

START International, Inc.

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

December 31, 2019 and 2018

START International, Inc.

Financial Statements
December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
START International, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of START International, Inc. (START), which comprise the statements of financial position as of December 31, 2019 and 2018; the related statements of activities, functional expenses, and cash flows 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 controls 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.

Auditor's Responsibility (continued)

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 START as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, START adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

Our audits were 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 are 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 April 30, 2020, on our consideration of START'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 START's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
April 30, 2020

START International, Inc.

Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 1,122,694	\$ 827,017
Accounts receivable	7,263	1,790
Grants receivable	228,156	641,003
Prepaid expenses	8,713	6,398
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,366,826</u>	<u>\$ 1,476,208</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 70,149	\$ 117,680
Accrued vacation	40,512	40,375
Refundable advances – grants	505,160	572,219
	<u> </u>	<u> </u>
Total liabilities	<u>615,821</u>	<u>730,274</u>
Net Assets		
Without donor restrictions	<u>751,005</u>	<u>745,934</u>
Total net assets	<u>751,005</u>	<u>745,934</u>
Total liabilities and net assets	<u>\$ 1,366,826</u>	<u>\$ 1,476,208</u>

See accompanying notes.

START International, Inc.

Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenue and Support		
Government grants	\$ 846,199	\$ 877,620
Other grants	411,619	710,944
Contributions	-	26,105
Other revenue	1,250	-
	1,259,068	1,614,669
Expenses		
Program services:		
Support for International START Secretariat	536,412	503,813
Scientific Capacity Building for Global Change Research	219,333	10,662
Building Capacity in Developing Regions	23,025	154,942
Collaborative Adaptation Research Initiative	22,802	444,407
Integrated Research on Disaster Risk Conference	141,468	21,808
Other programs	76,895	185,185
	1,019,935	1,320,817
Total program services		
Supporting services:		
Management and general	234,062	322,680
	234,062	322,680
Total supporting services		
Total expenses	1,253,997	1,643,497
Change in Net Assets	5,071	(28,828)
Net Assets , beginning of year	745,934	774,762
Net Assets , end of year	\$ 751,005	\$ 745,934

See accompanying notes.

START International, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services						Total Program Services	Management and General	Total
	Support for International START Secretariat	Scientific Capacity Building	Building Capacity in Developing Regions	Collaborative Adaptation Research Initiative	Integrated Research on Disaster Risk Conference	Other Programs			
Salaries	\$ 283,227	\$ 5,475	\$ 3,949	\$ 260	\$ -	\$ 9,875	\$ 302,786	\$ 50,626	\$ 353,412
Employee benefits	149,385	1,930	1,344	128	-	3,696	156,483	22,266	178,749
Payroll taxes	21,125	419	297	20	-	755	22,616	5,076	27,692
Consulting and professional fees	8,100	-	3,294	-	-	7,580	18,974	82,185	101,159
Bank fees	-	-	-	-	173	-	173	4,801	4,974
Insurance	-	-	-	-	-	-	-	11,589	11,589
Grants and sponsorships	14,588	164,167	-	22,394	74,382	27,325	302,856	-	302,856
Information technology	13,420	-	-	-	-	-	13,420	594	14,014
Telecommunications	-	-	-	-	-	-	-	31,073	31,073
Office expenses	2,074	1,851	-	-	109	-	4,034	20,173	24,207
Travel	44,493	45,491	14,141	-	66,804	27,664	198,593	321	198,914
Other	-	-	-	-	-	-	-	5,358	5,358
Total Expenses	\$ 536,412	\$ 219,333	\$ 23,025	\$ 22,802	\$ 141,468	\$ 76,895	\$ 1,019,935	\$ 234,062	\$ 1,253,997

See accompanying notes.

START International, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services						Total Program Services	Management and General	Total
	Support for International START Secretariat	Scientific Capacity Building	Building Capacity in Developing Regions	Collaborative Adaptation Research Initiative	Integrated Research on Disaster Risk Conference	Other Programs			
Salaries	\$ 254,023	\$ 2,187	\$ 18,338	\$ 43,365	\$ -	\$ 12,358	\$ 330,271	\$ 120,794	\$ 451,065
Employee benefits	100,847	854	7,201	16,995	-	4,848	130,745	47,164	177,909
Payroll taxes	18,264	172	1,397	3,339	-	946	24,118	9,197	33,315
Consulting and professional fees	21,660	-	-	-	-	-	21,660	61,503	83,163
Bank fees	251	-	25	12	-	20	308	3,340	3,648
Insurance	-	-	-	-	-	-	-	12,112	12,112
Grants and sponsorships	22,631	7,449	122,976	375,320	21,808	134,371	684,555	-	684,555
Information technology	2,538	-	-	-	-	-	2,538	4,935	7,473
Telecommunications	-	-	-	-	-	-	-	6,019	6,019
Office expenses	-	-	-	-	-	-	-	39,322	39,322
Printing and publishing	-	-	-	1,200	-	-	1,200	-	1,200
Travel	83,599	-	5,005	4,176	-	32,642	125,422	1,915	127,337
Other	-	-	-	-	-	-	-	16,379	16,379
Total Expenses	\$ 503,813	\$ 10,662	\$ 154,942	\$ 444,407	\$ 21,808	\$ 185,185	\$ 1,320,817	\$ 322,680	\$ 1,643,497

See accompanying notes.

START International, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 5,071	\$ (28,828)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(5,473)	6,805
Grants receivable	412,847	(230,812)
Prepaid expenses	(2,315)	183
Increase (decrease) in:		
Accounts payable and accrued expenses	(47,531)	2,751
Accrued vacation	137	(7,810)
Refundable advances – grants	(67,059)	6,559
Net cash (provided by) used in operating activities	<u>295,677</u>	<u>(251,152)</u>
Net Increase (Decrease) in Cash	295,677	(251,152)
Cash, beginning of year	<u>827,017</u>	<u>1,078,169</u>
Cash, end of year	<u><u>\$ 1,122,694</u></u>	<u><u>\$ 827,017</u></u>

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

1. Nature of Operations

START International, Inc. (START) is an internationally recognized organization that promotes research-driven capacity building to advance knowledge on global environmental change in Africa and Asia-Pacific. This is accomplished through programs on research grants and fellowships, curricula development, advanced training institutes, multi-stakeholder dialogues, knowledge assessment and synthesis, and place-based strategic planning that build relevant capacities of both individual and institutions for advanced education and research. START engages over 1,000 scientists, policy makers, and other stakeholders in its projects and programs.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

START's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. START reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

START's accounts receivable are due in less than one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. START did not record an allowance for uncollectible accounts as of December 31, 2019 and 2018.

Grants Receivable

Grants receivable consists of amounts due to be reimbursed to START for expenses incurred under cooperative and grant agreements with federal government agencies. The entire amount is expected to be collected within one year, and is recorded at net realizable value at December 31, 2019 and 2018. No allowance for doubtful accounts is recorded, as management believes that all receivables are fully collectible.

Revenue Recognition

START recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

START's federal and non-federal (other) grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. At December 31, 2019 and 2018, START received amounts under these grants totaling \$505,160 and \$572,219, respectively, for which the performance requirements had not been met and are included in refundable advances in the accompanying statements of financial position.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principles

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. START has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. START has implemented ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, START has evaluated events and transactions for potential recognition or disclosure through April 30, 2020, the date the financial statements were available to be issued.

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

3. Liquidity and Availability

START strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2019	2018
Cash	\$ 1,122,694	\$ 827,017
Accounts receivable	7,263	1,790
Grants receivable	228,156	641,003
Total available for general expenditures	<u>\$ 1,358,113</u>	<u>\$ 1,469,810</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject START to significant concentrations of credit risk consist of cash. START maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). START has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For years ended December 31, 2019 and 2018, 67% and 54%, respectively, of START's revenue and support was provided by government grants. Any significant reduction in revenue and support may adversely impact START's financial position and operations.

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

5. Commitments and Contingencies

Membership Agreements

START entered into a membership agreement for shared office space, which commenced on December 1, 2017 and is on a month-to-month basis. Expenses for shared office space under the membership agreement vary depending on number of offices used, and for the years ended December 31, 2019 and 2018, totaled \$9,202 and \$26,140, respectively.

Government Grants

Funds received from federal government agencies are subject to audit under the provisions of the cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

6. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, employee benefits, payroll taxes, bank fees, and travel expenses, which are allocated on the basis of estimates of time and effort.

7. Retirement Plan

START maintains a defined contribution 403(b) retirement plan (“the Plan”). All employees who have reached age 18 are eligible to participate upon employment. START makes a 4.5% non-elective contribution annually for eligible employees. The employees may make additional discretionary non-elective contributions. Employee contributions are fully and immediately vested, whereas the employer’s contributions are vested ratably over a three-year period. START contributed \$37,512 and \$42,432 to the Plan for the years ended December 31, 2019 and 2018, respectively.

START International, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

8. Income Taxes

START is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2019 and 2018, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to START are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has evaluated START's tax positions and concluded that START's financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**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 *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
START International, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of START International, Inc. (START), which comprise the statement of financial position as of December 31, 2019; 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 April 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered START'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 START's internal control. Accordingly, we do not express an opinion on the effectiveness of START'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether START'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
April 30, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
START International, Inc.

Report on Compliance for Each Major Federal Program

We have audited START International, Inc.'s (START) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on START's major federal program for the year ended December 31, 2019. START's major federal program is identified in the summary of auditors' 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 START's major federal program 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 START's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of START's compliance.

Opinion on the Major Federal Program

In our opinion, START complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

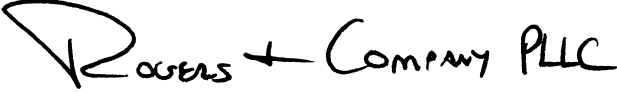
Management of START is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered START's internal control over compliance with the types of requirements 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 the 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 START'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.

Report on Internal Control over Compliance (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.

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Vienna, Virginia
April 30, 2020

START International, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Grant Number	Provided to Subrecipients	Total Federal Expenditures
<u>National Science Foundation</u>				
Research and Development Cluster: Geosciences Program	47.050		\$ 4,167	\$ 788,561
Total Research and Development Cluster			4,167	788,561
Total National Science Foundation			4,167	788,561
<u>National Aeronautics and Space Administration</u>				
Science Program	43.001		-	57,638
Total National Aeronautics and Space Administration			-	57,638
Total Expenditures of Federal Awards			\$ 4,167	\$ 846,199

See accompanying notes to the schedule of expenditures of federal awards.

START International, Inc.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of START under the programs of the federal government for the year ended December 31, 2019. The information in the SEFA 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 SEFA presents only a selected portion of the operations of START, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of START.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. Indirect Cost Rates

START records its expenditures of federal awards using the indirect cost and fringe benefit rates per the nonprofit rate agreement with the federal government, which was approved in accordance with the authority in the Uniform Guidance.

In this manner, START has elected not to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

START International, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

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

Type of auditor’s report issued on compliance for the major program: Unmodified

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

Identification of the major program:

CFDA Number	Name of Federal Program or Cluster
47.050	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

START International, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2019 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no federal award findings or questioned costs reported during the 2019 audit.

START International, Inc.

Corrective Action Plan
For the Year Ended December 31, 2019

There were no findings for the year ended December 31, 2019, and, therefore, a corrective action plan is not needed.

START International, Inc.

Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

There were no federal award findings or questioned costs reported for the 2018 audit.