



Reports of Independent Auditors and  
Financial Statements with  
Federal Awards Supplementary Information

**Northern California Institute for Research and  
Education, Inc.**

September 30, 2022 and 2021

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## Report of Independent Auditors

The Audit Committee  
Northern California Institute for Research and Education, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northern California Institute for Research and Education, Inc. ("NCIRE"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern California Institute for Research and Education, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 NCIRE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 the 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 NCIRE's ability to continue as a going concern for 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 GAAS 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 GAAS 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 NCIRE'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 NCIRE'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 schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of NCIRE'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 NCIRE'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 NCIRE's internal control over financial reporting and compliance.

*Moss Adams LLP*

San Francisco, California

February 28, 2023

## **Financial Statements**

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Statements of Financial Position**  
**September 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,229,455	\$ 5,846,968
Receivables	13,290,036	9,514,537
Prepaid expenses and other assets	150,657	221,029
Property, plant, and equipment - net	<u>928,329</u>	<u>725,217</u>
Total assets	<u><u>\$ 22,598,477</u></u>	<u><u>\$ 16,307,751</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 8,289,743	\$ 5,302,318
Accrued expenses	2,622,624	1,930,471
Unearned revenue	<u>2,791,278</u>	<u>1,022,510</u>
Total liabilities	<u>13,703,645</u>	<u>8,255,299</u>
<b>NET ASSETS</b>		
Net assets - without donor restrictions	7,441,702	6,448,783
Net assets - with donor restrictions	<u>1,453,130</u>	<u>1,603,669</u>
Total net assets	<u>8,894,832</u>	<u>8,052,452</u>
Total liabilities and net assets	<u><u>\$ 22,598,477</u></u>	<u><u>\$ 16,307,751</u></u>

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See report of independent auditors and accompanying notes.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended September 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Federal contracts and grants	\$ 47,926,833	\$ -	\$ 47,926,833	\$ 37,137,664	\$ -	\$ 37,137,664
Clinical research revenue	1,962,904	-	1,962,904	3,083,807	-	3,083,807
Foundation and other program revenue	4,079,346	-	4,079,346	4,615,029	-	4,615,029
Contributions	113,920	-	113,920	585,742	217,391	803,133
Service revenue	18,084	-	18,084	35,678	-	35,678
Interest income, net	18,649	-	18,649	1,279	-	1,279
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	1,009,326	-	1,009,326
Other Income	1,133	-	1,133	-	-	-
Net assets released from restrictions	150,539	(150,539)	-	92,056	(92,056)	-
<b>Total revenues and other support</b>	<b>54,271,408</b>	<b>(150,539)</b>	<b>54,120,869</b>	<b>46,560,581</b>	<b>125,335</b>	<b>46,685,916</b>
<b>EXPENSES</b>						
Research program	43,828,238	-	43,828,238	34,850,052	-	34,850,052
Management and general	9,450,251	-	9,450,251	8,912,234	-	8,912,234
<b>Total operating expenses</b>	<b>53,278,489</b>	<b>-</b>	<b>53,278,489</b>	<b>43,762,286</b>	<b>-</b>	<b>43,762,286</b>
<b>CHANGES IN NET ASSETS</b>	<b>992,919</b>	<b>(150,539)</b>	<b>842,380</b>	<b>2,798,295</b>	<b>125,335</b>	<b>2,923,630</b>
NET ASSETS, beginning of year	6,448,783	1,603,669	8,052,452	3,650,488	1,478,334	5,128,822
<b>NET ASSETS, end of year</b>	<b>\$ 7,441,702</b>	<b>\$ 1,453,130</b>	<b>\$ 8,894,832</b>	<b>\$ 6,448,783</b>	<b>\$ 1,603,669</b>	<b>\$ 8,052,452</b>

See report of independent auditors and accompanying notes.



**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2022 and 2021**

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	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 842,380	\$ 2,923,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	199,470	230,376
Loss on equipment disposal	839	1,072
Gain on forgiveness of Paycheck Protection Loan	-	(1,009,326)
Changes in:		
Receivables	(3,775,499)	(2,136,498)
Prepaid expenses and other assets	70,372	(100,261)
Accounts payable	2,928,058	1,404,327
Accrued expenses	692,153	(99,378)
Unearned revenue	1,768,768	(550,047)
Net cash provided by operating activities	2,726,541	663,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant, and equipment	(344,054)	(244,050)
Net cash used in investing activities	(344,054)	(244,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Paycheck Protection Program loan	-	(2,264,964)
Net cash used in financing activities	-	(2,264,964)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,382,487	(1,845,119)
CASH AND CASH EQUIVALENTS, beginning of year	5,846,968	7,692,087
CASH AND CASH EQUIVALENTS, end of year	\$ 8,229,455	\$ 5,846,968
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Accrued purchases of property, plant, and equipment	\$ 72,939	\$ 13,572

See report of independent auditors.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**

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**Note 1 – Organization and Significant Accounting Policies**

**Organization** – Northern California Institute for Research and Education, Inc. (“NCIRE”) is located at the San Francisco Veterans Affairs Health Care System (“SFVAHCS”) facility in San Francisco, California. NCIRE is the largest of the 79<sup>1</sup> active U.S. Department of Veterans Affairs (“VA”) Non-Profit Corporations established by Congress in 1988, now codified at 38 U.S.C. §§ 7361-66, which permitted the Secretary of the VA to authorize the establishment of Nonprofit Research and Education Corporations (“NPC”) at VA medical centers (“VAMC”). The Medical Center Director, Chief of Staff, Deputy Chief of Staff, and Associate Chief of Staff for Research and Development, and several Principal Investigators of the SFVAHCS also serve on the Board for NCIRE. The mission of NCIRE is to improve the health and well-being of Veterans and the general public by supporting a world-class biomedical research program conducted by the University of California, San Francisco (“UCSF”) faculty at the San Francisco VA Medical Center.

NCIRE is subject to VHA HANDBOOK 1200.17, which indicates, “The VA medical facility also may provide the NPC with space for its activities and with services, such as maintenance, repair, and utilities, without reimbursement.” Since its inception, the SFVAHCS has provided NCIRE with space for its activities and with services, such as maintenance, repair, and utilities, without reimbursement. In 2000, NCIRE purchased and installed eight trailers assembled together to create Trailer 14 for the use by NCIRE administrative staff on SFVAHCS’s land. In 2016, the SFVAHCS was approved to build a new state-of-the-art research building to consolidate the existing undersized research wet labs into one structure. In order to erect the new research building, Trailer 14 must be demolished. In September 2017, a memorandum of agreement (“MOA”) was created between the SFVAHCS and NCIRE in which the SFVAHCS committed to provide temporary space to NCIRE administrative staff on its campus and to accept the donation and transfer of full ownership and title of Trailer 14. In August 2022, NCIRE Core Office completed its relocation from Trailer 14 to Building 210 ground and first floor and Building 3 basement and at the same time, an amendment to the original MOA was reviewed and approved by NCIRE Board to include that in the event that the demolition of Trailer 14 is formally canceled, Trailer 14 shall be reconveyed to NCIRE permanently.

<sup>1</sup> *Congressionally Mandated Report: Nonprofit Research and Education Corporations, December 2022.*

**Basis of accounting** – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

NCIRE reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties. As of September 30, 2022 and 2021, there were no board-designated net assets.

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*Net assets with donor restrictions* – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions can be fulfilled either by actions of NCIRE pursuant to those restrictions and/or expire with the passage of time. Other donor-imposed restrictions are required to be retained in perpetuity by NCIRE. When a restriction is met, net assets with donor restrictions are reclassified to net asset without restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

During the reporting periods, NCIRE had both net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions at September 30, 2022 and 2021, related primarily to contributions for which the research funds had not yet been spent for the purpose designated by the donor. During the years ended September 30, 2022 and 2021, net assets with donor restrictions released from restriction were related to research purposes met. All net assets with donor restrictions are expected to be released from restriction by September 30, 2028.

**Revenue recognition** – NCIRE administers several different types of research agreements, including those that are reciprocal and nonreciprocal (charitable) in nature.

Reciprocal agreements are on a per-patient payment schedule. Revenues under such agreements are recognized as the services are conducted, using the percentage-of-completion method, measured by per-patient studies. Grant revenue is recognized when earned, generally in proportion to the expenses incurred. Advance payments and signed agreements from sponsors are classified as unearned revenue and recognized as revenue upon the expenditure of allowable costs or completion of the various stages of the studies.

Nonreciprocal revenues or contributions are reported as increases in net assets without donor restrictions, unless their use is limited by donor-imposed restrictions or conditions. Expirations of donor-imposed restrictions (i.e., the donor-stipulated purpose or time restriction has been satisfied) are reported as net assets released from restrictions.

NCIRE policy is that if a restriction is fulfilled in the same fiscal year in which the contribution is received, NCIRE records it as revenue with donor restrictions and as net assets released from restrictions.

Foundation and other grants are not included as support until all conditions are met. At September 30, 2022 and 2021, NCIRE had received in advance conditional contributions of \$894,708 and \$486,944, which are reported in unearned revenue in the statements of financial position. At September 30, 2022 and 2021, NCIRE had received notification of \$16,687 and \$68,738 of conditional commitments from foundations to fund research. These amounts will not be recorded by NCIRE until the donor-imposed conditions (incurring allowable costs to be reimbursed) are met or an advance is received.

**Program income** – No program income was earned from fees related to services provided on a grant-sponsored activity for the years ended September 30, 2022 and 2021.

**Cash and cash equivalents** – Cash and cash equivalents consist of cash held in checking, money market accounts, and investments in a publicly traded money market fund.

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**Northern California Institute for Research and Education, Inc.**  
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**Receivables** – Receivables consist primarily of amounts due under federal grants and other contracts. NCIRE has evaluated the collectability of the receivables, based upon estimated losses related to specific accounts, and determined that no allowance for doubtful accounts was required at September 30, 2022 and 2021. All receivables as of September 30, 2022 and 2021, are expected to be collected within one year.

**Fair value measurements** – In accordance with GAAP, NCIRE classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market, but for which observable market inputs are readily available; Level 3, which refers to securities valued based on significant unobservable inputs; and net asset value per share (“NAV”), which are based on fair value using NAV or its equivalent. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

NCIRE’s investment in a government securities-backed money market fund, included in cash and cash equivalents, is valued at the actively traded NAV of the fund. This instrument is classified as a Level 1 and amounted to \$3,520,239 and \$3,251,989 at September 30, 2022 and 2021, respectively. NCIRE had no other investments.

There were no unfunded commitments, normal course of business redemption restrictions, including redemption periods, or other redemption restrictions at September 30, 2022 and 2021.

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, approximate their carrying value.

**Property, plant, and equipment** – Property, plant, and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of assets, which range from 3 to 30 years.

NCIRE evaluates prominent events or changes in circumstances affecting property, plant, and equipment to determine whether impairment of property, plant, and equipment has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the property, plant, and equipment. There was no impairment of property, plant, and equipment at September 30, 2022 and 2021.

**Functional expense allocations** – The costs of providing NCIRE’s various programs and supporting services have been summarized on a functional basis in the schedule of functional expenses (see Note 9). Depreciation expense is allocated based on the allocation of the original acquisition cost. All other expenses are directly identified with a specific function and are allocated directly to that function.

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**Northern California Institute for Research and Education, Inc.**  
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**Notes to Financial Statements**

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**Income taxes** – NCIRE is a nonprofit corporation exempt from federal income tax under Internal Revenue Code (“IRC”) section 501(c)(3) and state income tax under California Revenue and Taxation Code section 23701d. However, income from certain activities not directly related to NCIRE’s tax-exempt purpose may be subject to taxation as unrelated business income. NCIRE qualifies for the charitable contribution deduction under IRC section 170(b)(1)(A)(iii) and has been classified as an organization that is not a private foundation under section 509(a)(1). As of September 30, 2022 and 2021, NCIRE had no unrecognized tax benefits or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the financial statements.

**Concentrations of risk** – NCIRE maintains cash balances at various financial institutions which, at times, may exceed federally insured limits.

NCIRE is funded primarily by government agencies. During the years ended September 30, 2022 and 2021, the U.S. Department of Health and Human Services (“HHS”) accounted for 76.4% and 75.5%, respectively, of federal contract and grant revenue.

**Use of estimates** – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**New accounting pronouncements** – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. This guidance increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on statement of financial position and disclosing key information about leasing arrangements. The effective date of ASU No. 2016-02 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, to annual reporting periods beginning after December 15, 2021. Management is currently evaluating the impact ASU No. 2016-02 will have on NCIRE’s future financial statements.

During 2022, NCIRE adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”), which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization’s programs and other activities. The adoption of ASU 2020-07 did not have a significant impact on NCIRE’s financial statements.

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**Northern California Institute for Research and Education, Inc.**  
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**Notes to Financial Statements**

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**Note 2 – Receivables**

Receivables at September 30, 2022 and 2021, consisted of the following:

	2022	2021
Federal grants and contracts	\$ 11,670,682	\$ 8,110,282
Clinical research	736,559	504,115
Private foundations	13,589	28,250
Due from VA	765,301	745,697
Miscellaneous	103,905	126,193
Total receivables	\$ 13,290,036	\$ 9,514,537

**Note 3 – Property, Plant, And Equipment - Net**

Property, plant, and equipment - net at September 30, 2022 and 2021, consisted of the following:

	2022	2021
Building	\$ 167,922	\$ 999,680
Furniture and office equipment	1,227,265	1,611,287
Medical and research equipment	2,309,750	2,354,395
Total	3,704,937	4,965,362
Less accumulated depreciation	(2,776,608)	(4,240,145)
Property, plant, and equipment - net	\$ 928,329	\$ 725,217

Effective October 1, 2015, NCIRE accelerated depreciation of Trailer 14 (NCIRE's administrative headquarters) in anticipation of the demolition of the building by the SFVAHCS as part of the plan for development of a research building on the site. Trailer 14 was originally constructed on land owned by the SFVAHCS. NCIRE vacated the building during 2022. See Note 1 for additional information.

**Note 4 – Retirement Plans**

**403(b) savings plan** – NCIRE's employees participate in a 403(b) savings plan (the "Plan"). The Plan is open to all employees beginning at the date of hire. The Plan allows contributions by participants of amounts ranging from 0% to 15% of compensation based on limits defined by the IRC. Starting on January 1, 2020, NCIRE offered up to 5% employer matching for the Plan to all employees. NCIRE contributed \$680,252 and \$645,605 to the 403(b) matching for the Plan for the years ended September 30, 2022 and 2021, respectively.

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**Northern California Institute for Research and Education, Inc.**  
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**Defined contribution plan** – NCIRE’s employees participate in a 401(a) defined contribution plan (the "401(a) Plan"). The 401(a) Plan is open to employees that meet certain eligibility requirements. Starting on January 1, 2020, NCIRE reduced its 401(a) annual contributions from 10% to 5% of eligible employee compensation. NCIRE contributed \$465,351 and \$446,255 to the 401(a) Plan for the years ended September 30, 2022 and 2021, respectively.

**Note 5 – Related-Party Transactions**

The majority of NCIRE’s Board of Directors are employed or affiliated with the VA and/or the University of California, San Francisco. All of the principal investigators hold academic positions at UCSF. NCIRE pays the VA for various research-related services, including pharmacy, animal care, and other services, as well as certain personnel costs, in which the employee performs services for both entities. NCIRE, the VA, and UCSF reimburse one another for costs associated with these activities.

NCIRE bills the VA for some personnel costs via the Intergovernmental Personnel Act (“IPA”) of 1970. Costs expended include salaries and wages, as well as payroll taxes and other benefit costs. Reimbursements for these costs were \$3,665,041 and \$3,728,468 for the years ended September 30, 2022 and 2021, respectively. These costs were included in research program expenses on the statements of activities and changes in net assets. At September 30, 2022 and 2021, NCIRE had payables due to the VA and/or UCSF in the amount of \$648,747 and \$748,491 for these services, respectively. These amounts are reported within accounts payable and accrued expenses. At September 30, 2022 and 2021, NCIRE had receivables due from the VA and/or UCSF in the amount of \$770,768 and \$750,034, respectively. These amounts are reported within receivables.

**Note 6 – Paycheck Protection Program Loan**

In May 2020, NCIRE was granted a loan under the Paycheck Protection Program (“PPP”) offered by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), section 7(a)(36) of the Small Business Act. The note was issued through Bank of America in the amount of \$3,274,290. The two-year loan bore interest at 1% and matured in May 2022. The loan was subject to partial or full forgiveness if NCIRE used all proceeds for eligible purposes; maintained certain employment levels; and maintained certain compensation levels in accordance with and subject to the CARES Act and the various rules, regulations, and guidance. It was NCIRE’s policy to account for this loan in accordance with FASB Accounting Standards Codification 470, *Debt*, with interest accrued and expenses over the term of the loan or until forgiveness was granted, releasing NCIRE from being the primary obligor. In March 2021, NCIRE paid off an amount of \$2,264,964 of the unspent PPP loan to Bank of America after submitting a forgiveness application for the remaining \$1,009,326. On June 28, 2021, the SBA granted NCIRE full forgiveness of the remaining \$1,009,326 loan outstanding and was recorded as a gain on forgiveness of the PPP loan on the statement of activities and changes in net assets. Total interest expense incurred on the PPP loan was \$18,738, of which \$11,614 was forgiven.

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See report of independent auditors.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**

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**Note 7 – Commitments and Contingencies**

**Research agreements** – Certain research agreements require fulfillment of various procedures. Failure to fulfill those procedures could result in the return of funds to the sponsor(s). In addition, all federal awards are subject to audit under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and by various federal agencies. As of September 30, 2022, there have not been any significant adjustments related to research agreements.

**Indirect costs** – NCIRE negotiates its indirect cost agreement with the HHS. The negotiations resulted in a provisional rate of 53.3% for fiscal years 2023, 2022, and 2021. The rates were determined using estimated indirect costs as a function of estimated direct costs. If actual costs are lower than these estimates, NCIRE will make a downward adjustment to its draw of federal funds in order to appropriately reflect actual indirect costs for the period.

**Litigation** – From time to time, NCIRE is a party to legal actions that arise in the normal course of business. In the opinion of management of NCIRE, such matters are not expected to have a material effect on NCIRE's financial position and no provision has been made in the financial statements.

**Note 8 – Liquidity and Availability**

The following table reflects NCIRE's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 8,229,455	\$ 5,846,968
Receivables	<u>13,290,036</u>	<u>9,514,537</u>
Total financial assets at September 30	<u>21,519,491</u>	<u>15,361,505</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 21,519,491</u></u>	<u><u>\$ 15,361,505</u></u>

Financial assets are considered unavailable when illiquid or not convertible to cash and cash equivalents within one year. NCIRE has established an operating reserve and reviews its funding level on an ongoing basis to ensure it is adequate to meet current obligations. In addition to financial assets available to meet general expenditures over the next 12 months, NCIRE operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Cash in excess of daily requirements is typically invested in short-term, liquid securities.

See report of independent auditors.



**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Financial Statements**

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NCIRE also has available for general expenditures a \$750,000 line of credit agreement with Bank of America. The interest rate is a rate per year equal to the bank's prime rate plus 1.25 percentage points. The line of credit has an expiration date of July 1, 2023, and is not expected to be renewed given NCIRE's solid cash reserve built in the past two years. There was no principal amount outstanding at September 30, 2022 and 2021, and no interest expense for the years ended September 30, 2022 and 2021.

**Note 9 – Functional Classification of Expenses**

The allocation of functional expenses for the years ended September 30, 2022 and 2021, were as follows:

	2022			2021		
	Research program	Management and general	Total	Research program	Management and general	Total
Employee compensation and benefits	\$ 18,365,397	\$ 7,692,049	\$ 26,057,446	\$ 17,377,252	\$ 7,099,952	\$ 24,477,204
Animals	22,566	51,961	74,527	30,348	29,229	59,577
Subject costs	436,527	17,310	453,837	446,243	5,475	451,718
Dues	14,564	69,943	84,507	12,904	98,150	111,054
Outside research	524,282	128,117	652,399	1,157,273	151,762	1,309,035
Supplies	817,359	185,287	1,002,646	731,500	449,896	1,181,396
Depreciation	95,424	104,046	199,470	126,280	104,096	230,376
Professional fees	141,999	255,317	397,316	116,146	236,540	352,686
Employee recruiting	16,092	48,872	64,964	10,530	21,650	32,180
Meetings and conferences	68,030	22,443	90,473	498	25,169	25,667
Printing and publications	42,571	40,881	83,452	38,937	51,537	90,474
Insurance	-	148,323	148,323	-	96,011	96,011
Travel	146,239	143,454	289,693	16,200	4,561	20,761
Registration fees	10,672	28,431	39,103	5,787	62,923	68,710
Office expenses	202,604	425,106	627,710	43,961	357,853	401,814
Other	2,719	88,711	91,430	11,301	117,430	128,731
Subcontracts	22,921,193	-	22,921,193	14,724,892	-	14,724,892
	<u>\$ 43,828,238</u>	<u>\$ 9,450,251</u>	<u>\$ 53,278,489</u>	<u>\$ 34,850,052</u>	<u>\$ 8,912,234</u>	<u>\$ 43,762,286</u>

**Note 10 – Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. NCIRE recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. NCIRE's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

NCIRE has evaluated subsequent events through February 28, 2023, which is the date the financial statements were available to be issued.

See report of independent auditors.

## **Supplementary Information**

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**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
U.S. Department of Defense:				
Direct Awards:				
Military Medical Research and Development	12.420		\$ 731,843	\$ 3,269,005
Military Medical Research and Development (Contract)	N/A		23,441	165,317
Total Direct Awards			<u>755,284</u>	<u>3,434,322</u>
Pass-Through Awards:				
Boston University -				
Military Medical Research and Development	12.420	W81XWH-17-1-0685	-	(417)
San Francisco Veteran Affairs Medical Center				
Military Medical Research and Development	12.420	20-1227-IAA	-	47,302
Virginia Commonwealth University -				
Military Medical Research and Development	12.420	W81XWH-19-2-0067	-	292,318
Trustees Boston University -				
Military Medical Research and Development	12.420	W81XWH-18-1-0549	-	198,643
Total Pass-Through Awards			-	<u>537,846</u>
Total U.S. Department of Defense			<u>755,284</u>	<u>3,972,168</u>
U.S. Department of Health and Human Services:				
Direct Awards:				
Oral Diseases and Disorders Research	93.121		-	74,747
Research and Training in Complementary and Integrative Health	93.213		461,813	1,333,682
Mental Health Research Grants	93.242		155,769	2,076,614
Occupational Safety and Health Program	93.262		7,965	14,556
COVID-19 Occupational Safety and Health Program	93.262		-	101,068
Drug Abuse and Addiction Research Programs	93.279		-	356,765
Discovery and Applied Research for Technological Innovations to				
Improve Human Health	93.286		-	48,059
Minority Health and Health Disparities Research	93.307		254,966	443,599
Cancer Biology Research	93.396		661,579	985,137
Cardiovascular Diseases Research	93.837		1,533,345	2,483,513
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		-	619,306
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		1,128,620	3,207,415
Extramural Research Programs in the Neurosciences and				
Neurological Disorders	93.853		59,424	955,880
Allergy and Infectious Diseases Research	93.855		-	319,719
Biomedical Research and Research Training	93.859		310,341	605,191
Aging Research	93.866		17,592,087	22,995,780
Total Direct Awards			<u>22,165,909</u>	<u>36,621,031</u>
Pass-Through Awards:				
Advanced MRI Technologies LLC -				
Mental Health Research Grants	93.242	R44MH129278	-	1,792
Board of Regents of the University of Oklahoma -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1R01DK121656-01	-	222,515
Bone Health Technologies, Inc. -				
Aging Research	93.866	2SBAG046005	-	74,838
Brown University -				
Aging Research	93.866	U54AG06346	-	17,366
Brigham and Women's Hospital -				
Mental Health Research Grants	93.242	1U24MH124629	-	144,182
Allergy and Infectious Diseases Research	93.855	R01AI150396	-	35,130
Fred Hutchison Cancer Research Center -				
Allergy and Infectious Diseases Research	93.855	Janssen CoVPN CRADA	-	71,070
Institute of Clinical Research, Inc. -				
COVID-19 Allergy and Infectious Diseases Research	93.855	ACTIV3 TICO	-	97,599
Jan Biotech, Inc. -				
COVID-19 Allergy and Infectious Diseases Research	93.855	R44AI155075	-	50,111

(continued)

See accompanying notes to schedule of expenditures of federal awards.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended September 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>				
U.S. Department of Health and Human Services (continued)				
Kaiser Foundation Washington Research Institute -				
Aging Research	93.866	R01AG068133	-	214,040
Aging Research	93.866	R01AG067427	-	52,968
Mayo Clinic Jacksonville -				
Food and Drug Administration Research	93.103	6292-2020-UDI-1003	-	107,482
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Neurosciences and Neurological Disorders	93.853	CREST H Fixed Price	-	6,375
Mount Sinal School of Medicine -				
Aging Research	93.866	P01AG066605	-	985,747
New York University -				
International Research and Research Training	93.989	D43TW009140	-	3,532
Northwestern University -				
Aging Research	93.866	1U2CAG060426-01	-	255,103
Stanford University -				
Aging Research	93.866	1RF1AG0625868-01	-	257,864
Stutter Bay Hospital CPMC -				
Aging Research	93.866	R01AG052964	-	48,864
The Board of Trustees of the University of Alabama -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	3P30DK079337	-	126,225
The Rector and Visitors of the University of Virginia -				
Allergy and Infectious Diseases Research	93.855	R01AI097312	-	32,294
The Trustees of Columbia University -				
Aging Research	93.866	1R01AG069120	-	27,995
The Trustees of the University of Pennsylvania -				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Neurosciences and Neurological Disorders	93.853	R01NS102324	-	38,218
The University of Texas Health Science -				
Cardiovascular Diseases Research				
Cardiovascular Diseases Research	93.837	R01HL141824	-	32,681
Aging Research				
Aging Research	93.866	R01AG062531	-	30,516
TheraNova, LLC -				
Drug Abuse and Addiction Research Programs				
Drug Abuse and Addiction Research Programs	93.279	R43DA049623	-	32,449
Together Senior Health, Inc. -				
Aging Research	93.866	R43AG059520	-	99,907
Trustees Boston University -				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Neurosciences and Neurological Disorders	93.853	R01NS119651	-	218,417
Tufts Medical Center -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	U01DK102730	-	37,215
University of California Berkeley -				
Mental Health Research Grants				
Mental Health Research Grants	93.242	R01MH111444	-	156,792
Discovery and Applied Research for Technological Innovations to Improve Human Health				
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	U01EB025162	-	85,211
University of California Irvine -				
Cardiovascular Diseases Research				
Cardiovascular Diseases Research	93.837	R01HL154624	-	258,893
University of California San Diego -				
Trans-NIH Research Support				
Trans-NIH Research Support	93.310	UG3CA241687	-	55,082
Diabetes, Digestive, and Kidney Diseases Extramural Research				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK128803	-	1,649
University of California, San Francisco -				
Arthritis, Musculoskeletal, and Skin Diseases Research				
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	UH2AR076724	-	234,150
Arthritis, Musculoskeletal, and Skin Diseases Research				
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	1U19AR076737	-	456,194
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders	93.853	R01NS122888	-	100,749
Aging Research	93.866	R33AG62867	-	102,460
University of Ibadan -				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders	93.853	R01NS107900	-	45,553
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders				
Extramural Research Programs in the Neurosciences and Neurosciences and Neurological Disorders	93.853	R01NS115944	-	14,930
University of Melbourne -				
Trans-NIH Research Support				
Trans-NIH Research Support	93.310	R01AG058676	-	76,715
Aging Research				
Aging Research	93.866	1R01AG058676-01A1	-	653,256
University of Memphis -				
Alcohol Research Programs				
Alcohol Research Programs	93.273	R01AA029031	-	13,066
University of North Texas Health Science Center -				
Aging Research	93.866	R01AG058537	-	175,244

See accompanying notes to schedule of expenditures of federal awards.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended September 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (continued)				
U.S. Department of Health and Human Services (continued)				
University of Southern California -				
Aging Research	93.866	R01AG053798	-	173,092
Aging Research	93.866	1U24AG057437	-	142,339
Aging Research	93.866	U01AG068057	-	136,133
Alcohol Research Programs	93.273	R01AA027225	-	113,744
Alcohol Research Programs	93.273	R34AA027845	-	13,066
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	U54DK104310	-	19,448
Vanderbilt Medical Center -				
Aging Research	93.866	U24AG074855	-	64,882
Vanderbilt University -				
Biomedical Research and Research Training	93.859	R01GM137458	-	98,474
Veterans Medical Research Foundation -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK098234-01A	-	329,820
Washington State University -				
Alcohol Research Programs	93.273	R01AA027209	-	41,946
Yale University -				
Child Health and Human Development Extramural Research	93.865	1R01HD100468	-	31,659
Mental Health Research Grants	93.242	U01MH124639	-	416,592
Total Pass-Through Awards			-	7,333,634
Total U.S. Department of Health and Human Services			22,165,909	43,954,665
TOTAL RESEARCH AND DEVELOPMENT CLUSTER AND EXPENDITURES OF FEDERAL AWARDS			<u>\$ 22,921,193</u>	<u>\$ 47,926,833</u>

See accompanying notes to schedule of expenditures of federal awards.

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1 – Purpose of The Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is a supplementary schedule to the financial statements of the Northern California Institute for Research and Education, Inc. ("NCIRE"), and is presented for the purpose of additional analysis. Because the Schedule presents only a selected portion of the activities of NCIRE, it is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of NCIRE.

**Note 2 – Basis of Presentation**

The Schedule is presented 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"). Assistance Listing Numbers ("ALN") are presented for those programs for which numbers are available. 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 allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

**Note 3 – Subrecipients**

Certain funds are passed through to subrecipient organizations by NCIRE. Expenditures incurred by the subrecipients, and reimbursed by NCIRE, are included in the Schedule. NCIRE is also the subrecipient of federal funds, which are reported as expenditures and listed separately as federal pass-through funds.

Of the federal awards presented in the schedule of expenditures of federal awards, NCIRE passed federal awards to subrecipients as follows:

<u>Subrecipients</u>	<u>Federal Assistance Listing Number</u>	<u>Award No.</u>	<u>Amount Provided to Subrecipients</u>
Albert Einstein College	93.837	R01HL144707	\$ 263,728
	93.847	R01DK125646	39,904
Banner Alzheimer's Institute	93.866	U19AG024904	52,091
Baylor College of Medicine	93.262	R21OH012201	7,965
Beth Israel Deaconess Medical Ctr	93.866	R01AG027002	299,638

(continued)

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards**

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Subrecipients	Federal Assistance Listing Number	Award No.	Amount Provided to Subrecipients
<i>(continued)</i>			
Biomedical Research Foundation	93.213	UG3AT009765	11,770
	93.866	R01AG027002	36,113
Boston Medical Center	93.866	R01AG034853	21,595
Boston University	12.420	W81XWH-16-1-0558	3,400
	12.420	W81XWH-21-1-0656	31,362
Brigham and Women's Hospital	93.866	U19AG024904	51,745
	93.847	R01DK120387-01A1	188,546
Brown University	93.866	R24AG064025	45,332
Columbia University	93.847	R01DK125646	15,273
CPMC Research Institute	93.837	R01HL151564	32,155
	93.847	R01DK107629	928
	93.847	R01DK115562	2,966
	93.866	R01AG027002	12,312
Dartmouth-Hitchcock Clinic	12.420	20-1227-1AA	54,600
Duke University	12.420	W81XWH-18-1-0692	101,041
	93.866	R24AG064025	67,338
Eidgenoessische Technische Hochschule Zuerich (ETHZ)	93.396	UH3CA241703	101,737
Gladstone Institute	12.420	W81XWH-20-1-0710	349,794
Icahn School of Medicine	93.866	R24AG064025	51,377
Indiana University	93.866	U19AG024904	446,117
Johns Hopkins University	93.847	R01DK103574	23,325
	93.866	R01AG027002	69,583
	93.837	R01HL144707	181,460
	93.866	R24AG064025	213,213
Joslin Diabetes Center Inc.	93.847	R01DK125646	100,915
Kaiser Foundation Research	93.866	R01AG063887	101,405
	93.866	R24AG064025	307,233
Kwame Nkrumah University of Science and Technology	93.853	R21NS103752	14,104
	93.837	R01HL152188	384,928
Mayo Clinic Rochester	93.866	U19AG024904	212,136
Medical University of South Carolina	93.307	R01MD012441	254,966
	93.853	R25NS098999	45,320
Mount Saini Hospital	93.847	R01DK125646	7,888
Northwestern University	93.866	R01AG063887	81,663
Oregon Health and Science University	93.213	UG3AT009765	154,776
Research St. Joseph's Hamilton	93.866	R24AG064025	30,812
RH Studio 2 OpCo 22, Inc.	12.420	W81XWH-21-1-0147	32,605
San Diego State University	93.837	R01HL144707	132,698
Stanford University	93.837	R01HL151564	128,490
Tampa Veterans Research and Education	93.213	UG3AT009765	115,368
<i>(continued)</i>			

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards**

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Subrecipients	Federal Assistance Listing Number	Award No.	Amount Provided to Subrecipients
<i>(continued)</i>			
The Translational Genomics Research Institute	93.396 93.396	UG3CA241703 UH3CA241703	124 150,487
The Research Foundation of State University of New York	93.866	R24AG064025	38,694
The UT Health Science Center	93.866	R24AG064025	51,878
Tufts University	93.866	R01DK115562	60,764
UC Berkeley	93.866	U19AG024904	474,097
	12.420	W81XWH-14-1-0462	30,735
UC Davis	93.866	U19AG024904	237,450
	93.866	R01AG034853	51,623
UC Los Angeles	93.866	R24AG064025	34,617
	12.420	W81XWH-21-1-0147	128,305
UC San Diego	93.837	R01HL144707	107,123
	93.866	R01AG034853	663
	93.837	R01HL151564	8,440
	93.847	R01DK130870	7,939
	93.866	2U01AG024904	(12,053)
UC San Francisco	93.242	R01MH121121	13,648
	93.866	R01AG034853	6,226
	93.847	R01DK120387-01A1	117,038
	93.866	U19AG024904	640,319
	N/A	W81XWH-19-C-0093	23,441
University College London	93.866	U19AG024904	116,817
University of Alabama	93.866	R01AG063887	92,547
University of Calgary	93.847	R01DK125646	29,169
University of Colorado	93.847	R01DK125646	29,332
University of Connecticut Health Center	93.242	RF1MH117604	142,121
University of Illinois	93.837	R01HL144707	6,653
University of Kentucky Research Foundation	93.866	R24AG064025	160,809
University of Maryland, Baltimore	93.866	R24AG064025	30,076
University of Massachusetts Medical School	93.866	R24AG064025	40,211
University of Miami	93.837	R01HL144707	102,689
University of Michigan	93.847	R01DK125646	3,493
	93.866	U19AG024904	135,819
	93.866	R24AG064025	39,547
University of Minnesota	93.866	R01AG063887	57,906
University of North Carolina at Chapel Hill	93.837	R01HL144707	184,980
	93.866	R24AG064025	7,683
University of Pennsylvania	93.866	2U01AG024904	491,479
	93.866	R24AG064025	30,162

*(continued)*



**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards**

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Subrecipients	Federal Assistance Listing Number	Award No.	Amount Provided to Subrecipients
<i>(continued)</i>			
University of Pittsburgh	93.847	R01DK122259	239,610
	93.866	2U01AG024904	71,196
University of Southern California	93.866	2U01AG024904	11,961,403
University of Washington	93.847	R01DK125646	8,847
	93.866	R01AG027002	34,021
Universitat Zurich	93.396	UG3CA241703	101,515
	93.396	UH3CA241703	307,717
UT Southwestern Medical Center	93.847	R01DK125646	33,017
Vanderbilt University Medical Center	93.859	R01GM061606	310,341
	93.866	R24AG064025	47,782
Veterans Medical Research Foundation	93.847	R01DK115562	6,879
Veteran Research and Education Foundation	93.213	UH3AT009765	76,952
Wake Forest University	93.847	R01DK115562	41,132
Washington University	93.866	2U01AG024904	589,397
	93.847	R01DK125646	98,711
Yale University	93.213	UG3AT009765	102,947
	93.847	R01DK130870	133,707
	93.866	R24AG064025	1,253
Total			<u>\$ 22,921,193</u>

## **Report of Independent Auditors 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 Audit Committee  
Northern California Institute for Research and Education, Inc.

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* (“*Government Auditing Standards*”), issued by the Comptroller General of the United States, the financial statements of Northern California Institute for Research and Education, Inc. (“NCIRE”), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NCIRE’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 NCIRE’s internal control. Accordingly, we do not express an opinion on the effectiveness of NCIRE’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 NCIRE'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 NCIRE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCIRE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
February 28, 2023

# **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Audit Committee  
Northern California Institute for Research and Education, Inc.

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

### ***Opinion on the Major Federal Program***

We have audited Northern California Institute for Research and Education, Inc.'s ("NCIRE") 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 NCIRE's major federal program for the year ended September 30, 2022. NCIRE's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern California Institute for Research and Education, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* ("*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 NCIRE 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 the major federal program. Our audit does not provide a legal determination of NCIRE'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 NCIRE'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 NCIRE'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 GAAS, *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 NCIRE's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 NCIRE'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 NCIRE'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 NCIRE'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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
February 28, 2023

**Northern California Institute for Research and Education, Inc.**  
**(A California Nonprofit Public Benefit Corporation)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of the major federal program and type of auditor’s report issued on compliance for the major federal program:

<i>Federal Assistance Listing Numbers</i>	<i>Name of Major Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for the Major Federal Program</i>
Various	Research and Development Cluster	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$1,437,805

Auditee qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

None reported

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

None reported

**Summary Schedule of Prior Audit Findings**

**Name of Auditee:** Northern California Institute for Research and Education, Inc. **Period Covered by the Audit:** October 1, 2020 to September 30, 2021  
**Name of Audit Firm:** Moss Adams LLP

***There were no findings in the prior audit report.***



