

**INSTITUTE FOR SYSTEMS BIOLOGY**

Single Audit Reports

For the Year Ended December 31, 2020

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**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***

**Independent Auditor's Report**

**To the Board of Directors  
Institute for Systems Biology  
Seattle, Washington**

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 the Institute for Systems Biology (the Institute), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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

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



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## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark Nuber P.S.*

Certified Public Accountants  
June 14, 2021

**Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

**Independent Auditor's Report**

**To the Board of Directors  
Institute for Systems Biology  
Seattle, Washington**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited the Institute for Systems Biology's (the 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 the Institute's major federal programs for the year ended December 31, 2020. The 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 the Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 the 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 the Institute's compliance.



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## **Opinion on Each Major Federal Program**

In our opinion, the 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, 2020.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the 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 the 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 the Institute's internal control over compliance.

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

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

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.

## REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the Institute as of and for the year ended December 31, 2020, and have issued our report thereon dated June 14, 2021, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the audit requirements of the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
June 14, 2021

**INSTITUTE FOR SYSTEMS BIOLOGY**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020**

<u>Program Title/Federal Grantor/Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
<b>Research and Development Cluster</b>				
<b>U.S. Department of Health and Human Services:</b>				
Systems Biology of Influenza Virus Infection and Vaccination- Passed through Medical Science and Computing	93.HHSN272201500015I	CSA-NIAID-ISB-17-2017-006	\$ -	\$ 385,611
Cancer Genomics Cloud Resource- Passed through Harvard College	93.HHSN261200800001E	19X037Q		797,633
Passed through Leidos Biomedical Research, Inc.	93.HHSN261200800001E	17X148		<u>1,387,781</u>
Total for CFDA 93.HHSN261200800001E				2,185,414
Human Genome Research	93.172		186,659	1,156,122
Drug Abuse and Addiction Research Programs- Passed through Ohio State University	93.279	60061348		69,839
Trans-NIH Research Support- Passed through Duke University	93.310	A03-2348		64,711
Passed through Ohio State University	93.310	60072805		<u>66,900</u>
Total for CFDA 93.310				131,611
National Center for Advancing Translational Sciences- Direct	93.350		260,447	1,233,970
Passed through Oregon Health and Science University	93.350	P0453A-A		29,781
Passed through Oregon Health and Science University	93.350	P0500A-A		<u>243,406</u>
Total for CFDA 93.350			260,447	1,507,157
21st Century Cures Act - Beau Biden Cancer Moonshot- Passed through Dana Farber Cancer Institute	93.353	1288401		451,543
COVID-19: Biomedical Advanced Research and Development Authority (BARDA), Biodense Medical Countermeasure Development- Passed through Merck	93.360	HHSO10020160031C	365,572	6,624,864
Cancer Cause and Prevention Research- Passed through University of Washington	93.393	UWSC8481		144,727
Passed through Fred Hutchison Cancer Research Center	93.393	1004577		81,459
Passed through Fred Hutchison Cancer Research Center	93.393	1041384		<u>63,870</u>
Total for CFDA 93.393				290,056
Cancer Detection and Diagnosis Research- Passed through British Columbia Cancer Agency	93.394	2018-0238		432,548
Passed through Virginia Commonwealth University	93.394	FP00005690_SA001		<u>44,561</u>
Total for CFDA 93.394				477,109
Cancer Biology Research- Direct	93.396		112,020	643,570
Passed through Fred Hutchison Cancer Research Center	93.396	990885		53,378
Passed through University of California Riverside	93.396	S-001145		41,590
Passed through Johns Hopkins University	93.396	PO2002979490		77,363
Passed through University of Texas	93.396	UTA18-000299		<u>240,576</u>
Total for CFDA 93.396			112,020	1,056,477
Cancer Center Support Grants	93.397		892,135	1,430,304
Cancer Research Manpower	93.398			67,062
Cardiovascular Diseases Research	93.837			213,013
Lung Diseases Research- Passed through The Brigham & Women's Hospital, Inc.	93.838	117046		321,068
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847			171,418

See independent auditor's report and notes to schedule of expenditures of federal awards.



**INSTITUTE FOR SYSTEMS BIOLOGY**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2020**

<u>Program Title/Federal Grantor/Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
Allergy and Infectious Disease Research-				
Direct	93.855		583,543	2,675,512
Passed through Seattle Children's Research Institute	93.855	12259SUB		294,727
Passed through Seattle Biomedical Research Institute	93.855	1204SUB		88,409
Passed through University of Washington	93.855	UWSC11961		35,047
Passed through University of Washington	93.855	UWSC10255		14,910
Total for CFDA 93.855			583,543	3,108,605
Biomedical Research and Research Training-				
Direct	93.859		228,414	1,299,511
Passed through University of Colorado, Boulder	93.859	1554625		124,697
Passed through University of California, San Francisco	93.859	11722sc		57,655
Passed through University of Texas	93.859	3001510855		39,060
Passed through University of Washington	93.859	UWSC9891		55,577
Total for CFDA 93.859			228,414	1,576,500
Child Health and Human Development Extramural Research-				
Direct	93.865		9,232	66,897
Passed through University of Florida	93.865	138656		197,881
Passed through Cincinnati Children's Hospital	93.865	138656		146,428
Total for CFDA 93.865			9,232	411,206
Aging Research-				
Passed through Fred Hutchison Cancer Research Center	93.866	AMPT2017ISB		165,353
Passed through Duke University	93.866	2036651		180,468
Passed through Duke University	93.866	A030700		69,469
Passed through Oregon Health & Science University	93.866	1013336_ISB		1,932,161
Passed through California Pacific Medical Center	93.866	280201018-S228		576,749
Passed through California Pacific Medical Center	93.866	280101018-S242		189,933
Passed through Mayo Clinic Jacksonville	93.866	INS-273172/ISB-278322		327,699
Passed through Translational Genomics Research	93.866	SCHORK-19-05		2,735
Passed through University of Washington	93.866	UWSC11600		106,521
Passed through University of Washington	93.866	UWSC11878		32,532
Passed through University of Florida	93.866	UFDSP00012331		160,386
Passed through University of Florida	93.866	SUB00002077		381,454
Total for CFDA 93.866				4,125,460
<b>Total U.S. Department of Health and Human Services</b>			<b>2,638,022</b>	<b>25,760,439</b>
<b>National Science Foundation:</b>				
Geosciences-				
Direct	47.050			33,776
Biological Sciences-				
Direct	47.074			1,413,666
Passed through Cornell University	47.074	89335-11264		168,703
Passed through San Diego State University	47.074	SA0000545		5,279
Total for CFDA 47.074				1,587,648
Office of Integrative Activities-				
Passed through University of California, San Francisco	47.083	12428sc		46,470
Passed through University of California, San Francisco	47.083	11653sc		104,437
Total for CFDA 47.083				150,907
<b>Total National Science Foundation</b>				<b>1,772,331</b>

See independent auditor's report and notes to schedule of expenditures of federal awards.

**INSTITUTE FOR SYSTEMS BIOLOGY**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2020**

<u>Program Title/Federal Grantor/Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
<b>U.S. Department of Defense:</b>				
Inflammatory Mediators Testing- Direct	12.W81XWH18C0158			<u>35</u>
Total for Inflammatory Mediators Testing				35
High Throughput Platform- Pass through California Institute of Technology	12.W911NF-09-D-0001	S385787		54,939
Basic Scientific Research- Passed through Harvard College	12.431	124045-5104226		<u>133,651</u>
<b>Total U.S. Department of Defense</b>				<b>188,625</b>
<b>U.S. Department of Energy:</b>				
Experimental Design, Implementation- Passed through Lawrence Berkeley National Lab	81.DE-AC02-05CH11231	6953601		<u>710,141</u>
<b>Total U.S. Department of Energy</b>				<b>710,141</b>
<b>Total Research and Development Cluster/ Expenditures of Federal Awards</b>			<b><u>\$ 2,638,022</u></b>	<b><u>\$ 28,431,536</u></b>

See independent auditor's report and notes to schedule of expenditures of federal awards.

**INSTITUTE FOR SYSTEMS BIOLOGY**

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020**

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**Note 1 - Method of Accounting**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Institute for Systems Biology (the Institute) under programs of the federal government for the year ended December 31, 2020. 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 a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute.

**Note 2 - Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Institute has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**INSTITUTE FOR SYSTEMS BIOLOGY**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2020**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported.

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported.

Type of auditor's report issued on compliance for major programs: Unmodified

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

**Identification of Major Programs**

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
12.431 12.W81XWH18C0158	Research and Development Cluster
12.W911NF-09-D-0001 47.050 47.074	
47.083 81.DE-AC02-05CH11231	
93.172 93.279 93.310 93.350	
93.353 93.360 93.393 93.394	
93.396 93.397 93.398 93.837	
93.838 93.847 93.855 93.859	
93.865 93.866 93.HHSN272201500015I	
93.HHSN261200800001E	

Dollar threshold used to distinguish between Type A and Type B programs: \$ 852,946

Auditee qualified as low-risk auditee?  Yes  No

See independent auditor's report and notes to schedule of expenditures of federal awards.

**INSTITUTE FOR SYSTEMS BIOLOGY**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2020**

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**Section II - Financial Statement Findings**

No matters reported.

**Section III - Findings and Questioned Costs for Federal Awards**

No matters reported.