assets	**5,281,730**	3,752,635
Restricted for Other Postemployment Benefit	**-**	177
Unrestricted	**274,154**	233,239
Total net position	**5,555,884**	3,986,051
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 9,774,114**	$ 8,278,714

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
OPERATING REVENUES:		
Contracts and grants:		
Federal	**$ 18,624,219**	$ 15,630,902
State	**6,180,306**	5,969,885
Private	**151,647**	347,717
Total operating revenues	**24,956,172**	21,948,504
OPERATING EXPENSES:		
Salaries and wages	**8,014,690**	7,920,034
Supplies and other services	**7,625,659**	6,942,322
Benefits	**1,680,401**	1,599,262
Depreciation and amortization	**841,224**	778,150
Utilities	**358,408**	316,085
Total operating expenses	**18,520,382**	17,555,853
OPERATING INCOME	**6,435,790**	4,392,651
NONCAPITAL SUBSIDIES		
Payments on behalf of the Corporation	**49,606**	299
OPERATING INCOME AND NONCAPITAL SUBSIDIES	**6,485,396**	**4,392,950**
NONOPERATING REVENUES (EXPENSES):		
Investment income	**2,942**	8,369
Interest expense	**(5,424)**	(9,345)
Gain (loss) on disposal of capital assets	**-**	(7,332)
Capital transfers out to the University	**(4,913,081)**	(3,865,884)
Net nonoperating revenues	**(4,915,563)**	(3,874,192)
INCREASE IN NET POSITION	**1,569,833**	518,758
NET POSITION — Beginning of year	**3,986,051**	3,467,293
NET POSITION — End of year	**$ 5,555,884**	$ 3,986,051

WEST VIRGINIA STATE UNIVERSITY
RESEARCH AND DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS PROVIDED BY		
OPERATING ACTIVITIES:		
Contracts and grants	**$ 22,961,611**	$ 24,269,757
Payments to and on behalf of employees	**(9,505,654)**	(9,322,006)
Payments to suppliers	**(7,039,018)**	(7,123,016)
Payments to utilities	**(358,408)**	(316,085)
Net cash provided by operating activities	**6,058,531**	7,508,650
CASH FLOWS USED IN NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to the University	**(4,913,081)**	(3,865,884)
Net cash used by non-capital financing activities	**(4,913,081)**	(3,865,884)
CASH FLOWS PROVIDED BY CAPITAL FINANCING ACTIVITIES:		
Lease payments	**(41,189)**	(32,867)
SBITA payments	**(46,180)**	(86,533)
Purchases of capital assets	**(2,288,374)**	(1,401,196)
Net cash used by capital financing activities	**(2,375,743)**	(1,520,596)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Investment income	**2,942**	8,369
Net cash provided by investing activities	**2,942**	8,369
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,227,351)**	2,130,539
CASH AND CASH EQUIVALENTS — Beginning of year	**2,329,120**	198,581
CASH AND CASH EQUIVALENTS — End of year	**$ 1,101,769**	$ 2,329,120
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	**$ 6,435,790**	$ 4,392,651
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	**841,224**	778,150
Changes in assets and liabilities:		
Grants/contracts receivable	**(1,070,740)**	(383,772)
Other receivable	**(9,610)**	64,984
Due from West Virginia State University	**182,547**	1,154,163
Due from West Viriginia Higher Education Policy Commission	**(16,851)**	-
Prepaid expenses	**(6,581)**	574
Bank overdrafts	**441,591**	-
Accounts payable and due to other	**151,631**	(181,268)
Unearned Revenue	**(1,079,907)**	1,485,878
Payments on behalf of Corporation	**49,606**	299
Compensated absences and other post employment benefits	**139,831**	196,991
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 6,058,531**	$ 7,508,650
NONCASH TRANSACTIONS —		
Payments on behalf of the Corporation	**$ 49,606**	$ 299
Right-to-use assets acquired through outstanding SBITAs	**$ 17,498**	$ -
Right-to-use assets acquired through outstanding leases	**$ 7,868**	$ -

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

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 appointed by 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, other than the liabilities related to right-to-use assets.

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

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 had restricted net position as of June 30, 2025 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, 2026 and 2025.

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 agency 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, 2026 and 2025, 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 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

expected to be made during the term of the agreement. SBITA assets are amortized on a 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, or https://peia.wv.gov.

GASB requires entities to accrue for employees' rights to receive compensation for annual and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. Employees of the Corporation earn 15 to 24 days of annual leave per year, with a maximum carryover of one year's accrual. Unused annual leave can be paid out upon termination. Employees of the Corporation earn 18 days of sick leave per year. The leave accumulates without a maximum carryover. Unused sick leave will not be paid out upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 5 for further discussion.

The estimated expense and expense incurred for compensated absences or OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

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 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

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 distinguishes operating revenues from noncapital subsidies, and other nonoperating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position. As defined by GASB 103, *Financial Report Model Improvements*, nonoperating revenues and expenses include (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues (expenses) related to financing, (4) resources (loss) from the disposal of capital assets, and (5) investment income and expenses.

Subsidies are defined as follows: (a) resources received from another party or fund (1) for which the proprietary fund does not provide goods or services to the other party or fund and (2) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise; and (b) resources provided to another party or fund (1) for which the other party or fund does not provide goods and services to the propriety fund and (2) that are recoverable through the proprietary fund's current or future pricing policies.

All revenues that do not meet the definition of nonoperating revenues are reported as operating revenues.

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 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.

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

GASB has issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events that constitute

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognized and unrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Corporation has not yet determined the effect that the adoption of GASB Statement No. 105 may have on its financial statements.

Change in Accounting Principle - GASB Statement No. 103, *Financial Reporting Model Improvements*

During the fiscal year ended June 30, 2026, the Corporation adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the financial reporting model for government entities by refining the presentation of management narratives, operating and nonoperating resource flows, and component units.

The primary impacts of adopting GASB Statement No. 103 on the Corporation's financial statements include:

- Presentation of Subsidies: The Corporation now presents noncapital subsidies, including noncapital transfers to the University and payments made on behalf of the Corporation, in a separate section immediately following operating income. A new subtotal for operating income and noncapital subsidies is now presented on the Statements of Revenues, Expenses, and Changes in Net Position.
- Nonoperating Classification: Nonoperating activities have been strictly limited to subsidies received and provided, contributions to permanent and term endowments, financing activities, investment activities, and the disposal of capital assets or inventory.
- In accordance with the transitional provisions of GASB Statement No. 103, the financial statements for the fiscal year ended June 30, 2025, have been retroactively restated to conform to the new presentation model. This implementation required a reclassification of certain financial statement lines but did not alter total ending net position for the prior period.

During the fiscal year ended June 30, 2026, the Corporation adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Due to the implementation of the standard, the Corporation now discloses separate amounts for Capital assets not being depreciated and amortized and capital assets – net of depreciation and amortization on the Statement of Net Position.

In accordance with the provisions of GASB 103 and 104, the financial statements for the year ended June 30, 2025 have been retroactively restated to conform to the new presentation model. The implementation did not impart total ending net position from the prior period.

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

3. CASH AND CASH EQUIVALENTS

The carrying amount of cash in bank at June 30, 2026 and 2025 was $660,178 ($1,101,769 net of a bank overdraft of $441,591) and $2,329,120, respectively, compared with the bank balance of $1,648,690 and $3,095,846, respectively. The difference is primarily caused by outstanding checks and items in transit. Of the bank balances at June 30, 2026 and 2025, $250,000 per account, were covered by Federal Deposit Insurance Corporation, while $1,223,379 and $2,595,846 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, however funds are held with major regional banks and management believes the banks to be creditworthy.

4. CAPITAL ASSETS

A summary of capital asset transactions for the years ended June 30, 2026 and 2025 is as follows:

2026	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Work in progress	$ 263,489	$ 87,242	$ -	$ 350,731
Total capital assets not being depreciated	$ 263,489	$ 87,242	$ -	$ 350,731
Capital assets being depreciated:				
Equipment	$ 8,654,064	$ 2,001,832	$ (431,349)	$ 10,224,547
Motor vehicles	1,073,895	177,120	(81,993)	1,169,022
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total capital assets being depreciated	10,126,083	2,178,952	(513,342)	11,791,693
Right-to-use- assets being amortized				
Leased Office Space	102,699	7,868	(20,689)	89,878
SBITA - IT Software	352,264	136,328	(302,263)	186,329
Total right-to-use assets being amortized	454,963	144,196	(322,952)	276,207
Less accumulated depreciation for:				
Equipment	5,402,112	632,239	(431,349)	5,603,002
Motor vehicles	893,080	110,442	(81,992)	921,530
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total accumulated depreciation	6,693,316	742,681	(513,341)	6,922,656
Less accumulated amortization for:				
Leased Office Space	51,956	34,486	(20,689)	65,753
SBITA - IT Software	249,548	64,057	(241,182)	72,423
Total accumulated amortization	301,504	98,543	(261,871)	138,176
Capital assets being depreciated or amortized - net	$ 3,586,226	$ 1,481,924	$ (61,082)	$ 5,007,068
Capital asset summary:				
Capital assets not being depreciated	263,489	87,242	-	350,731
Capital assets being depreciated	10,581,046	2,323,148	(836,294)	12,067,900
Less accumulated depreciation and amortization	6,994,820	841,224	(775,212)	7,060,832
Capital assets - net	$ 3,849,715	$ 1,569,166	$ (61,082)	$ 5,357,799

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

4. CAPITAL ASSETS (continued)

2025	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Work in progress	$ -	$ 263,489	$ -	$ 263,489
Total capital assets not being depreciated	$ -	$ 263,489	$ -	$ 263,489
Capital assets being depreciated:				
Equipment	$ 7,564,051	$ 1,128,362	$ (38,349)	$ 8,654,064
Motor vehicles	1,073,895	-	-	1,073,895
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total capital assets being depreciated	9,036,070	1,128,362	(38,349)	10,126,083
Right-to-use- assets being amortized				
Leased Office Space	102,699	-	-	102,699
SBITA - IT Software	507,922	-	(155,658)	352,264
Total right-to-use assets being amortized	610,621	-	(155,658)	454,963
Less accumulated depreciation for:				
Equipment	4,935,586	497,543	(31,017)	5,402,112
Motor vehicles	789,929	103,151	-	893,080
Software	192,179	-	-	192,179
Library books	205,945	-	-	205,945
Total accumulated depreciation	6,123,639	600,694	(31,017)	6,693,316
Less accumulated amortization for:				
Leased Office Space	17,709	34,247	-	51,956
SBITA - IT Software	261,997	143,209	(155,658)	249,548
Total accumulated amortization	279,706	177,456	(155,658)	301,504
Capital assets being depreciated or amortized - net	$ 3,243,346	$ 350,212	$ (7,332)	$ 3,586,226
Capital asset summary:				
Capital assets not being depreciated	-	263,489	-	263,489
Capital assets being depreciated	9,646,691	1,128,362	(194,007)	10,581,046
Less accumulated depreciation and amortization	6,403,345	778,150	(186,675)	6,994,820
Capital assets - net	$ 3,243,346	$ 613,701	$ (7,332)	$ 3,849,715

Title for motor vehicles is with the University.

5. OTHER POST EMPLOYMENT BENEFITS

Following are the Corporation's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and OPEB expense and expenditures for the fiscal years ended June 30, 2026 and 2025:

	2026	2025
Net OPEB liability (asset)	$ 43,499	$ (177)
Deferred outflows of resources	158,636	47,498
Deferred inflows of resources	92,622	9,116
Revenues	49,606	299
OPEB expense (offset)	76,749	(24,146)
Contributions made by the Corporation	11,172	31,280

5. OTHER POST EMPLOYMENT BENEFITS (continued)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multi-employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the 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.

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.

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 (page) 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. In fiscal year 2024, there was no subsidization of retiree healthcare

5. OTHER POST EMPLOYMENT BENEFITS (continued)

from paygo premiums and PEIA active employers were not billed paygo. The paygo rate for fiscal year 2025 was $34 per active health policyholder per month.

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. 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.

The Corporation's contributions to the OPEB plan for the years ended June 30, 2026 and 2025 were $11,172 and $31,280, respectively.

Assumptions

The June 30, 2026 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024 and a measurement date of June 30, 2025. 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.
- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 5.0% for medical and 8.0% for drug. The trends increase over four years to 7.0% 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 2034.
- 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%.

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

5. OTHER POST EMPLOYMENT BENEFITS (continued)

- 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, 2024 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, 2024, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and 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.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

	June 30, 2025	
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%	7.7%
Hedge funds	10.0%	4.5%

5. OTHER POST EMPLOYMENT BENEFITS (continued)

	June 30, 2024	
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%	7.7%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2026 and 2025. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% 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, 2026 and 2025 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate (7.40%).

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2026	$ 166,147	$ 43,499	$ (61,197)
2025	773	(177)	(967)

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, 2026 and 2025 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.

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

5. OTHER POST EMPLOYMENT BENEFITS (continued)

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2026	$ (110,331)	$ 43,499	$ 226,221
2025	(1,389)	(177)	1,296

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

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 net, OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, the Corporation's proportionate share of the net OPEB liability (asset) was $78,010. Of this amount, the Corporation recognized $43,499 as its proportionate share on the statement of net position. The remainder of $34,511 denotes the Corporation's proportionate share of net OPEB liability (asset) attributable to the special funding.

At June 30, 2025, the Corporation's proportionate share of the net OPEB liability (asset) was $(732). Of this amount, the Corporation recognized $(177) as its proportionate share on the statement of net position. The remainder of $(555) denotes the Corporation's proportionate share of net OPEB liability (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, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the Corporation's proportion was 0.0461%, an increase of 0.0457% from its proportion of 0.0004% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the Corporation's proportion was 0.0004%, a decrease of 0.0528% from its proportion of 0.0532% calculated as of June 30, 2023.

For the year ended June 30, 2026, the Corporation recognized OPEB expense of $76,749. Of this amount, $27,143 was recognized as the Corporation's proportionate share of OPEB expense and $49,606 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Corporation also recognized revenue of $49,606 for support provided by the State.

For the year ended June 30, 2025, the Corporation recognized OPEB expense of $(24,146). Of this amount, $(24,445) was recognized as the Corporation's proportionate share of OPEB expense and $299 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Corporation also recognized revenue of $299 for support provided by the State.

5. OTHER POST EMPLOYMENT BENEFITS (continued)

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 6,246	$ 19,847
Net difference between projected and actual investment earnings	-	31,783
Changes in assumptions	101,629	8,964
Differences between expected and actual non-investment experience	39,589	32,028
Contributions after the measurement date	11,172	-
Total	$ 158,636	$ 92,622

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 15,536	$ 8,528
Net difference between projected and actual investment earnings	-	201
Changes in assumptions	67	209
Differences between expected and actual non-investment experience	615	178
Contributions after the measurement date	31,280	-
	$ 47,498	$ 9,116

5. OTHER POST EMPLOYMENT BENEFITS (continued)

The Corporation will recognize the $11,172 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, 2027. 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
2027	$ 56,307
2028	22,684
2029	(12,744)
2030	(11,405)
	$ 54,842

Payables to the OPEB Plan

The Corporation did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2026 and 2025.

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, 2026 and 2025, were $765,284 and $769,618, respectively, which consisted of equal contributions from the Corporation and covered employees in 2026 and 2025 of $327,422 and $322,364, respectively and employees contributed non matched amounts of $123,030 and $124,890, respectively.

The Corporation's total payroll for the years ended June 30, 2026 and 2025, was $7,664,227 and $7,441,402, respectively; total covered employees' salaries for TIAA-CREF were $5,401,670 and $5,372,733, in 2026 and 2025, respectively.

7. CONCENTRATIONS AND CONTINGENCIES

The Corporation uses contracts and grants to provide funding for its activities. One federal grantor provided 35% and 39% percent of total operating revenues for the years ended June 30, 2026 and

7. CONCENTRATIONS AND CONTINGENCIES (continued)

2025, respectively. These funds represented 46% and 55% of federal grants and contracts for the Corporation in the years ended June 30, 2026 and 2025, respectively.

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, 2026 and 2025, 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, 2026 and 2025, are as follows:

2026	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
Research	$ 3,164,745	$ 613,800	$ 3,085,718	$ 293,220	$ -	$ 7,157,483
Public service	3,209,253	749,097	2,393,552	62,940	-	6,414,842
General institutional support	1,640,692	317,504	2,146,389	2,248	-	4,106,833
Depreciation and amortization	-	-	-	-	841,224	841,224
Total	$8,014,690	$1,680,401	$7,625,659	$358,408	$ 841,224	$18,520,382

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS (continued)

2025	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Depreciation and Amortization	Total
Research	$ 3,131,407	$ 577,434	$ 2,744,152	$ 254,924	$ -	$ 6,707,917
Public service	3,242,810	723,325	2,281,924	57,639	-	6,305,698
General institutional support	1,545,817	298,503	1,916,246	3,522	-	3,764,088
Depreciation and amortization	-	-	-	-	778,150	778,150
Total	$7,920,034	$1,599,262	$6,942,322	$316,085	$ 778,150	$17,555,853

10. LONG-TERM LIABILITIES

The summary of long-term obligation transactions for the Corporation for the years ended June 30, 2026 and 2025 is as follows:

2026	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$505,030	$ 123,787	$ -	$628,817	$628,817
OPEB	(177)	135,829	(92,153)	43,499	-
Lease liability	52,842	7,868	(41,189)	19,521	19,521
SBITA liability	44,238	58,490	(46,180)	56,548	46,215
	$ 601,933	$ 325,974	$ (179,522)	$748,385	$694,553

2025	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$252,315	$ 252,728	$ -	$505,030	$505,030
Lease Liability	85,709	-	(32,867)	52,842	33,321
SBITA liability	130,771	-	(86,533)	44,238	13,024
	$ 468,795	$ 252,728	$ (119,400)	$602,110	$551,375

With the adoption of GASB 101, *Compensated Absences,* only the net change in the compensated absences liability is required to be disclosed.

West Virginia State University
Research and Development Corporation
Notes to the Financial Statements
June 30, 2026 and 2025

11. LEASES

The Corporation leases office space under long-term, noncancelable lease agreements. The lease has monthly installments of $2,500 plus interest at 6.5% with a due date of February 2027.

Future annual minimum lease payments on leases for years subsequent to June 30, 2026, are as follows:

Maturity Analysis	Principal	Interest	Total Payments
2027	$19,521	$478	$20,000
	$19,521	$478	$20,000

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 $10,500 to $39,502 plus interest at 6.5% with lease end dates ranging from November 2027 to May 2029.

Future annual minimum lease payments on leases for years subsequent to June 30, 2026, are as follows:

Maturity Analysis	Principal	Interest	Total Payments
2027	$46,215	$3,787	$50,002
2028	10,333	692	11,025
	$56,548	$4,479	$61,027

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, 2026

Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Corporation's proportion of the net OPEB liability (asset) (percentage)	0.046126453%	0.000424383%	0.053240936%	0.050576494%	0.055844135%	0.059117180%	0.061021257%	0.060808047%	0.063187947%
Corporation's proportionate share of the net OPEB liability (asset)	$ 43,999	$ (177)	$ (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)	34,511	(555)	(35,962)	19,283	(3,270)	57,790	207,187	267,187	319,149
Total proportionate share of the net OPEB liability (asset)	$ 78,510	$ (732)	$ (120,215)	$ 75,574	$ (19,875)	$ 319,147	$ 1,219,610	$ 1,571,712	$ 1,872,935
Corporation's covered-employee payroll	$ 163,140	$ 143,666	$ 143,666	$ 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	26.97%	0.12%	58.65%	6.06%	0.42%	19.17%	81.19%	93.88%	111.82%
Plan fiduciary net position as a percentage of the total OPEB liability	95.76%	102.19%	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 Corporation 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, 2026

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 11,172	$ 31,280	$ 168	$ 53,393	$ 59,466	$ 101,836	$ 125,721	$ 124,254	$ 129,787
Contributions in relation to the statutorily required contribution	(11,172)	(31,280)	(168)	(53,393)	(59,466)	(101,836)	(125,721)	(124,254)	(129,787)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporation's covered-employee payroll	$ 157,496	$ 163,140	$ 143,666	$ 143,666	$ 928,434	$ 3,928,923	$ 1,363,196	$ 1,246,918	$ 1,389,541
Contributions as a percentage of covered-employee payroll	7.09%	19.17%	0.12%	37.16%	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 Corporation should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY RESEARCH DEVELOPMENT CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

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
2025	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 rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% 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 2034
2024	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 rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% 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 2033.
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.

WEST VIRGINIA STATE UNIVERSITY RESEARCH DEVELOPMENT CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
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
CLAconnect.com

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 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, 2026, 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 September 28, 2026.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

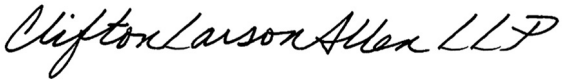
CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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.*

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

King of Prussia, Pennsylvania
September 28, 2026



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Securities and investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor, member FINRA/SIPC.