

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, 2015 and 2014



SD MAYER & ASSOCIATES, LLP

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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 Financial Statements

We have audited the accompanying financial statements of International Computer Science Institute (Institute) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Computer Science Institute as of December 31, 2015, 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.



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REPORT OF INDEPENDENT AUDITORS - Continued

Other Matters

Other Information

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

2014 Financial Statements

The financial statements of International Computer Science Institute as of December 31, 2014, were audited by other auditors whose report dated April 28, 2015, expressed an unqualified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 15, 2016

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 2,080,539	\$ 2,380,171
Grant and contract receivables, net	1,345,373	1,599,048
Other receivables	8,652	4,066
Investments, at fair value	627,846	647,125
Prepaid expenses	12,516	15,728
Total Current Assets	<u>4,074,926</u>	<u>4,646,138</u>
 Property and Equipment, net	 220,367	 206,348
Deposits and other assets	<u>94,837</u>	<u>93,637</u>
 Total Assets	 <u>\$ 4,390,130</u>	 <u>\$ 4,946,123</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and other liabilities	\$ 336,624	\$ 353,033
Accrued payroll and other expenses	491,801	610,852
Grant and contract advances	79,992	97,907
Total Current Liabilities	<u>908,417</u>	<u>1,061,792</u>
 Net Assets:		
Unrestricted	2,845,457	3,174,197
Temporarily restricted	636,256	710,134
Total Net Assets	<u>3,481,713</u>	<u>3,884,331</u>
 Total Liabilities and Net Assets	 <u>\$ 4,390,130</u>	 <u>\$ 4,946,123</u>

The accompanying notes are an integral part of these financial statements

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2015 and 2014

	-----2015-----			-----2014-----		
	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Un- restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:						
Research grants	\$ 9,866,582	\$ -	\$ 9,866,582	\$ 11,818,440	\$ -	\$ 11,818,440
Contributions	774,500	-	774,500	557,244	-	557,244
Net investment loss	(19,094)	-	(19,094)	(199,393)	-	(199,393)
Other revenue	13,457	-	13,457	64,103	-	64,103
	<u>10,635,445</u>	<u>-</u>	<u>10,635,445</u>	<u>12,240,394</u>	<u>-</u>	<u>12,240,394</u>
Net assets released from restrictions	73,878	(73,878)	-	23,342	(23,342)	-
Total Revenues and Support	<u>10,709,323</u>	<u>(73,878)</u>	<u>10,635,445</u>	<u>12,263,736</u>	<u>(23,342)</u>	<u>12,240,394</u>
Expenses:						
Research programs	10,180,606	-	10,180,606	11,531,473	-	11,531,473
Management and general	857,457	-	857,457	655,059	-	655,059
Total Expenses	<u>11,038,063</u>	<u>-</u>	<u>11,038,063</u>	<u>12,186,532</u>	<u>-</u>	<u>12,186,532</u>
Changes in Net Assets	(328,740)	(73,878)	(402,618)	77,204	(23,342)	53,862
Net Assets at beginning of year	<u>3,174,197</u>	<u>710,134</u>	<u>3,884,331</u>	<u>3,096,993</u>	<u>733,476</u>	<u>3,830,469</u>
Net Assets at end of year	<u>\$ 2,845,457</u>	<u>\$ 636,256</u>	<u>\$ 3,481,713</u>	<u>\$ 3,174,197</u>	<u>\$ 710,134</u>	<u>\$ 3,884,331</u>

The accompanying notes are an integral part of these financial statements

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (402,618)	\$ 53,862
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation expense	79,403	67,865
Provision for doubtful receivables	-	(87,427)
Net depreciation on investments	44,745	105,561
Realized (gain)/loss on sale of investments	(11,627)	115,928
Loss on sale of property and equipment	2,403	425
(Increase)/decrease in operating assets:		
Grant and contract receivables	253,675	(67,296)
Other receivables	(4,584)	925
Prepaid expenses	3,212	(5,595)
Deposits and other assets	(1,200)	-
Increase/(decrease) in operating liabilities:		
Accounts payable and other liabilities	(16,411)	(680,432)
Accrued payroll and other expenses	(119,051)	47,337
Grant and contract advances	(17,915)	(67,993)
Net cash used in operating activities	<u>(189,968)</u>	<u>(516,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(95,825)	(66,965)
Purchase of investments	(25,466)	(6,522,213)
Proceeds from sale of investments	11,627	7,359,248
Net cash (used in)/provided by investing activities	<u>(109,664)</u>	<u>770,070</u>
Net (decrease)/increase in cash	(299,632)	253,230
Cash and cash equivalents at beginning of year	<u>2,380,171</u>	<u>2,126,941</u>
Cash and cash equivalents at end of year	<u>\$ 2,080,539</u>	<u>\$ 2,380,171</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 141</u>	<u>\$ -</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, 2015

	<u>Research Programs</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expenses:			
Salaries and other personnel costs	\$ 3,912,694	\$ 2,040,465	\$ 5,953,159
Employee benefits	800,444	634,455	1,434,899
Payroll taxes	238,289	176,903	415,192
Total Personnel Expenses	<u>4,951,427</u>	<u>2,851,823</u>	<u>7,803,250</u>
Communications	6,091	46,293	52,384
Contract furniture and equipment	507,621	-	507,621
Depreciation	-	79,403	79,403
Dues and subscriptions	771	34,705	35,476
Equipment rental	80	481	561
Insurance	666	23,795	24,461
Interest expense	-	141	141
Marketing research	-	55	55
Miscellaneous expenses	25,372	38,655	64,027
Office supplies	1,931	25,272	27,203
Outside services	25,715	108,571	134,286
Printing, postage and freight	32	7,864	7,896
Professional fees	51,244	100,873	152,117
Property tax	-	32,346	32,346
Provision for uncollectible receivables	-	-	-
Rent	-	833,155	833,155
Repairs and maintenance	-	74,518	74,518
Small equipment	-	78,995	78,995
Sub-awards	473,952	-	473,952
Travel	347,203	72,915	420,118
Tuition reimbursement	236,098	-	236,098
Indirect costs recovered	<u>3,552,403</u>	<u>(3,552,403)</u>	<u>-</u>
Total Expenses	<u>\$ 10,180,606</u>	<u>\$ 857,457</u>	<u>\$ 11,038,063</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, 2014

	Research Programs	Management and General	Total
Personnel Expenses:			
Salaries and other personnel costs	\$ 4,234,762	\$ 2,169,264	\$ 6,404,026
Employee benefits	843,763	721,816	1,565,579
Payroll taxes	262,024	167,541	429,565
Total Personnel Expenses	5,340,549	3,058,621	8,399,170
Communications	7,933	41,236	49,169
Contract furniture and equipment	115,654	-	115,654
Depreciation	-	67,865	67,865
Dues and subscriptions	1,367	52,300	53,667
Equipment rental	-	480	480
Insurance	1,590	20,983	22,573
Marketing research	-	29,760	29,760
Miscellaneous expenses	500	74,053	74,553
Office supplies	315	28,727	29,042
Outside services	12,683	84,694	97,377
Printing, postage and freight	871	10,945	11,816
Professional fees	142,178	127,946	270,124
Property tax	-	37,185	37,185
Provision for uncollectible receivables	-	(87,427)	(87,427)
Rent	-	833,821	833,821
Repairs and maintenance	-	83,434	83,434
Small equipment	-	114,660	114,660
Sub-awards	1,281,184	-	1,281,184
Travel	357,200	84,784	441,984
Tuition reimbursement	249,911	10,530	260,441
Indirect costs recovered	4,019,538	(4,019,538)	-
Total Expenses	\$ 11,531,473	\$ 655,059	\$ 12,186,532

The accompanying notes are an integral part of these financial statements

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

1. Organization:

International Computer Science Institute (the Institute) was incorporated as a California nonprofit 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.

Basis of Presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Trustees, or otherwise limited by contractual arrangements with outside parties.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of the Institute pursuant to those stipulations and/or expire with the passage of time.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that the Institute maintains them permanently. Generally, the donors of these assets permit the Institute to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2015 and 2014, the Institute had no permanently restricted net assets.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

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

Basis of Presentation, continued:

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary 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.

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 Furniture and Equipment purchased for specific projects, amounting to \$507,621 in 2015 and \$115,654 in 2014, 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.

Grant and Contract receivables:

Grant and contract receivables represent unreimbursed expenditures incurred under the terms of the contact or grant awards.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

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

Revenue Recognitions:

Revenue from research grants consists of federal and institutional grant awards. Research grant revenue is recognized as expenses are incurred in accordance with the terms of the contract, or upon the completion of the corresponding research activity as appropriate. Contributions are recognized when the Institute becomes aware of the promise to give.

Fair Value of Financial Instruments:

The Institute's financial instruments consist principally of cash and cash equivalents, prepaid expenses, grant and contract receivables, 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.

Level 2—valuation inputs are obtained from readily-available pricing sources for comparable instruments.

Level 3—valuation inputs are obtained without observable market value and require a high level of judgment to determine the fair value.

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. As of December 31, 2015 and 2014, the Institute evaluated the fair value of its investments on a recurring basis. The Institute's investments are recorded at fair value as of December 31, 2015 and 2014.

The Institute did not have any transfers between Level 1, Level 2, or Level 3 during the years ended December 31, 2015 and 2014.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

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

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, reserves 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. There were no advertising costs incurred in 2015 and 2014.

Allowance for Doubtful Accounts

Accounts 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 \$100,000 at December 31, 2015 and 2014.

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. The guidance also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. 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. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The Institution is currently evaluating the effect of ASU 2016-02 on its financial statements.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

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

Reclassifications

Certain amounts in the prior year presented have been reclassified to confirm to the current year financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

3. 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 \$1,688,519 and \$2,181,758 at December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, the Institute had outstanding grants receivable (net of allowance for uncollectible amounts) of \$1,345,373 and \$1,599,048 respectively. Management does not anticipate any collection issues on the outstanding receivables in excess of its reserve for uncollectible accounts.

The source of the Institute's research grant revenue is primarily from one grantor (the United States Government). Approximately 59% and 43% of the Institute's total research grant revenue was provided by the United States Government for the years ended December 31, 2015 and 2014, respectively. In 2015, two other grantors provided 21% and 4% of the Institute's total research grant revenue. In 2014, two other grantors provided 26% and 9% of total research grants revenues.

4. 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.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

5. Investments:

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

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Shares in private companies	\$ 75,003	\$ 80,946	\$ 75,003	\$ 75,003
Stocks, Options and ETFs	350	5,962	350	4,822
Bond and equity mutual funds	523,320	540,938	497,985	567,300
TOTAL	\$ 598,673	\$ 627,846	\$ 573,338	\$ 647,125

Net investment loss consisted of the following:

	2015		2014	
Interest and dividends	\$	14,024	\$	22,096
Net realized gains and (losses)		11,627		(115,928)
Net unrealized losses		(44,745)		(105,561)
Total	\$	(19,094)	\$	(199,393)

6. 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, 2015:

Description	Level 1		Level 2		Level 3		Total
Shares in private companies	\$	-	\$	-	\$	80,946	\$ 80,946
Stock, options and ETFs		5,962		-		-	5,962
Bond and equity mutual funds		540,938		-		-	540,938
Total	\$	546,900	\$	-	\$	80,946	\$ 627,846

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, 2014:

Description	Level 1		Level 2		Level 3		Total
Shares in private companies	\$	-	\$	-	\$	75,003	\$ 75,003
Stock, options and ETFs		4,822		-		-	4,822
Bond and equity mutual funds		567,300		-		-	567,300
Total	\$	572,122	\$	-	\$	75,003	\$ 647,125

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

6. 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):

	Level 3 Investments
Balance at January 01, 2014	\$ 76,673
Change in value	(1,670)
Balance at December 31, 2014	75,003
Change in value	5,943
Balance at December 31, 2015	\$ 80,946

For Level 3 securities which represent investments in private companies, the Institute values the securities using financial statements, cash flow discounts and other similar methods. 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.

7. License Agreements:

From time to time the Institute enters into non-exclusive licensing agreements with various corporations with respect to its technology. The value, if any, of such agreements is recorded on the books of the Institute when applicable. There were no such agreements at December 31, 2015 and 2014.

8. Property and Equipment, Net:

Property and equipment is valued as stated in Note 2 and is summarized as follows at December 31:

	2015	2014
Equipment	\$ 3,427,018	\$ 3,333,984
Furniture and fixtures	341,351	341,351
Software	168,308	168,308
Leasehold improvements	892,158	892,158
	4,828,835	4,735,801
Less accumulated depreciation and amortization	(4,608,468)	(4,529,453)
Total property and equipment, net	\$ 220,367	\$ 206,348

Depreciation expense was \$79,403 and \$67,865 for the years ended December 31, 2015 and 2014, respectively. During 2015 and 2014, the Institute disposed equipment with a cost basis of \$2,791 and \$1,387, respectively with a net book value of \$2,403 and \$425, respectively.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

9. Leases:

The Institute renewed its office lease under a non-cancelable operating lease, which expires on March 31, 2018. Rent expense was \$833,155 and \$833,821 for the years ended December 31, 2015 and 2014, respectively.

Minimum rental payments under the operating agreements at December 31, 2015 are as follows:

Year Ended June 30:		
2016	\$	847,564
2017		866,634
2018		217,857
Thereafter		-
Total	\$	<u>1,932,055</u>

10. Capital Lease Obligations:

The Institute leased telephone equipment under a capital lease agreement which expired in 2013. Equipment under the capital lease had an original cost of \$53,210, and a net book value of \$15,964 and \$21,284 at December 31, 2015 and 2014, respectively. There are no obligations under capital lease agreements at December 31, 2015 and 2014.

11. Employee Retirement Plan:

The Institute has adopted a defined-contribution retirement plan (the Plan) covering all administrative and research employees who work at least 50% of the full time equivalent. The Institute contributes 10% of regular salary to the Plan 401(a), which was administered by TIAA/CREF, for eligible employees. The 401(a) plan was terminated on July 31, 2014. Effective August 1, 2014, a 401(k) Plan was established and is administered by the Principal Group. The Institute's retirement expense was \$495,239 and \$457,347 for the years ended December 31, 2015 and 2014, respectively.

12. Line of Credit:

The Institute had a revolving line of credit ("the line") with Wells Fargo Bank in the amount of \$750,000, which expired on July 10, 2015. On October 6, 2015 the Institute renewed the line with Wells Fargo Bank in the amount of \$500,000. The line bears interest at the higher of the Prime rate plus 1.00% or 5.00% and matures on October 10, 2016. The interest rate for the line as of December 31, 2015 and 2014 was 5.00%. The Institute did not borrow under the line during the years ended December 31, 2015 and 2014. As of December 31, 2015 and 2014, there was no principal balance outstanding on the line.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

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, if any, are not material to the operations of the Institute and are included in operating expense in the period in which they are incurred.

14. Temporarily Restricted Net Assets:

Temporarily restricted net assets amounted to \$636,256 and \$710,134 at December 31, 2015 and 2014, and are restricted to certain types of internet research projects as prescribed by certain contracts. During the years ended December 31, 2015 and 2014 \$73,878 and \$23,342, respectively, of temporarily restricted net assets were released from restrictions, by incurring expenses in accordance with the terms of the agreement.

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 2011.

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 as a result of the adoption of this policy.

16. Subsequent Events:

The Institute evaluated subsequent events for recognition and disclosure through June 15, 2016, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2015 that required recognition or disclosure in the financial statements.



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**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, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 may exist that have not been identified.



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**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***

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 15, 2016



SD MAYER & ASSOCIATES, LLP

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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

We have audited International Computer Science Institute's compliance with the types of compliance requirements described 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, 2015. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of International Computer Science Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about International Computer Science Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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

Opinion on Each Major Federal Program

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, 2015.

Report on Internal Control over Compliance

Management of International Computer Science Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered International Computer Science Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of International Computer Science Institute's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



SD MAYER & ASSOCIATES, LLP

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

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 15, 2016

**INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Defense					
Defense Advanced Research Projects Agency (DARPA)					
Machine Learning Methods and Large Informatics Graphs	12.910	N66001- 14-1- 4065		\$ 309,241	
Pass Through Awards From:					
Raytheon BBN Technologies Corp					
ASTRAL: Adaptive, Semantic Translation, Retrieval, Analysis and Learning	12.910	HR0011- 12-C- 0014	9500010- 922	\$ 54,901	
International Business Machines Corporation					
Understand and Utilize Context- Aware Information Dissemination in Social Media in Strategic Communications	12.910	W911NF- 12-C- 0012	491400432 2	\$ 51,659	
Total DARPA				<u>\$ 415,801</u>	
Intelligence Advanced Research Projects (IARPA)					
MetaNet	12.000	W911NF- 12-C022		\$ 175,869	\$ 20,848
Total IARPA				<u>\$ 175,869</u>	<u>\$ 20,848</u>

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Defense					
Office of Naval Research					
Simulation Semantics: A Computational Framework for Embodied Language Understanding	12.300	N00014-11- 1-0416		<u>\$ 308,110</u>	
Total Office of Naval Research				<u>\$ 308,110</u>	
Department of Air Force					
Pass Through Awards From:					
Decisive Analytics					
Extracting Event Attributes from Unstructured Textual Data for Persistent Situational Awareness(EARL II)	12.800	FA8750-14- C-0135	61	\$ 177,655	
TRACES	12.800	FA8750-15- C-7553	PO10173998	<u>\$ 109,950</u>	
Total Department of Air Force				<u>\$ 287,605</u>	
Department of the Navy					
Pass Through Awards From:					
Decisive Analytics					
Discovering Valued Information in a Clud Environment (DVICE) Phase II	12.000	N00014-13- C-0276	62	<u>\$ 58,648</u>	
Total Department of the Navy				<u>\$ 58,648</u>	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Defense					
Air Force Research Laboratory					
Pass Through Awards From:					
Kitware					
HIDYVE The Regents of the University of California (Berkeley)	12.300	FA8750- 15-C-0261	K001679- 00-S01	\$ 5,188	
The Berkeley Data Analysis System	12.300	FA8750- 12-2-0331	00008414	<u>\$ 262,227</u>	
Total Air Force Research Laboratory				<u>\$ 267,415</u>	
US Army Research Laboratory					
Pass Through Awards From:					
The Regents of the University of California (Berkeley)					
A Cyber Awareness Framework for Attack Analysis, Prediction and Visualization	12.431	W911NF- 09-1-0553	00007051	<u>\$ 7,757</u>	
Total US Army Research Laboratory				<u>\$ 7,757</u>	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipient</u>
Department of Defense					
National Geospatial Intelligence Agency					
Pass Through Awards From:					
Etegent Technologies					
AnalyticAID Enhanced Exploration Environment	12.630	HM047615- C-0029	ETE-116	<u>\$ 12,789</u>	
Total National Geospatial Intelligence Agency				<u>\$ 12,789</u>	
National Security Agency					
Pass Through Awards From:					
Carnegie Mellon University					
CMU Science of Security: Composability and Usability	12.902	H98230-14- C-0140	1130172- 327724	\$ 95,509	
University of Illinois At Urbana Champaign					
Developing Security Science From Measurement	12.902	H98230-14- C-0141	2014- 03127-04	<u>\$ 87,686</u>	
Total National Security Agency				<u>\$ 183,195</u>	
Defense Threat Reduction Agency					
Pass Through Awards From:					
Semantic Parsing and Role Labeling In Combination Effort (SPLICE)	12.351	HDTRA1- 15-P-0027	288	<u>\$ 37,088</u>	
Total Defense Threat Reduction Agency				<u>\$ 37,088</u>	<u>\$ -</u>
Total Department of Defense				<u>\$ 1,754,277</u>	<u>\$ 20,848</u>

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Energy					
Pass Through Awards From:					
Lawrence Berkeley National Laboratory					
Bro Intrusion Detection System	81.000	DE-AC02- 05CH11231	7041293	\$ 35,273	
Bro Intrusion Detection System	81.000	DE-AC02- 05CH11231	7004973	\$ 15,752	
Scalable Statistics and Machine Learning for Data-Centric Science	81.000	DE-AC02- 05CH11231	7095275	\$ 189,218	
Lawrence Livermore National Security					
Multimedia Feature Extraction & Analysis-FY 2014	81.000	DE-AC52- 07NA27344	B606900	\$ 95,111	
Deep and Wide Learning for Automatic Speech Recognition (ASR)	81.000	DE-AC52- 07NA27344	B611409	\$ 148,657	
Extraction of Text Annotations	81.000	DE-AC52- 07NA27344	B615831	<u>\$ 42,153</u>	
Total Department of Energy				<u>\$ 526,164</u>	
Department of Health and Human Services					
National Institutes of Health Robust Localized Measures for Brain Networks	93.853			\$ 181,119	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Health and Human Services					
Pass Through Awards From:					
The University of Alabama at Birmingham					
Resequencing and Functional Studies to Identify Casual Gene Variants of Lymphoma	93.393	5R01CA154643- 04	000501506	\$ 30,371	
Total Department of Health and Human Services				\$ 211,490	
Department of Homeland Security					
Netalyzr	12.000	N66001-12-C- 0128		\$ 404,495 \$ 36,990	
Total Department of Homeland Security				\$ 441,485	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
National Science Foundation					
Architecting for Innovation	47.070	CNS-1040838		\$ 274,978	
Understanding and Managing the Impact of Global Inference on Online Privacy	47.070	CNS-1065240		\$ 176,493	
NeTS: Large: Collaborative Research: Measuring and Modeling the Dynamics of IPv4 Address Exhaustion	47.070	CNS-1111672		\$ 155,895	
NeTs: Medium: Characterizing Enterprise Networks	47.070	CNS-1161799		\$ 214,870	
ICES: Small: Evaluation Price mechanisms for Clouds	47.070	CCF-1216073		\$ 55,847	
NeTS: Small: the Design and Implementation of a Consolidated Middlebox Architecture	47.070	CNS-1217654		\$ 52,969	
Modeling Human Speech Confusions in Noise	47.070	IIS-1248047		\$ 66,145	
Understanding and Exploiting Parallelism in Deep Packet Inspection On Concurrent Architectures	47.070	CNS-1228792		\$ 157,355	
Limiting Manipulation in Data Centers and Clouds	47.070	CNS-1161813		\$ 54,140	
Combinatorial Optimization Methods for Problems in Molecular Biology	47.070	IIS-1217615		\$ 142,040	\$ (430)
Users Centric	47.070	CNS-1213157		\$ 378,442	
Frontiers	47.070	CNS-1237265		\$ 776,828	
Censorship Counterstrikes via Measurement, Filtering, Evasion and Protocol Enhancement	47.070	CNS-1223717		\$ 345,107	
Small: SMASH--Scalable Multimedia content Analysis in a High-Level Language	47.070	IIS-1251276		\$ 237,951	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
National Science Foundation					
Designing Individualized Privacy and Security	47.070	CNS- 1343433		\$ 27,598	
Small Collaborative Research Towards Modeling Source Separation from Measured Cortical Responses	47.070	III-1320260		\$ 149,826	
EAGER: Network Virtualization for OpenCloud	47.070	CNS- 1343947		\$ 170,378	
A Bro Center of Expertise for the NSF Community	47.070	ACI- 1348077		\$ 1,248,772	\$ 453,534
Semantic Security Monitoring for Industrial Control Systems	47.070	CNS- 1314973		\$ 216,196	
CI-P: Planning for a Multilingual FrameNet Lexical Resource	47.070	CNS- 1406048		\$ 65,620	
EAGER: How Does Deep Learning Within the Tandom Framework Improve Speech Recognition Accuracy	47.070	IIS - 1450916		\$ 87,228	
II - NEW: Enabling Security Analysis at Scale	47.070	CNS - 1406041		\$ 414,390	
NeTS: Medium: Collaborative Research: A Software Defined Internet Exchange	47.070	CNS - 1420064		\$ 70,622	
III: Small: Characterizing and Exploiting Tree-Like Structure In Large Social and Information Networks	47.070	IIS-1423621		\$ 6,250	
BIGDATA: F: DKA: Collaborative Research: Randomized Numerical Linear Algebra (RandNLA) for Multi- Linear and Non-Linear Data	47.070	IIS-1447534		\$ 6,199	
Internet-Wide Vulnerability Measurement, Assessment and Notification	47.070	CNS- 1518921		\$ 9,255	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
National Science Foundation					
Using Individual Differences to Personalize Security Mitigations	47.070	CNS- 1528070		\$ 18,473	
Towards a Science of Censorship Resistance	47.070	CNS- 1518918		\$ 67,127	
Streaming Algorithms for Fundamental Computations in Numerical Linear Algebra	47.070	CCF- 1540657		\$ 2,719	
Understanding the State of TLS					
Using Large-Scale Passive Measurements	47.070	CNS- 1528156		\$ 71,043	
Understanding and Illuminating Non-Public Data Flows	47.070	CNS- 1514509		\$ 70,056	
Exploratory Research to Demonstrate the Feasibility of Tactile Internet Islands	47.070	CCF- 1550143		\$ 112,035	
Student Travel Support for the 2015 Internet Measurement Conference	47.070	CNS- 1550464		\$ 19,546	
Teachers Resources for Online Privacy Education	47.076	DGE- 1419319		\$ 270,516	

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Sub- award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Pass Through Awards From:					
University of Notre Dame					
RI: Small Language Induction Meets Language Documentation	47.070	IIS- 1464553	2024731ICSI	\$ 72,586	\$ -
Total National Science Foundation				<u>\$ 6,265,495</u>	<u>\$ 453,104</u>
<u>Total Research and Development Cluster</u>				<u>\$ 9,198,911</u>	<u>\$ 473,952</u>

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

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 minimus 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 Schedule I above.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X 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: Unqualified

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>\$ 9,198,911</u>

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

For the year ended December 31, 2015

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

No findings.

Section III – Federal Award Findings and Questioned Costs

No findings.

Section IV – Summary Schedule of Prior Year Audit Findings

No findings.