



SUSTAINABLE SCIENCES INSTITUTE

SINGLE AUDIT REPORT

December 31, 2018



SUSTAINABLE SCIENCES INSTITUTE

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Independent Auditors' Report

The Board of Directors
Sustainable Sciences Institute

We have audited the accompanying financial statements of Sustainable Sciences Institute (a California non-profit corporation), which comprise the statement of financial position as of December 31, 2018, 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation in 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 principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Sciences Institute as of December 31, 2018, 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.

S

Other Matters

Other 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 Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, 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.

Riva Accountancy Corporate

Certified Public Accountants

San Francisco, California
September 30, 2019

SUSTAINABLE SCIENCES INSTITUTE

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2018

ASSETS

ASSETS:	
Cash and cash equivalents	\$ 276,460
Accounts receivable	358,183
Deposits	<u>2,105</u>
TOTAL CURRENT ASSETS	636,748
PROPERTY AND EQUIPMENT, net	<u>490,739</u>
TOTAL ASSETS	<u>\$ 1,127,487</u>

LIABILITIES AND NET ASSETS

CURRENT:	
Accounts payable and accrued liabilities	\$ 64,008
Accrued vacation	202,166
Deferred revenue	<u>208,894</u>
TOTAL LIABILITIES (ALL CURRENT)	<u>475,068</u>
NET ASSETS:	
Without donor restrictions	<u>652,419</u>
TOTAL NET ASSETS	<u>652,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,127,487</u>

See notes to financial statements.

SUSTAINABLE SCIENCES INSTITUTE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

SUPPORT AND REVENUE:	
Contracts	\$ 2,789,421
Contributions	192,860
Other income	<u>7,224</u>
 TOTAL SUPPORT AND REVENUE	 <u>2,989,505</u>
EXPENSES:	
Program services	2,226,844
Management and general	<u>608,920</u>
 TOTAL EXPENSES	 <u>2,835,764</u>
CHANGES IN NET ASSETS	153,741
NET ASSETS, beginning of year	<u>498,678</u>
NET ASSETS, end of year	<u><u>\$ 652,419</u></u>

See notes to financial statements.

SUSTAINABLE SCIENCES INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Personnel:			
Salaries and wages	\$ 1,108,427	\$ 376,612	\$ 1,485,039
Employee benefits	262,314	77,067	339,381
Payroll taxes	8,892	22,713	31,605
Total personnel	<u>1,379,633</u>	<u>476,392</u>	<u>1,856,025</u>
Other:			
Supplies	338,238	63,515	401,753
Professional fees	314,014	11,595	325,609
Depreciation	82,188	-	82,188
Travel	55,599	4,975	60,574
Occupancy	6,902	33,631	40,533
Postage and shipping	27,818	1,692	29,510
Equipment and maintenance	8,791	1,971	10,762
Telephone and communication	6,228	3,284	9,512
Fees, licenses, taxes, and bank charges	3,349	2,821	6,170
Printing and publications	46	5,096	5,142
Meals, entertainment, and gifts	2,704	854	3,558
Insurance	479	1,720	2,199
Dues and subscriptions	275	864	1,139
Vehicle expense	580	-	580
Professional development, conferences, and trainings	-	510	510
Total other expenses	<u>847,211</u>	<u>132,528</u>	<u>979,739</u>
Total functional expenses	<u>\$ 2,226,844</u>	<u>\$ 608,920</u>	<u>\$ 2,835,764</u>

See notes to financial statements.

SUSTAINABLE SCIENCES INSTITUTE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 153,741
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	\$ 82,187
Decrease (increase) in:	
Accounts receivable	(281,559)
Prepaid expenses	364
Increase (decrease) in:	
Accounts payable and accrued liabilities	(103,574)
Accrued vacation	28,943
Deferred revenue	(123,823)
	<u>(397,462)</u>
NET CASH USED BY OPERATING ACTIVITIES	(243,721)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(273,585)</u>
NET CASH USED BY INVESTING ACTIVITIES	(273,585)
CASH FLOWS FROM FINANCING ACTIVITIES:	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(517,306)
CASH AND CASH EQUIVALENTS, beginning of year	<u>793,766</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 276,460</u>

See notes to financial statements.

SUSTAINABLE SCIENCES INSTITUTE

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

Sustainable Sciences Institute (“SSI”) is a nonprofit organization headquartered in San Francisco, California with centers in Managua, Nicaragua, and in Cairo, Egypt. 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 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 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) to run a five-year cohort study (2012-2017).

Basis of accounting:

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

Financial statement presentation:

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. SSI has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

SUSTAINABLE SCIENCES INSTITUTE

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial statement presentation (continued):

SSI reports information regarding its financial position and its activities according to the following net asset classifications: Without donor restrictions including board designated amounts and with donor restrictions. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions. Descriptions of these categories are as follows:

Without donor restrictions:

The portion of net assets available for use in general operations and not subject to donor-imposed restrictions.

With donor restrictions:

The portion of net assets subject to donor-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, this is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

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.

Receivables:

Accounts receivable represents amounts billed to government agencies for services that have not yet been collected. As of December 31, 2018, Management has determined an allowance for doubtful accounts is not required.

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.

SUSTAINABLE SCIENCES INSTITUTE

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 year ended December 31, 2018.

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. 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.

Income taxes:

SSI has received tax-exempt status under the Internal Revenue Code Section 501(c) (3) and under the California Revenue Code Section 23701(d).

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.

Subsequent events:

Management has evaluated subsequent events through September 30, 2019, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events to be disclosed or recognized in the financial statements.

Note 2. NATURE 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.

Note 3. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject SSI to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. 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.

The primary receivable balance at December 31, 2018 consists of government contract receivables due from state and federal granting agencies. Concentrations 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.

SUSTAINABLE SCIENCES INSTITUTE

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2018

Note 3. CONCENTRATIONS OF CREDIT RISK (Continued):

Approximately 93% of total revenue and support generated by SSI for the period ending December 31, 2018 is from government contracts.

Note 4. AVAILABILITY OF FINANCIAL ASSETS:

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:

Cash and cash equivalents	\$ 276,460
Accounts receivable	<u>358,183</u>
Available for general expenditures	<u><u>\$ 634,643</u></u>

SSI is substantially supported by government contracts.

Note 5. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31, 2018:

Land	\$ 50,741
Building	202,963
Equipment	416,719
Vehicles	<u>102,300</u>
Total	772,723
Less accumulated depreciation	<u>281,984</u>
Property and equipment, net	<u><u>\$ 490,739</u></u>

Depreciation expense was \$82,188 for the year ended December 31, 2018.

Note 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 with initial or remaining terms of one year or more, consist of the following:

<u>Year Ended</u> <u>December 31,</u>	
2019	<u>\$ 21,060</u>
	<u><u>\$ 21,060</u></u>

Rent expense under the operating leases for the period ended December 31, 2018 was \$35,514.

SUSTAINABLE SCIENCES INSTITUTE

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2018

Note 6. COMMITMENTS AND CONTINGENCIES (Continued):

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.

SUSTAINABLE SCIENCES INSTITUTE

SUPPLEMENTAL INFORMATION

SUSTAINABLE SCIENCES INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Federal Grantor/CFDA Program Title	Federal CFDA Number	Grantor Contract Number	Federal Expenditures Amount
U.S. Department of Health and Human Services			
<i>National Institute of Health</i>			
Allergy, Immunology and Transplantation Research - Characterization of 3rd and 4th Dengue Virus Infections in a Pediatric Cohort Study	93.885	R01AI099631-07	101,796
Subtotal - National Institute of Health			101,796
<i>Passed through The Regents of the University of California</i>			
Allergy, Immunology and Transplantation Research - Protective Immunity Following Dengue Virus Natural Infections and Vaccination (Core C)	93.885	P01AI106695 / O0008951	319,382
Allergy, Immunology and Transplantation Research - Protective Immunity Following Dengue Virus Natural Infections and Vaccination (Zika in Pregnancy)	93.885	P01AI106695 / O0008951	418,384
Subtotal Pass-Through - The Regents of the University of California			737,766
<i>Passed through Icahn School of Medicine at Mount Sinai</i>			
Allergy, Immunology and Transplantation Research - Dengue Human Immunology Project Consortium (Project 1)	93.885	U19 AI118610 /0255- 8649-4609	210,779
Allergy, Immunology and Transplantation Research - Dengue Human Immunology Project Consortium (ZIP)	93.885	U19 AI118610 / 0255- 8661-4609	33,624
Subtotal Pass-Through - Icahn School of Medicine at Mount Sinai			244,403
<i>Passed through Colorado State University</i>			
Allergy, Immunology and Transplantation Research - Supplement to Metabolomics-Based Discovery of Small Molecule Biomarkers for Noninvasive Dengue	93.885	R33AI100186 / G-46003- 1	10,098
Allergy, Immunology and Transplantation Research - Design and validation of a rapid assay for Zika virus in biofluids and insect vectors	93.885	1R21AI129488 / G-40074- 1	20,009
Subtotal Pass-Through - Colorado State University			30,107
<i>Passed through The Regents of the University of Michigan</i>			
Allergy, Immunology and Transplantation Research - Dynamics of Influenza Transmission in Nicaraguan Households	93.885	R01AI120997 / 3004306005	370,548
Minority Health Research Training Program	93.885		3,046
Subtotal Pass-Through - The Regents of the University of Michigan			373,594

SUSTAINABLE SCIENCES INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

<i>Passed through La Jolla Institute for Allergy and Immunology</i>			
Allergy, Immunology and Transplantation Research - Human Immune Signatures of Dengue Virus and Mycobacterium Tuberculosis Exposure in Infection, Disease and Vaccination Project Consortium	93.885	U19AI118626 / 20025-09-381	3,729
<i>Subtotal Pass-Through - La Jolla Institute for Allergy and Immunology</i>			3,729
<i>Subtotal Pass-Through - 93.855 - Allergy and Infectious Disease Research</i>			1,491,395
<i>Passed through The University of North Carolina at Chapel Hill</i>			
Child Health and Human Development Extramural Research - Understanding maternal-fetal Zika virus transmission and its complications in Nicaragua	93.865	R01HD094009-01 / 5112246	3,407
<i>Subtotal Pass-Through -The University of North Carolina at Chapel Hill</i>			3,407
<i>Subtotal Pass-Through - 93.865 - Child Health and Human Development Extramural Research</i>			3,407
<i>Passed through The Regents of the University of Michigan</i>			
St. Jude's Children's Research Hospital, Inc., Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Base	93.xxx	112092010-7583332 / 3003394111	3,078
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 1	93.xxx	112092010-7583332 / 3003448652	253
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 18C (AKA 14C)	93.xxx	112092010-7583332 / 3004628724	17,013
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 18F	93.xxx	112092010-7583332 / 3004874536	140,764
St. Jude's Children's Research Hospital, Inc. Center of Excellence for Influenza Research and Surveillance - Immunology of a Nicaraguan Cohort, Option 14B-2	93.xxx	112092010-7583332 /	4,684
<i>Subtotal Pass-Through - The Regents of the University of Michigan</i>			165,792
<i>Subtotal Pass-Through - 93.865 - Child Health and Human Development Extramural Research</i>			165,792
Total Expenditures - U.S. Department of Health and Human Services			\$ 1,660,594
United States Agency for International Development (USAID)			
USAID Foreign Assistance for Programs Overseas (Innovative Use of the Care Group Model with eHealth to Reduce Zika Virus Transmission and Improve Community Engagement Response in Nicaragua)	98.001	AID-OAA-A-16-00048	338,240
Total Expenditures - United States Agency for International Development (USAID)			\$ 338,240
Total Expenditures of Federal Awards			\$ 1,998,834

SUSTAINABLE SCIENCES INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Sustainable Science Institute under programs of the federal government for the year ended December 31, 2018. 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 Sustainable Science Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sustainable Sciences Institute.

Note B - 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 Sustainable Sciences Institute. Expenditures reported on this schedule only include expenditures for the period of January 1, 2018 through December 31, 2018, which is the Organization's accounting year.

Note C – Indirect Costs:

Sustainable Sciences Institute has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.



**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***

The Board of Directors
Sustainable Sciences Institute

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 (a California not-for-profit organization), which comprise the statement of financial position as of December 31, 2018 and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sustainable Sciences Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sustainable Sciences Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sustainable Sciences Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Riva Accountancy Corporation".

Certified Public Accountants

San Francisco, California
September 30, 2019



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

Board of Directors
Sustainable Sciences Institute

Report on Compliance for Each Major Federal Program

We have audited Sustainable Sciences Institute's compliance with the types of compliance requirements described in the *OMB Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of Sustainable Sciences Institute's major federal programs for the year ended December 31, 2018. Sustainable Sciences Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Sustainable Sciences Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Sustainable Sciences Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Sustainable Sciences Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the *Uniform Guidance* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

Sustainable Sciences Institute's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as well as the Corrective Action Plan. Sustainable Sciences Institute's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Sustainable Sciences Institute 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 Sustainable Sciences Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *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 Sustainable Sciences Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

San Francisco, California
September 30, 2019

SUMMARY OF AUDITORS' RESULTS:

- 1) The auditors' report expresses an unmodified opinion on whether the financial statement of Sustainable Sciences Institute were prepared in accordance with GAAP.
- 2) No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
- 3) The results of our auditing procedures disclosed no instances of noncompliance which is required to be reported in accordance with the *Uniform Guidance*.
- 4) No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
- 5) The auditors' report on compliance for the major federal award programs for Sustainable Sciences Institute expresses an unmodified opinion on all major programs.
- 6) There are no audit findings required to be reported in accordance with 2 CFR section 200.516(a) reported in this schedule.
- 7) The program tested as a major federal award program was:

Federal Agency: Department of health and Human Services
CFDA: 93.885
Program Title: Allergy and Infectious Disease Research
- 8) The threshold for distinguishing Types A and B programs was \$750,000.
- 9) Sustainable Sciences Institute qualified as a low risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT:

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:

None