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Financial Statements  
with Report of Independent Auditors  
and Reports on Federal Award Programs in Accordance  
with *Government Auditing Standards and Uniform  
Administrative Requirements, Cost Principles, and Audit  
Requirements for Federal Awards* (Uniform Guidance) in a  
single audit

**International Computer Science Institute**

December 31, 2022

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Trustees,  
International Computer Science Institute  
Berkeley, California

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

#### ***Opinion***

We have audited the accompanying financial statements of International Computer Science Institute (“the Institute”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Computer Science Institute as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the International Computer Science Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 6 to the financial statements, the value of the shares in private companies, that are not readily marketable, is based on estimated fair value. In estimating fair values, the Institute uses valuation methods, assumptions, and models that consider, among other factors, the value of the underlying stock, strike price, risk-free interest rate, volatility, and expected life. The estimated fair value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the shares existed. Our opinion is not modified with respect to this matter.

## REPORT OF INDEPENDENT AUDITORS – Continued

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

## **REPORT OF INDEPENDENT AUDITORS - Continued**

- 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 the International Computer Science Institute'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 the International Computer Science Institute's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 on our consideration of the International Computer Science 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.

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### REPORT OF INDEPENDENT AUDITORS - Continued

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 the International Computer Science Institute'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 the International Computer Science Institute's internal control over financial reporting and compliance.

S D Mayer & Associates, LLP

*S D Mayer & Associates, LLP*

San Francisco, CA  
June 24, 2024

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**

As of December 31, 2022

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 3,386,842
Grants and contracts receivable, net	1,504,759
Investments, at fair value	901,663
Prepaid expenses	2,579
Total Current Assets	<u>5,795,843</u>

Non-Current Assets:

Property and equipment, net	392,479
Investments, at fair value	8,285,901
Right of use asset - operating lease	442,902
Deposits and other assets	114,366
Total Non-Current Assets	<u>9,235,648</u>

Total Assets \$ 15,031,491

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable and other liabilities	\$ 143,809
Accrued payroll and other expenses	406,748
Lease liability, short-term	173,563
Total Current Liabilities	<u>724,120</u>

Long-Term Debt:

Lease liability, long-term	281,110
Total Liabilities	<u>1,005,230</u>

Net Assets:

Without donor restrictions	13,516,658
With donor restrictions	509,603
Total Net Assets	<u>14,026,261</u>

Total Liabilities and Net Assets \$ 15,031,491

The accompanying notes are an integral part of these financial statements

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
Research grants and contracts	\$ 4,953,248	\$ -	\$ 4,953,248
Patent license fees	100,000	-	100,000
Contributions	150,000	-	150,000
Net investment income	1,433,715	-	1,433,715
Other revenue	13,389	-	13,389
	<u>6,650,352</u>	<u>-</u>	<u>6,650,352</u>
Net assets released from restrictions	<u>24,027</u>	<u>(24,027)</u>	<u>-</u>
Total Revenues and Support	<u>6,674,379</u>	<u>(24,027)</u>	<u>6,650,352</u>
Expenses:			
Research programs	5,197,753	-	5,197,753
Management and general	164,377	-	164,377
Total Expenses	<u>5,362,130</u>	<u>-</u>	<u>5,362,130</u>
Changes in Net Assets before impairment loss	1,312,249	(24,027)	1,288,222
Impairment loss in investments	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Changes in Net Assets	562,249	(24,027)	538,222
Net Assets at beginning of year	<u>12,954,409</u>	<u>533,630</u>	<u>13,488,039</u>
Net Assets at end of year	<u>\$ 13,516,658</u>	<u>\$ 509,603</u>	<u>\$ 14,026,261</u>

The accompanying notes are an integral part of these financial statements

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2022

	Research Programs	Management and General	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Personnel Expenses:			
Research Salaries	\$ 960,587	\$ 769	\$ 961,356
Other Salaries	877,314	818,125	1,695,439
Payroll taxes	119,955	67,095	187,050
Employee Benefits	325,825	375,244	701,069
Total Personnel Expenses	<u>2,283,681</u>	<u>1,261,233</u>	<u>3,544,914</u>
Professional Services	333,461	174,172	507,633
Legal and Accounting Fees	7,157	214,639	221,796
Grants to subrecipient-contractors	242,274	-	242,274
Books, Journals, Libraries	-	182	182
Meetings and Conferences	-	81	81
Travel Expense	38,556	7,667	46,223
Supplies and Materials	-	7,948	7,948
Mailing and Production	206	718	924
Facilities Expenses	200	224,602	224,802
Depreciation	-	91,443	91,443
Information Technology	3,452	73,998	77,450
Licenses and Fees	530	40,102	40,632
Participant Support	11,758	-	11,758
Business Expenses	960	68,917	69,877
Other Expenses	269,318	4,875	274,193
Indirect Cost Allocation	<u>2,006,200</u>	<u>(2,006,200)</u>	<u>-</u>
Total Expenses	<u>\$ 5,197,753</u>	<u>\$ 164,377</u>	<u>\$ 5,362,130</u>

The accompanying notes are an integral part of these financial statements

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 538,222
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	91,443
Provision (recovery) for bad debts	32,330
Impairment loss	750,000
Net (appreciation) depreciation on investments	(456,429)
Realized gain on sale of investments	(952,574)
(Increase) decrease in operating assets:	
Grants and contracts receivable	(236,429)
Other receivables	3,427
Prepaid expenses	629
Right of use asset - operating lease	(442,902)
Deposits and other assets	34,212
Increase (decrease) in operating liabilities:	
Accounts payable and other liabilities	(113,571)
Accrued payroll and other expenses	(47,904)
Grant and contract advances	(2,491)
Lease liability	454,673
Net cash used in operating activities	<u>(347,364)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(268,926)
Purchases of investments	(283,738)
Proceeds from sale of investments	2,268,587
Net cash provided by investing activities	<u>1,715,923</u>

Net increase in cash and cash equivalents	1,368,559
Cash and cash equivalents at beginning of year	<u>2,018,283</u>
Cash and cash equivalents at end of year	<u>\$ 3,386,842</u>

Supplemental disclosures of cash flow information:

Interest paid	\$ <u>          -</u>
Recording initial value of right of use asset in exchange for a lease liability	<u>\$ 618,390</u>

The accompanying notes are an integral part of these financial statements

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements  
For the year ended December 31, 2022

## 1. Organization:

International Computer Science Institute (the Institute) was incorporated as a California non-profit corporation on July 9, 1986. Its purpose is the invigoration and enrichment of research in the computer sciences. The Institute brings some of the world's foremost computer scientists together for periods from several weeks to several years for research and scholarship. Support consists primarily of grants and contracts with certain United States agencies and other organizations.

Research program expenses include all the direct expenses of conducting basic computer science research as approved by the funding agency. Significant expenses include payroll and related costs, sub-awards, travel and contract equipment.

## 2. Basis of Presentation and Significant Accounting Policies:

### Basis of Accounting:

The Institute's financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Basis of Presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

*Net Assets Without Donor Restrictions*— Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

*Net Assets With Donor Restrictions*— Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Institute. Certain restrictions may need to be maintained in perpetuity.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 2. Basis of Presentation and Significant Accounting Policies, continued:

### Basis of Presentation, continued:

Contributions and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions and investment gains and losses which are received and expended in the same fiscal year are classified within net assets without donor restrictions.

### Property and Equipment, Net:

Property and Equipment in excess of \$1,000 and with an estimated useful life in excess of one year are capitalized at cost. Donated assets are capitalized at the fair value at date of receipt. Contract property and equipment purchased for specific projects, amounting to \$8,781 in 2022, is expensed when purchased as a reimbursable expense. Depreciation and amortization on capitalized property and equipment is computed using the straight-line method with estimated useful lives varying between three to eight years or, in the case of leasehold improvements, over the life of the lease if shorter.

### Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents are defined as demand deposits at banks and certificates of deposit with initial purchased maturities of less than ninety days.

### Functional Allocation of Expenses:

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Institute. The Institute had no fundraising activities in 2022.

### Indirect cost allocation:

Indirect cost recovery allocation is based on negotiated indirect cost rate and is charged to different research and development programs.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 2. Basis of Presentation and Significant Accounting Policies, continued:

### Grants and Contracts receivable:

Grants and contracts receivable represent unreimbursed expenditures incurred under the terms of the contact or grant awards.

### Revenue Recognition:

Research revenue is derived from contracts and grants and is recognized upon the incurrence of allowable qualifying expenditures of related projects or when the conditions are met. Amounts received prior to incurring qualifying expenditures or prior to conditions being met are reported as grant and contract advances in the statement of financial position. There were no contract assets or liabilities at December 31, 2022. There were no contract assets or liabilities at January 1, 2022.

Unconditional contributions are recognized as revenue in the period received and are reported as increases in the appropriate categories of net assets. Contributions that include a measurable barrier or those for which the Institute has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is when conditions surrounding the indications of the barrier have been met.

### Fair Value of Financial Instruments:

The Institute's financial instruments consist principally of cash and cash equivalents, prepaid expenses, grants and contracts receivable, investments, other assets, accounts payable, and accrued expenses. The Institute believes all of the financial instruments' recorded values approximate current fair value. The fair value of Institute's financial instruments reflects the amount that the Institute estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The Institute has adapted a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

*Level 1*—valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Bonds and equity mutual funds are listed under this level.

*Level 2*—valuation inputs are obtained from readily-available pricing sources for comparable instruments. The Institute had no investments under this level.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 2. Basis of Presentation and Significant Accounting Policies, continued:

### Fair Value of Financial Instruments (continued):

*Level 3*—valuation inputs are obtained without observable market value and require a high level of judgment to determine the fair value. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs. Shares in private companies are listed under this level.

Much of the disclosure is focused on the inputs used to measure fair value, particularly in instances where the measurement uses significant unobservable (Level 3) inputs. The Institute uses valuation methods and assumptions that consider, among other factors, the value of the underlying stock, strike price, risk-free interest rate, volatility, and expected life in estimating fair value.

As of December 31, 2022, the Institute evaluated the fair value of its investments on a recurring basis. The Institute did not have any transfers between Level 1, Level 2, or Level 3 during the year ended December 31, 2022.

### Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates include the depreciable lives of long lived assets, fair value of investments, allowance for uncollectible amounts, accrued liabilities and the allocation of functional expenses. Accordingly, actual results could differ from those estimates.

### Advertising Costs

The Institute expenses advertising costs as they are incurred. Advertising costs amounted to \$9,022 in 2022.

### Allowance for Doubtful Accounts

Grants and contracts receivable are shown net of an allowance for doubtful accounts. The Institute reviews the accounts receivable aging and establishes an allowance of 50% of the balance older than 120 days. The allowance for doubtful accounts amounted to \$41,013 at December 31, 2022. Grants and contracts receivable, net amounted to \$1,504,759 at December 31, 2022. Grants and contracts receivable, net amounted to \$1,300,660 at January 1, 2022.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 2. Basis of Presentation and Significant Accounting Policies, continued:

### Leases

A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset.

A lease is classified as an operating lease if it does not meet any one of these criteria. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate for the same term as the underlying lease. For its operating lease, the Organization has made an accounting policy to use a risk-free rate, in lieu of its incremental borrowing rate to discount the future lease payments.

Lease expense for operating leases consists of the lease payments plus any initial direct costs and is recognized on a straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the right-of-use asset on a straight-line basis over the lease term and interest expense determined on an amortized cost basis.

The Institute elected the practical expedient to account for lease components and non-lease components as a single lease component. The Institute is currently not party to any finance leases. The Institute does not record leases in the statement of financial position that are classified as short term (less than one year). Short-term lease cost for operating leases with a term of less than 12 months are included in rent expense.

### Recent Accounting Pronouncements

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021. The Institute adopted this standard effective January 1, 2022 (see Note 10).

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 2. Basis of Presentation and Significant Accounting Policies, continued:

### Recent Accounting Pronouncements - continued

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for the year ending December 31, 2022. This standard did not have material effect on the Institute's financial statements.

In June 2016, the FASB issued Accounting Standards Update No. ASU 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*". This amendment requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This standard is effective for years beginning after December 15, 2022. The Institute is evaluating the effect that ASU No. 2016-13 will have on its financial statements and related disclosures.

## 3. Liquidity and Availability of Resources:

In 2022, the Institute had \$5,793,264 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash and cash equivalents of \$3,386,842, grants and contracts receivable of \$1,504,759, and short-term investments of \$901,663. Net assets of \$509,603 are subject to donor restrictions that can make them unavailable for general expenditures within one year of the statement of financial position.

The Institute has a goal to maintain financial assets which consist of cash and short-term investments on hand to cover its immediate needs. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 4. Concentrations:

The Institute maintains its cash balances at Wells Fargo Bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The Institute had uninsured cash balances in the amount of \$2,919,908 at December 31, 2022.

At December 31, 2022, the Institute had outstanding grants and contracts receivable (net of allowance for uncollectible amounts of \$41,013 in 2022) of \$1,504,759. Management does not anticipate any collection issues on the outstanding receivables in excess of its allowance for uncollectible accounts. Three grantors accounted for 60% of total receivables in 2022. The source of the Institute's research grant revenue is primarily from one grantor. Approximately 27% of the Institute's total research grant revenue was provided by the National Science Foundation for the year ended December 31, 2022. In 2022, other grantors provided in aggregate 33% of the Institute's total research grant revenue.

## 5. Contingencies:

The Institute is engaged in providing research to the federal government and is subject to the peculiar risks associated with doing business with the government. The Institute is also subject to audit by various federal governmental agencies including, among others, the Defense Contract Audit Agency, and such audits may result in changes to the amounts that the Institute has billed for this research. Any such changes are not expected to have a material effect on the Institute's financial position or on its changes in net assets.

## 6. Investments:

Investments are stated at fair value. At December 31, investments consisted of the following:

	<b>2022</b>	
	<b>Cost</b>	<b>Fair Value</b>
Shares in private companies	\$ 815,974	\$ 8,285,901
Bond and equity mutual funds	809,538	901,663
Total	<u>\$ 1,625,512</u>	<u>\$ 9,187,564</u>

The value of the shares in private companies, that are not readily marketable, is based on estimated fair value. In estimating fair value, the Institute uses valuation methods, assumptions, and models that consider, among other factors, the value of the underlying stock, strike price, risk-free interest rate, volatility, and expected life. The estimated fair value of the shares is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the shares existed.

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**

Notes to Financial Statements

For the year ended December 31, 2022

**6. Investments, continued:**

On March 17, 2020, the Institute entered into a Simple Agreement for Future Equity (a "SAFE") with a private company for a purchase amount of \$750,000. In exchange for this SAFE, the Institute made a payment of \$750,000. On April 19, 2021, the Institute entered into an agreement with a third party which provides the Institute the ability to transfer their SAFE investment to this third party in exchange for \$750,000. For the year ended December 31, 2022, management of the Institute performed a qualitative assessment of the value of this investment and decided to record an impairment loss in the amount of \$750,000 since the value could not be determined.

Net investment income (loss) consisted of the following:

	<b>2022</b>
Interest and dividends	\$ 24,712
Net appreciation/(depreciation)	456,429
Realized gain (loss)	952,574
Total	\$ 1,433,715

**7. Fair Value of Financial Instruments:**

The following table sets forth the Institute's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2022:

<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Shares in private companies	\$ -	\$ -	\$ 8,285,901	\$ 8,285,901
Cash	31,723	-	-	31,723
Stock, options and ETFs	869,940	-	-	869,940
Total	\$ 901,663	\$ -	\$ 8,285,901	\$ 9,187,564

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 7. Fair Value of Financial Instruments, continued:

The following table sets forth the changes in fair value of the Institute's investments measured using significant unobservable inputs (Level 3):

	<b>Level 3 Investments</b>
Balance at December 31, 2021	\$ 9,450,003
Purchases of investments	-
Unrealized (loss)	(414,102)
Impairment (loss)	(750,000)
Balance at December 31, 2022	<u>\$ 8,285,901</u>

For Level 3 securities which represent investments in private companies, the Institute estimates the fair values of the securities using (a) unobservable inputs such as the financial statements and other data specific to the private companies, (b) methods such as cash flow discounts or other similar methods, and (c) certain assumptions and estimation methodologies. The institute also uses the most recent transfer price paid for the private company's shares. If there are any changes in valuation, the Institute includes the unrealized gain or loss in its statements of activities and a change to the investments' value in the statements of financial position.

On June 23, 2022, the Institute sold shares of its holdings in a privately held company for \$1,999,993.

## 8. License Agreements:

From time to time the Institute enters into non-exclusive licensing agreements with various corporations with respect to its technology. No value has been recorded on the statement of financial position as of December 31, 2022. License fees amounted to \$100,000 for the year ended December 31, 2022.

# INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

## 9. Property and Equipment, Net:

Property and equipment is summarized as follows at December 31:

	<u>2022</u>
Equipment	\$ 523,146
Furniture and fixtures	60,539
Leasehold improvements	<u>292,454</u>
	876,139
Less accumulated depreciation and amortization	<u>(483,660)</u>
Total property and equipment, net	<u>\$ 392,479</u>

Depreciation expense for the year ended December 31, 2022 was \$91,443.

## 10. Leases:

On November 23, 2021, the Institute amended its original lease for a different office space in the same building in Berkeley California. The commencement date was January 15, 2022 and the expiration date is June 30, 2025. The lease requires monthly base rent payment of \$14,028 in the first year and the rent will increase gradually each year thereafter by around 5% for the remaining term of the lease until expiration.

At January 1, 2022, The Institute calculated a right of use asset in the amount of \$617,484 and an operating lease liability in the amount of \$618,390.

The Institute used the risk-free discount rate of 0.85% at January 1, 2022 to calculate the operating lease right of use asset and operating lease liability for all its leases.

Supplemental information on the statement of financial position related to the operating leases which existed as of December 31, 2022 are as follows:

Operating lease right of use asset	<u>\$ 442,902</u>
Lease liability, short-term	<u>\$ 173,563</u>
Lease liability, long-term	<u>\$ 281,110</u>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**

Notes to Financial Statements

For the year ended December 31, 2022

**10. Leases, continued:**

The following summarizes the weighted average remaining lease term and discount rate for all operating leases as of December 31, 2022:

Weighted average remaining lease term (in years)	<u>2.42</u>
Weighted average risk-free discount rate	<u>0.85%</u>

Rent expense was \$144,764 for the years ended December 31, 2022.

The maturities of operating lease liability as of December 31, 2022 are as follows:

December 31, 2023	\$ 176,753
December 31, 2024	185,590
December 31, 2025	<u>97,435</u>
Total minimum lease payments	459,778
Less amount representing interest	<u>(5,105)</u>
Present value of operating lease liability	454,673
Less current portion of operating lease liability	<u>(173,563)</u>
Operating lease liability - long term	<u><u>\$ 281,110</u></u>

**11. Employee Retirement Plan:**

The Institute has adopted a qualified, defined contribution retirement 401(k) plan (the Plan). Post-Doctoral fellows who are eligible to participate will receive 3% (Safe Harbor) of regular salary and all other employees who are eligible to participate will receive 10% of regular salary (which includes Safe Harbor). The Plan is administered by the Principal Group. The Institute's retirement expense was \$193,185 for the year ended December 31, 2022.

**12. Line of Credit:**

The Institute had a revolving line of credit ("the line") with Wells Fargo Bank in the amount of \$500,000 with an expiration date of December 10, 2022. The line was renewed and expired on April 10, 2024. The Institute plans to renew the line. The line bears interest at the greater of the Prime Rate plus 0.75% or 5.0%. The interest rate for the line as of December 31, 2022 was 8.25%. The Institute did not borrow from the line in 2022. As of December 31, 2022, there was no principal balance outstanding on the line. The line is secured by the investments held by the Institute. There as no interest expense in 2022.

## INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the year ended December 31, 2022

### 13. Foreign Currency Exchange Risk:

Certain contracts of the Institute are expressed in foreign currencies. The Institute may incur gains or losses on the exchange of those currencies into US dollars. Such gains or losses were not material to the operations of the Institute.

### 14. Net Assets With Donor Restrictions:

Net assets with donor restrictions amounted to \$509,603 at December 31, 2022, and are restricted to certain types of internet research projects as prescribed by certain grants. Net assets with donor restrictions amounting to \$24,027 were released from restrictions, by incurring expenses in accordance with the terms of the agreement, during the year ended December 31, 2022.

### 15. Income Taxes:

The Institute is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the U.S Internal Revenue Code (the Code), and contributions to it are tax deductible as prescribed by the Code. The Institute is also exempt from California income and or Franchise tax under Section 23701d of the California Revenue and Taxation Code. The Institute is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2018. The Institute has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a “publicly supported” organization under Section 170(b)(1)(A)(vi) of the Code.

The Institute assesses its accounting for uncertainty in income taxes recognized in its financial statements and prescribes a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. There was no material impact on the Institute’s financial statements.

### 16. Subsequent Events:

The Institute evaluated subsequent events for recognition and disclosure through June 24, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in the financial statements except as disclosed below.

The Institute sold shares of its holding in a privately held company on April 30, 2024 and received \$9,999,995.73 in cash from the purchasing party.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees,  
International Computer Science Institute  
Berkeley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International Computer Science Institute (“the Institute”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered International Computer Science Institute’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 International Computer Science Institute’s internal control. Accordingly, we do not express an opinion on the effectiveness of the International Computer Science Institute’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 the 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* - continued**

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether International Computer Science 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

**International Computer Science Institute's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the International Computer Science Institute's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. International Computer Science Institute response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 organization'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.

S D Mayer & Associates, LLP

*S D Mayer & Associates, LLP*

San Francisco, CA  
June 24, 2024

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

To the Board of Trustees,  
International Computer Science Institute  
Berkeley, California

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

***Opinion on Each Major Federal Program***

We have audited International Computer Science Institute’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of International Computer Science Institute’s major federal programs for the year ended December 31, 2022. International Computer Science Institute’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, International Computer Science 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding International Computer Science Institute'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 International Computer Science Institute'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 International Computer Science Institute's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

S D Mayer & Associates, LLP

*S D Mayer & Associates, LLP*

San Francisco, CA  
June 24, 2024

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>Research &amp; Development Cluster</b>					
<b>Department of Defense</b>					
<b>National Security Agency</b>					
The Science of Privacy: Implications for Data Usage	12.000	H98230-18-D-0006/0001		\$ 400,939	\$ 114,229
The Science of Privacy: Implications for Data Usage	12.000	H98230-18-D-0006/0002		173,712	-
<b>Total National Security Agency</b>				<u>\$ 574,651</u>	<u>\$ 114,229</u>
<b>Air Force : Material Command, Research Laboratory, and Information</b>					
<i>Pass Through Award from Booz Allen Hamilton Inc : Enterprise Development and Solutions Integration (EDSI)</i>					
	12.U01	AB10790	A8522	\$ 97,367	\$ -
<b>Total Air Force : Material Command, Research Laboratory, and Information</b>				<u>\$ 97,367</u>	<u>\$ -</u>
<b>Army Research Office</b>					
Backdoor Detection via Eigenvalues, Hessians, Internal Behaviors and Robust Statistics	12.431	W911NF20C0035		\$ 657,232	\$ 128,045
<b>Total Army Research Office</b>				<u>\$ 657,232</u>	<u>\$ 128,045</u>
<b>National Geospatial-Intelligence Agency</b>					
<i>Pass Through Award from Etegent Technologies Ltd : ALURD NGA SBIR Phase II</i>					
	12.630	HM0476-22-C-0004	ETE-22-0007-01S	\$ 270,187	\$ -
<b>Total National Geospatial-Intelligence Agency</b>				<u>\$ 270,187</u>	<u>\$ -</u>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>Department of Defense: Research and Technology Development</b>					
Towards Automated Testing and Discovery of Interoperability	12.910	HR00111820 034		\$ 59,209	\$ -
<b>Total Department of Defense: Research and Technology Development</b>				<u>\$ 59,209</u>	<u>\$ -</u>
<b>Total Department of Defense</b>				<u>\$ 1,658,646</u>	<u>\$ 242,274</u>
<b>National Science Foundation</b>					
<b>National Science Foundation: CCF</b>					
<i>Pass Through Award from University of California, Berkeley:</i>					
CC* Integration-Large; An Extensible Internet for Science Applications and Beyond					
	47.070	2201489	*00010970	\$ 73,347	\$ -
<b>Total National Science Foundation: CCF</b>				<u>\$ 73,347</u>	<u>\$ -</u>
<b>National Science Foundation: CNS</b>					
Collaborative Research; CNS Core; Medium; Liquid Wireless Networking for Data-Intensive Rural Apps					
	47.070	2212574		\$ 6,108	\$ -
<b>Total National Science Foundation: CNS</b>				<u>\$ 6,108</u>	<u>\$ -</u>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>National Science Foundation: FDP</b>					
Collaborative Research; DASS; Developer Implementation of Privacy in Software Systems	47.070	2217771		\$ 8,210	\$ -
<b>Total National Science Foundation: FDP</b>				<u>\$ 8,210</u>	<u>\$ -</u>
<b>National Science Foundation: MPS</b>					
Collaborative Research: Scalable linear algebra and neural network theory	47.049	2134247		\$ 56,446	\$ -
<b>Total National Science Foundation: MPS</b>				<u>\$ 56,446</u>	<u>\$ -</u>
<b>National Science Foundation: CISE</b>					
CICI: Secure and Resilient Architecture: Effective and Economical Protection for High-Performance Research & Education Networks	47.070	1642161		\$ 64,918	\$ -
SaTC: CORE: Large: Collaborative: Accountable Information Use: Privacy and Fairness in Decision-Making Systems	47.070	1704985		\$ 113,757	\$ -
NeTS: CSR: Large: Collaborative Research: Co-Design of Network, Storage and Computation Fabrics for Disaggregated Datacenters	47.070	1704941		\$ 306,989	\$ -
NeTS: Small: De-Mystifying and Hardening the Domain Name System	47.070	1815876		\$ 132,215	\$ -

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
CSR: Small: Towards Programming Datacenters	47.070	1817116		\$ 1,157	\$ -
SaTC: Core: Small: NSF-BSF: Increasing Users' Cyber-Security Compliance by Reducing Present Bias - CLB Supplement	47.070	1817249		\$ 48,477	\$ -
NeTS: Medium: Collaborative Research: PacketLab: A Universal Measurement Endpoint Interface	47.070	1763884		\$ 96,443	\$ -
SaTC: TTP: Small: Mobile Dynamic Privacy and Security Analysis at Scale	47.070	1817248		\$ 3,598	\$ -
NeTS: Small: Creating an Evolvable, Diverse, and Dynamic Internet	47.070	1817115		\$ 186,812	\$ -
BIGDATA: F: Collaborative Research: Theory and Practice of Randomized Algorithms for Ultra-Large-Scale Signal Processing	47.070	1838131		\$ 141,698	\$ -
Collaborative Research: Frameworks: Basic ALgebra Libraries for Sustainable Technology with Interdisciplinary Collaboration (BALLISTIC)	47.070	2004235		\$ 255,348	\$ -
Collaborative Research: SaTC: CORE: Medium: Narrowing The Gap Between Privacy Expectations and Reality in Mobile Health	47.070	2055772		\$ 313,623	\$ -

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Collaborative Research: SaTC: CORE: Medium: Foregrounding Bystanders as Stakeholders in Smart Home Product Design	47.070	2114229		\$ 223,750	\$ -
EAGER: Towards an Extensible Internet	47.070	2137219		\$ 214,072	\$ -
RI: Medium: Scalable Second-order Methods for Training, Designing, and Deploying Machine Learning Models	47.070	2107000		\$ 72,089	\$ -
Collaborative Research: DASS: Agent Based Modeling at the Boundary of Law and Software	47.070	2131533		\$ 53,112	\$ -
<i>Pass Through Award from</i>					
<i>University of California, Berkeley:</i>					
CIF:Medium:Collaborative Research: Foundations of Coding for Modern Distributed Computing	47.070	1703678	*00010345	\$ 42,511	\$ -
<b>Total National Science Foundation: CISE</b>				<b>\$ 2,270,569</b>	<b>\$ -</b>
<b>Total National Science Foundation</b>				<b>\$ 2,414,680</b>	<b>\$ -</b>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Subaward Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>Department of Energy</b>					
<b>Fermi National Accelerator Laboratory</b>					
<i>Pass Through Award From Fermi</i>					
<i>Research Alliance: Real-Time Data</i>					
Reduction Codesign at the Extreme					
Edge for Science					
	81.U01	DE-AC02-07CH11359	688171	\$ 19,886	\$ -
<b>Total Fermi National Accelerator Laboratory</b>				<u>\$ 19,886</u>	<u>\$ -</u>
<b>Total Department of Energy</b>				<u>\$ 19,886</u>	<u>\$ -</u>
<b>Total Research and Development Cluster</b>				<u>\$ 4,093,212</u>	<u>\$ 242,274</u>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2022**

**Note A: Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (The Schedule) is prepared on the accrual basis of accounting. The information in this 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). Because the Schedule presents only selected portion of the activities of the Institute, it is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of the Institute. The Institute has not elected to use the 10 percent de minimis indirect cost rate.

**Note B: Major Program:**

The Research and development grants are determined to be a cluster of grants. A cluster of grants is a grouping of closely related grants that share common compliance requirements. A cluster of grants shall be considered as one program for determining major programs, as described in 2 CFR section 200.518, *Major Program Determination*, of the Uniform Guidance.

**Note C: Subrecipients:**

The Institute provided federal awards to subrecipients as listed in the Schedule of Expenditures of Federal Awards.

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  X  Yes \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA/Program Title</u>	<u>Expenditures</u>
Research and Development Cluster	<u>\$ 4,093,212</u>

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

Dollar threshold used to distinguish between type A  
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X  Yes        No

**Section II - Financial Statement Findings**

Reference Number: 2022-001 – Delays in Financial Reporting

Questioned Costs: N/A

Type of Finding: Significant Deficiency

**Criteria:**

Management is responsible for providing timely and accurate financial reporting. Because the Institute has expensed over \$750,000 in federal awards, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), states that the Institute is required to submit the Data Collection Form and the reporting package to the Federal Audit Clearinghouse which include the basic financial statements, within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

**Condition:**

The Institute has experienced significant delays in the preparation and issuance of the 2022 basic financial statements and its Single Audit report under Uniform Guidance.

**Cause:**

The Institute has experienced significant turnover in key personnel in the accounting department in past years. The Institute also hired an outside accounting firm to help its accounting department in closing the books and the Institute also upgraded its accounting software at the same time. These factors created delays in financial reporting. During the transitioning to new outsourced staff and the systems upgrade, certain staff were required to take on additional responsibilities and did not have sufficient resources to prepare for the 2022 audit in a timely manner. The Single Audit was not completed and submitted timely.

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended December 31, 2022**

**Section II - Financial Statement Findings, continued**

Reference Number: 2022-001 – Delays in Financial Reporting

**Effect:**

Delays in processing year-end closing procedures caused the financial statements release to be delayed, and as a result the Institute did not comply with the Federal Audit Clearinghouse reporting requirements for timely reporting on the 2022 financial statements within nine months of year-end.

**Context:**

The Institute's financial statements were not submitted within the required time frame under the Uniform Guidance.

**Recommendation:**

The accounting department should look at increasing the number of experienced accounting staff to help facilitate and expediate the year-end closing procedures and the preparation of the basic financial statements. Because the basic financial statements are the responsibility of the Institute, it is in its best interest to closely monitor the accounting process to ensure that financial statements are accurately and timely prepared.

**Management Response and Corrective Action:**

The Institute takes the auditor's recommendation under advisement. The delay was in some measure attributed to a key accounting staff person leaving the Institute in 2021. In addition, the Institute was transitioning to a new outsourced accounting team and upgrading its accounting systems. There were a few setup issues during the new system implementation for the 2022 year which required additional efforts and revisions. The internal accounting staff needed more time to transition and learn the new accounting system. In 2023 and through 2024, the daily bookkeeping operations have improved significantly which will accelerate the audit process in the future. With improved procedures, the accounting team is spending less time correcting mistakes and focusing on reconciling the major accounts such as cash, investments, fixed assets, and Accounts payable and receivable.

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2022**

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

No findings.

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

No findings.



**INTERNATIONAL COMPUTER SCIENCE INSTITUTE  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2022**

International Computer Science Institute (“the Institute”) respectfully submits the following corrective action plan for the year ended December 31, 2022.

Audit period: January 1, 2022 – December 31, 2022.

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2022-001 – Delays in Financial Reporting**

**Recommendation:** The accounting department should look at increasing the number of experienced accounting staff to help facilitate and expediate the year-end closing procedures and the preparation of the basic financial statements. Because the basic financial statements are the responsibility of the Institute, it is in its best interest to closely monitor the accounting process to ensure that financial statements are accurately and timely prepared.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Action taken in response to finding:** The Institute takes the auditor’s recommendation under advisement. The delay was in some measure attributed to a key accounting staff person leaving the Institute in 2021. In addition, the Institute was transitioning to a new outsourced accounting team and upgrading its accounting systems. There were a few setup issues during the new system implementation for the 2022 year which required additional efforts and revisions. The internal accounting staff needed more time to transition and learn the new accounting system. In 2023 and through 2024, the daily bookkeeping operations have improved significantly which will accelerate the audit process in the future. With improved procedures, the accounting team is spending less time correcting mistakes and focusing on reconciling the major accounts such as cash, investments, fixed assets, and accounts payable and receivable.



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**INTERNATIONAL COMPUTER SCIENCE INSTITUTE  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2022**

Name of the contact person responsible for corrective action: Lea Shanley, Director and President.

Planned completion date for corrective action plan: ongoing

If there are any questions regarding this plan, please call Lea Shanley at (510) 777-6277.