



Reports of Independent Auditors and
Financial Statements with
Supplementary Information

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

September 30, 2024 and 2023

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Report of Independent Auditors

The Audit and Risk Management 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, 2024 and 2023, 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, 2024 and 2023, 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 of America (*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 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 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 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 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 February 25, 2025, 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.

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

San Francisco, California
February 25, 2025

Financial Statements

Northern California Institute for Research and Education, Inc.
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 6,845,555	\$ 7,746,596
Receivables	13,138,870	10,764,685
Prepaid expenses and other assets	398,080	211,108
Property, plant, and equipment, net	955,272	1,008,817
Total assets	\$ 21,337,777	\$ 19,731,206
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 6,609,512	\$ 6,021,062
Accrued expenses	2,080,881	1,715,726
Unearned revenue	2,120,574	2,155,190
Total liabilities	10,810,967	9,891,978
NET ASSETS		
Net assets - without donor restrictions	9,188,953	8,445,400
Net assets - with donor restrictions	1,337,857	1,393,828
Total net assets	10,526,810	9,839,228
Total liabilities and net assets	\$ 21,337,777	\$ 19,731,206

See accompanying notes.

Northern California Institute for Research and Education, Inc.
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Federal contracts and grants	\$ 53,817,823	\$ -	\$ 53,817,823	\$ 45,908,978	\$ -	\$ 45,908,978
Clinical research revenue	1,788,962	-	1,788,962	1,545,002	-	1,545,002
Foundation and other program revenue	6,186,590	-	6,186,590	4,442,108	-	4,442,108
Contributions	125,562	217,391	342,953	291,887	217,391	509,278
Service revenue	12,016	-	12,016	27,244	-	27,244
Interest income	258,688	-	258,688	179,351	-	179,351
Other (loss) income	(67)	-	(67)	1,260	-	1,260
Net assets released from restrictions	273,362	(273,362)	-	276,693	(276,693)	-
Total revenues and other support	<u>62,462,936</u>	<u>(55,971)</u>	<u>62,406,965</u>	<u>52,672,523</u>	<u>(59,302)</u>	<u>52,613,221</u>
EXPENSES						
Research program	50,673,739	-	50,673,739	41,627,132	-	41,627,132
Management and general	11,045,644	-	11,045,644	10,041,693	-	10,041,693
Total expenses	<u>61,719,383</u>	<u>-</u>	<u>61,719,383</u>	<u>51,668,825</u>	<u>-</u>	<u>51,668,825</u>
CHANGES IN NET ASSETS	743,553	(55,971)	687,582	1,003,698	(59,302)	944,396
NET ASSETS, beginning of year	<u>8,445,400</u>	<u>1,393,828</u>	<u>9,839,228</u>	<u>7,441,702</u>	<u>1,453,130</u>	<u>8,894,832</u>
NET ASSETS, end of year	<u>\$ 9,188,953</u>	<u>\$ 1,337,857</u>	<u>\$ 10,526,810</u>	<u>\$ 8,445,400</u>	<u>\$ 1,393,828</u>	<u>\$ 9,839,228</u>

See accompanying notes.

Northern California Institute for Research and Education, Inc.
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 687,582	\$ 944,396
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	278,365	219,149
Loss on building disposal	87,646	139
Changes in operating assets and liabilities:		
Receivables	(2,374,185)	2,525,351
Prepaid expenses and other assets	(186,972)	(60,451)
Accounts payable	576,982	(2,234,515)
Accrued expenses	365,155	(906,898)
Unearned revenue	(34,616)	(636,088)
	<u>(600,043)</u>	<u>(148,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant, and equipment	<u>(300,998)</u>	<u>(333,942)</u>
	<u>(300,998)</u>	<u>(333,942)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(901,041)	(482,859)
CASH AND CASH EQUIVALENTS, beginning of year	<u>7,746,596</u>	<u>8,229,455</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,845,555</u>	<u>\$ 7,746,596</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Accrued purchases of property, plant, and equipment	<u>\$ 50,241</u>	<u>\$ 38,773</u>

See accompanying notes.

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

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 79¹ 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 SFVACHS and NCIRE in which the SFVACHS 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.

¹*Congressionally Mandated Report: Nonprofit Research and Education Corporations, November 2023.*

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 (U.S. 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, 2024 and 2023, there were no board-designated net assets.

See report of independent auditors.

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

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 as of September 30, 2024 and 2023, 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, 2024 and 2023, 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 program revenue are not included as support until all conditions are met. As of September 30, 2024 and 2023, NCIRE had received in advance conditional contributions of \$740,292 and \$1,230,291, respectively, which are reported in unearned revenue in the statements of financial position. As of September 30, 2024 and 2023, NCIRE had received notification of \$139,999 and \$2,000, respectively, 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, 2024 and 2023.

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

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.

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, 2024 and 2023. All receivables as of September 30, 2024 and 2023, are expected to be collected within one year.

Fair value measurements – In accordance with U.S. 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 (NAV) per share, 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 \$6,686,207 and \$6,251,861 as of September 30, 2024 and 2023, 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, 2024 and 2023.

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.

In July 2024, Trailer 23 was demolished by the SFVAHCS as part of the plan for development of a research building on the site. Trailer 23 was initially acquired by NCIRE in January 2009 for \$169,922 to house animals for research studies, with a 30-year depreciation schedule. In August 2023, the NCIRE Board voted in favor of the donation and subsequent demolition of Trailer 23. Upon its demolition, the remaining book value of \$80,696 was written off as an asset disposal.

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 as of September 30, 2024 and 2023.

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

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 8). 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.

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, 2024 and 2023, 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, 2024 and 2023, the U.S. Department of Health and Human Services (HHS) accounted for 76.3% and 71.8%, respectively, of federal contract and grant revenue.

Use of estimates – The preparation of financial statements in accordance with U.S. 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 – As of October 1, 2023, NCIRE adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)*, which requires the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities, and trade receivables), net investments in leases, and certain off-balance sheet credit exposures. The CECL model requires the immediate recognition of estimated expected credit losses over the life of the financial instrument. The adoption of ASU 2016-13 did not have a material impact on the financial statements.

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

Note 2 – Receivables

Receivables as of September 30, 2024 and 2023, consisted of the following:

	2024	2023
Federal grants and contracts	\$ 10,806,652	\$ 9,084,367
Clinical research	793,920	547,885
Due from SFVAHCS	1,431,064	1,023,937
Miscellaneous	107,234	108,496
Total receivables	\$ 13,138,870	\$ 10,764,685

Note 3 – Property, Plant, And Equipment, Net

Property, plant, and equipment, net as of September 30, 2024 and 2023, consisted of the following:

	2024	2023
Building	\$ -	\$ 167,922
Furniture and office equipment	1,131,422	1,329,598
Medical and research equipment	2,626,930	2,436,157
Total	3,758,352	3,933,677
Less accumulated depreciation	(2,803,080)	(2,924,860)
Property, plant, and equipment, net	\$ 955,272	\$ 1,008,817

Depreciation expense for the years ended September 30, 2024 and 2023, was \$278,365 and \$219,149, respectively.

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. NCIRE provides up to 5% employer matching for the Plan to all employees. NCIRE contributed \$779,448 and \$713,765 to the 403(b) matching for the Plan for the years ended September 30, 2024 and 2023, respectively.

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Notes to Financial Statements

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. NCIRE provides annual contributions of 5% of eligible employee compensation. NCIRE contributed \$560,444 and \$501,920 to the 401(a) Plan for the years ended September 30, 2024 and 2023, 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 \$4,776,300 and \$3,799,069 for the years ended September 30, 2024 and 2023, respectively. These costs were included in research program expenses on the statements of activities and changes in net assets. As of September 30, 2024 and 2023, NCIRE had payables due to the VA and/or UCSF in the amount of \$762,802 and \$619,261 for these services, respectively. These amounts are reported within accounts payable. As of September 30, 2024 and 2023, NCIRE had receivables due from the VA and/or UCSF in the amount of \$1,431,064 and \$1,033,813, respectively. These amounts are reported within receivables.

Note 6 – 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, 2024, there have not been any significant adjustments related to research agreements.

Indirect costs – NCIRE negotiates its indirect cost agreement with the U.S. Department of Health and Human Services. The negotiations resulted in a provisional rate of 53.3% for fiscal years 2023, 2024, and 2025. 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.

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

Federal regulation changes – NCIRE is in the process of evaluating new Sponsor policies and Executive Orders, issued by the federal government and their impact on NCIRE. This includes closely monitoring the recent federal directives, such as the guidance related to a potential change and/or reduction of indirect cost recovery for federally funded research projects. These significant changes and reductions pose substantial challenges for NCIRE as it relies on appropriate overhead rates to maintain essential research related infrastructure and administrative costs. To prepare for a potential reduction of indirect cost recovery, NCIRE is currently exploring mitigation strategies such as diversifying funding sources and improving operational efficiencies.

Note 7 – Liquidity and Availability

The following table reflects NCIRE’s financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 6,845,555	\$ 7,746,596
Receivables	<u>13,138,870</u>	<u>10,764,685</u>
Total financial assets at September 30	<u>19,984,425</u>	<u>18,511,281</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 19,984,425</u>	<u>\$ 18,511,281</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.

During the year ended September 30, 2023, NCIRE also had available for general expenditures a \$750,000 line of credit agreement with Bank of America. The interest rate was a rate per year equal to the bank’s prime rate plus 1.25 percentage points. The line of credit expired on July 1, 2023. There was no principal amount outstanding as of September 30, 2023, and no interest expense for the year ended 2023.

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

Note 8 – Functional Classification of Expenses

The allocation of functional expenses for the years ended September 30, 2024 and 2023, were as follows:

	2024			2023		
	Research Program	Management and General	Total	Research Program	Management and General	Total
Employee compensation and benefits	\$ 20,272,159	\$ 8,542,548	\$ 28,814,707	\$ 18,901,943	\$ 8,295,662	\$ 27,197,605
Subcontracts	26,859,912	-	26,859,912	19,694,196	-	19,694,196
Outside research	1,094,028	160,753	1,254,781	1,165,143	107,270	1,272,413
Supplies	879,925	265,948	1,145,873	684,012	177,700	861,712
Professional fees	131,238	597,128	728,366	114,532	271,632	386,164
Subject costs	668,117	32,304	700,421	473,841	4,793	478,634
Travel	306,408	296,238	602,646	242,574	238,836	481,410
Office expenses	64,641	479,959	544,600	71,235	469,711	540,946
Depreciation	134,764	143,601	278,365	108,997	110,152	219,149
Other	52,649	150,081	202,730	17,908	2,862	20,770
Meetings and conferences	84,980	68,657	153,637	51,239	43,843	95,082
Dues	63,376	89,399	152,775	15,941	84,716	100,657
Insurance	-	133,673	133,673	-	131,817	131,817
Printing and publications	42,862	34,447	77,309	37,811	21,523	59,334
Registration fees	8,470	44,271	52,741	951	11,938	12,889
Employee recruiting	8,523	5,640	14,163	41,621	21,104	62,725
Animals	1,687	997	2,684	5,188	48,134	53,322
Total	\$ 50,673,739	\$ 11,045,644	\$ 61,719,383	\$ 41,627,132	\$ 10,041,693	\$ 51,668,825

Note 9 – Subsequent Events

Subsequent events are events or transactions that occur after the statements 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 statements 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 statements of financial position, but arose after the statements of financial position date, and before the financial statements are available to be issued.

NCIRE has evaluated subsequent events through February 25, 2025, which is the date the financial statements were available to be issued.

See report of independent auditors.

Supplementary Information

Northern California Institute for Research and Education, Inc.
(A California Nonprofit Public Benefit Corporation)

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

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				
U.S. Department of Defense:				
Direct Awards:				
Military Medical Research and Development	12.420		\$ 339,096	\$ 3,192,396
Military Medical Research and Development (Contract)	N/A		23,210	128,661
Total Direct Awards			<u>362,306</u>	<u>3,321,057</u>
Pass-Through Awards:				
San Francisco Veteran Affairs Medical Center				
Military Medical Research and Development	12.420	20-1227-IAA	-	112,230
Trustees Boston University -				
Military Medical Research and Development	12.420	W81XWH-22-1-0398	-	38,261
Military Medical Research and Development	12.420	W81XWH-22-1-0320	-	3,530
University of North Carolina -				
Military Medical Research and Development	12.420	W81XWH-22-C-0122	-	48,497
Virginia Commonwealth University -				
Military Medical Research and Development	12.420	W81XWH-19-2-0067	-	244,302
Total Pass-Through Awards			<u>-</u>	<u>446,820</u>
Total U.S. Department of Defense			<u>362,306</u>	<u>3,767,877</u>
U.S. Department of Health and Human Services:				
Direct Awards:				
Research and Training in Complementary and Integrative Health	93.213		613,037	1,390,670
Mental Health Research Grants	93.242		898,843	2,108,391
COVID-19 Occupational Safety and Health Program	93.262		640	83,553
Alcohol Research Programs	93.273		-	28,115
Drug Use and Addiction Research Programs	93.279		-	21,448
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		-	11,111

Continued to next page

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
Year Ended September 30, 2024

Continued from previous page

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)				
Minority Health and Health Disparities Research	93.307		231,154	280,540
Cancer Biology Research	93.396		328,646	343,832
Cardiovascular Diseases Research	93.837		3,954,771	4,367,679
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		-	225,318
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		1,950,602	3,493,157
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		275,858	927,452
Allergy and Infectious Diseases Research	93.855		-	276,356
Biomedical Research and Research Training	93.859		-	352,790
Aging Research	93.866		18,244,055	27,131,450
Total Direct Awards			<u>26,497,606</u>	<u>41,041,862</u>
Pass-Through Awards:				
Advanced MRI Technologies LLC - Mental Health Research Grants	93.242	R44MH129278	-	82,690
Albert Einstein College of Medicine - Cardiovascular Diseases Research	93.837	R01HL170904	-	146,879
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK134672	-	78,466
Beth Israel Deaconess Medical Center Inc. - Mental Health Research Grants	93.242	R21MH133001	-	19,810
Brigham and Women's Hospital - Mental Health Research Grants	93.242	1U24MH124629	-	297,681
Allergy and Infectious Diseases Research	93.855	R01AI150396	-	39,988
Centre Hospitalier de L'Universite de Montreal - Aging Research	93.866	R01AG054324	-	39,275

Continued to next page

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
Year Ended September 30, 2024

Continued from previous page

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)				
Emory University -				
Cancer Detection and Diagnosis Research	93.394	R01CA249992	-	16,609
Fred Hutchison Cancer Research Center -				
Cancer Detection and Diagnosis Research	93.394	U01CA224255	-	36,672
Baltimore Research and Education -				
COVID-19 Allergy and Infectious Diseases Research	93.855	ACTIV3 TICO	-	53,222
Jan Biotech, Inc. -				
COVID-19 Allergy and Infectious Diseases Research	93.855	R44AI155075	-	134,057
Joan & Sanford Well Medical College of Cornell University -				
Lung Diseases Research	93.838	UH3HL154944	-	4,947
Kaiser Foundation Washington Research Institute -				
Aging Research	93.866	R01AG068133	-	171,830
Massachusetts General Hospital -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK133847	-	80,879
Mayo Clinic Jacksonville -				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	CREST H Fixed Price	-	1,625
Mount Sinal School of Medicine -				
Aging Research	93.866	P01AG066605	-	1,068,898
New York University -				
International Research and Research Training	93.989	D43TW009140	-	28,857
Northwestern University -				
Aging Research	93.866	1U2CAG060426	-	198,810
Research Foundation of CUNY -				
Allergy and Infectious Diseases Research	93.855	UG3AI169652	-	4,055

Continued to next page

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
Year Ended September 30, 2024

Continued from previous page

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)				
San Jose State University Research Foundation - Computer and Information Science and Engineering	47.070	2322023	-	93,099
Stanford University - Alcohol Research Programs	93.273	R01AA030258	-	11,657
Drug Use and Addiction Research Program	93.279	U2CDA057717	-	48,540
Aging Research	93.866	1RF1AG062568-01	-	183,112
The Children's Hospital of Philadelphia - Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1R01DK134717-01	-	13,829
The Trustees of Columbia University - Aging Research	93.866	1R01AG069120	-	49,470
The Trustees of the University of Pennsylvania - Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1R01DK137087-01	-	15,534
The University of Texas Health Science - Aging Research	93.866	R01AG062531	-	87,021
Theranova, LLC - Alcohol Research Programs	93.273	R44AA027188-02	-	207,334
Trustees Boston University - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01NS119651	-	161,885
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1RF1NS132290-01	-	126,160
Tufts Medical Center - Cardiovascular Diseases Research	93.837	R01HL167233	-	409,882
University of California Berkeley - Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1U24NS129949-01A1	-	48,250

Continued to next page

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
Year Ended September 30, 2024

Continued from previous page

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 California Irvine -				
Cardiovascular Diseases Research	93.837	R01HL154624	-	247,127
Research and Training in Complementary and Integrative Health	93.213	R01AT012048	-	39,074
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK128803	-	30,337
University of California, San Francisco -				
Mental Health Research Grants	93.242	R01MH098062	-	355,973
Cancer Control	93.399	NRG A135996 CRADA	-	26,688
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	1U19AR076737	-	422,024
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	R01AR081336	-	257,651
Extramural Research Programs in the Neurosciences and				
Neurological Disorders	93.853	R01NS122888	-	69,393
Extramural Research Programs in the Neurosciences and				
Neurological Disorders	93.853	1R01NS136197-01	-	88
Aging Research	93.866	R56AG075744	-	497,222
Aging Research	93.866	RF1AG075742	-	487,275
Aging Research	93.866	R33AG062867	-	126,475
Aging Research	93.866	R01AG078457	-	45,662
University of Ibadan -				
Extramural Research Programs in the Neurosciences and				
Neurological Disorders	93.853	R01NS115944	-	18,911
University of Massachusetts Chan Medical School -				
Aging Research	93.866	5R33AG057806-05	-	(264)
University of Melbourne -				
Aging Research	93.866	1R01AG058676-01A1	-	962,500
University of Memphis -				
Alcohol Research Programs	93.273	R01AA029031	-	14,608

Continued to next page

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
Year Ended September 30, 2024

Continued from previous page

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 -				
Alcohol Research Programs	93.273	R34AA027845	-	25,103
Alcohol Research Programs	93.273	R01AA027225	-	58,502
Aging Research	93.866	R01AG053798	-	(466)
Aging Research	93.866	1U24AG057437	-	118,286
University of Washington -				
Cardiovascular Diseases Research	93.837	R01HL54624	-	151,693
Allergy and Infectious Diseases Research	93.855	1R01AI177473-01	-	90,113
Vanderbilt University Medical Center -				
Aging Research	93.866	U24AG074855	-	78,870
Vanderbilt University -				
Biomedical Research and Research Training	93.859	R01GM137458	-	56,392
Veterans Medical Research Foundation -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK098234	-	171,473
Washington State University -				
Alcohol Research Programs	93.273	R01AA027209	-	26,294
Yale University -				
Child Health and Human Development Extramural Research	93.865	1R01HD100468	-	28,005
Mental Health Research Grants	93.242	U01MH124639	-	642,052
Total Pass-Through Awards			-	9,008,084
Total U.S. Department of Health and Human Services			26,497,606	50,049,946
TOTAL RESEARCH AND DEVELOPMENT CLUSTER AND EXPENDITURES OF FEDERAL AWARDS			<u>\$ 26,859,912</u>	<u>\$ 53,817,823</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

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	93.847	R01DK125646	\$ 12,008
Baylor College of Medicine	93.262	R01OH012201	640
	93.866	R24AG064025	12,051
Bedford VA Research Corp.	93.213	UH1AT009765	164,008
Beth Israel Deaconess Medical Center	93.866	R24AG064025	119,848
	93.866	R01AG079982	11,800

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

Subrecipients	Federal Assistance Listing Number	Award No.	Amount Provided to Subrecipients
(continued)			
Biomedical Research Foundation	93.213	UH3AT009765	10,627
Boston Medical Center	93.866	R01AG034853	19,993
	93.866	R01AG027002	7,757
Boston University	12.420	W81XWH-21-1-0656	54,781
	93.242	R01MH132617	183,280
Brigham and Women's Hospital	93.866	U19AG024904	85,642
	93.847	R01DK120387-01A1	289,533
Cleveland Clinic Foundation	93.866	R01AG079982	30,683
Columbia University	93.847	R01DK125646	62,264
	93.847	R01DK138542	2,552
CPMC Research Institute	93.837	R01HL151564	736,095
	93.866	R01AG027002	16,975
Duke University	93.866	R24AG064025	29,952
Fordham University	93.866	U19AG024904	633,267
Icahn School of Medicine	93.866	U19AG024904	964,589
Indiana University	93.866	U19AG024904	536,273
	93.847	R01DK125646	10,004
Institute for Clinical Research Inc.	93.837	R01HL144707	1,767
Johns Hopkins University	93.866	R01AG027002	44,853
	93.837	R01HL144707	310,101
	93.866	R24AG064025	117,954
Joslin Diabetes Center Inc.	93.847	R01DK125646	21,467
Kaiser Foundation Research	93.866	R01AG063887	196,856
	93.866	R24AG064025	187,318
Kwame Nkrumah University of Science and Technology	93.837	R01HL152188	462,610
	93.853	R01NS129133	163,373
Massachusetts General Hospital	93.866	R24AG064025	44,781
Mayo Clinic Rochester	93.866	U19AG024904	943,950
Medical University of South Carolina	93.307	R01MD012441	85,255
	93.853	R25NS098999	112,485
Mount Saini Hospital	93.847	R01DK125646	20,498
National University of National Medicine	93.866	R24AG064025	51,005
Northwestern University	93.866	R01AG063887	11,038
	93.866	R24AG064025	101,023
Oregon Health and Science University	93.213	UG3AT009765	128,545
Palo Alto Veterans Institute	93.242	R01MH132617	107,635
Regional Medical Center of Orangeburg and Calho	93.307	R01MD012441	112,520
RH Studio 2 OpCo 22, Inc.	12.420	W81XWH-21-1-0147	15,059
San Diego State University	93.837	R01HL144707	234,171
Stanford University	93.837	R01HL151564	106,345
Tampa Veterans R&E Foundation Inc.	93.213	UH3AT009765	85,717

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

Subrecipients	Federal Assistance Listing Number	Award No.	Amount Provided to Subrecipients
(continued)			
Texas A&M Sponsored Research Services	93.866	R24AG064025	31,291
The Research Foundation of SUNY Buffalo	93.866	R24AG064025	1,686
The Translational Genomics Research Institute	93.396	UH3CA241703	14,387
The University of Alabama Birmingham	93.847	R01DK138542	3,726
	93.866	R01AG063887	84,025
	93.866	R24AG064025	46,078
The University of Queensland	93.866	R24AG064025	12,683
Tufts Medical Center	93.866	R01AG027002	68,926
UC Berkeley	93.866	U19AG024904	633,964
	93.242	R01MH115020	548,677
UC Davis	12.420	W81XWH-22-1-0150	60,246
	93.866	U19AG024904	243,156
	93.866	R01AG034853	36,701
UC Irvine	93.866	U19AG024904	15,541
UC Los Angeles	93.866	R24AG064025	79,519
	12.420	W81XWH-21-1-0147	185,624
UC San Diego	93.837	R01HL144707	533,174
	93.866	R01AG034853	20,822
	93.837	R01HL151564	16,145
	93.847	R01DK130870	16,054
UC San Francisco	93.242	R01MH121121	59,251
	93.847	R01DK13640	129,358
	93.847	R01DK120387-01A1	13,049
	93.847	R01DK130870-02S1	88,077
	93.847	R01DK135804	180,001
	93.866	R01AG034853	5,860
	93.866	U19AG024904	616,443
	N/A	W81XWH-19-C-0093	23,210
University of British Columbia	93.866	R24AG064025	12,330
University of Calgary	93.847	R01DK125646	7,138
University of College London	93.866	U19AG024904	123,352
University of Connecticut Health Center	93.866	R01AG082157	235,629
University of Illinois	93.837	R01HL144707	1,287,341
University of Kentucky Research Foundation	93.866	R24AG064025	18,800
University of Leicester	93.866	R24AG064025	33,943
University of Miami	93.837	R01HL144707	133,592
University of Maryland, Baltimore	93.866	R24AG064025	54,230
	93.847	1R01DK132640-01A1	212
University of Massachusetts Medical School	93.866	R24AG064025	37,002
University of Michigan	93.847	R01DK125646	26,764
	93.866	U19AG024904	155,353
University of North Carolina at Chapel Hill	93.837	R01HL144707	133,430
	93.866	R24AG064025	3,445

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

<u>Subrecipients</u>	<u>Federal Assistance Listing Number</u>	<u>Award No.</u>	<u>Amount Provided to Subrecipients</u>
(continued)			
University of Oklahoma Health Science Center	93.847	1R01DK138542	2,279
University of Pennsylvania	93.847	1R01DK132640-01A1	44,017
	93.866	U19AG024904	973,671
University of Pittsburgh	93.847	R01DK122259	224,230
	93.866	R24AG064025	17,981
	93.866	U19AG024904	112,860
University of Rochester	93.866	R24AG064025	27,261
University of South Carolina	93.307	R01MD012441	33,379
University of Southern California	93.866	U19AG024904	7,410,266
University of Texas Health Science Center	93.866	R24AG064025	82,689
University of Washington	93.847	R01DK125646	30,172
	93.866	R01AG027002	6,361
University of Wisconsin	93.866	U19AG024904	1,643,050
University of Zurich	93.396	UH3CA241703	314,259
UNT Health Science Center	93.866	R24AG064025	52,556
UT Southwestern Medical Center	93.847	R01DK125646	9,864
	93.866	R01AG027002	4,485
Vanderbilt University	93.866	R24AG064025	42,458
Vanderbilt University Medical Center	93.866	R24AG064025	284,342
Veterans Medical Research Foundation	93.847	R01DK138542	1,570
Veteran Research and Education Foundation	93.213	UH3AT009765	84,756
Veterans Education & Research Association of N. New England, Inc.	12.420	20-1227-1AA	23,386
Washington University	93.866	2U01AG024904	704,530
	93.847	R01DK125646	41,172
Weil Cornell Medical College	93.866	R24AG064025	15,206
Yale University	93.213	UH3AT009765	139,384
	93.847	R01DK130870	714,593
	93.866	R24AG064025	127,952
Total			\$ 26,859,912

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 and Risk Management 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*, issued by the Comptroller General of the United States of America (*Government Auditing Standards*), the financial statements of Northern California Institute for Research and Education, Inc. (NCIRE), which comprise the statement of financial position as of September 30, 2024, 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 25, 2025.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 25, 2025

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 and Risk Management 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, 2024. 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 of 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, 2024.

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* issued by the Comptroller General of the United States of America (*Government Auditing Standards*); 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 program.

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 25, 2025

Northern California Institute for Research and Education, Inc.
(A California Nonprofit Public Benefit Corporation)
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

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: \$1,614,535

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.



NCIRE

Northern California Institute for Research and Education

Summary Schedule of Prior Audit Findings

Name of Auditee: Northern California Institute for Research and Education, Inc.

Period Covered by the Audit: October 1, 2022 to September 30, 2023

Name of Audit Firm: Moss Adams LLP

There were no findings in the prior audit report.

