



Certified Public Accountants, LLP

**SUSTAINABLE SCIENCES INSTITUTE**

---

**FINANCIAL STATEMENTS,  
SUPPLEMENTAL SCHEDULE,  
and  
ADDITIONAL INFORMATION**

**AUGUST 31, 2016**

PASADENA  
234 E Colorado Blvd  
Suite M150  
Pasadena, CA 91101  
Tel: 626.403.6801  
Fax: 626.403.6866

A Trusted Nonprofit Partner  
Experience. Service. Respect.  
[www.npocpas.com](http://www.npocpas.com)

SAN FRANCISCO  
50 Francisco St  
Suite 160  
San Francisco, CA 94133  
Tel: 415.391.3131  
Fax: 415.391.3233

## CONTENTS

---

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12
Supplemental Schedule:	
Schedule of Expenditures of Federal Awards	13-14
Additional Information:	
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 <i>Government Auditing Standards</i>	15-16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	17-18
Schedule of Findings and Questioned Costs	19-20

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors  
Sustainable Sciences Institute

### Report on the Financial Statements

We have audited the accompanying financial statements of Sustainable Sciences Institute (a nonprofit organization), which comprise the Statement of Financial Position as of August 31, 2016, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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 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 audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

## INDEPENDENT AUDITORS' REPORT

continued

---

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Sciences Institute as of August 31, 2016, 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.

### Other Matters

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of Sustainable Sciences Institute 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### *Summarized Comparative Information*

We have previously audited Sustainable Sciences Institute's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2017 on our consideration of Sustainable Sciences 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* in considering Sustainable Sciences Institute's internal control over financial reporting and compliance.

*Harrington Group*

San Francisco, California  
May 25, 2017

# SUSTAINABLE SCIENCES INSTITUTE

## STATEMENT OF FINANCIAL POSITION

August 31, 2016

With comparative totals at August 31, 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 401,408	\$ 577,314
Accounts receivable (Note 2)	120,546	32,482
Prepaid expenses	671	963
Deposits	1,925	1,642
Property and equipment (Note 3)	<u>63,195</u>	<u>27,608</u>
<b>TOTAL ASSETS</b>	<u>\$ 587,745</u>	<u>\$ 640,009</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 88,184	\$ 23,769
Accrued liabilities (Note 4)	157,050	160,113
Deferred revenue (Note 5)	<u>298,566</u>	<u>340,012</u>
<b>TOTAL LIABILITIES</b>	<u>543,800</u>	<u>523,894</u>
<b>NET ASSETS</b>		
Unrestricted	<u>43,945</u>	<u>116,115</u>
<b>TOTAL NET ASSETS</b>	<u>43,945</u>	<u>116,115</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 587,745</u>	<u>\$ 640,009</u>

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

## SUSTAINABLE SCIENCES INSTITUTE

### STATEMENT OF ACTIVITIES

For the year ended August 31, 2016

With comparative totals for the year ended August 31, 2015

	Unrestricted	Temporarily Restricted	2016	2015
<b>REVENUE AND SUPPORT</b>				
Contracts	\$ 1,704,369	\$ -	\$ 1,704,369	\$ 1,690,075
Other income (losses)	267,398		267,398	(9,470)
Contributions	58,759	160,000	218,759	231,588
Net assets released from program restriction	160,000	(160,000)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>2,190,526</b>	<b>-</b>	<b>2,190,526</b>	<b>1,912,193</b>
<b>EXPENSES</b>				
Program services	1,776,607		1,776,607	1,620,400
Management and general	486,089		486,089	454,250
<b>TOTAL EXPENSES</b>	<b>2,262,696</b>	<b>-</b>	<b>2,262,696</b>	<b>2,074,650</b>
<b>CHANGE IN NET ASSETS</b>	(72,170)	-	(72,170)	(162,457)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>116,115</b>	<b>-</b>	<b>116,115</b>	<b>278,572</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 43,945</b>	<b>\$ -</b>	<b>\$ 43,945</b>	<b>\$ 116,115</b>

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

## SUSTAINABLE SCIENCES INSTITUTE

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2016

With comparative totals for the year ended August 31, 2015

	<b>Program Services</b>	<b>Management and General</b>	<b>2016</b>	<b>2015</b>
Salaries	\$ 795,127	\$ 228,765	<b>\$ 1,023,892</b>	\$ 1,051,774
Employee benefits	145,133	48,377	<b>193,510</b>	194,790
Payroll taxes	9,202	11,008	<b>20,210</b>	21,231
Total personnel costs	949,462	288,150	<b>1,237,612</b>	1,267,795
Supplies	464,183	24,876	<b>489,059</b>	392,830
Professional fees	122,055	79,408	<b>201,463</b>	264,339
Travel	91,900	60	<b>91,960</b>	34,414
Equipment and maintenance	53,283		<b>53,283</b>	14,630
Occupancy	5,370	39,005	<b>44,375</b>	21,019
Postage and shipping	30,271	460	<b>30,731</b>	22,063
Depreciation		23,845	<b>23,845</b>	14,024
Professional development, conferences, and training	7,756	14,936	<b>22,692</b>	6,605
Grant related	19,500		<b>19,500</b>	3,000
Miscellaneous	11,577	3,731	<b>15,308</b>	6,008
Dues and subscription	7,057	499	<b>7,556</b>	4,448
Printing and publications	7,109		<b>7,109</b>	944
Meals, entertainment, and gifts	2,845	1,666	<b>4,511</b>	2,618
Telephone and communication	928	3,364	<b>4,292</b>	5,399
Insurance	2,074	1,442	<b>3,516</b>	2,930
Fees, licenses, taxes, and bank charges	194	3,168	<b>3,362</b>	8,659
Vehicle expense	1,043	1,479	<b>2,522</b>	2,925
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 1,776,607</b>	<b>\$ 486,089</b>	<b>\$ 2,262,696</b>	
<b>TOTAL 2015 FUNCTIONAL EXPENSES</b>	<b>\$ 1,620,400</b>	<b>\$ 454,250</b>		<b>\$ 2,074,650</b>

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

## SUSTAINABLE SCIENCES INSTITUTE

### STATEMENT OF CASH FLOWS

For the year ended August 31, 2016

With comparative totals for the year ended August 31, 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (72,170)	\$ (162,457)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	23,845	14,024
(Increase) decrease in operating assets:		
Accounts receivable	(88,064)	13,807
Prepaid expenses and deposits	9	795
Increase (decrease) in operating liabilities:		
Accounts payable	64,415	8,086
Accrued liabilities	(3,063)	19,097
Deferred revenue	(41,446)	(120,688)
	<b>(116,474)</b>	<b>(227,336)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(59,432)	(21,257)
	<b>(59,432)</b>	<b>(21,257)</b>
<b>NET (DECREASE) IN CASH</b>	<b>(175,906)</b>	<b>(248,593)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>577,314</b>	<b>825,907</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 401,408</b>	<b>\$ 577,314</b>

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



# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 1. **Organization**

Sustainable Sciences Institute (“SSI”) is a nonprofit organization headquartered in San Francisco, California with centers in Managua, Nicaragua and in Cairo, Egypt. The organization 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 Egypt and 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 and, in 2011, in Cairo, Egypt.

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 continuously 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) to run a five-year cohort study (2012-2017).

### 2. **Summary of Significant Accounting Policies**

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

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of SSI are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Temporarily Restricted.** SSI reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit SSI to expend all of the income (or other economic benefits) derived from the donated assets. SSI had no permanently restricted net assets at August 31, 2016.

#### Cash and Cash Equivalents

SSI has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of one year or less.

#### Accounts Receivable

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### **Concentration of Credit Risks**

SSI places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. SSI has not incurred losses related to these investments.

The primary receivable balance outstanding at August 31, 2016 consists of government contract receivables due from state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of SSI's receivables consist of earned fees from contract programs granted by governmental agencies.

Approximately 65% of total revenue and support generated by SSI at August 31, 2016 is from government contracts.

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. 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.

#### **Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended August 31, 2016, SSI did not receive donations of services that satisfy the criteria for recognition.

#### **Revenue Recognition**

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.

continued

# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### **Income Taxes**

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

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by SSI in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. SSI's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **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.

#### **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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SSI's financial statements for the year ended August 31, 2015, from which the summarized information was derived.

#### **Reclassification**

Certain amounts from the August 31, 2015 financial statements have been reclassified to conform to the August 31, 2016 presentation.

continued

# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### Subsequent Events

Management has evaluated subsequent events through May 25, 2017, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

### 3. Property and Equipment

Property and equipment at August 31, 2016 consist of the following:

Equipment	\$ 99,960
Vehicles	<u>85,200</u>
	185,160
Less: accumulated depreciation	<u>(121,965)</u>
	<u>\$ 63,195</u>

### 4. Accrued Liabilities

Accrued liabilities at August 31, 2016 consist of the following:

Accrued vacation	\$124,085
Other	<u>32,965</u>
	<u>\$157,050</u>

### 5. Deferred Revenues

Deferred revenues at August 31, 2016 consist of unearned revenues from the following funders:

Other	\$124,390
Characterization of 3rd & 4th Dengue Virus Infections in a Pediatric Cohort Study	73,104
International Collaborations in Infectious Disease Research	54,947
Metabolomics-based discovery of small molecule biomarkers for non-invasive Dengue	<u>46,125</u>
	<u>\$298,566</u>

continued

# SUSTAINABLE SCIENCES INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

---

### 6. Commitments and Contingencies

#### Obligations Under Operating Leases

SSI leases a facility under an operating lease. Future minimum payments, by year and in the aggregate, under this lease consist of the following:

<u>Year ended August 31,</u>	
2017	\$26,016
2018	26,016
2019	26,016
2020	<u>2,168</u>
	<u>\$80,216</u>

Rent expense under the operating lease for the year ended August 31, 2016 was \$34,031.

#### Contracts

SSI's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. 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.

### 7. Temporarily Restricted Net Assets

As of August 31, 2016, SSI had no temporary restricted net assets. For the year ended August 31, 2016, net assets released from program restrictions were \$160,000.

**SUPPLEMENTAL SCHEDULE**

---

**SUSTAINABLE SCIENCES INSTITUTE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2016

<b>Program Name</b>	<b>Contract Number</b>	<b>Federal CFDA Number</b>	<b>Contract Term</b>	<b>Program Award</b>	<b>Federal Expenditures</b>	<b>Pass-through to Sub-recipient</b>
<b>Federal Awards</b>						
U.S. Department of Health and Human Services ("DHHS"):						
Pass-through, The Regents of the University of California, Berkeley:						
Allergy, Immunology and Transplantation Research - International Collaborations in Infectious Disease Research (a)	00007339	93.855	8/1/15 - 7/31/16	\$ 595,782	\$ 253,347	\$ -
Allergy, Immunology and Transplantation Research - Protective Immunity following Dengue Virus Natural Infections and Vaccination (a)	00008951	93.855	7/29/15 - 6/30/16	296,779	238,809	
<b>Sub-total Pass-through, The Regents of University of California, Berkeley</b>				<u>892,561</u>	<u>492,156</u>	<u>-</u>
Pass-through, Icahn School of Medicine at Mount Sinai:						
Allergy, Immunology and Transplantation Research - Dengue Human Immunology Project Consortium (a)	1U19AI118610-01 / 0255-8611-4609	93.855	6/24/15 - 5/31/16	258,500	235,209	
<b>Sub-total Pass-through, Icahn School of Medicine at Mount Sinai</b>				<u>258,500</u>	<u>235,209</u>	<u>-</u>
Pass-through, Abt Associates, Inc.:						
Allergy, Immunology and Transplantation Research - Epidemiology and Prevention of Influenza Virus Infections in Low-Income and Middle-Income Countries - "Infant Burden" (a)	200-2014-F-604064 / 45603	93.855	3/15/15 - 2/28/16	186,853	99,028	
Allergy, Immunology and Transplantation Research - Epidemiology and Prevention of Influenza Virus Infections in Low-Income and Middle-Income Countries - "Infant Burden" (a)	200-2014-F-604064 / 45603	93.855	2/29/16 - 8/31/17	102,658	48,652	
Allergy, Immunology and Transplantation Research - Epidemiology and Prevention of Influenza Virus Infections in Low-Income and Middle-Income Countries - "Global Flu" (a)	200-2014-F-604064 / 44940	93.855	1/10/15 - 2/28/17	67,332	47,474	
<b>Sub-total Pass-through, Abt Associates, Inc.</b>				<u>356,843</u>	<u>195,154</u>	<u>-</u>
Direct from Office of National Institute of Health:						
Allergy, Immunology and Transplantation Research - Characterization of 3rd & 4th Dengue Virus Infections in a Pediatric Cohort Study (a)	5R01AI099631-04	93.855	6/1/15 - 5/31/16	216,127	144,887	
Allergy, Immunology and Transplantation Research - Characterization of 3rd & 4th Dengue Virus Infections in a Pediatric Cohort Study (a)	3R01AI099631-04S1	93.855	3/1/16 - 5/31/17	66,250	49,954	
<b>Sub-total Direct, National Institute of Health</b>				<u>282,377</u>	<u>194,841</u>	<u>-</u>
Pass-through, Colorado State University:						
Allergy, Immunology and Transplantation Research - Metabolomics-Based Discovery of Small Molecule Biomarkers for Noninvasive Dengue (a)	5R33AI100186-04	93.855	6/1/15 - 5/31/16	175,747	139,347	
Allergy, Immunology and Transplantation Research - Metabolomics-Based Discovery of Small Molecule Biomarkers for Noninvasive Dengue (a)	5R33AI100186-05	93.855	6/1/16 - 5/31/17	25,193	5,198	
<b>Sub-total Pass-through, Colorado State University</b>				<u>200,940</u>	<u>144,545</u>	<u>-</u>

See independent auditors' report.



**SUSTAINABLE SCIENCES INSTITUTE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2016

continued

<u>Program Name</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Contract Term</u>	<u>Program Award</u>	<u>Federal Expenditures</u>	<u>Pass-through to Sub-recipient</u>
Pass-through, University of Michigan:						
St. Jude's Children's Research Hospital, Inc.	112092010-7583332 / 3003394111	93.008	9/1/14 - 3/31/17	\$ 40,000	\$ 6,744	\$ -
St. Jude's Children's Research Hospital, Inc.	112092010-7583332 / 3003448652	93.008	11/15/15 - 9/1/17	332,793	66,099	
St. Jude's Children's Research Hospital, Inc.	112092010-7583332 / 3003797596	93.008	9/4/15 - 12/31/16	315,000	44,089	
Allergy, Immunology and Transplantation Research - Oral Microbiota and Influenza Infection (a)	1R21AI119463-01	93.855	7/1/15 - 6/30/17	43,468	23,405	
<b>Sub-total Pass-through, University of Michigan</b>				<u>731,261</u>	<u>140,337</u>	<u>-</u>
Pass-through, La Jolla Institute of Allergy and Immunology:						
Allergy, Immunology and Transplantation Research - Human Immune Signatures of Dengue Virus and Mycobacterium Tuberculosis Exposure in Infection, Disease and Vaccination (a)	1U19AI118626-01 / 20025-09-381	93.855	6/15/15 - 5/31/16	28,099	23,459	
<b>Sub-total Pass-through, La Jolla Institute of Allergy and Immunology</b>				<u>28,099</u>	<u>23,459</u>	<u>-</u>
<b>Total DHHS</b>				<u>2,750,581</u>	<u>1,425,701</u>	<u>-</u>
<b>Total Federal Awards</b>				<u><b>\$ 2,750,581</b></u>	<u><b>\$ 1,425,701</b></u>	<u><b>\$ -</b></u>

(a) Audited as a major program

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal Awards activity of SSI, under the programs of the federal government for the year ended August 31, 2016 in accordance with the 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). Because the schedule presents only a selected portion of the operations of 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 on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or limited as to reimbursement. SSI has elected not to use the 10 per cent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

See independent auditors' report.

**ADDITIONAL INFORMATION**

---

**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  
Sustainable Sciences Institute

We have audited in accordance with the auditing standards generally accepted in 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"), which comprise the Statement of Financial Position as of August 31, 2016, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report dated May 25, 2017.

**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) 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 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 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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 SSI's financial statements are free of 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*.

**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***  
continued

---

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harrington Group*

San Francisco, California

May 25, 2017



Certified Public Accountants, LLP

## **Independent Auditors' 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

### **Report on Compliance for Each Major Federal Program**

We have audited Sustainable Sciences Institute ("SSI") compliance with the types of compliance requirements described 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 August 31, 2016. SSI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of SSI'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 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). Those standards and Uniform Guidance 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 SSI'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 SSI's compliance.

### **Opinion Each Major Federal Program**

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 August 31, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of questioned costs as item **2016-001**. Our opinion on each major federal program is not modified with respect to these matters.

## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

continued

---

SSI's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of SSI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SSI'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 the Uniform Guidance, 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 SSI'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 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 financial reporting 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 on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Harrington Group*

San Francisco, California

May 25, 2017

**SUSTAINABLE SCIENCES INSTITUTE**  
**Schedule of Findings and Questioned Costs**  
For the year ended August 31, 2016

---

**Section I – Summary of Auditors’ Results**

Financial Statements:

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance?	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
<u>Identification of Major Programs:</u>	
U.S. Department of Health and Human Services:	
Allergy, Immunology and Transplantation Research	93.855

**Section II – Financial Statements Finding**

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs**

**2016-001 Late Filings**

**Criteria:** As outlined in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), SSI is required to file its audit reports and data collection form with the Federal Audit Clearinghouse within nine months after the fiscal period ended August 31, 2015.

**Condition:** SSI did not file its audit reports and data collection form within nine months after the fiscal period ended August 31, 2015. The 2015 audit reports and data collection was filed one day late on June 1, 2016.

**SUSTAINABLE SCIENCES INSTITUTE**  
**Schedule of Findings and Questioned Costs**  
For the year ended August 31, 2016  
continued

---

**Section III – Federal Award Findings and Questioned Costs, continued**

**Cause:** The delay was caused by the late completion of the 2015 audit.

**Recommendation:** We recommend that SSI complete and submit its audit and data collection form to the Federal Audit Clearing House within the time frame as prescribed by the Uniform Guidance.

*View of the Officials and the Correction Action Plan:* SSI is in agreement with the recommendation and will file the 2016 audit report and data collection form to the Federal Audit Clearing House within the time frame as prescribed by the Uniform Guidance.

**Section IV – Summary Schedule of Prior Year Findings**

None.



SUSTAINABLE SCIENCES INSTITUTE  
FINANCIAL STATEMENT  
FISCAL YEAR ENDING AUGUST 31, 2016

CORRECTIVE ACTION PLAN

**2016-001 Late Filings**

Criteria: As outlined in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), SSI is required to file its audit reports and data collection form with the Federal Audit Clearinghouse within nine months after the fiscal period ended August 31, 2015.

Condition: SSI did not file its audit reports and data collection form within nine months after the fiscal period ended August 31, 2015. The 2015 audit reports and data collection was filed one day late on June 1, 2016.

Cause: The delay was caused by the late completion of the 2015 audit.

Recommendation: We recommend that SSI complete and submit its audit and data collection form to the Federal Audit Clearing House within the time frame as prescribed by the Uniform Guidance.

Corrective Action Plan: SSI is in agreement with the recommendation and will file the 2016 audit report and data collection form to the Federal Audit Clearing House within the time frame as prescribed by the Uniform Guidance.

Name of Contact: Mary Masland, [mmasland@sustainablesciences.org](mailto:mmasland@sustainablesciences.org), 415-772-0939

Date of Correction: May 31, 2018