PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL TRAUMA INSTITUTE

Financial Statements
As of and for the Years Ended
December 31, 2012 and 2011

(With Independent Auditors' Report and Independent Auditors' Report on Federal Programs in Accordance with OMB A-133)

Independent Auditors' Report

To the Board of Directors
of National Trauma Institute
San Antonio, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of National Trauma Institute (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those 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 performing procedures to obtain audit 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 National Trauma Institute as of December 31, 2012 and 2011, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013, on our consideration of National Trauma Institute'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

June 20, 2013
Austin, Texas

NATIONAL TRAUMA INSTITUTE
Statements of Financial Position
As of December 31, 2012 and 2011

		2012		2011
Assets				
Cash and cash equivalents	$	3,232,336	$	3,014,010
Accounts receivable		7,651		4,939
Prepaid expenses and other		4,303		13,921
Total current assets		3,244,290		3,032,870
Property and equipment, net		4,115		6,173
Total assets	$	3,248,405	$	3,039,043
Liabilities and Net Assets				
Accounts payable	$	223,722	$	228,738
Accrued expenses		30,997		33,606
Deferred revenue		2,606,594		2,151,806
Total liabilities		2,861,313		2,414,150
Net assets				
Unrestricted		78,348		152,473
Temporarily restricted		308,744		472,420
Total net assets		387,092		624,893
Total liabilities and net assets	$	3,248,405	$	3,039,043

See accompanying notes and independent auditors' report.

NATIONAL TRAUMA INSTITUTE
Statements of Activities
Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
Direct public	$ 6,138	$ -	$ 6,138	$ 18,239	$ -	$ 18,239
Government grants	1,467,713	-	1,467,713	1,798,598	-	1,798,598
Interest income	557	-	557	4,512	-	4,512
Other income	8,810	-	8,810	28,805	-	28,805
Net assets released from restrictions	163,676	(163,676)	-	76,998	(76,998)	-
Total revenue and support	1,646,894	(163,676)	1,483,218	1,927,152	(76,998)	1,850,154
Expenses						
Program services	1,345,600	-	1,345,600	1,731,060	-	1,731,060
Management and general	320,514	-	320,514	409,579	-	409,579
Fundraising	54,905	-	54,905	13,588	-	13,588
Total expenses	1,721,019	-	1,721,019	2,154,227	-	2,154,227
Change in net assets	(74,125)	(163,676)	(237,801)	(227,075)	(76,998)	(304,073)
Net assets at beginning of year	152,473	472,420	624,893	379,548	549,418	928,966
Net assets at end of year	$ 78,348	$ 308,744	$ 387,092	$ 152,473	$ 472,420	$ 624,893

See accompanying notes and independent auditors' report.

NATIONAL TRAUMA INSTITUTE

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Decrease in net assets	$ (237,801)	$ (304,073)
Adjustments to reconcile decrease in net assets to net cash provided by operations:		
Loss on disposal of assets	-	255
Depreciation	2,058	2,143
(Increase) decrease in operating assets:		
Accounts receivable	(2,712)	381,913
Prepaid expenses and other	9,618	(2,686)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,016)	14,501
Accrued expenses	(2,609)	(9,276)
Deferred revenue	454,788	887,539
Net cash provided by operating activities	218,326	970,316
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Net increase in cash and cash equivalents	218,326	970,316
Cash and cash equivalents at beginning of year	3,014,010	2,043,694
Cash and cash equivalents at end of year	$ 3,232,336	$ 3,014,010

See accompanying notes and independent auditors' report.

NOTE 1 - ORGANIZATION

The National Trauma Institute (NTI or the "Organization") is a Texas non-profit corporation established in January 2006. The Organization's primary mission is to reduce injury, death, and disability by elevating trauma on the national research agenda, increasing scientific knowledge related to trauma, burns and injury prevention, and changing clinical practice through the nation and world.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). For financial statement purposes, the Organization distinguishes between contributions of unrestricted assets and temporarily restricted assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

Government Contracts and Grants Receivable - All government contracts and grants receivable are carried at original contract or grant award amounts, less any collections through the balance sheet date. Governmental contracts and grants which are included in accounts receivable, are individually analyzed for purposes of determining collectability at year end. At December 31, 2012 and 2011, all such contract amounts were deemed to be fully collectible.

Property and Equipment - Property and equipment purchased for or exceeding $5,000 is recorded at cost. Property and equipment are depreciated over the useful lives (3-7 years) using the straight-line method.

As of December 31, 2012 and 2011, property and equipment consisted of furniture and equipment of $14,405 with related accumulated depreciation of $10,290 and $8,232, respectively. Depreciation expense was $2,058 and $2,143 for the years ended December 31, 2012 and 2011, respectively.

Deferred Revenue - Deferred revenue represents advances received by NTI from government grants. When the corresponding expenditures have been made, the revenue will be recognized.

Net Asset Classifications - In accordance with GAAP, the Organization classifies its net assets into three categories as follows:

> *Unrestricted Net Assets* - Represent resources available for support of NTI operations and charitable purposes that are not subject to donor-imposed restrictions.
>
> *Temporarily Restricted Net Assets* - Contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of NTI pursuant to those stipulations.
>
> *Permanently Restricted* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of December 31, 2012 and 2011.

Functional Expenses - The expense information contained in the statements of activities and functional expenses is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates.

Advertising Expense **-** The Organization expenses advertising costs as they are incurred.

Federal, State, and Local Taxes **-** NTI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. As such, NTI pays no federal income taxes. Contributions to NTI are deductible to the extent allowed by law. Management of NTI believes it has no material uncertain tax positions which require recognition or disclosure in the financial statements and notes, and accordingly, it has not recognized any liability for unrecognized tax benefits. The Organization's management believes it is no longer subject to income tax examinations for years prior to 2009. NTI is also exempt from state and local taxes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expenses during the reporting period. Actual results could differ from those estimated.

Fair Value of Financial Instruments **-** The Organization has established a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements to include how fair value is determined for assets and liabilities. Fair value is defined as an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The significant levels of inputs are as follows:

> *Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities
>
> *Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> *Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization's financial instruments consist primarily of cash and cash equivalents, trade receivables, and trade payables. As of December 31, 2012 and 2011, the carrying values of these accounts approximated their respective fair values, based upon their short term nature.

NOTE 3 - LINE OF CREDIT

During 2011, the Organization entered into a bank line of credit providing for advances up to $175,000. The available credit expires in September of 2014. The Organization did not draw down any funds under this line of credit during the years ended December 31, 2012 and 2011.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2012 and 2011:

Description	2012	2011
Development of small rugged wireless portable vital signs monitors	$ 308,744	$ 472,420

Net assets released from temporary restrictions during 2012 and 2011 were as follows:

Description	2012	2011
Development of small rugged wireless portable vital signs monitors	$ 163,676	$ 76,998

NOTE 5 - COMMITMENTS AND CONTINGENICES

Leases - During December 2011, the Organization entered into a six month office lease, which included a month to month renewal option beginning in June 2012. Monthly rent payments are $1,100.

Contracts with Grantors - The Organization is funded by contracts that are subject to review and audit by grantor agencies. These contracts have certain compliance requirements and if audits by the grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs. Management believes the Organization has complied with applicable requirements.

NOTE 6 - CONCENTRATIONS

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

The Organization maintains multiple bank accounts in San Antonio, Texas. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest-bearing accounts, and without limit for noninterest-bearing transaction accounts through December 31, 2012. At various times during the years ended December 31, 2012 and 2011, there were balances in the bank that were over the FDIC limit. Cash and cash equivalents at December 31, 2012 and 2011 exceeded federally insured limits by $2,895,804 and $1,615,520, respectively.

During the years ended December 31, 2012 and 2011, NTI recognized $1,467,713 and $1,798,598 of revenue from sub-awards of the United States Department of Defense through the University of Texas Health Science Center, respectively. As of December 31, 2012 and 2011, $2,606,594 and $2,151,806, respectively, of deferred revenue was outstanding under these sub-awards.

NOTE 7 - RETIREMENT PLAN

In January 2010, NTI established a defined contribution retirement plan covering all full-time employees. NTI makes matching contributions to participating employees' retirement accounts up to three percent of their annual compensation, and an additional 50% of the employees' next two percent of compensation. NTI contributed $14,737 and $17,000 to the plan during the years ended December 31, 2012 and 2011, respectively.

NOTE 8 - SUBSEQUENT EVENTS

The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are issued. For the financial statements as of and for the year ending December 31, 2012, this date was June 20, 2013.

NATIONAL TRAUMA INSTITUTE
Supplemental Schedule - Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Expenses			Support Services		
	State	**Federal**	**Total Program Expenses**	**Management and General**	**Fundraising**	**Total Expenses**
Salaries	$ 9,972	386,119	396,091	98,224	7,233	$ 501,548
Employee benefits	880	30,445	31,325	13,917	678	45,920
Payroll taxes	734	29,510	30,244	7,497	645	38,386
Total salaries and related expenses	11,586	446,074	457,660	119,638	8,556	585,854
Awards and grants	150,000	689,471	839,471	-	-	839,471
Advertising	1,745	14,540	16,285	501	-	16,786
Bank service charges	-	-	-	2,453	7	2,460
Insurance	-	-	-	2,130	-	2,130
Occupancy	-	-	-	15,362	-	15,362
Professional and contract fees	255	2,000	2,255	113,157	42,830	158,242
Supplies and hardware and software	17	3,278	3,295	5,432	-	8,727
Telephone and telecommunications	-	1,127	1,127	16,869	73	18,069
Training, conferences, and meetings	74	10,504	10,578	33,254	-	43,832
Travel	-	14,929	14,929	9,660	3,439	28,028
Total expenses before depreciation	163,677	1,181,923	1,345,600	318,456	54,905	1,718,961
Depreciation	-	-	-	2,058	-	2,058
TOTAL EXPENSES	$ 163,677	1,181,923	1,345,600	320,514	54,905	$ 1,721,019

See accompanying notes and independent auditors' report.

NATIONAL TRAUMA INSTITUTE
Supplemental Schedule - Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Expenses			Support Services		
	State	**Federal**	**Total Program Expenses**	**Management and General**	**Fundraising**	**Total Expenses**
Salaries	$ 5,279	469,052	474,331	173,340	3,789	$ 651,460
Employee benefits	438	34,398	34,836	16,217	1,010	52,063
Payroll taxes	287	33,170	33,457	11,575	446	45,478
Total salaries and related expenses	6,004	536,620	542,624	201,132	5,245	749,001
Awards and grants	70,000	952,681	1,022,681	-	-	1,022,681
Advertising	-	4,185	4,185	41,682	-	45,867
Bank service charges	-	6	6	952	460	1,418
Insurance	-	-	-	1,981	-	1,981
Occupancy	210	49,263	49,473	24,934	-	74,407
Professional and contract fees	200	72,619	72,819	90,932	6,114	169,865
Rent and maintenance of equipment	9	3,046	3,055	8,190	-	11,245
Supplies and hardware and software	54	2,232	2,286	12,476	1,189	15,951
Telephone and telecommunications	162	14,266	14,428	10,686	580	25,694
Training, conferences, and meetings	8	8,945	8,953	2,347	-	11,300
Travel	349	10,201	10,550	12,124	-	22,674
Total expenses before depreciation	76,996	1,654,064	1,731,060	407,436	13,588	2,152,084
Depreciation	-	-	-	2,143	-	2,143
TOTAL EXPENSES	$ 76,996	1,654,064	1,731,060	409,579	13,588	$ 2,154,227

See accompanying notes and independent auditors' report.

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*

To the Board of Directors
Of National Trauma Institute
San Antonio, Texas:

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 National Trauma Institute (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered National Trauma Institute's internal control over financial reporting (internal control) to determine the 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 National Trauma Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Trauma Institute'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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

June 20, 2013
Austin, Texas

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133

To the Board of Directors
Of National Trauma Institute
San Antonio, Texas:

Report on Compliance for Each Major Federal Program

We have audited National Trauama Institute's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of National Trauma Institute's major federal programs for the year ended December 31, 2012. National Trauma Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of National Trauma Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments*, and *Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about National Trauma Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of National Trauma Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, National Trauma Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

June 20, 2013
Austin, Texas

National Trauma Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Federal Expenditures
Research and Development Cluster			
Department of Defense United States Army Medical Research Acquisition Activity			
Pass-through programs from:			
University of Texas Health Science Center at San Antonio			
Military Medical Research and Development: ICU Registry	12.420	W81XWH-08-1-0758	$ 130,704
Military Medical Research and Development: National Trauma Coordinating Center	12.420	W81XWH-10-1-0924	145,205
Military Medical Research and Development: National Trauma Coordinating Center	12.420	W81XWH-11-1-0841	906,020
Total Research and Development Cluster			$ 1,181,929

See accompanying notes to the schedule of expenditures of federal awards.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal grant programs administered by National Trauma Institute (NTI). National Trauma Institute's organization is defined in Note 1 of NTI's basic financial statements.

(b) Basis of Presentation

The Schedule presents total federal awards expended for each individual program in accordance with the OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the schedule is to present, in summary form, federal awards expended by NTI, under contracts with various granting agencies. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the activities of NTI, it is not intended to, and does not, present the financial position, activities, or changes in net assets of NTI.

(c) Basis of Accounting

The expenditures for the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 1 of National Trauma Institute's basic financial statements.

(2) Relationship to Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of National Trauma Institute's financial statements.

NATIONAL TRAUMA INSTITUTE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012

Section I - Summary of Auditors' Results

A Financial Statements

Type of auditors' report issued:	**Unqualified opinion**
Internal control over financial reporting:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	**None reported**
Noncompliance material to financial statements noted?	**No**

B. Federal Awards

Internal control over compliance:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	**None reported**
Type of auditors' report issued on compliance for major programs:	**Unqualified**
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	**No**

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
Cluster	Research and Development

Dollar threshold used to distinguish programs:	**$300,000**
Auditee qualified as low-risk auditee?	**Yes**

Section II - Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV– Summary Schedule of Prior Audit Findings

None reported