SOUTHERN POLYTECHNIC APPLIED

RESEARCH CORPORATION

INDEPENDENT AUDITOR'S REPORT

Southern Polytechnic Applied Research Corporation
Marietta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Polytechnic Applied Research Corporation (SPARC), a nonprofit organization, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise SPARC's basic financial statements as listed in the table of contents.

[illegible] in accordance [illegible]

[illegible] about whether the financial statements [illegible] Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves perfo[illegible] procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Southern Polytechnic Applied Research Corporation as of June 30, 2014, and the [illegible] its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

[illegible] the basic financial statements. Such information [illegible]

[illegible] the basic financial statements [illegible] an appropriate ope[illegible]

[illegible] as required by Office of Management and Budget Circular A-13[illegible] *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for [illegible]

[illegible] the auditing procedures applied in the audit of the financial statements and c[illegible] tain additio[illegible]

[illegible] a whole.

Other Reporting Required by *Government Auditing Standards*

[illegible] The purpose of that report is to describe [illegible] scope of [illegible] not to provide an [illegible] al part of an [illegible] performed in [illegible] our testing of internal control over financial reporti[illegible] opinion on internal control over fin[illegible] in considering SPARC's internal control over financial reporting and

SOUTHERN POLYTECHNIC APPLIED RESEARCH CORPORATION

("SPARC") was incorporated under the laws of the State of Georgia

ation of Southern Polytechnic State Univers SPSU or the Universi

Memorandum of Understanding with the Board of Regents of the State of Georgia.

SPARC is organized to fulfill broad scientific, literary, educational, and charitable purposes and operates to enh

ance the

SPARC's net position is an indicator of SPARC's financial health. Over time, increases or dec

reases in net position are one

indicator of the

Statements of Net Position (Table 1)

	Year Ended June 30, 2014	Year Ended June 30, 2013
[illegible]t Liabilities	$ 810,085	$ 569,648
Total Liabilities	810,085	[illegible]
Unrestricted	489,326	664,680
Total Net Position	489,326	664,680
Total Liabilities and Net Position	[illegible]	[illegible]

Net Position

Current [illegible]

[illegible] fiscal [illegible] [illegible]ble [illegible] unt[illegible]

re subawards to the University. Professional services Contract

equivalents.

$ 484,593	$ 764,917

be a primary focus.

and new research

and the

through 1

initiatives

located in Rust Hall

SOUTHERN POLYTECHNIC APPLIED

STATEMENT OF

JUNE 30, 201

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Revenues and other suppo

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Expenses

Subawards

SOUTHERN POLYTECHNIC APPLIED

CASH FLOWS

YEAR ENDED JUNE 30, 2014

OPERATING ACTIVITIES	
Change in net position	
Net change in:	
Accounts receivable	
Accounts payable	
Due to APSU	
Deferred revenue	
	(175,954)
	(365,407)
	53,997
	158,785
	(2,335)

SOUTHERN POLYTECHNIC APPLIED RESEARCH

the various colleges, schools,

departments, or other

POLICIES

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Accounting Standards Board ("GASB").

The GASB has issued Statement No. 35, "Ba

and Analysis - for Public Colleges and Univers

ic Financial Statements - and Management's Discussion

ties" and Statement No. 38, "Certain Financial Statement

tement 14 "The Financial

erminis "Whether Certain

omponent

unit of the University; therefore, the Research Corporation's financial statements are in

University's combine

or financi

speci purpose gov

2014, the Commission implemented G

SB Statement

November 30, 1989

ature certain accounting and financial reporting guidance issu

which does not conflict with or contradict GASB pronouncements. Statement No.

position as the residual of all other elements presented in a stater

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Research Corporation's net position is unrestricted. Unrestricted amounts

Tax Status

Revenue Code (the "Code"), whereby unrelated business income, as defined by Sectio of the Code, is subject to federal income tax. In addition, the Research Corporation is not c private foundation based on a determination received from the Internal Revenue Service.

Actual results could

[illegible]

[illegible] sponsored research awarded to the Research Corporation is summarized for the [illegible] ended June 30, 2014 as follows:

Sponsored research awarded during the year (including facilities and administrative cost reimbursements)	2,996,475
Sponsored research recognized during the year (including facilities and administrative cost reimbursements)	(1,221,957)
Sponsored re[illegible]	[illegible]

[illegible] year ended June 30,

[illegible] behalf of the University during fiscal 2014.

NOTE 6. [illegible]

[illegible] is federal grant revenue and $2[illegible] revenue.

NOTE 7. SUBSEQUENT EVENTS

The Research Corporation has evalua[illegible] to be issued, and no additional disclosures are necessary.

SOUTHERN POLYTECHNIC APPLIED

FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Fed		
Total Nuclear Re		
Public Diplomacy Program : US-Afghan Part		60,857
State Planning and Research Program : Direct Cost Survey	20,505	46,284
State Planning and Research Program : Improving Transportation		
Total Department of Education		288,279

SOUTHERN [illegible] INC. APPLIED RESEARCH CORPORATION

NOTICE TO SCHEDULE [illegible]

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

organization), which

conclude the statement of net positio

ancial statements will not b

MAULDIN

Compliance for Each Major Federal Program

ation's compliance with those requirements

circumstances.

we considered necessary in the

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n Institute of Certified Public Accountants • RSM International

Internal Control Over Compliance

Management of Southern Polytechnic Applied Research Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Southern Polytechnic Applied Research Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. However, we do not express an opinion on the effectiveness of internal control over compliance. Accordingly, we do not

or a federal program on a timely basis. A *material weakness in in*

ed in the first paragraph of this section

deficiencies in internal control over com

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weaknesses

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Financial Statements:

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SCHEDULE OF

AGREEMENT FINDINGS

NONE REPORTED