

SD Mayer & Associates LLP
235 Montgomery Street, 30th Floor
San Francisco, CA 94104
415 691 4040 main
sdmayer.com



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, 2018 and 2017

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

CONTENTS

<u>Schedule</u>	<u>Page</u>
Report of Independent Auditors	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8-19
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20-21
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance	22-24
Schedule of Expenditures of Federal Awards	I 25-31
Notes to the Schedule of Expenditures of Federal Awards	I 32
Schedule of Findings and Questioned Costs	II 33-34

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 (“the Institute”), a non-profit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2018 and 2017, 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019, 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
May 8, 2019

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and cash equivalents	\$ 2,398,194	\$ 2,904,949
Grants and contracts receivable, net	623,182	623,112
Contributions receivables, net	-	101,865
Other receivables	6,107	735
Investments, at fair value	3,910,965	2,281,171
Prepaid expenses	14,145	15,668
Total Current Assets	<u>6,952,593</u>	<u>5,927,500</u>
Property and Equipment, net	92,913	94,354
Deposits and other assets	<u>101,830</u>	<u>101,830</u>
Total Assets	<u>\$ 7,147,336</u>	<u>\$ 6,123,684</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and other liabilities	\$ 634,543	\$ 563,811
Accrued payroll and other expenses	588,367	564,962
Grant and contract advances	98,991	65,119
Total Current Liabilities	<u>1,321,901</u>	<u>1,193,892</u>
Net Assets:		
Without donor restrictions	5,063,958	4,215,534
With donor restrictions	761,477	714,258
Total Net Assets	<u>5,825,435</u>	<u>4,929,792</u>
Total Liabilities and Net Assets	<u>\$ 7,147,336</u>	<u>\$ 6,123,684</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, 2018 and 2017

	-----2018-----			-----2017-----		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support:						
Research grants and contracts	\$ 7,447,042	\$ -	\$ 7,447,042	\$ 7,429,224	\$ -	\$ 7,429,224
Contributions	52,500	179,304	231,804	111,001	101,865	212,866
Net investment income (loss)	1,584,430	-	1,584,430	591,687	-	591,687
Other revenue	1,254	-	1,254	120,581	-	120,581
	<u>9,085,226</u>	<u>179,304</u>	<u>9,264,530</u>	<u>8,252,493</u>	<u>101,865</u>	<u>8,354,358</u>
Net assets released from restrictions	<u>132,085</u>	<u>(132,085)</u>	<u>-</u>	<u>14,246</u>	<u>(14,246)</u>	<u>-</u>
Total Revenues and Support	<u>9,217,311</u>	<u>47,219</u>	<u>9,264,530</u>	<u>8,266,739</u>	<u>87,619</u>	<u>8,354,358</u>
Expenses:						
Research programs	8,184,980	-	8,184,980	7,112,221	-	7,112,221
Management and general	183,907	-	183,907	739,852	-	739,852
Total Expenses	<u>8,368,887</u>	<u>-</u>	<u>8,368,887</u>	<u>7,852,073</u>	<u>-</u>	<u>7,852,073</u>
Changes in Net Assets	848,424	47,219	895,643	414,666	87,619	502,285
Net Assets at beginning of year	<u>4,215,534</u>	<u>714,258</u>	<u>4,929,792</u>	<u>3,800,868</u>	<u>626,639</u>	<u>4,427,507</u>
Net Assets at end of year	<u>\$ 5,063,958</u>	<u>\$ 761,477</u>	<u>\$ 5,825,435</u>	<u>\$ 4,215,534</u>	<u>\$ 714,258</u>	<u>\$ 4,929,792</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 895,643	\$ 502,285
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	53,660	63,481
Provision (recovery) for bad debts	(20,098)	-
Net depreciation (appreciation) on investments	(1,527,307)	(553,485)
Realized (gain) loss on sale of investments	(20,304)	(19,028)
(Increase) decrease in operating assets:		
Grants and contracts receivable	20,028	540,987
Contributions receivable	101,865	(101,865)
Other receivables	(5,372)	12,063
Prepaid expenses	1,523	(9,906)
Deposits and other assets	-	(8,193)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	70,732	240,311
Accrued payroll and other expenses	23,405	(65,395)
Grant and contract advances	33,872	20,091
Net cash provided by (used in) operating activities	<u>(372,353)</u>	<u>621,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(52,219)	(3,804)
Purchases of investments	(3,259,607)	(361,213)
Proceeds from sale of investments	3,185,000	-
Dividends reinvested	(7,576)	-
Net cash used in investing activities	<u>(134,402)</u>	<u>(365,017)</u>
Net increase (decrease) in cash and cash equivalents	(506,755)	256,329
Cash and cash equivalents at beginning of year	<u>2,904,949</u>	<u>2,648,620</u>
Cash and cash equivalents at end of year	<u>\$ 2,398,194</u>	<u>\$ 2,904,949</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 3</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, 2018

	<u>Research Programs</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expenses:			
Salaries and other personnel costs	\$ 3,593,109	\$ 1,199,700	\$ 4,792,809
Employee benefits	559,663	367,251	926,914
Payroll taxes	212,811	78,188	290,999
Total Personnel Expenses	<u>4,365,583</u>	<u>1,645,139</u>	<u>6,010,722</u>
Bad debt (benefit)	-	(20,098)	(20,098)
Communications	14,321	42,678	56,999
Contract furniture and equipment	213,953	-	213,953
Depreciation	-	53,660	53,660
Dues and subscriptions	480	57,053	57,533
Equipment rental	-	481	481
Insurance	-	34,384	34,384
Miscellaneous expenses	10,854	32,802	43,656
Office supplies	138	21,558	21,696
Outside services	80,379	40,902	121,281
Printing, postage and freight	180	3,597	3,777
Professional fees	240,655	75,507	316,162
Property tax	-	10,201	10,201
Rent	-	537,641	537,641
Repairs and maintenance	384	20,476	20,860
Small equipment	-	40,509	40,509
Sub-awards	381,750	-	381,750
Travel	291,972	42,241	334,213
Tuition reimbursement	129,507	-	129,507
Indirect costs recovered	<u>2,454,824</u>	<u>(2,454,824)</u>	<u>-</u>
Total Expenses	<u>\$ 8,184,980</u>	<u>\$ 183,907</u>	<u>\$ 8,368,887</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, 2017

	<u>Research Programs</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expenses:			
Salaries and other personnel costs	\$ 3,339,653	\$ 1,112,044	\$ 4,451,697
Employee benefits	613,597	336,441	950,038
Payroll taxes	200,034	76,776	276,810
Total Personnel Expenses	<u>4,153,284</u>	<u>1,525,261</u>	<u>5,678,545</u>
Communications	11,255	39,925	51,180
Contract furniture and equipment	59,290	-	59,290
Depreciation	-	63,481	63,481
Dues and subscriptions	785	18,250	19,035
Equipment rental	-	481	481
Insurance	-	34,184	34,184
Interest expense	-	3	3
Miscellaneous expenses	101,654	38,443	140,097
Office supplies	197	21,632	21,829
Outside services	24,714	72,799	97,513
Printing, postage and freight	827	3,933	4,760
Professional fees	35,122	87,617	122,739
Property tax	-	17,599	17,599
Rent	-	623,868	623,868
Repairs and maintenance	869	43,568	44,437
Small equipment	-	48,363	48,363
Sub-awards	492,232	-	492,232
Travel	255,773	18,165	273,938
Tuition reimbursement	58,499	-	58,499
Indirect costs recovered	<u>1,917,720</u>	<u>(1,917,720)</u>	<u>-</u>
Total Expenses (benefits)	<u>\$ 7,112,221</u>	<u>\$ 739,852</u>	<u>\$ 7,852,073</u>

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, 2018 and 2017

1. Organization:

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

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

2. Basis of Presentation and Significant Accounting Policies:

Basis of Accounting:

The Institute's financial statements are presented using the accrual basis of accounting.

Basis of Presentation:

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

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

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

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

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

Basis of Presentation, continued:

Contributions and support 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. Net assets with donor restrictions contributions and investment gains and losses which are received and expended in the same period are classified within unrestricted activities.

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 \$213,953 in 2018 and \$59,290 in 2017, 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.

Grants and Contracts receivable:

Grants and contracts receivable 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, 2018 and 2017

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

Revenue Recognition:

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, grants and contracts receivable, investments, other assets, accounts payable, and accrued expenses. The Institute believes all of the financial instruments' recorded values approximate current fair value.

The fair value of Institute's financial instruments reflects the amount that the Institute estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The Institute has adapted a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1—valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

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. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

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

As of December 31, 2018 and 2017, the Institute evaluated the fair value of its investments on a recurring basis. The Institute did not have any transfers between Level 1, Level 2, or Level 3 during the years ended December 31, 2018 and 2017.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

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, fair value of investments, 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 2018 and 2017.

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 \$62,061 and \$82,159 at December 31, 2018 and 2017.

Deferred Rent

The Institute's office lease agreement provides for rent escalations during the lease term. The Institute records rent expense on a straight-line basis over the term of the lease. Accordingly, deferred rent is recorded to the extent the cumulative rent expense exceeds actual rent payments.

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.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

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

Recent Accounting Pronouncements - continued

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 Institute is currently evaluating the effect of ASU 2016-02 on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under currently applicable guidance including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. For nonpublic entities, ASU 2014-09 is effective for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Institute is currently assessing the potential impact of ASU 2014-09 on its financial condition and results of operations.

In August 2014, the FASB issued ASU No. 2014-15 *Presentation of Financial Statements – Going Concern (subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, ASU 2014-15 provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The ASU is effective for reporting periods beginning after December 15, 2016, with early adoption permitted. Management notes there are no uncertainties about the Institute's ability to continue as a going concern.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

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

Recent Accounting Pronouncements - continued

The ASU will also require changes in the way certain information is aggregated and reported by the Institute, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Institute's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Institute adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

In August 2016, the ASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The Institute is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

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

3. **Liquidity and Availability of Resources:**

The Institute has \$4,732,338 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash and cash equivalents of \$2,398,194, grants and contracts receivable of \$623,182, and short-term investments of \$1,710,962. None of the financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The grants and contracts receivable are expected to be collected within one year. The Institute has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet around 180 days of normal operating expenses, which are on average, approximately \$700,000 a month. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. As described on Note 14, the institute also has a line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity needs.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

4. Concentrations:

The Institute maintains its cash balances at Wells Fargo Bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The Institute had uninsured cash balances in the amount of \$1,741,794 and \$2,184,951 at December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, the Institute had outstanding grants and contracts receivable (net of allowance for uncollectible amounts of \$62,061 and \$82,159 in 2018 and 2017, respectively) of \$623,182 and \$623,112 respectively. Management does not anticipate any collection issues on the outstanding receivables in excess of its reserve for uncollectible accounts. One grantor accounted for 11% of total receivables in 2018 and another grantor accounted for 12% of total receivables in 2017. The source of the Institute's research grant revenue is primarily from one grantor. Approximately 60% and 52% of the Institute's total research grant revenue was provided by the National Science Foundation for the years ended December 31, 2018 and 2017, respectively. In 2018, two other grantors provided 21% of the Institute's total research grant revenue. In 2017, two other grantors provided 23% of the Institute's total research grant revenue.

5. Contingencies:

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

6. Investments:

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

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Shares in private companies	\$ 75,003	\$ 2,200,003	\$ 75,003	\$ 600,003
Stocks, Options and ETFs	372	5,813	372	6,156
Bond and equity mutual funds	617,630	641,149	579,143	675,012
Certificate of deposit	1,064,000	1,064,000	1,000,000	1,000,000
Total	<u>\$ 1,757,005</u>	<u>\$ 3,910,965</u>	<u>\$ 1,654,518</u>	<u>\$ 2,281,171</u>

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

6. Investments, continued:

The value of the shares in private companies is based on the most recent price paid by investors to purchase shares in one particular company.

Net investment income consisted of the following:

	2018		2017	
Interest and dividends	\$	36,819	\$	19,174
Net realized gains		20,304		19,028
Net appreciation/(depreciation)		1,527,307		553,485
Total	\$	1,584,430	\$	591,687

7. Fair Value of Financial Instruments:

The following table sets forth the Institute's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2018:

Description	Level 1		Level 2		Level 3		Total	
Shares in private companies	\$	-	\$	-	\$	2,200,003	\$	2,200,003
Stock, options and ETFs		5,813		-		-		5,813
Bond and equity mutual funds		641,149		-		-		641,149
Certificate of deposits		-		1,064,000		-		1,064,000
Total	\$	646,962	\$	1,064,000	\$	2,200,003	\$	3,910,965

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, 2017:

Description	Level 1		Level 2		Level 3		Total	
Shares in private companies	\$	-	\$	-	\$	600,003	\$	600,003
Stock, options and ETFs		6,156		-		-		6,156
Bond and equity mutual funds		675,012		-		-		675,012
Certificate of deposits		-		1,000,000		-		1,000,000
Total	\$	681,168	\$	1,000,000	\$	600,003	\$	2,281,171

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

7. Fair Value of Financial Instruments, continued:

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

	Level 3 Investments
Balance at January 01, 2017	\$ 101,438
Unrealized gain included in net investment gain (loss)	498,565
Balance at December 31, 2017	600,003
Unrealized gain included in net investment gain (loss)	1,600,000
Balance at December 31, 2018	\$ 2,200,003

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

8. 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, 2018 and 2017.

9. Contributions Receivable:

The institute recorded net contributions receivable of \$0 and \$101,865 at December 31, 2018 and 2017, respectively. The institute considers these contributions receivable to be fully collectible.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

10. Property and Equipment, Net:

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

	<u>2018</u>		<u>2017</u>
Equipment	\$ 388,952	\$	337,291
Furniture and fixtures	1,171		1,171
Leasehold improvements	10,450		10,450
	<u>400,573</u>		<u>348,912</u>
Less accumulated depreciation and amortization	(307,660)		(254,558)
Total property and equipment, net	<u>\$ 92,913</u>	\$	<u>94,354</u>

Depreciation expense was \$53,660 and \$63,481 for the years ended December 31, 2018 and 2017, respectively. Depreciation expense for equipment under capital leases amounted to \$5,321 in 2018 and 2017.

11. Leases:

The Institute is in the final stages of signing a new office lease with the City of Berkeley under a non-cancelable five-year operating lease, which is set to expire on March 31, 2023. The Institute is currently negotiating an extension for the lease. Rent expense was \$537,641 and \$623,868 for the years ended December 31, 2018 and 2017, respectively. Minimum rental payments under the operating agreements at December 31, 2018 are as follows:

Year Ended June 30:		
2019	\$	540,427
2020		551,235
2021		562,260
2022		573,505
2023		144,083
Thereafter		-
Total	\$	<u>2,371,510</u>

The Institute subleases a portion of its office to several other entities. Total sublease income received was approximately \$72,000 and \$78,000 for the years ended December 31, 2018 and 2017, respectively.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

12. Capital Lease Obligations:

The Institute leased telephone equipment under a capital lease agreement which expired in 2013 with the Institute satisfying its obligations under that agreement. Equipment under the capital lease had an original cost of \$53,210, and a net book value of \$0 and \$5,322 at December 31, 2018 and 2017, respectively. There are no obligations under capital leases at December 31, 2018 and 2017.

13. Employee Retirement Plan:

The Institute has adopted a qualified, defined contribution retirement 401(k) plan (the Plan). Post-Doctoral fellows who are eligible to participate will receive 3% (Safe Harbor) of regular salary and all other employees who are eligible to participate will receive 10% of regular salary (which includes Safe Harbor). The Plan is administered by the Principal Group. The Institute's retirement expense was \$359,568 and \$346,829 for the years ended December 31, 2018 and 2017, respectively.

14. Line of Credit:

The Institute had a revolving line of credit ("the line") with Wells Fargo Bank in the amount of \$500,000 with an expiration date of November 10, 2019. The line bears interest at the greater of the Prime Rate plus 0.750% or 5.000%. The interest rate for the line as of December 31, 2018 and 2017 was 5.00%. The Institute did not borrow under the line during the years ended December 31, 2018 and 2017. As of December 31, 2018 and 2017, there was no principal balance outstanding on the line.

15. 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.

16. Net assets with donor restrictions Net Assets:

Net assets with donor restrictions amounted to \$761,477 and \$714,258 at December 31, 2018 and 2017, respectively, and are restricted to certain types of internet research projects as prescribed by certain grants. During the years ended December 31, 2018 and 2017, \$132,085 and \$14,246, respectively, of net assets with donor restrictions net assets were released from restrictions, by incurring expenses in accordance with the terms of the agreement.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

17. 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 2013.

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.

18. Subsequent Events:

The Institute evaluated subsequent events for recognition and disclosure through May 8, 2019, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the financial statements.

**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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2019.

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.

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

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
May 8, 2019

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, 2018. 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; 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.

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, 2018.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**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
May 8, 2019

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant Number</u>	<u>Grant Number</u>	<u>Sub award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Research & Development Cluster					
DEPARTMENT OF DEFENSE					
Science of Security Lablet	12.000	H98230-18- D-0006		\$209,321	\$0
Defense Advanced Research Projects Agency (DARPA)					
Interoperability Challenges and Scenarios in Computational Design and Manufacturing	12.910	HR0011-16- 2-0042		\$3,844	\$0
Towards Automated Testing and Discovery of Interoperability	12.910	HR00111 820034		\$49,072	\$0
Pass Through Awards From:					
University of Southern California					
Language Information for Situation Awareness (ELISA)	12.910	HR0011-15- C-0115	67457032	(\$920)	\$0
Total DARPA				\$51,996	\$0
Office of Naval Research					
Pass Through Awards From:					
Decisive Analytics Corp					
Multimodal Video Summarization	12.300	N68335-18- C-0558	1084	\$0	\$0
Expedition Technology, Inc.					
RFML	12.000	N66001-18- C-4045	EXP-18- 003	\$118,739	\$0
Total Office of Naval Research				\$118,739	\$0
Department of Air Force					
Pass Through Awards From:					
LEIDOS					
TRACES	12.800	FA8750-15- C-7553	PO1017 3998	\$518	\$0
Total Department of Air Force				\$518	\$0
Army Research Office					
Local Algorithms for Largo Informatics Graphs	12.431	W911NF- 16-1-0285		\$139,318	
Total Army Research Office				\$139,318	\$0

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant Number</u>	<u>Grant Number</u>	<u>Sub award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Air Force Research Laboratory					
Robust, Efficient & Local Machine Learning	12.300	FA8750-17- 2-0122		\$247,197	\$0
Scaling Contextual Privacy to MDM Environments	12.300	FA8750-18- 2-0096		\$289,490	\$141,301
Pass Through Awards From:					
The Regents of the University of California (Berkeley)					
The Berkeley Data Analysis System	12.300	FA8750-12- 2-0331	00008414	(\$6)	\$0
New York University					
Origin Privacy: Protecting Privacy in the Big Data Era	12.300	FA8750- 162-0287	F8706-02	\$17,205	\$0
 The Regents of the University of California, San Diego					
Foundation of Threat Intelligence Metrics	12.300	FA8750-18- 2-0087	105763689	\$4,042	\$0
Total Air Force Research Laboratory				\$557,928	\$141,301
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	\$3,890	\$0
University of Illinois At Urbana Champaign					
Developing Security Science From Measurement	12.902	H98230-14- C-0141	2014- 03127-04	(\$12)	\$0
Total National Security Agency				\$3,878	\$0
Defense Threat Reduction Agency					
Identifying Semantic Components from Cross-Language Variation	12.351	HDTRA11 710042		\$150,011	\$0
Total Defense Threat Reduction Agency				\$150,011	\$0
TOTAL DEPARTMENT OF DEFENSE				\$1,231,709	\$141,301

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant 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					
Deep Learning Algorithms to Scientific Image	81.000		DE-AC02-05CH11231 7318790	(\$952)	\$0
Lawrence Livermore National Security					
Next Generation Methods and Workflow for Automated Optimal Multi- Functional Design	81.000		DE-AC52-07NA27344 B622079	\$174,799	\$0
Multimodal Event Detection on Consumer Produced Data	81.000		DE-AC52-07NA27344 B620897	(\$1,649)	\$0
Multimodal Event Detection on Consumer Produced Data	81.000		DE-AC52-07NA27344 B626067	\$103,716	\$0
Multimodal Event Detection on Consumer Produced Data	81.000		DE-AC52-07NA27344 B631428	\$36,289	\$0
Variable Precision Computing LDRD Project	81.000		DE-AC52-07NA27344 B629366	\$25,292	\$0
TOTAL DEPARTMENT OF ENERGY				\$337,495	\$0
DEPARTMENT OF HOMELAND SECURITY					
DHS S&T Directorate	97.000		MISC16CSDI PA01	\$239,525	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY				\$239,525	\$0
U.S. DEPARTMENT OF STATE					
Pass Through Awards From:					
The Regents of the University of California, Berkeley					
Counterpower Lab	19.345		S-LMAQM-16-GR-1217 9325	\$92,320	\$0
Harvard University					
Global Internet Censorship Measurement Consortium	19.345		S-LMAQM-17-GR-1069 108846-5102729	\$18,616	\$0
TOTAL U.S. DEPARTMENT OF STATE				\$110,936	\$0

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant Number</u>	<u>Grant Number</u>	<u>Sub award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
NATIONAL SCIENCE FOUNDATION					
NeTS: Large: Collaborative Research: Measuring and Modeling the Dynamics of IPv4 Address Exhaustion	47.070	CNS- 1111672		(\$307)	\$0
Understanding and Exploiting Parallelism in Deep Packet Inspection On Concurrent Architectures	47.070	CNS- 1228792		(\$2,313)	\$0
Frontiers	47.070	CNS- 1237265		\$908,821	\$0
Small: SMASH--Scalable Multimedia content Analysis in a High-Level Language	47.070	IIS- 1251276		\$6,243	\$0
A Bro Center of Expertise for the NSF Community	47.070	ACI- 1348077		\$318,880	\$118,811
Semantic Security Monitoring for Industrial Control Systems	47.070	CNS- 1314973		\$91,521	\$0
II - NEW: Enabling Security Analysis at Scale	47.070	CNS - 1406041		\$58,311	\$0
NeTS: Medium: Collaborative Research: A Software Defined Internet Exchange	47.070	CNS - 1420064		\$30,825	\$0
III: Small: Characterizing and Exploiting Tree-Like Structure In Large Social and Information Networks	47.070	IIS- 1423621		(\$4,237)	\$0
BIGDATA: F: DKA: Collaborative Research: Randomized Numerical Linear Algebra (RandNLA) for Multi- Linear and Non-Linear Data	47.070	IIS- 1447534		\$189,914	\$0
Security and Privacy for Wearable and Continuous Sensing Platforms	47.070	CNS- 1514211		\$70,981	\$0
Internet-Wide Vulnerability Measurement, Assessment and Notification	47.070	CNS- 1518921		\$112,440	\$0
Using Individual Differences to Personalize Security Mitigations	47.070	CNS- 1528070		\$255,589	\$0
Towards a Science of Censorship Resistance	47.070	CNS- 1518918		\$327,634	\$0

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant Number</u>	<u>Grant Number</u>	<u>Sub award Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Streaming Algorithms for Fundamental Computations in Numerical Linear Algebra	47.070	CCF-1540657		\$9,538	\$0
Understanding the State of TLS Using Large-Scale Passive Measurements	47.070	CNS-1528156		\$60,478	\$0
Understanding and Illuminating Non-Public Data Flows	47.070	CNS-1514509		\$526,749	\$0
Exploratory Research to Demonstrate the Feasibility of Tactile Internet Islands	47.070	CCF-1550143		(\$1,546)	\$0
Student Travel Support for the 2017 Internet Measurement Conference	47.070	CNS-1644973		\$1,800	\$0
Student Travel Support for the 2018 Internet Measurement Conference	47.070	CNS-1745720		\$14,172	\$0
A Shared Integrated Resource for Global Impact	47.070	CNS-1637601		\$20,344	\$0
A New Community Infrastructure for Audio Annotations for Acoustic Event Identification	47.070	CNS-1629990		\$18,270	\$0
Haystack: Fine-grained Visibility and Control of Mobile Traffic	47.070	CNS-1564329		\$147,863	\$0
Secure and Resilient Architecture	47.070	ACI-1642161		\$169,440	\$121,638
Multilingual FrameNet: A Resource Enabling Cross-Lingual Research for the Natural Language Processing Community	47.070	CNS-1629989		\$88,875	\$0
Universal Packet Scheduling	47.070	CNS-1619377		\$56,207	\$0
Teaching Security in CSP	47.070	CNS-1636590		\$113,099	\$0
Rethinking Home Networking for the Ultrabroadband Era	47.070	CNS-1647126		\$77,349	\$0

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA</u> <u>Number/Grant</u> <u>Number</u>	<u>Grant</u> <u>Number</u>	<u>Sub</u> <u>award</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>Amount</u> <u>Provided to</u> <u>Subrecipients</u>
Exploring Internet Balkanization Through The Lens of Regional Discrimination	47.070	CNS- 1651857		\$33,651	\$0
Privacy and Fairness in Decision Making Systems	47.070	CNS- 1704985		\$90,766	\$0
Co-Design of Network sTorage	47.070	CNS- 1704941		\$74,521	\$0
MultiSource Domain Generalization	47.070	-1835539		\$32,566	\$0
Student Travel Support for the 17th Workshop on the Economics of Information Security	47.070	CNS- 1832821		\$11,128	\$0
De-Mytifying and Hardening the Domain Name System	47.070	CNS- 1815876		\$24,921	\$0
Towards Programming Datacenters	47.070	CNS- 1817116		\$25,322	\$0
Increasing Users' Cyber-Security Compliance by Reducing Present Bias	47.070	CNS- 1817249		\$15,598	\$0
PacketLab: A Universal Measurement Endpoint Interface	47.070	CNS- 1763884		\$0	\$0
Mobile Dynamic Privacy and Security Analysis at Scale	47.070	CNS- 1817248		\$5,965	\$0
Creating an Evolvable, Diverse, and Dynamic Internet	47.070	CNS- 1817115		\$0	\$0
Combining Stochastics and Numerics for Improved Scalable Matrix Computations	47.070	IIS- 1815054		\$7,302	\$0
Toward Informing Users About Algorithmic Fairness	47.070	IIS- 1844518		\$7,634	\$0
BIGDATA:F:Collaborative Research: Theory and Practice of Randomized Algorithms for Ultra-Large Scale Signal Processing	47.070	IIS- 1838131		\$0	\$0

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number/Grant 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:					\$0
University of Notre Dame					\$0
RI:Small:Language Induction Meets Language Documentation	47.070	IIS- 1464553	2024731 ICSI	\$53,157	\$0
Abstractions and Architectures for Open Composable Services	47.041	CMMI- 1547189		\$126,700	\$0
Deep Learning Based Self Organizing Network for B5G	47.041	ECCS- 1745410		\$73,181	\$0
Natural Hazards Engineering Research	47.041	CMMI- 1612843		\$228,487	\$0
TOTAL NATIONAL SCIENCE FOUNDATION				\$4,477,839	\$240,449
<u>Total Research and Development Cluster</u>				\$6,397,504	\$381,750

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2018

Note A: Basis of Presentation:

The accompanying schedule of expenditures of federal awards (The Schedule) is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only selected portion of the activities of the Institute, it is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of the Institute. The Institute has not elected to use the 10-percent de minimis indirect cost rate.

Note B: Major Program:

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

Note C: Subrecipients:

The Institute provided federal awards to subrecipients as listed in Schedule I above.

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2018

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>\$ 6,397,504</u>

INTERNATIONAL COMPUTER SCIENCE INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2018

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.