

**SUSTAINABLE SCIENCES INSTITUTE
AUDITED FINANCIAL STATEMENTS
AND UNIFORM GUIDANCE**

DECEMBER 31, 2021

**(With summarized comparative totals as of and for
the year ended December 31, 2020)**



SUSTAINABLE SCIENCES INSTITUTE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sustainable Sciences Institute
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sustainable Sciences Institute ("SSI"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of SSI as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SSI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SSI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 schedule of expenditures of federal awards 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 September 20, 2022, on our consideration of SSI'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 solely 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 the effectiveness of SSI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SSI's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The other CPA firm has previously audited SSI's 2020 financial statements, and expressed an unmodified audit opinion on those audited financial statements, in their report dated September 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harshmal & Company LLP

Oakland, California
September 20, 2022

BASIC FINANCIAL STATEMENTS

SUSTAINABLE SCIENCES INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021
(With summarized comparative totals as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 425,614	\$ 398,066
Accounts receivable	347,900	496,508
Deposits	<u>1,642</u>	<u>2,292</u>
Total current assets	<u>775,156</u>	<u>896,866</u>
Noncurrent assets		
Property and equipment, net	<u>426,921</u>	<u>424,494</u>
Total noncurrent assets	<u>426,921</u>	<u>424,494</u>
Total assets	<u>1,202,077</u>	<u>1,321,360</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	68,003	140,231
Accrued personnel liabilities	308,188	246,794
Deferred revenue	<u>424,202</u>	<u>290,555</u>
Total liabilities	<u>800,393</u>	<u>677,580</u>
NET ASSETS		
Without donor restrictions	361,084	603,180
Designated by board for contingencies	15,600	15,600
With donor restrictions		
Purpose restriction	<u>25,000</u>	<u>25,000</u>
Total net assets	<u>401,684</u>	<u>643,780</u>
Total liabilities and net assets	<u>\$ 1,202,077</u>	<u>\$ 1,321,360</u>

The accompanying notes are an integral part of these financial statements.

SUSTAINABLE SCIENCES INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative totals for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contracts	\$ 2,709,978	\$ -	\$ 2,709,978	\$ 2,628,548
Contributions	20,261	-	20,261	148,264
Other income	<u>335</u>	<u>-</u>	<u>335</u>	<u>6,513</u>
Total support and revenue	<u>2,730,574</u>	<u>-</u>	<u>2,730,574</u>	<u>2,783,325</u>
EXPENSES				
Program services	2,321,149	-	2,321,149	2,141,845
Management and general	<u>651,521</u>	<u>-</u>	<u>651,521</u>	<u>644,560</u>
Total expenses	<u>2,972,670</u>	<u>-</u>	<u>2,972,670</u>	<u>2,786,405</u>
Change in net assets	(242,096)	-	(242,096)	(3,080)
Net assets, beginning of the year	<u>618,780</u>	<u>25,000</u>	<u>643,780</u>	<u>646,860</u>
Net assets, end of the year	<u>\$ 376,684</u>	<u>\$ 25,000</u>	<u>\$ 401,684</u>	<u>\$ 643,780</u>

The accompanying notes are an integral part of these financial statements.

SUSTAINABLE SCIENCES INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative totals for the year ended December 31, 2020)

	2021			2020
	Program services	Management and general	Total expenses	Total expenses
Personnel:				
Salaries and wages	\$ 1,113,547	\$ 370,645	\$ 1,484,192	\$ 1,375,979
Employee benefits	124,081	26,740	150,821	175,369
Payroll taxes	<u>204,095</u>	<u>52,375</u>	<u>256,470</u>	<u>201,815</u>
Total personnel	<u>1,441,723</u>	<u>449,760</u>	<u>1,891,483</u>	<u>1,753,163</u>
Operating expenses:				
Supplies	459,596	24,038	483,634	311,270
Professional fees	54,016	15,842	69,858	216,562
Depreciation	125,773	-	125,773	106,129
Travel	9,925	2,018	11,943	10,753
Occupancy	20,296	67,895	88,191	59,010
Postage and shipping	38,498	542	39,040	34,631
Equipment and maintenance	14,522	16,390	30,912	150,927
Grants	11,087	-	11,087	36,000
Telephone and communication	22,907	18,257	41,164	73,018
Vehicle expense	51,511	5,004	56,515	-
Fees, licenses, taxes, and bank charges	2,400	15,087	17,487	9,823
Meals, entertainment, and gifts	40,379	8,539	48,918	14,538
Dues and subscriptions	-	2,693	2,693	635
Insurance	4,020	2,461	6,481	1,356
Utilities	878	21,437	22,315	-
Professional development, conferences, and trainings	21,999	1,543	23,542	5,150
Printing and publications	<u>1,619</u>	<u>15</u>	<u>1,634</u>	<u>3,440</u>
Total operating expenses	<u>879,426</u>	<u>201,761</u>	<u>1,081,187</u>	<u>1,033,242</u>
Total expenses 2021	<u>\$ 2,321,149</u>	<u>\$ 651,521</u>	<u>\$ 2,972,670</u>	
Total expenses 2020	<u>\$ 2,141,845</u>	<u>\$ 644,560</u>		<u>\$ 2,786,405</u>

The accompanying notes are an integral part of these financial statements.

SUSTAINABLE SCIENCES INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative totals for the year ended December 31, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (242,096)	\$ (3,080)
Adjustments to reconcile the change in net assets to net cash provided by/(used in) operating activities		
Depreciation	125,773	106,129
Changes in assets and liabilities		
Accounts receivable	148,608	304,388
Deposits	650	-
Accounts payable and accrued liabilities	(72,228)	34,802
Accrued personnel liabilities	61,394	14,716
Deferred revenue	133,647	(361,408)
Net cash provided by/(used in) operating activities	155,748	95,547
Cash flows from investing activities		
Purchase of property and equipment	(128,200)	(119,519)
Net cash provided by/(used in) investing activities	(128,200)	(119,519)
Net change in cash and cash equivalents	27,548	(23,972)
Cash and cash equivalents, beginning of year	398,066	422,038
Cash and cash equivalents, end of year	\$ 425,614	\$ 398,066

The accompanying notes are an integral part of these financial statements.

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ORGANIZATION

Sustainable Sciences Institute ("SSI") is a nonprofit organization headquartered in San Francisco, California with centers in Managua, Nicaragua. SSI administers a variety of programs supported by federal grants, private foundations, private individual donations, and in-kind donations of time and medical/research supplies. SSI's programs include Dengue and Influenza research in Nicaragua, and on-site training workshops, small grants, and material aid in Latin America.

SSI was founded in 1998 by Dr. Eva Harris, professor of Molecular Biology at University of California, Berkeley, School of Public Health with funding from her MacArthur Genius Fellowship, foundations, family, and friends. In 2004, SSI incorporated in Managua, Nicaragua.

In 1988, Dr. Harris began working in war-torn Nicaragua where she observed the lack of resources available to her Nicaraguan peers and the challenges posed by poverty and suboptimal infrastructure. Despite these barriers, she successfully trained local scientists in molecular biology techniques for the diagnosis of infectious diseases. Dr. Harris partnered with like-minded scientists in the United States and abroad to teach Latin American researchers and educators and to obtain donated laboratory equipment and supplies.

Lasting partnerships were formed that developed into an important scientific resource. Since 2004, SSI, UC Berkeley and the Nicaraguan Ministry of Health have collaborated in running the Pediatric Dengue Cohort Study ("PDCS") which follows 3,700 children at high risk for Dengue. Now the longest continually running pediatric cohort in the world, it provides invaluable data and biological samples that inform an array of studies. For example, using the PDCS data set, researchers found important cyclic patterns in Influenza in Nicaragua. Based on these findings, in 2007, Nicaraguan and U.S. federal sources began funding an Influenza research program also involving extensive sample collection from a longitudinal cohort. Subsequently, this program expanded to include testing and analysis for other respiratory diseases in response to viral outbreaks and pandemics in 2008 and 2009. To better understand the burden of Influenza in Nicaragua and other tropical countries, the National Institute of Allergy and Infectious Diseases (NIAID) awarded SSI a direct grant (R01AI099631) for the period 2012-2022 to continue running its cohort study.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned or when services have been provided, and expenditures are recorded when the obligation to pay is incurred.

B. Financial Statement Presentation

The financial statements of SSI are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Financial Statement Presentation - Cont'd

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, SSI classifies the net assets and changes in net assets as follows:

- **Net assets without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SSI. These net assets may be used at the discretion of SSI's management and the board of directors. As of December 31, 2021 and 2020, board designated funds \$15,600, to be held for contingencies. The Board has to approve expenditure of these funds.
- **Net assets with Donor Restrictions:** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2021 and 2020, SSI had net assets with donor restrictions of \$25,000.

C. Revenue Recognition

Contributed services:

Contributed services are stated at their estimated fair value, if they are ordinarily purchased and are of specialized nature. There were no services meeting these criteria for the years ended December 31, 2021 and 2020.

Revenue from government contracts or grants is recorded to the extent of expenses incurred under the grant, unless the contract is fee-for-service. Unearned revenues are recorded as deferred revenues and are only recognized as revenues when earned. Contributions are recorded at their fair value as contributions without donor restrictions or contributions with donor restrictions, as applicable. When a restriction expires or the conditions of the restriction are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

As per Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

D. Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, money market accounts and cash equivalents that are considered to be short-term, highly liquid investments with maturities of one year or less.

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Accounts Receivable

Accounts receivable represents amounts billed to government agencies for services that have not yet been collected.

Account receivables are stated at the amount management expects to collect from outstanding balances. SSI considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made.

F. Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized.

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Property and equipment are depreciated using the straight-line method over useful lives ranging from 5 to 39 years. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year. SSI reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of the property and equipment may not be recoverable.

G. Income Taxes

SSI is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

H. Functional Allocation of Expenses

Costs of providing SSI's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. SSI uses direct costs to allocate indirect costs.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Comparative Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with SSI's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the current year's presentation.

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

K. New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. SSI is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In November 2019, the FASB issued ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates, which delays the effective date of ASU 2016-13 for certain entities. The new standard is effective for years beginning after December 15, 2022, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. SSI is currently evaluating the impact on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

SSI places its cash with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. SSI has not incurred losses related to these investments.

As of December 31, 2021, and 2020, SSI's cash consisted of the following:

	<u>2021</u>	<u>2020</u>
Bank of America - checking	\$ 26,899	\$ 26,880
Charles Schab and Company - savings	2,514	2,514
Citi Bank - checking	108,842	100,427
Citi Bank - savings	55,790	128,019
Edward Jones - money market	25,620	25,617
First Republic Bank - checking	151,325	76,325
Nicaragua Bank -checking	50,421	32,762
PayPal	3,703	5,022
Petty cash	<u>500</u>	<u>500</u>
Total cash and cash equivalents	<u>\$ 425,614</u>	<u>\$ 398,066</u>

Custodial Credit Risk

All time and savings deposits are maintained in an insured depository institution are insured up to 250,000 per bank by the Federal Deposit Insurance Corporation (FDIC), depending upon the type of deposit and the location of the insured depository institution. As of December 31, 2021 and 2020, the amount of balance maintained by SSI with these institutions, which exceeded the federally insured limit, was \$175,614 and \$148,066, respectively.

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

Approximately 99% and 94% of total revenue and support generated by SSI for the years ended December 31, 2021, and 2020, respectively, are from government contracts.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 425,614	\$ 398,066
Accounts receivable	347,900	496,508
Total financial assets	773,514	894,574
Less amounts not available to be used within one year:		
Designated by board for contingencies	(15,600)	(15,600)
Financial assets available to meet general expenditures within one year	\$ 757,914	\$ 878,974

SSI is substantially supported by government contracts.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and 2020 were as follows:

	2021	2020
Land	\$ 50,741	\$ 50,741
Building	202,963	202,963
Equipment	589,750	489,348
Vehicles	195,741	167,943
Total property and equipment	1,039,195	910,995
Less: accumulated depreciation	(612,274)	(486,501)
Total property and equipment, net	\$ 426,921	\$ 424,494

Depreciation expense for the years ended December 31, 2021 and 2020 were \$125,773 and \$106,129 respectively.

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Obligations under Operating Leases:

SSI leases a facility under a one-year operating lease. Rent expense under the operating leases for the year ended December 31, 2021 and 2020 was \$28,600 and \$31,200, respectively.

Contracts:

SSI's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, SSI has no provisions for the possible disallowance of program costs on its financial statements.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

The management of SSI has evaluated subsequent events through September 20, 2022, the date at which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

**SUSTAINABLE SCIENCES INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor /Program Title	Federal Assistance Listing Number	Grantor Contract Number	Federal Expenditures
U.S. Department of Health and Human Services			
National Institute of Health			
Allergy, Immunology and Transplantation Research - Characterization of 3rd and 4th Dengue Virus Infections in a Pediatric Cohort Study and Arbovirus Supplement	93.855	R01AI099631	\$ <u>92,373</u>
Subtotal - National Institute of Health			<u>92,373</u>
Passed through The Regents of the University of California			
Allergy, Immunology and Transplantation Research - Protective Immunity Following Dengue Virus Natural Infections and Vaccination (Core C)	93.855	P01AI106695 / 00008951	(3,182)
Allergy, Immunology and Transplantation Research - Protective Immunity following Dengue Virus Natural Infections and Vaccination (Core C)	93.855	P01AI106695 / 00010453	517,386
Allergy, Immunology and Transplantation Research - American and Asian Centers for Arboviral Research and Enhanced Surveillance (A2CARES)	93.855	U01AI151788 / 00010418	345,045
Allergy, Immunology and Transplantation Research - Living in the post-Zika world: Impact of interactions between Dengue and Zika viruses	93.855	U01AI153416 / 00010758	<u>7,702</u>
Subtotal Passed-Through - The Regents of the University of California			<u>866,951</u>
Passed through Icahn School of Medicine at Mount Sinai			
Allergy, Immunology and Transplantation Research - Dengue Human Immunology Project Consortium (Project 1)	93.855	U19 AI118610 / 0255- C164-4609	175,550
Allergy, Immunology and Transplantation Research - Dengue Human Immunology Project Consortium - HIPC Clinical Subcommittee Metadata Project (Project 6)	93.855	U19 AI118610 / 0255- C160-4609	<u>15,405</u>
Subtotal Passed-Through - Icahn School of Medicine at Mount Sinai			<u>190,955</u>
Passed through The Regents of the University of Michigan			
Allergy, Immunology and Transplantation Research - Dynamics of Influenza Transmission in Nicaraguan Households	93.855	R01AI120997 / 3004306005	285,075
Allergy, Immunology and Transplantation Research - Dynamics of Influenza Transmission in Nicaraguan Households - SARS Cov-2 Supplement	93.855	R01AI120997 / 3004306005	<u>201,149</u>

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

**SUSTAINABLE SCIENCES INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor /Program Title	Federal Assistance Listing Number	Grantor Contract Number	Federal Expenditures
Subtotal Passed-Through - The Regents of the University of Michigan			<u>486,224</u>
Passed through St. Jude Children's Research Hospital			
DIVINCI-Dissection of Influenza Vaccination and Infection for Childhood Immunity	93.855	U01AI144616 / 112525020-7931361	657,897
Household Respiratory Virus SARS-CoV-2 Transmission and Immunity Sub-Study (HRTS)	93.855	U01AI144616-02S1 / 112525021-7937139	<u>130,290</u>
Subtotal Passed-Through - St. Jude Children's Research Hospital			<u>788,187</u>
Subtotal Pass-Through - 93.855 - Allergy and Infectious Disease Research			<u>2,332,317</u>
Passed through The University of North Carolina at Chapel Hill			
Child Health and Human Development Extramural Research - Understanding maternal-fetal Zika virus transmission and its complications in Nicaragua	93.865	5R01HD094009-03 / 5112246	<u>63,417</u>
Subtotal Passed-Through - The University of North Carolina at Chapel Hill			<u>63,417</u>
Passed through Research Triangle Institute (RTI)			
Neurological sequelae of Zika virus infection among children	93.865	R21HD095420 / 2-312- 0216826-65509L	<u>53,076</u>
Subtotal Passed-Through - Research Triangle Institute (RTI)			<u>53,076</u>
Subtotal Pass-Through - 93.865 - Child Health and Human Development Extramural Research			<u>116,493</u>
Passed through The Regents of the University of Michigan			
St. Jude's Children's Research Hospital, Inc., Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Base	93.000	112092010-7583332 / 3003394111	3,538
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 17-EA	93.000	112092010-7583332 / 3005711470	11,603
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 18F-EA	93.000	112092010-7583332 / 3005729532	22,561

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

**SUSTAINABLE SCIENCES INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor /Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Contract Number</u>	<u>Federal Expenditures</u>
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 18F-EA #2	93.000	112092010-7583332 / 3006144065	105,337
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Covid-19 Supplement	93.000	112092010-7583332 /3006149760	<u>53,042</u>
Subtotal Passed-Through - The Regents of the University of Michigan			<u>196,081</u>
Subtotal Pass-Through - 93.000 - Immunology of Influenza in a Nicaraguan Cohort			<u>196,081</u>
Total Expenditures - U.S. Department of Health and Human Services			<u>2,737,264</u>
Total Expenditures of Federal Awards			<u>\$ 2,737,264</u>

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

SUSTAINABLE SCIENCES INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of SSI under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations for SSI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SSI.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance and OMB Circular A122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Grant periods for some of the grants included in this schedule are different from the accounting year of SSI. Expenditures reported on this schedule only include expenditures for the period of January 01, 2021 through December 31, 2021, which is SSI's accounting year.

NOTE 3 - INDIRECT COST RATE

SSI has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

Out of the federal expenditures presented in the schedule, SSI provided \$12,164 to the subrecipient Regents of the University of California and \$3,027 to the subrecipient Regents of the University of Michigan for the year ended December 31, 2021.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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
Sustainable Sciences Institute
Oakland, California

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 Sustainable Sciences Institute ("SSI"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, 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 September 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SSI's internal control over financial reporting (internal control) as a basis for designing 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 SSI's internal control. Accordingly, we do not express an opinion on the effectiveness of SSI'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SSI'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 financial statements. 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 SSI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SSI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
September 20, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Sustainable Sciences Institute
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sustainable Sciences Institute's ("SSI"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SSI's major federal programs for the year ended December 31, 2021. SSI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SSI 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, 2021.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SSI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SSI's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SSI's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SSI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SSI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SSI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SSI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SSI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
September 20, 2022

**SUSTAINABLE SCIENCES INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance 2 CFR 200.516(a)</i> ?	No

Identification of federal program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
93.855	Allergy and Infectious Disease Research

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

**SUSTAINABLE SCIENCES INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section II - Financial Statement Findings

There are no findings related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

There are no findings related to the federal awards.

**SUSTAINABLE SCIENCES INSTITUTE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SSI had no finding or questioned cost noted in the prior year that requires a status.