

**Regenerative Medicine Minnesota
Report to the Minnesota Legislature**

January 15, 2023

Submitted by:

Board of Regents

Prepared by:

The report was prepared by staff in the Office of Academic Clinical Affairs with the assistance of staff in the Office Sponsored Financial Reporting at the University of Minnesota as well as Deloitte & Touche.

Report Preparation Costs:

Per the requirements set forth in Minnesota Statute 3.197, the cost to prepare this report was \$21,352.



January 15, 2023

Senator Fateh, Chair, Higher Education Committee
Senator Duckworth, Ranking Minority Lead, Higher Education Committee
Representative Pelowski, Chair, Higher Education Finance and Policy
Representative O'Neill, Ranking Minority Lead, Higher Education Finance and Policy

Senator Champion, Chair, Jobs and Economic Development Committee
Senator Draheim, Ranking Minority Lead, Jobs and Economic Development Committee
Representative Hassan, Chair, Economic Development Finance & Policy
Representative Koznick, Ranking Minority Lead, Economic Development Finance & Policy

Dear Legislators,

Per Chapter 312, Article 1, Section 4 of Laws of Minnesota 2014, please accept our report on the Regenerative Medicine Minnesota (RMM) partnership. Included in this package you will find the required auditors' report on their review of the program. We have also included a one-page summary of awards made and expected total spending against those awards.

RMM is administered by the Office of Discovery and Translation (ODAT) within the Clinical and Translational Science Institute (CTSI) with input and oversight by a board that includes representation from biomedical industry, education and clinical medicine and is co-chaired by Dr. Shernan Holtan at the University of Minnesota and Dr. Julie Allickson at the Mayo Clinic.

In FYs 21-22, RMM funded awards for 27 research projects to increase knowledge and advance regenerative medicine in areas such as nerve, muscle and spinal cord injury as well as cardiovascular, blood, liver and eye diseases. In addition, RMM awarded funds for 13 bio-business projects, including support for infrastructure to develop regenerative medicine therapies that are more cost effective, scalable, better preserved and more easily delivered to patients within Minnesota and beyond. More information about all of these programs are available on our website: www.regenmedmn.org.

Thank you for your support of Regenerative Medicine Minnesota. We look forward to a productive and exciting future as we work to improve the health of Minnesotans across the state.

Sincerely,

A handwritten signature in black ink that reads "TOLAR" in a stylized, blocky font.

Jakub Tolar, MD, PhD
Vice President for Academic Clinical Affairs
University of Minnesota

A handwritten signature in black ink that reads "Gregory Gores" in a cursive script.

Gregory Gores, MD
Executive Dean for Research
Mayo Clinic

cc: Shernan Holtan, MD; Julie Allickson, PhD

INDEPENDENT ACCOUNTANT'S REPORT

Management of the University of Minnesota
1300 South Second Street
Minneapolis, MN 55455

We have performed the procedures enumerated below on the University of Minnesota's (the "University") Mayo Partnership in Regenerative Medicine award expenditures for the period from July 1, 2020 to June 30, 2022 in compliance with Chapter 69, Article 1 Section 5 of the Laws of Minnesota ("the subject matter"). The University is responsible for the subject matter.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the specified parties in evaluating the subject matter. The procedures performed are specified in Chapter 69, Article 1 Section 5 of the Laws of Minnesota.

We make no representation regarding the appropriateness of the procedures either for the purpose for which our report has been requested or for any other purpose. Accordingly, this report may not be suitable for either the purpose of which this report has been requested or 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 and the associated findings are as follows:

We obtained the Statement of Expenditures by Subrecipient (the "Statement") for the period from July 1, 2020 to June 30, 2022, and the Attachment of Subrecipients with Affiliations (the "Attachment") as prepared by management. The Attachment has been included as Exhibit A to this report.

1. We recalculated the total dollar amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation prepared by management between the University's general ledger and the amounts on the Statement, noting no exceptions.
2. We compared the dollar amounts on management's reconciliation to the University's general ledger and recalculated the total presented in the Statement, noting no exceptions.
3. We compared actual expenditures by project number to the Budget Information section of the Notice of Grant Awarded obtained from management. We noted no project numbers where total expenditures by project number exceeded the approved budget limit.
4. We randomly selected three of the Principal Investigators (PI) affiliated with the University from the Statement, which represented 20% of the total PIs and their related projects affiliated with the University, and obtained the expenditure detail for the selected PI's related project during

the period from July 1, 2020 to June 30, 2022. We randomly selected 40 total expenditure selections from the expenditure detail, and traced and agreed the amounts to source documents, noting no exceptions.

5. We randomly selected five PIs whose affiliations are outside of the University from the Statement and obtained the subaward agreements from management. We inspected the subaward agreements for evidence of appropriate approvals by the University and the sub-recipient, noting no exceptions.
6. We obtained and documented an understanding of the University's policies and procedures in place to monitor that awards are expended in accordance with Chapter 69, Article 1, Section 5 of the Laws of Minnesota, noting policies and procedures were in place and appropriately applied based on the understanding we obtained.

We were engaged by the University 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. 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 subject matter. Accordingly, we do not express such an opinion or conclusion. 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 University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the University, the University's Board of Regents, and authorized representatives of the State of Minnesota, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

January 11, 2023

Attachment of Subrecipients with Affiliations*For the period from July 1, 2020 to June 30, 2022*

<u>Recipient</u>	<u>Affiliation</u>
Abdel, Matthew	Mayo
Alonso-Camino, Vanesa	*
Asakura, Atsushi	U of MN
Athanasίου, Maria	*
Battaglino, Ricardo	U of MN
Behfar, Atta	*
Bradley, Elizabeth	U of MN
Doles, Jason	Mayo
Dunbar, Ross	*
Dutton, James	U of MN
Eirin, Alfonso	Mayo
Garry, Daniel	U of MN
Junge, Harald	U of MN
Kaiser, Robert	*
Kostallari, Enis	Mayo
Kyrch, Aaron	Mayo
Lewis, Andrew	*
Liu, Qiuying	Mayo
Low, Walter	U of MN
Lund, Troy	U of MN
Metzger, Joseph	U of MN
Milone, Margherita	Mayo
Misra, Sanjay	Mayo

Recipient	Affiliation
Murphy, Rick	*
O'Brien, Tim	*
Ogle, Brenda	U of MN
Pomerantz, William	U of MN
Rivera-Mulia, Juan Carlos	U of MN
Scarisbrick, Isobel	Mayo
Serebrenik, Artur	*
Siegler, Elizabeth	Mayo
Smoot, Rory	Mayo
Toth, Ferenc	U of MN
Tranquillo, Robert	U of MN
Trujillo, Diana	*
van Berlo, Jop	U of MN
Walsh, Patrick	*
Westendorf, Jennifer	Mayo
Wierson, Wesley	*
Zhao, Chunfeng	Mayo

*Researcher is not affiliated with the University of Minnesota or Mayo Clinic

**Regenerative Medicine Minnesota
Awards Made 7.1.20 - 6.30.22**

	Number of Awards	Dollars Awarded	Start Date	Award Term	Expended 7/1/20 through 6/30/22	Encumbered FY23 Spending	Encumbered FY24 Spending	Projected Total Spending
FY21								
Research Grants - Discovery Science	7	\$ 1,749,531	Mar - May 2021	2+ years	\$ 766,505	883,026	100,000	1,749,531
Research Grants - Translational Science	3	\$ 750,000	Mar - April 2021	2+ years	\$ 320,500	329,500	100,000	750,000
Clinical Trials	2	\$ 994,728	March 2021	2+ years	\$ 57,317	500,000	437,411	994,728
Biotechnology/BioBusiness Grants	8	\$ 787,939	May - July 2021	1 - 1.5 years	\$ 609,474	178,465		787,939
		\$ 4,282,198			\$ 1,753,796	\$ 1,890,991	\$ 637,411	\$ 4,282,198
Funding available	NOTE 1	\$ 4,350,000						
FY22								
Research Grants - Discovery Science	9	\$ 2,249,999	Mar-May 2022	2 years	\$ 56,388	1,000,000	1,193,611	2,249,999
Research Grants - Translational Science	5	\$ 1,249,812	Mar-April 2022	2 years	\$ 31,569	600,000	618,243	1,249,812
Clinical Trials	1	\$ 470,224	March 2022	2+ years	\$ -	200,000	270,224	470,224
Biotechnology/BioBusiness Grants	5	\$ 497,500	May - July 2022	1 year	\$ -	497,500		497,500
		\$ 4,467,535			\$ 87,957	\$ 2,297,500	\$ 2,082,078	\$ 4,467,535
Funding available	NOTE 1	\$ 4,350,000						

NOTE 1 Any remaining available balance will be carried forward into future years to be used for new awards. Any overage funded by prior year unused funds.