



OFFICE OF THE
STATE AUDITOR



◦ STATE OF UTAH ◦

Utah Innovation Lab

Agreed-Upon Procedures

Report No. 24-04

For the year ended December 31, 2023

Office of the State Auditor

Audit Leadership:

John Dougall, State Auditor

Jason Allen, CPA, CFE, Audit Director

Gregg Hastings, CPA, Audit Manager



OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Utah Innovation Lab, Board of Directors,
and
Jefferson Moss, Managing Director

We have performed the procedures enumerated below for the Utah Innovation Lab (Lab), which includes the activities of the Utah Innovation Fund (Fund), a blended component unit of the Lab, for the year ended December 31, 2023. The Lab is responsible for its accounting records and compliance with applicable state laws, rules, and requirements.

The Lab has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing an annual accounting report and oversight in accordance with *Utah Code* 63N, Chapter 21, for the year ended December 31, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings are as follows:

Procedures and Responsibilities

We applied the agreed-upon procedures as listed below to assist the Lab in evaluating the accuracy and completeness of the Statement of Net Position and Statement of Activities pursuant to *Utah Code* 63N-21-402 for the period from July 1, 2023 (effective date for *Utah Code* Title 63N, Chapter 21) through December 31, 2023.

Statement of Net Position Agreed-upon Procedures

1. We obtained the Fund's Statement of Net Position for the period ended December 31, 2023, as prepared by management (see page 4).
 - a. We confirmed all cash in bank accounts held by the Fund with applicable financial institution(s) and to the general ledger and determined that the amounts are properly valued.
 - b. We agreed the amounts reported as long-term investments to the general ledger, agreements and supporting documentation and determined:
 - i. The name and location of each qualified business that received capital from the Fund (see page 5);

- ii. The amount of each qualified investment made by the Fund;
- iii. The qualified investments were properly approved in accordance with established policies and procedures in accordance with *Utah Code* 63N-21-203(1)(b); and
- iv. The investments are properly valued, recognition of realized and unrealized gains or losses, in accordance with U.S. GAAP.

We found no exceptions as a result of the above procedures.

Statement of Activities Agreed-upon Procedures

- 2. We obtained the Fund's Statement of Activities for the period ended December 31, 2023, as prepared by management (see page 5).
 - a. We agreed the funding sources (contributed income) to legislative appropriations.
 - b. We agreed each expense category (administrative, operating, and financing) greater than 5% of total expenses to the general ledger or supporting schedules prepared by management and for classification on the Statement of Activities.
 - c. We agreed the aggregate compensation information for full-time and part-time employees, including benefit and travel expenses, to the general ledger or supporting schedules prepared by management and for classification on the Statement of Activities.

No compensation was paid by the Fund for the year ended December 31, 2023; therefore, there was no compensation to report.
 - d. We agreed any fees charged by the Lab to the Fund to the general ledger and to the Operating Agreement between the Lab and the Fund.

No fees were charge by the Lab to the Fund for the year ended December 31, 2023; therefore, there were no fees to report.
 - e. We reviewed software purchases and agreements and determine whether the software is properly reported in accordance with GASB Statement 96, *Subscription-Based Information Technology Arrangements*.

Except as noted above, we found no exceptions as a result of the above procedures.

Other Agreed-upon Procedures

- 3. We reviewed board meeting agendas and minutes to determine compliance with Open and Public Meetings Act (*Utah Code* Title 52, Chapter 4) as required by *Utah Code* 63N-21-201(2)(b) and 63E-2-109(2)(a).

The Utah Innovation Lab Board did not meet in 2023; therefore, there were no agendas or meeting minutes to review.

4. We verified whether the financial information is posted to the Transparent Utah website (transparent.utah.gov) in compliance with Required Public Financial Information and Data Submission Procedures outlined in Utah Public Finance Website policy #01-01.02 B and C as required by *Utah Code* 63N-21-201(2)(b) and 63E-2-109(2)(b).

The Lab did not post financial information for the year ended December 31, 2023 to the Transparent Utah website as required by *Utah Code* 63N-21-201(2)(b) and 63E-2-109(2)(b).

5. We verified whether the Lab's board adopted an annual budget in accordance with *Utah Code* Title 63E-2-110 as required by *Utah Code* 63N-21-201(2)(b).
6. We reviewed whether members of the board submitted annual conflict of interest statements in accordance with *Utah Code* 63N-21-202(7) and the Bylaws of the Lab.

Except as noted above, we found no exceptions as a result of the above procedures.

We were engaged by the Lab to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves 1) performing specific procedures that the Fund has agreed to and acknowledged to be appropriate for the intended purpose of the engagement, and 2) reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Lab's activities for the year ended December 31, 2023. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Lab and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to agreed-upon procedure engagements.

This report is intended solely for the information and use of the governing board and management and is not intended to and should not be used by anyone other than those specified parties. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Office of the State Auditor

Salt Lake City, Utah

August 29, 2024

Statement of Financial Position

As of December 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
11111 Commercial Analyzed Checking (3785) - 1	740,774.25
11211 Gold Business Sweep (7107) - 1	13,522,162.81
Total Bank Accounts	\$14,262,937.06
Total Current Assets	\$14,262,937.06
Other Assets	
17000 Rollup - Long-term investments	
17111 Eden Tech SAFE	250,000.00
17112 3 Helix SAFE	200,000.00
17113 Inherent Biosciences Series A	250,000.00
Total 17000 Rollup - Long-term investments	700,000.00
Total Other Assets	\$700,000.00
TOTAL ASSETS	\$14,962,937.06
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
38111 Retained Earnings	
Net Revenue	14,962,937.06
Total Equity	\$14,962,937.06
TOTAL LIABILITIES AND EQUITY	\$14,962,937.06

Statement of Activity

January – December 2023

	TOTAL
Revenue	
42000 Contributed income	
42111 Corporate & foundation grants	15,000,000.00
Total 42000 Contributed income	15,000,000.00
Total Revenue	\$15,000,000.00
Expenditures	
71900 Office expenses	
71903 Bank fees & service charges	78.25
71918 Software & apps	30,480.00
Total 71900 Office expenses	30,558.25
72400 Insurance	
72421 Liability insurance	10,216.00
Total 72400 Insurance	10,216.00
Total Expenditures	\$40,774.25
NET OPERATING REVENUE	\$14,959,225.75
Other Revenue	
81101 Interest Earned	3,711.31
Total Other Revenue	\$3,711.31
NET OTHER REVENUE	\$3,711.31
NET REVENUE	\$14,962,937.06

Schedule of Investments

NAME	ADDRESS	AMOUNT
EDEN TECHNOLOGIES, Inc	204 Playa Della Rosita, Washington, UT	\$ 250,000
INHERENT BIOSCIENCES, LLC	26 S Rio Grande Street, #2072, Salt Lake City UT 84101	250,000
3-HELIX	650 Komas Dr #202, Salt Lake City, UT 84108	200,000
		<u>\$ 700,000</u>

Achieving Purposes Statement 2023

The Utah Innovation Fund was created to help support Utah companies connected to Utah institutions of higher education to help facilitate innovation and grow the Utah startup ecosystem. The three companies we invested in in 2023 have continued to grow. We believe we are meeting the purpose for which we were established.

Jerry Henley,

Utah Innovation Fund