

**THE UNIVERSITY OF SOUTHERN MISSISSIPPI
RESEARCH FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2013 and 2012

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The University of Southern Mississippi Research Foundation, Inc.
Hattiesburg, Mississippi

We have audited the accompanying consolidated financial statements of The University of Southern Mississippi Research Foundation, Inc. (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

To the Board of Directors
The University of Southern Mississippi Research Foundation, Inc.
Hattiesburg, Mississippi

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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 the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The University of Southern Mississippi Research Foundation, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position, the consolidating statement of activities, and the consolidated schedule of functional expenses on pages 13 through 15, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the

To the Board of Directors
The University of Southern Mississippi Research Foundation, Inc.
Hattiesburg, Mississippi

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Nicholson & Company, PLLC

Hattiesburg, Mississippi
March 17, 2014

EXHIBIT A

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

ASSETS

ASSETS	December 31,	
	2013	2012
Cash and cash equivalents	\$ 903,960	\$ 1,878,490
Accounts receivable	5,490	8,940
Research contracts receivable	99,975	83,371
Rent receivable	8,476	-
Property, plant and equipment, net	7,178,253	6,708,348
Other assets, net	27,588	29,724
Total assets	\$ 8,223,742	\$ 8,708,873

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 99,169	\$ 23,445
Research contracts payable	97,192	149,549
Accrued interest	12,800	-
Refundable security deposits	128,659	100,353
Deferred rental revenue	107,563	284,437
Notes payable	3,210,889	3,780,098
Total liabilities	<u>3,656,272</u>	<u>4,337,882</u>
NET ASSETS, UNRESTRICTED	<u>4,567,470</u>	<u>4,370,991</u>
Total liabilities and net assets	\$ 8,223,742	\$ 8,708,873

See accompanying notes to consolidated financial statements.

EXHIBIT B

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012**

REVENUES, GAINS AND OTHER SUPPORT	December 31,	
	2013	2012
Rental revenues	\$ 1,574,358	\$ 2,095,936
Research contracts revenue	175,224	128,364
Donations	131,467	118,034
Management fee revenue	-	375,000
Gain on involuntary conversion	-	13,932
Interest income	300	419
Other income	88,137	54,231
Total revenues, gains and other support	<u>1,969,486</u>	<u>2,785,916</u>
EXPENSES		
Program services:		
Research contracts, The University of Southern Mississippi	139,078	113,645
Scholarships, grants, and awards	23,111	23,619
Waterborne symposium	78,288	17,890
Supporting services:		
Management and general	204,049	558,431
Rental expenses	1,328,481	1,223,421
Total expenses	<u>1,773,007</u>	<u>1,937,006</u>
CHANGE IN NET ASSETS	196,479	848,910
NET ASSETS		
Beginning of year	<u>4,370,991</u>	<u>3,522,081</u>
End of year	<u>\$ 4,567,470</u>	<u>\$ 4,370,991</u>

See accompanying notes to consolidated financial statements.

EXHIBIT C

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 196,479	\$ 848,910
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	207,904	177,562
(Increase) decrease in:		
Accounts receivable	3,450	-
Research contracts receivable	(16,604)	102,525
Rent receivable	(8,476)	-
Increase (decrease) in:		
Accounts payable	75,724	(4,262)
Research contracts payable	(52,357)	(125,036)
Accrued interest	12,800	-
Refundable security deposits	28,306	6,435
Deferred rental revenue	(176,874)	-
Net cash provided by operating activities	<u>270,352</u>	<u>1,006,134</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(675,673)	(140,411)
Net cash (used) by investing activities	<u>(675,673)</u>	<u>(140,411)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(569,209)	(542,946)
Net cash (used) by financing activities	<u>(569,209)</u>	<u>(542,946)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(974,530)	322,777
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,878,490</u>	<u>1,555,713</u>
End of year	<u>\$ 903,960</u>	<u>\$ 1,878,490</u>
SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 187,591</u>	<u>\$ 201,054</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The University of Southern Mississippi Research Foundation, Inc. (the Foundation) oversees gifts, contributions, and grants provided for sponsored research for individuals, industries, private organizations, and government agencies, throughout the United States, and assists with transferring technology developed through the Foundation to benefit the University of Southern Mississippi and the public. The Foundation bridges the intellectual resources of the academic community to the private sector to ensure technology transfer and commercialization of viable ideas.

The Foundation has an infinite life expectancy and anticipates significant gifts and donations of technology each year. The licensing and marketing activities of the Foundation operate on a continual basis.

Principles of Consolidation - The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, Pinion Properties, LLC (Pinion). Pinion was formed on January 10, 2005, as a limited liability company whereby certain real property held by the Foundation was transferred to the newly formed entity to manage and maintain the property. Significant intercompany transactions and balances have been eliminated in consolidation.

During 2012, the Foundation began maintaining the records for the Waterborne Symposium. The amounts are consolidated with the Foundation's.

Basis of Accounting and Financial Statement Presentation - The consolidated financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to non-profit entities. The financial transactions of the Foundation are recorded on an accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Foundation has adopted FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions. In addition, the Foundation is required to present a statement of cash flows. As permitted by this statement, the Foundation has reclassified its financial statements to present the three classes of net assets. At December 31, 2013 and 2012, all of the Foundation's net assets were unrestricted.

Use of Estimates - The preparation of consolidated 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 amounts reported and disclosures made in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE TWO

YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Income Tax - The Foundation is exempt from federal income taxes on related income under Code section 501(c)(3) of the Internal Revenue Code of 1954.

FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting for uncertainty in tax positions and the recognition of such income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation's income tax returns are subject to examination by taxing authorities, generally for three years after they are filed. The Foundation's open tax periods are 2010 – 2013. In evaluation of the Foundation's tax positions, The Foundation believes their estimates are appropriate based on current facts and circumstances and that no uncertain tax positions were taken.

Cash and Cash Equivalents - For the purposes of the Statement of Financial Position and the Statement of Cash Flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at unpaid balances less amounts deemed uncollectable by management. Receivables are written off on a case-by-case basis and upon evaluation of specific circumstances. At December 31, 2013 and 2012, all accounts were considered collectable by management.

Property, Plant and Equipment - Property, plant and equipment are stated at cost if purchased or at fair market value on the date of gift if donated. Depreciation is provided over the estimated useful life of depreciable assets, which is three to seven years for furniture and equipment and fifteen or thirty-nine years for buildings and improvements, and is computed using the straight line method. Property costing in excess of \$500 and having a useful life in excess of one year is capitalized. Depreciation expense for the years ended December 31, 2013 and 2012 was \$205,768 and \$175,425, respectively.

Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The costs and related accumulated depreciation of assets sold or retired are removed from the accounts and any resulting gain or loss is reflected in the accompanying statements of activities.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and impairments of long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE THREE

YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue Recognition - The Foundation recognizes all contributed support received as income in the period received or unconditionally pledged. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the restricted net asset is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets that do not have stipulations regarding the length of time that the asset must be used are reported as unrestricted support.

Research contract revenue is recognized as income in the period the service is provided. Such income is derived in part from separate contracts with The University of Southern Mississippi (the University) which provide for research to be performed by certain faculty. Payments to the University under research contracts aggregated \$139,078 and \$113,645 as of December 31, 2013 and 2012, respectively.

The Foundation has received various contributions of valuable intellectual property that have been patented. However, the ultimate value of the patented property is highly subjective and dependent upon successful commercialization by the Foundation. When intellectual property is successfully marketed or patents are licensed to third parties, royalty fees will be recognized as earned, over the period of the license agreement.

Rental revenue is recognized as it is earned.

Functional Expenses - Functional expenses are allocated between program services and supporting services. Supporting services include general and administrative activities and rental expenses. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Foundation. Rental expenses relate directly to Pinion operating properties.

Subsequent Events - Management of the Foundation has evaluated subsequent events through March 17, 2014, which is the date the Consolidated Financial statements were available to be issued.

NOTE 2 - INVESTMENTS

In September 2009, the Foundation purchased 1,000 shares of common stock of a closely held corporation for \$100,000. Based on management's review of the financial position of the closely held corporation, an unrealized loss has been recorded to reduce the basis of the investment to estimated net realizable value of \$-0- at December 31, 2013 and 2012.

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FOUR
YEAR ENDED DECEMBER 31, 2013

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 2,820,489	\$ 2,808,778
Buildings and improvements	5,232,825	4,659,584
Furniture and equipment	216,826	126,105
	<u>8,270,140</u>	<u>7,594,467</u>
Less: accumulated depreciation	<u>(1,091,887)</u>	<u>(886,119)</u>
Total	<u><u>\$ 7,178,253</u></u>	<u><u>\$ 6,708,348</u></u>

NOTE 4 - NOTES PAYABLE

Notes payable consist of the following:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Note payable to a commercial bank due in monthly installments of \$62,000, with an interest rate of 4.850%. Maturity date is December 7, 2016 and is secured by real property.	<u>\$ 3,210,889</u>	<u>\$ 3,780,098</u>

Maturities of notes payable at December 31, 2013 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 596,586
2015	626,593
2016	<u>1,987,710</u>
	<u><u>\$ 3,210,889</u></u>

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAGE FIVE
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 5 - OPERATING LEASE COMMITMENTS

The Foundation leases office space to tenants under noncancelable operating lease agreements with terms of one to five years. The following is a schedule by years of future minimum rentals under the leases at December 31, 2013:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 926,874
2015	851,542
2016	348,107
	<u>\$ 2,126,523</u>

The following schedule provides an analysis of the Foundation's investment in property held for lease by major classes as of December 31, 2013 and 2012:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 49,232	\$ 1,123,762
Buildings and improvements	2,168,365	3,800,966
	<u>2,217,597</u>	<u>4,924,728</u>
Less accumulated depreciation	(396,910)	(663,914)
Net property and equipment held for lease	<u>\$ 1,820,687</u>	<u>\$ 4,260,814</u>

NOTE 6 - COMMITMENTS

The Foundation entered into a consulting agreement with an outside party to manage, promote, market, license and commercialize its intellectual property developed and owned by the Foundation. The agreement provided for annual payments of \$750,000 and expired on August 31, 2012. This agreement was not renewed upon expiration.

Concurrently, the Foundation entered into an agreement with the University on September 1, 2006 to negotiate and manage the University's private and industrial research projects, intellectual property and to market University technology. The Foundation received compensation of \$750,000 annually until the agreement expired on August 31, 2012. The agreement was not renewed upon expiration.

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 7 - RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of bank deposit accounts. The Foundation maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2013 and 2012, the Foundation had \$97,513 and \$0-, respectively, of cash deposits in excess of the FDIC limits.

NOTE 8 - RELATED PARTY TRANSACTIONS

On April 13, 2010, The Foundation and the University entered into a lease agreement, combining four previous lease agreements into one. Under the terms of the agreement, the University is provided with up to 62,750 sq. ft. of space for a total annual cost of \$1,150,853. The lease is comprised of four separate spaces plus additional parking and ground lease for temporary modular classroom buildings.

During the years ended December 31, 2013 and 2012, the subtotal of rental income for both lease agreements with the University was \$545,784 and \$1,137,749, which represents 26% and 54% of the total rental income received by the Foundation as of December 31, 2013 and 2012, respectively.

The University contributes salaries for certain Foundation employees. For the years ended December 31, 2013 and 2012, salaries and related benefits totaling \$131,006 and \$117,934, respectively, have been recorded in the statement of activities as unrestricted contributed support and unrestricted expenses.

NOTE 9 - GAIN ON INVOLUNTARY CONVERSION

FASB ASC 845-10, Nonmonetary Transactions, requires entities to disclose the amount of gross operating revenue recognized as a result of nonmonetary transactions. In October of 2012, the Foundation received \$226,496 in insurance proceeds related to damage caused by Hurricane Isaac to buildings located in Gulfport, Mississippi. The proceeds exceeded total repairs of \$212,564 by \$13,932 which is reported as a gain on involuntary conversion on Exhibit B.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

	University of Southern Mississippi Research Foundation, Inc.	Pinion Properties, LLC	Waterborne	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents, unrestricted	\$ 175,438	\$ 630,402	\$ 98,120	\$ -	\$ 903,960
Accounts receivable	-	-	5,490	-	5,490
Research contracts receivable	99,975	-	-	-	99,975
Rent receivable	-	36,772	-	(28,296)	8,476
Property, plant and equipment, net	21,123	7,157,130	-	-	7,178,253
Other assets	-	27,588	-	-	27,588
Prepaid expenses	14,148	-	-	(14,148)	-
Investment in Pinion	1,000,009	-	-	(1,000,009)	-
	<u>\$ 1,310,693</u>	<u>\$ 7,851,892</u>	<u>\$ 103,610</u>	<u>\$ (1,042,453)</u>	<u>\$ 8,223,742</u>
Total assets					
LIABILITIES					
Accounts payable	\$ 28,296	\$ 99,169	\$ -	\$ (28,296)	\$ 99,169
Research contracts payable	97,192	-	-	-	97,192
Accrued interest	-	12,800	-	-	12,800
Refundable security deposits	-	128,659	-	-	128,659
Deferred rental revenue	14,148	14,148	93,415	(14,148)	107,563
Notes payable	-	3,210,889	-	-	3,210,889
Total liabilities	<u>139,636</u>	<u>3,465,665</u>	<u>93,415</u>	<u>(42,444)</u>	<u>3,656,272</u>
	<u>1,171,057</u>	<u>4,386,227</u>	<u>10,195</u>	<u>(1,000,009)</u>	<u>4,567,470</u>
NET ASSETS, UNRESTRICTED					
Total liabilities and net assets	<u>\$ 1,310,693</u>	<u>\$ 7,851,892</u>	<u>\$ 103,610</u>	<u>\$ (1,042,453)</u>	<u>\$ 8,223,742</u>

SCHEDULE 2

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

	University of Southern Mississippi Research Foundation, Inc.	Pinion Properties, LLC	Waterborne	Eliminations	Consolidated
REVENUES, GAINS AND OTHER SUPPORT					
Rental revenues	\$ 545,785	\$ 1,574,358	\$ -	\$ (545,785)	\$ 1,574,358
Research contract revenue	175,224	-	-	-	175,224
Donations	131,467	-	-	-	131,467
Interest income	300	-	-	-	300
Other income	-	-	88,137	-	88,137
Total revenues, gains and other support	<u>852,776</u>	<u>1,574,358</u>	<u>88,137</u>	<u>(545,785)</u>	<u>1,969,486</u>
EXPENSES					
Program services:					
Research contracts, The University of Southern Mississippi	139,078	-	-	-	139,078
Scholarships, grants, and awards	21,766	-	1,345	-	23,111
Waterborne symposium	-	-	78,288	-	78,288
Supporting services:					
Management and general	729,475	-	20,359	(545,785)	204,049
Rental expenses	-	1,328,481	-	-	1,328,481
Total expenses	<u>890,319</u>	<u>1,328,481</u>	<u>99,992</u>	<u>(545,785)</u>	<u>1,773,007</u>
CHANGE IN NET ASSETS	(37,543)	245,877	(11,855)	-	196,479
NET ASSETS					
Beginning of year	<u>1,208,600</u>	<u>4,140,350</u>	<u>22,050</u>	<u>(1,000,009)</u>	<u>4,370,991</u>
End of year	<u>\$ 1,171,057</u>	<u>\$ 4,386,227</u>	<u>\$ 10,195</u>	<u>\$ (1,000,009)</u>	<u>\$ 4,567,470</u>

SCHEDULE 3

THE UNIVERSITY OF SOUTHERN MISSISSIPPI RESEARCH FOUNDATION, INC.

**CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013**

	Program Services	Supporting Services		Total
		Management and General	Rental	
Accounting	\$ -	\$ 26,750	\$ -	\$ 26,750
Advertising	-	260	-	260
Bank charges	-	4,487	-	4,487
Computer and internet	-	-	1,186	1,186
Depreciation and amortization	-	11,434	196,470	207,904
Dues and subscriptions	-	-	1,000	1,000
Insurance	-	1,726	189,074	190,800
Interest expense	-	-	187,591	187,591
Legal and professional fees	-	3,200	2,289	5,489
Meals and entertainment	-	-	987	987
Miscellaneous	-	1,405	671	2,076
Office expense	-	15,867	9,790	25,657
Pest control	-	-	15,710	15,710
Postage	-	-	384	384
Rental expense	-	95	-	95
Repairs and maintenance	-	-	117,462	117,462
Research contracts	139,078	-	-	139,078
Salaries	-	131,006	111,785	242,791
Scholarships and awards	23,111	-	-	23,111
Symposium	78,288	-	-	78,288
Taxes, payroll	-	-	10,859	10,859
Taxes, property	-	-	100,981	100,981
Travel and meetings expense	-	7,819	243	8,062
Uniforms	-	-	2,179	2,179
Utilities	-	-	379,820	379,820
	<u>\$ 240,477</u>	<u>\$ 204,049</u>	<u>\$ 1,328,481</u>	<u>\$ 1,773,007</u>