

CENTER FOR OPEN SCIENCE, INC.
CHARLOTTESVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

CENTER FOR OPEN SCIENCE, INC.

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ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

**To the Board of Directors
Center for Open Science, Inc.
Charlottesville, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Open Science, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 Center for Open Science, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Others 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* 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.

Report on Summarized Comparative Information

Other auditors have previously audited the Center for Open Science, Inc.'s 2018 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated August 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, on our consideration of Center for Open Science, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of Center for Open Science, Inc.'s 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 Center for Open Science, Inc.'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
September 21, 2020

Financial Statements

CENTER FOR OPEN SCIENCE, INC.

Statement of Financial Position
As of December 31, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 596,165	\$ 327,577
Cash and cash equivalents - restricted	3,127,676	3,005,291
Grants receivable	295,042	189,696
Investments - mutual funds	357,288	298,374
Prepaid expenses and deferred charges	18,734	42,885
Total current assets	<u>\$ 4,394,905</u>	<u>\$ 3,863,823</u>
Property and equipment:		
Office equipment	\$ 412,927	\$ 410,304
Leasehold improvements	329,986	329,986
Total property and equipment	<u>\$ 742,913</u>	<u>\$ 740,290</u>
Less: accumulated depreciation	596,021	516,300
Net property and equipment	<u>\$ 146,892</u>	<u>\$ 223,990</u>
Other assets:		
Security and other deposits	\$ 33,171	\$ 20,867
Total assets	<u>\$ 4,574,968</u>	<u>\$ 4,108,680</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 72,038	\$ 54,691
Payroll liabilities	26,360	29,090
Deferred revenue	3,127,676	3,005,291
Total current liabilities	<u>\$ 3,226,074</u>	<u>\$ 3,089,072</u>
Net assets:		
Net assets without donor restrictions	<u>\$ 1,348,894</u>	<u>\$ 1,019,608</u>
Total liabilities and net assets	<u>\$ 4,574,968</u>	<u>\$ 4,108,680</u>

The accompanying notes to financial statements are an integral part of this statement.

CENTER FOR OPEN SCIENCE, INC.

Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	Totals	
		2019	2018
Revenues, gains, and other support:			
Grants	\$ 5,198,276	\$ 5,198,276	\$ 5,474,352
Contributions	109,289	109,289	92,406
Service and management fees	76,272	76,272	216,256
Net investment earnings (loss)	93,136	93,136	(14,530)
Total revenues, gains, and other support	<u>\$ 5,476,973</u>	<u>\$ 5,476,973</u>	<u>\$ 5,768,484</u>
Expenses:			
Program services:			
Infrastructure	\$ 2,638,127	\$ 2,638,127	\$ 2,703,924
Metascience	275,734	275,734	586,656
Policy and community	728,357	728,357	944,578
Supporting services:			
Management and general	1,325,897	1,325,897	1,377,198
Fundraising	179,572	179,572	176,847
Total expenses	<u>\$ 5,147,687</u>	<u>\$ 5,147,687</u>	<u>\$ 5,789,203</u>
Increase (decrease) in net assets	\$ 329,286	\$ 329,286	\$ (20,719)
Net assets, beginning of year	<u>1,019,608</u>	<u>1,019,608</u>	<u>1,040,327</u>
Net assets, end of year	<u><u>\$ 1,348,894</u></u>	<u><u>\$ 1,348,894</u></u>	<u><u>\$ 1,019,608</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CENTER FOR OPEN SCIENCE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Program Services				Supporting Services		Totals	
	Infrastructure	Metascience	Policy and Community	Total	Management & General	Fundraising	2019	2018
				Program Services				
Payroll expenses	\$ 2,030,822	\$ 186,099	\$ 495,000	\$ 2,711,921	\$ 1,119,035	\$ 129,940	\$ 3,960,896	\$ 4,255,190
Occupancy	131,183	12,021	31,975	175,179	72,285	8,394	255,858	247,450
Professional services	81,956	13,250	7,395	102,601	11,581	13,812	127,994	121,989
Travel	4,974	-	97,269	102,243	4,692	3,176	110,111	113,113
Insurance	1,256	115	306	1,677	692	80	2,449	13,673
Office and computer supplies	204,569	4,826	8,019	217,414	4,825	3,899	226,138	194,021
Depreciation	40,874	3,745	9,963	54,582	22,523	2,616	79,721	136,822
Conferences and meetings	8,127	745	1,993	10,865	4,479	520	15,864	20,017
Marketing and communications	-	-	347	347	13,150	-	13,497	10,605
Dues and fees	28,535	2,035	18,271	48,841	14,506	1,961	65,308	53,086
Postage and delivery	441	-	-	441	-	378	819	13
Taxes and licenses	1,597	146	389	2,132	880	102	3,114	13,836
Cleaning and maintenance	14,764	1,353	3,599	19,716	8,135	944	28,795	25,923
Grant awards to others	-	42,975	27,922	70,897	62	-	70,959	571,753
Miscellaneous expense	89,029	8,424	25,909	123,362	49,052	13,750	186,164	11,712
Total	<u>\$ 2,638,127</u>	<u>\$ 275,734</u>	<u>\$ 728,357</u>	<u>\$ 3,642,218</u>	<u>\$ 1,325,897</u>	<u>\$ 179,572</u>	<u>\$ 5,147,687</u>	<u>\$ 5,789,203</u>

The accompanying notes to financial statements are an integral part of this statement.

CENTER FOR OPEN SCIENCE, INC.

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 329,286	\$ (20,719)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	79,721	136,822
Net realized and unrealized (gain) loss on investments	(53,394)	23,054
(Increase) decrease in:		
Grants receivable	(105,346)	(80,509)
Prepaid expenses and other assets	24,151	5,119
Security and other deposits	(12,304)	-
Increase (decrease) in:		
Accounts payable	17,347	(81,449)
Payroll liabilities	(2,730)	723
Deferred revenue	122,385	802,532
Grants due to others	-	(18,000)
Net cash provided by (used for) operating activities	\$ 399,116	\$ 767,573
Cash flows from investing activities:		
Purchase of equipment	\$ (2,623)	\$ -
Proceeds from sale of fixed assets	-	4,229
Purchases of marketable securities	(5,520)	(11,879)
Net cash provided by (used for) investing activities	\$ (8,143)	\$ (7,650)
Net increase (decrease) in cash and cash equivalents	\$ 390,973	\$ 759,923
Cash and cash equivalents, beginning of year (includes restricted cash of \$3,005,291)	3,332,868	2,572,945
Cash and cash equivalents, end of year (includes restricted cash of \$3,127,676)	\$ 3,723,841	\$ 3,332,868

The accompanying notes to financial statements are an integral part of this statement.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements As of December 31, 2019

Note 1–Nature of Organization

The Center for Open Science, Inc. (COS or the Organization) was formed in January 2013 and is dedicated to improving the alignment of scientific values and scientific practices in order to improve the accumulation and application of knowledge. COS has three primary activities to meet its mission:

Program Services:

Infrastructure: COS supports and maintains the OSF (www.osf.io) to help researchers manage, archive, and share their research, privately or publicly. In 2019, COS continued to make significant progress in establishing the OSF as a full-featured application framework. This included improvements to a number of core features including authentication, metadata, messaging, version control, access control, data basing, storage services, and a public API. The OSF is now positioned as a free, public infrastructure for creating, connecting, and integrating countless services across the research lifecycle. Because of the OSF’s open, modular design, COS and others will be able to incorporate the back-end services to support any kind of front-end user interfaces for collection of social science research participant data, with the ability to extend very easily to collection of meta-data for any research application or discipline (not limited to social science). The OSF provides a solution for researchers who are compelled to conduct their research openly and transparently. It also provides a mechanism for policy makers to enable practices of openness and transparency. The OSF provides multiple points of entry into open practices and allows for researchers to adopt additional open behaviors.

Metascience: COS supports research on scientific practices. These efforts can inform best practices and serve as platforms to demonstrate reproducible research methods. Some achievements include:

- Continued public discourse around results of the Reproducibility Project: Psychology (results published in the journal *Science* in June, 2015).
- Continual results published by the Reproducibility Project: Cancer Biology. The project publishes the individual replications in small batches and then a summary report will be published at the very end of the project.
- Through external grant awards, COS continues to support the Reproducibility Project: Transcranial Direct Current Stimulation (tDCS) at the University of California - Davis.
- Continued community discussion of the impact of the COS study on the impact of badges upon data sharing. This study found that the journal *Psychological Science* experienced an increase in data sharing from around 3 percent of published articles to nearly 40 percent in only 1.5 years following adoption of badges. Comparison journals without badges showed no change in data sharing over the same period. COS uses these findings to promote adoption of badges as simple incentives towards more open editorial policies.

Policy/Community:

An active open science community is essential for testing and improving infrastructure and practices. Open science practices will accelerate dramatically if stakeholders with levers for change create incentives or requirements for researchers. COS promotes open science practices with journals, funders, researchers, and societies.

Notes to Financial Statements
As of December 31, 2019 (Continued)

Note 1–Nature of Organization: (Continued)

Policy/Community: (Continued)

The Organization’s policy team tracks open science practices of key community changemakers. COS offers solutions to change norms, incentives, and policies, working in collaboration with publishers, funders, societies, institutions, and researcher communities to promote openness, rigor, and reproducibility. This work is guided by the Organization’s Transparency and Openness Promotion (TOP) Guidelines, a community-driven effort that provides a rubric for adopting openness standards. Over 1,100 journals have adopted TOP Guidelines since 2015.

Preregistration Challenge: The Preregistration Challenge kicked off in 2015. Preregistration increases the credibility of hypothesis testing by confirming in advance what will be analyzed and reported. For the Preregistration Challenge, one thousand researchers received \$1,000 each for publishing results of preregistered research. This challenge ended in early 2019.

Note 2–Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Basis of Presentation

Financial statement presentation follows the reporting requirements of U.S. generally accepted accounting principles for non-profit organizations. The Organization is required to report information regarding its financial position and activities according to the classes of net assets based on the existence or absence of donor restrictions below:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board may designate, from net assets without donor restrictions, net assets for conducting specific functions of the Organization. The Board has not chosen to do so. As of December 31, 2019, the Organization had net assets without donor restrictions of \$1,348,894.

Net Assets With Donor Restrictions - Net assets with donor restrictions require the Organization to satisfy certain conditions before being spent. As of December 31, 2019, the Organization had no net assets subject to donor-imposed restrictions.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board (FASB). In accordance with this guidance, contributions are recorded as support without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Note 2–Summary of Significant Accounting Policies: (Continued)

Grants

The Organization receives funds through several grant agreements. The grants may be structured as reimbursable grants or funds advanced to cover expected program costs, requiring any unexpended funds to be returned at the end of the fiscal year. Grants are recorded as revenue when the expenses are incurred. Any funds received that are unexpended and subject to repayment are recorded as liabilities. Grants received for which there is no obligation to return the funds are reported as revenue in the year received.

Income Taxes and Exempt Tax Status

The Organization is exempt from federal income taxes on related income under Section 510(c)(3) of the Internal Revenue Code. Further, the Organization has been granted public charity status as it is not classified as a private foundation. Beginning in 2019, expenses related to providing parking to employees are no longer includible as unrelated business taxable income.

Uncertain Tax Positions

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax provisions that would have a material impact on the financial statements of the Organization.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash accounts in commercial banking institutions. Cash balances of \$3,223,841 are in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits and are subject to credit risk.

The Organization receives advance funding for private grant initiatives. This funding not recognized as revenue until the cash is expended on the project. A portion of cash, in an amount equal to deferred revenue, is reflected as restricted on the attached statement of financial position.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair market value, if donated. It is the Organization's policy to capitalize property and equipment over \$2,000. Generally, depreciation of the equipment is provided on a straight-line basis of the following estimated useful lives of the related assets:

Office equipment	3 to 5 years
Leasehold improvements	Life of lease

Note 2–Summary of Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

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. Payroll expenses are allocated based on staff time and effort spent on program services, management and general, and fund-raising. Example of other allocated expenses include rent and lease fees, depreciation, and insurance, which are allocated based on the underlying nature of transactions.

Investments and Investment Income

Investments in marketable securities are stated at quoted market values. Investment income or loss (including realized gains and losses and investment interest and dividends) is classified as without restrictions unless the income or loss is restricted by the donor or law.

Fair Value

The Organization follows current accounting standards relating to fair value measurements and disclosures, which define fair value, establish guidelines for measuring fair value, establish a framework for measuring fair value, and require disclosures regarding fair value measurement.

The accounting standards eliminate inconsistencies in guidance found in various prior accounting pronouncements and provide clarification that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation.

Accounting standards also prioritize, within the measure of fair value, the use of market-based information over entity-specific information, and establish a three-level hierarchy of fair value measurements based on the nature of the inputs used in the valuation of an asset or liability as of the measurement date. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management or fund manager judgment. The three-level hierarchy is defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in active markets.
- Level 3 Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability.

All of the Organization’s investments are categorized as Level 1.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements
As of December 31, 2019 (Continued)

Note 3–Fair Value Measurements:

The fair values of the Organization’s financial assets measured on a recurring basis at December 31, 2019 are as follows:

	Fair Value Measurements at Reporting Date Using			
	12/31/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 357,288	\$ 357,288	\$ -	\$ -
Total	<u>\$ 357,288</u>	<u>\$ 357,288</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4–Operating Leases:

The Organization entered into a lease agreement for office space for its current office location commencing on May 1, 2013. The lease was amended on May 1, 2015 to include additional lease space with substantially similar terms, and on February 28, 2019 to extend the term until April 30, 2022. The lease requires additional payments for taxes, utilities, and other common area charges. The lease stipulates annual increases of 3%.

Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2020	\$ 194,165
2021	199,990
2022	<u>67,317</u>
Total	<u>\$ 461,472</u>

Total lease expense for the year ended December 31, 2019 amounted to \$190,407.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements
As of December 31, 2019 (Continued)

Note 5–Investments:

Investments are stated at fair value. The composition of investments at December 31, 2019 is as follows:

	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$ <u>357,288</u>	\$ <u>348,515</u>

Note 6–Liquidity and Availability:

The Organization has the following assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	<u>2019</u>
Cash and cash equivalents	\$ 596,165
Grants receivable	295,042
Investments - mutual funds	357,288
Total	\$ <u>1,248,495</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

The Organization manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to support long-term organizational goals.

Note 7–Concentrations:

During the period, the Organization received approximately 80% of its revenue from its two largest funding sources.

Note 8–Retirement Plan:

All of the Organization’s full-time employees are eligible to participate in the Organization’s 401(k) plan. The Organization offers a matching contribution of 100% up to 3% of pay, then another 50% up to 5% of pay. Employees are eligible for enrollment and immediate participation upon hire. The Organization contributed \$126,060 toward the plan in 2019.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements
As of December 31, 2019 (Continued)

Note 9–Related Party Transactions:

Officer Compensation and Employee Reimbursements

During the year ended December 31, 2019, the Organization’s compensation to one of its officers who has governance oversight amounted to approximately \$231,000.

Note 10–Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Note 11–Reclassifications:

Certain amounts in the comparative totals column for 2018 have been reclassified for comparability purposes.

Note 12–Date of Management’s Review:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through September 21, 2020, the date the financial statements were available to be issued.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on our future operations and financial results will depend on future developments, including the duration and spread of the outbreak within the areas in which we operate, all of which are highly uncertain.

Compliance



**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Board of Directors
Center for Open Science, Inc.
Charlottesville, Virginia**

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 Center for Open Science, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 September 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the attention of 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the Organization'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 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.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
September 21, 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
Center for Open Science, Inc.
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program

We have audited Center for Open Science, Inc.'s (a nonprofit organization) 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 Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are 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 and 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 Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center for Open Science, Inc. 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, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 Organization'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 of 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
September 21, 2020

CENTER FOR OPEN SCIENCE, 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	Pass-through Entity Identifying Number	Federal Expendi- tures
Research and Development Cluster:			
Department of Defense Direct Programs:			
Advanced Research Projects Agency:			
Research and Technology Development	12.910	N/A	\$ <u>1,887,072</u>
Total Department of Defense Direct Programs			\$ <u>1,887,072</u>
Department of Health and Human Services Direct Programs:			
National Institutes of Health:			
Aging Research	93.866	N/A	\$ <u>172,529</u>
Total Department of Health and Human Services Direct Programs			\$ <u>172,529</u>
National Endowment for the Humanities Direct Programs:			
Institute of Museum and Library Services:			
National Leadership Grants	45.312	N/A	\$ <u>19,580</u>
Total National Endowment for the Humanities Direct Programs			\$ <u>19,580</u>
National Science Foundation Pass-through Programs from:			
University of California - Riverside:			
Social, Behavioral, and Economic Sciences	47.075	1540440	\$ 4,311
Massachusetts Institute of Technology:			
Social, Behavioral, and Economic Sciences	47.075	18323919	<u>3,450</u>
Total National Science Foundation Pass-through Programs			\$ <u>7,761</u>
Total Research and Development Cluster			\$ <u>2,086,942</u>
Total Expenditures of Federal Awards			\$ <u><u>2,086,942</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CENTER FOR OPEN SCIENCE, INC.

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Center for Open Science, Inc. for the year ended December 31, 2019. 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 Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of 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 Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

CENTER FOR OPEN SCIENCE, INC.

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness identified?	No
Significant deficiencies indentified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness identified?	No
Significant deficiencies indentified?	No
Type of auditors' 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)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
12.910, 45.312, 47.075, 93.866	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CENTER FOR OPEN SCIENCE, INC.

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

FINANCIAL STATEMENT FINDINGS

Finding 2018-001

Condition: The Organization did not have adequate segregation of duties for financial reporting purposes.

Recommendation: The auditor recommended that the Organization look for opportunities to improve segregation of duties among staff involved with financial reporting.

Current Status: The Organization implemented changes to its Financial Policies and Procedures manual as well as additional personnel involvement in the internal control processes over financial reporting, leading to an improved segregation of duties.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

RESEARCH AND DEVELOPMENT CLUSTER (CFDA 12.910, 47.075, and 93.866)

FINDING 2018-002

Condition: The Organization did not have adequate segregation of duties for financial reporting purposes.

Recommendation: The auditor recommended that the Organization look for opportunities to improve segregation of duties among staff involved with financial reporting.

Current Status: The Organization implemented changes to its Financial Policies and Procedures manual as well as additional personnel involvement in the internal control processes over financial reporting, leading to an improved segregation of duties.

FINDING 2018-003

Condition: The Organization uploaded the audit to the Federal Audit Clearinghouse timely but the actual submission was completed after the required due date.

Recommendation: The auditor recommended that a simple checklist or monitoring system be instituted to ensure the Data Collection Form filing is verified.

Current Status: The Organization will file the submission to the Federal Audit Clearinghouse before the required due date.