

START International, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2020 and 2019

START International, Inc.

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
START International, Inc.

We have audited the accompanying financial statements of START International, Inc. (START), which comprise the statements of financial position as of December 31, 2020 and 2019; 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

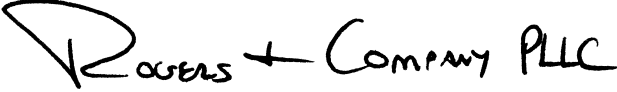
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 START as of December 31, 2020 and 2019, 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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, and the rest of the text is in a cursive, handwritten style.

Vienna, Virginia
June 17, 2021

START International, Inc.

Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 1,343,158	\$ 1,122,694
Accounts receivable	1,229	7,263
Grants receivable	128,241	228,156
Prepaid expenses	<u>10,625</u>	<u>8,713</u>
Total assets	<u>\$ 1,483,253</u>	<u>\$ 1,366,826</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 45,259	\$ 70,149
Accrued vacation	54,192	40,512
Refundable advances – grants	<u>513,744</u>	<u>505,160</u>
Total liabilities	<u>613,195</u>	<u>615,821</u>
Net Assets		
Without donor restrictions	<u>870,058</u>	<u>751,005</u>
Total net assets	<u>870,058</u>	<u>751,005</u>
Total liabilities and net assets	<u>\$ 1,483,253</u>	<u>\$ 1,366,826</u>

START International, Inc.

Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue and Support		
Government grants	\$ 619,040	\$ 846,199
Other grants	368,983	411,619
Contract revenue	63,800	-
Other revenue	20,000	1,250
	1,071,823	1,259,068
Expenses		
Program services:		
Support for International START Secretariat	190,094	536,412
Scientific Capacity Building for Global Change Research	198,274	219,333
Building Capacity in Developing Regions	37,974	23,025
Future Resilience for African Cities and Lands	58,916	-
Strengthening Capacities for Food-Energy-Water Nexus Research	56,864	-
FLAIR Leadership Effectiveness Training	58,692	-
Climate Change Adaptation Research in Africa	83,205	-
Collaborative Adaptation Research Initiative	-	22,802
Integrated Research on Disaster Risk Conference	-	141,468
Other programs	-	76,895
	684,019	1,019,935
Total program services		
Supporting services:		
Management and general	268,751	234,062
	268,751	234,062
Total supporting services		
Total expenses	952,770	1,253,997
Change in Net Assets	119,053	5,071
Net Assets , beginning of year	751,005	745,934
Net Assets , end of year	\$ 870,058	\$ 751,005

See accompanying notes.

START International, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services							Supporting Services		
	Support for International START Secretariat	Scientific Capacity Building for Global Change Research	Building Capacity in Developing Regions	Future Resilience for African Cities and Lands	Strengthening Capacities for Food-Energy-Water Nexus Research	FLAIR Leadership Effectiveness Training	Climate Change Adaptation Research in Africa	Total Program Services	Management and General	Total
Salaries	\$ 109,850	\$ 56,667	\$ 23,895	\$ 22,412	\$ 2,800	\$ 7,752	\$ 11,847	\$ 235,223	\$ 94,841	\$ 330,064
Employee benefits	54,665	28,045	11,708	11,426	1,401	3,828	5,805	116,878	25,278	142,156
Payroll taxes	7,564	4,057	1,828	1,270	185	564	906	16,374	4,073	20,447
Consulting and professional fees	-	4,100	-	23,808	46,460	38,717	24,836	137,921	89,108	227,029
Bank fees	-	-	-	-	-	-	11	11	3,719	3,730
Insurance	-	-	-	-	-	-	-	-	14,716	14,716
Grants and sponsorships	-	60,000	-	-	3,602	-	39,800	103,402	-	103,402
Information technology	13,600	-	-	-	-	-	-	13,600	10,844	24,444
Telecommunications	-	-	-	-	-	-	-	-	21,981	21,981
Office expenses	-	322	-	-	862	7,831	-	9,015	3,674	12,689
Travel	4,415	45,083	543	-	1,554	-	-	51,595	-	51,595
Other	-	-	-	-	-	-	-	-	517	517
Total Expenses	\$ 190,094	\$ 198,274	\$ 37,974	\$ 58,916	\$ 56,864	\$ 58,692	\$ 83,205	\$ 684,019	\$ 268,751	\$ 952,770

See accompanying notes.

START International, Inc.

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

	Program Services						Supporting Services		
	Support for International START Secretariat	Scientific Capacity Building for Global Change Research	Building Capacity in Developing Regions	Collaborative Adaptation Research Initiative	Integrated Research on Disaster Risk Conference	Other Programs	Total Program Services	Management and General	Total
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.

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 119,053	\$ 5,071
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	6,034	(5,473)
Grants receivable	99,915	412,847
Prepaid expenses	(1,912)	(2,315)
Increase (decrease) in:		
Accounts payable and accrued expenses	(24,890)	(47,531)
Accrued vacation	13,680	137
Refundable advances – grants	8,584	(67,059)
Net cash provided by operating activities	<u>220,464</u>	<u>295,677</u>
Net Increase in Cash	220,464	295,677
Cash, beginning of year	<u>1,122,694</u>	<u>827,017</u>
Cash, end of year	<u><u>\$ 1,343,158</u></u>	<u><u>\$ 1,122,694</u></u>

See accompanying notes.

START International, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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.

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, 2020 and 2019.

START International, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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, 2020 and 2019. 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. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. At December 31, 2020 and 2019, START received amounts under these grants totaling \$513,744 and \$505,160, respectively, for which the performance requirements had not been met and are included in refundable advances – grants in the accompanying statements of financial position.

Contract revenue consists of an agreement between START and another organization to hold leadership trainings for early career science researchers working in Africa. Contract revenue is evaluated and recognized based on the underlying agreement, usually over the term of the agreement.

Revenue from all other sources is recognized when earned.

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, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

In preparing these financial statements, START has evaluated events and transactions for potential recognition or disclosure through June 17, 2021, the date the financial statements were available to be issued.

Subsequent to year end, on February 23, 2021, the full amount of the first loan under the Paycheck Protection Program (PPP) was forgiven by the Small Business Administration (SBA). See Note 5 for details.

Subsequent to year end, START applied for a second loan under the PPP. The second loan was granted to START on March 26, 2021. See Note 5 for details.

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:

	2020	2019
Cash	\$ 1,343,158	\$ 1,122,694
Accounts receivable	1,229	7,263
Grants receivable	128,241	228,156
Total available for general expenditures	<u>\$ 1,472,628</u>	<u>\$ 1,358,113</u>

START International, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019, 58% and 67%, 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.

5. Paycheck Protection Program Loans

START applied for a loan under the PPP pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which START qualified. After the loans are granted, the SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent, while retaining the possibility of full forgiveness.

The PPP loan was granted to START on April 9, 2020 in the amount of \$79,833. During the covered period, START incurred qualifying expenditures and applied for forgiveness of the full amount of the PPP loan. Management has determined the conditions have been substantially satisfied as of December 31, 2020, and the related amount was recognized as grant revenue in the accompanying statement of activities for the year ended December 31, 2020.

Subsequent to year end, on February 23, 2021, the full amount of this loan was forgiven by the SBA.

START International, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

5. Paycheck Protection Program Loans (continued)

Subsequent to year end, START applied for a second loan under the PPP. The second PPP loan was granted to START on March 26, 2021 in the amount of \$95,942 and matures on March 26, 2026. This PPP loan bears interest at a fixed rate of 1.00%, which is payable monthly commencing on March 26, 2022. The PPP loan may be repaid by START any time prior to maturity with no prepayment penalties. Funds from this PPP loan may only be used for payroll costs, benefits, mortgage payments, rent, utilities, and certain supplier costs and expenses for operations. START intends to use the entire loan amount for qualifying expenses and apply for forgiveness of certain amounts up to the full amount of the loan under the terms of the PPP.

6. Commitments and Contingencies

Membership Agreement

START maintained a month-to-month membership agreement for shared office space. Expenses for shared office space under the membership agreement varied depending on number of offices used, and for the years ended December 31, 2020 and 2019, totaled \$3,674 and \$9,202, 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.

7. 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, consulting and professional fees, information technology, and travel expenses, which are allocated on the basis of estimates of time and effort.

START International, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

8. 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 \$22,192 and \$37,512 to the Plan for the years ended December 31, 2020 and 2019, respectively.

9. 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, 2020 and 2019, 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.