



**Oak Crest Institute of Science**  
**Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**  
**and**  
**Independent Auditor's Report**

**Oak Crest Institute of Science**  
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**As of and for the Year Ended December 31, 2023**

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## Independent Auditor's Report

Board of Directors  
Oak Crest Institute of Science

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Oak Crest Institute of Science (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oak Crest Institute of Science as of December 31, 2024, 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.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Oak Crest Institute of Science and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oak Crest Institute of Science's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oak Crest Institute of Science's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oak Crest Institute of Science's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 August 28, 2025 on our consideration of the Oak Crest Institute of Science’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 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 the Oak Crest Institute of Science’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 the Oak Crest Institute of Science’s internal control over financial reporting and compliance.

*Lawrence R. Mitchell & Company*

Lawrence R. Mitchell & Company  
Certified Public Accountants  
*A Professional Corporation*  
El Segundo, California

August 28, 2025

**Oak Crest Institute of Science**  
**Consolidated Statement of Financial Position**  
**December 31, 2024**

**Assets**

<b>Current assets:</b>	<b>Amount</b>
Cash	\$ 545,850
Receivables	717,236
Prepaid expenses	50,954
Total current assets	1,314,040
<b>Property and equipment:</b>	
Property and equipment, net	4,619,888
<b>Other assets:</b>	
Investment in a limited liability company	2
Security deposits	12,000
Other assets	9,245
Total other assets	21,247
Total assets	\$ 5,955,175

**Liabilities and Net Assets**

<b>Current liabilities:</b>	
Accounts payable	\$ 292,651
Line of credit	42,635
Accrued and other current liabilities	106,745
Current portion of long-term notes payable	67,041
Total current liabilities	509,072
<b>Long-term liabilities:</b>	
Notes payable	2,061,125
Total liabilities	2,570,197
<b>Net assets:</b>	
Without donor restrictions	3,384,978
Total net assets	3,384,978
Total liabilities and net assets	\$ 5,955,175

The accompanying notes are an integral part of these financial statements.

**Oak Crest Institute of Science**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2024**

	<u>Donor Restrictions</u>		<u>Amount</u>
	<u>Without</u>	<u>With</u>	
<b>Public support:</b>			
Contributions and grants	\$ 5,983,306	\$ -	\$ 5,983,306
<b>Revenue and other income:</b>			
Consulting fees	172,711	-	172,711
Laboratory facilities loan-out fees	312,900	-	312,900
Miscellaneous income	1,286	-	1,286
Total revenue and other income	<u>486,897</u>	<u>-</u>	<u>486,897</u>
<b>Net assets released from restrictions:</b>			
Restrictions satisfied by payments	<u>-</u>	<u>-</u>	<u>-</u>
Total public support, revenue, and other income	6,470,203	-	6,470,203
<b>Operating expenses:</b>			
Program services	5,378,369	-	5,378,369
Management and general	939,337	-	939,337
Total operating expenses	<u>6,317,706</u>	<u>-</u>	<u>6,317,706</u>
Net change in net assets	152,497	-	152,497
<b>Net assets:</b>			
Net assets, beginning of year	<u>3,232,481</u>	<u>-</u>	<u>3,232,481</u>
Net assets, end of year	<u>\$ 3,384,978</u>	<u>\$ -</u>	<u>\$ 3,384,978</u>

The accompanying notes are an integral part of these financial statements.

**Oak Crest Institute of Science**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2024**

<b>Description</b>	<b>Program Services</b>	<b>Mgt. &amp; General</b>	<b>Total</b>
Salaries and wages	\$ 987,142	\$ 334,662	\$ 1,321,804
Payroll taxes and employee benefits	222,423	66,438	288,861
Conferences and meetings	19,098	4,741	23,839
Dues and subscription	1,918	1,576	3,494
Occupancy	230,514	8,832	239,346
Furniture and equipment	4,661	28	4,689
Insurance	2,478	66,582	69,060
Interest expense	78,752	5,027	83,779
Miscellaneous	-	21,190	21,190
Materials for research project	1,642,284	-	1,642,284
Printing and reproduction	499	522	1,021
Professional fees and contract services	311,115	270,782	581,897
Subcontractors	1,155,726	-	1,155,726
Repairs and maintenance	68,654	9,201	77,855
Travel	45,876	8,820	54,696
Utilities	108,517	90,162	198,679
Fellowships	560	-	560
Postage and delivery	15,725	489	16,214
Computer accessories and software	20,075	10,457	30,532
Supplies	49,024	16,900	65,924
Bank fees	6,706	1,527	8,233
Depreciation and amortization	406,622	21,401	428,023
	<b>\$ 5,378,369</b>	<b>\$ 939,337</b>	<b>\$ 6,317,706</b>
	<b>85%</b>	<b>15%</b>	<b>100%</b>

The accompanying notes are an integral part of these financial statements.

**Oak Crest Institute of Science  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2024**

<b>Cash flows from operating activities:</b>	<b>Amount</b>
Change in net assets	\$ 152,497
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation and amortization expense	428,023
Amortization of operating leased assets	58,583
<b>(Increase) decrease in:</b>	
Receivables	1,162,596
Prepaid expenses	43,831
<b>Increase (decrease) in:</b>	
Accounts payable	(644,176)
Accrued and other current liabilities	(115,571)
Lease liabilities - operating	(59,763)
Total adjustments	873,523
Net cash provided by operating activities	1,026,020
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	(1,396,817)
Deposits refunded	3,650
Net cash used by investing activities	(1,393,167)
<b>Cash flows from financing activities:</b>	
Proceeds from issuance of long-term note payable	577,000
Principal payments on long-term notes payable	(138,949)
Principal payments on line of credit	(12,663)
Net cash provided by financing activities	425,388
Net change in cash	58,241
Cash at beginning of year	487,609
Cash at end of year	\$ 545,850
<b>Supplemental disclosures of cash flow information:</b>	
<b>Cash paid during year for:</b>	
Interest	\$ 84,472
Income taxes	\$ 1,600

The accompanying notes are an integral part of these financial statements.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**1. Summary of significant accounting policies**

This summary of significant accounting policies of Oak Crest Institute of Science (the Organization) is presented to assist in understanding the Organization's consolidated financial statements.

***Nature of the Organization***

Oak Crest Institute of Science is a non-profit public benefit corporation established in 1998. The Organization is a unique academic research and education center, where Faculty, postdoctoral scholars, graduate, and undergraduate students work together on scientific questions of high societal relevance, primarily in medicinal and environmental science. The research involves basic and applied science, for example understanding the roles of microbes in extreme environmental niches and the development of novel intravaginal rings for HIV prevention in resource-limited regions. The rigorous research activities also serve as an educational platform to engage young aspiring scientists, particularly from underrepresented groups, in science, technology, engineering, and mathematics. The Organization's support comes primarily from federal funding.

***Principles of consolidation***

The accompanying consolidated financial statements include the accounts of the Oak Crest Institute of Science and Oak Crest Holdings LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

***Basis of accounting***

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

***Net Assets***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Without Donor Restrictions:* Net assets not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**1. Summary of significant accounting policies (continued)**

*Net Assets (continued)*

- *With Donor Restrictions:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidated statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Revenue and revenue recognition*

*Third party reimbursements*

Revenue derived from cost-reimbursable federal and pass-through agency contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

*Contributions*

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a 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.

*Consulting and laboratory facilities loan-out*

Revenue is recognized from *consulting* services and facilities loan-out when the performance obligations of providing the services are met.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**1. Summary of significant accounting policies (continued)**

***Revenue and revenue recognition (continued)***

*Donated materials and services*

Contributions of noncash assets are recorded at their fair values in the period received. The Organization recognizes donated services and materials, that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization occasionally receives donated materials used in connection with its service programs. During the year ended December 31, 2024, the Organization did not receive any donated materials and services.

***Cash and cash equivalents***

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. There were no cash equivalents at December 31, 2024.

***Receivables***

Contributions, grants, and cost reimbursement contract receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for credit losses at December 31, 2024.

***Credit risk***

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash investments and receivables.

*Temporary cash investments*

The Organization places its cash and temporary cash investments with high credit quality institutions. The balances in these accounts may at times exceed the FDIC federally insured amount of \$250,000. At December 31, 2024, the Organization has approximately \$130,000 of uninsured cash deposits.

*Receivables*

Credit risk with respect to receivables is also limited due to the Organization's interaction with government entities on a contractual basis.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**1. Summary of significant accounting policies (continued)**

***Property and equipment***

Property and equipment are recorded at cost. The Organization's policy is to capitalize assets with a cost of \$1,000 or more, and with estimated useful lives in excess of one year.

Expenditures for major renewal and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in the consolidated statement of activities as a change in restricted or unrestricted net assets, as appropriate.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated (amortized) over the lesser of the lengths of the related leases or the estimated useful lives of the assets. Depreciation expense is computed using the straight-line method over the respective estimated useful lives of assets, as follows:

Building	39 Years
Building improvements	5 - 15 Years
Leasehold improvements	4 Years
Machinery and equipment	5 - 7 Years
Office equipment	5 - 7 Years
Software	5 Years

Expenditures for equipment reimbursed by grants from government agencies are capitalized. Even though the equipment is owned by the grantor agency, management believes that it is probable that the Organization will be permitted to keep the assets when the contract terminates.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies with donor restrictions net assets to without donor restrictions net assets at that time.

***Fair value measurements***

The carrying amounts of the Organization's financial instruments, including cash, receivables, accounts payable, line of credit and accrued and other current liabilities approximate their respective fair values due to their short-term nature. The carrying amount of the Organization's long-term notes payable and lease liabilities approximate their respective fair values based on interest rates available to the Organization for similar debt instruments and similar remaining maturities.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**1. Summary of significant accounting policies (continued)**

***Income tax status***

The Organization is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1986 and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

***Functional allocation of expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll related expenses	Time and effort
Occupancy and depreciation	Asset usage - utilization by square feet
Insurance	Time and effort

***Estimates***

The process of preparing consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

***Subsequent events***

The Organization has evaluated subsequent events through August 28, 2025 the date which the consolidated financial statements were available to be issued. There were no subsequent events noted that would require adjustment to or disclosure in these consolidated financial statements.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**2. Receivables**

Following is a summary of receivables at December 31, 2024:

	<b>Amount</b>
Expense reimbursement contract receivables	\$ 717,236
Less: Allowance for credit losses	-
	\$ 717,236

**3. Prepaid expenses**

Following is a summary of prepaid expenses at December 31, 2024:

	<b>Amount</b>
Prepaid insurance	\$ 26,896
Prepaid maintenance	5,007
Prepaid conference	2,061
Other prepayments	16,990
	\$ 50,954

**4. Property and equipment**

Following is a summary of property and equipment – at cost, less accumulated depreciation, at December 31, 2024:

	<b>Amount</b>
Land	\$ 758,508
Building	3,651,246
Building improvements	381,147
Leasehold improvements	174,256
Machinery and equipment	3,225,700
Office equipment	9,939
Software	52,358
	8,253,154
Less: Accumulated depreciation	(3,633,266)
	\$ 4,619,888

Depreciation expense charged to operations \$427,723 for the year ended December 31, 2024.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**5. Investment in a limited liability company**

The Organization is collaborating with the City of Monrovia in developing the local science ecosystem, in accordance with its mission. This includes supporting local science startup companies (e.g., workforce development, teaching/training) through a laboratory loan out agreement – similar to incubation, but with full lab infrastructure/support, in two leased buildings adjacent to the Organization. As such, in May 2019, the Organization created and became the sole member of Oak Crest Holdings LLC (the Subsidiary).

The Subsidiary partnered with Newton World Enterprises LLC to fulfill this mission and is invested in 4.5% of Class F units and 15% of Class A units for a total investment of \$4,600 (investment made in 2019).

**6. Line of credit**

Under the terms of a line of credit agreement with a bank, the Organization may borrow up to \$100,000 at an interest rate of prime rate plus 3.25%. This agreement renews annually and is secured by a UCC filing on substantially all assets of the Organization. The interest rate at December 31, 2024 was 11.0%.

At December 31, 2024, the Organization had \$57,365 of unused line of credit, in connection with this agreement to be drawn upon as needed. Interest expense, in connection with this agreement, was \$5,690 for the year ended December 31, 2024.

**7. Accrued and other current liabilities**

Following is a summary of accrued and other current liabilities at December 31, 2024:

	<b>Amount</b>
Accrued vacation	\$ 57,282
Laboratory loan out deposit	33,110
Contract payable - solar battery system	7,901
Accrued interest payable	6,774
Other current liabilities	1,678
	\$ 106,745

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**8. Notes payable**

Following is a summary of the notes payable at December 31, 2024:

	<b>Amount</b>
4.75% note payable to a bank in monthly installments of \$10,394, including principal and interest, through August 2030, and one final principal payment of \$1,577,500. This note is secured by the land, building and solar electric system of the 128-132 W Chestnut property.	\$ 1,552,490
5.5% note payable to a private party in monthly installments of \$3,969, including principal and interest, through December 2034. This note is secured by a deed of trust on the 120 W Chestnut property.	575,676
Subtotal	2,128,166
Less: Current maturities	(67,041)
	\$ 2,061,125

Interest expense, in connection with this note payable, was \$78,064, for the year ended December 31, 2024, which is included in interest expense.

Following are maturities of the long-term note payable for each of the next five years and in the aggregate:

<i>Year ending December 31,</i>	<b>Amount</b>
2025	\$ 67,041
2026	71,812
2027	75,434
2028	79,239
2029	83,237
Thereafter	1,751,403
	\$ 2,128,166

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**9. Revenue from contracts with customers**

Following is a summary of revenue from contracts with customers and deferred revenue at December 31, 2024:

	<b>Revenue</b>	<b>Accrued and other current liabilities</b>
Consulting fees	\$ 172,711	\$ -
Laboratory facilities loan out fees	312,900	33,110
Miscellaneous income	1,286	-
	\$ 486,897	\$ 33,110

**10. Leases**

The Organization determines if an arrangement is a lease at inception, and properly classifies it as either an operating or financing lease. Right-of-Use (ROU) lease assets represent the Organization’s right to use an underlying asset for the lease term and lease obligations represent the Organization’s obligation to make lease payments arising from the lease.

With the adoption of ASC 842, operating lease arrangements are required to be recognized on the consolidated statement of financial position as a ROU asset and a corresponding lease liability. Operating leases are included in ROU lease assets – operating, net, current portion of lease liabilities – operating and long term lease liabilities – operating on the Organization’s consolidated statement of financial position. Financing leases are included in ROU lease assets – financing, net, current portion of lease liabilities – financing, and long-term lease liabilities – financing on the Organization’s consolidated statement of financial position. Operating and financing ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating leases is recorded on a straight-line basis over the lease term by adding interest expense determined using the effective interest method to the amortization of the ROU asset. Lease amortization expense for financing leases is recognized on a straight-line basis over the lease term. Interest expense for financing leases is recognized using the effective interest method. Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position and are not material. Following is a summary of long-term operating leases and renewal options at December 31, 2024:

<b>Description of Property</b>	<b>Minimum Annual Rental</b>	<b>Expiration Date</b>	<b><u>Renewal Option</u></b>	
			<b>Term</b>	<b>Rent</b>
Facility 140-144	\$ 217,752	Month to month	N/A	N/A

In April 2024, the Organization entered into a purchase agreement with the lessor to purchase the leased property facility # 120 for approximately \$1,000,000, which is included in property and equipment.

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**10. Leases (continued)**

Following are lease cost components for the year ended December 31, 2024:

Lease costs	Classification	Amount
<i>Operating lease:</i>		
Fixed lease cost	Occupancy	\$ 58,853
Month-to-month lease cost	Occupancy	180,492
Total lease costs		<u>\$ 239,345</u>

**11. Tax deferred annuity plan**

The Organization provides a tax-deferred annuity plan under Section 401(k) of the Internal Revenue Code (IRC). Employees may make contributions to the plan up to the maximum annual limit provided by the IRC. The plan requires the Organization to match 1% to 4% of the employee salaries. During the year ended December 31, 2024, the Organization made matching contributions to the plan of \$43,426.

**12. Concentrations**

*Customer*

The Organization received support from two contract agencies during 2024, which constituted 89% (54% and 35%) of total public support, revenue, and other income. At December 31, 2024, the Organization had a receivable balance of \$383,533 and \$290,649 from these contract agencies, respectively.

**13. Liquidity and reserves**

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of December 31, 2024, reduced by amounts not available for general expenditures within one year.

	Amount
Cash	\$ 545,850
Receivables	717,236
Total financial assets	<u>1,263,086</u>
Less: financial assets unavailable for general expenditure within one year due to purpose and time restrictions	<u>-</u>
Financial assets available to meet cash needs for general general expenditure within one year	<u>\$ 1,263,086</u>

**Oak Crest Institute of Science**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Year Ended December 31, 2024**

**14. Commitments and contingencies**

*Federal funding*

The Organization has received federal funds for specific purposes that are subject to compliance requirements. The Organization is subject to review and audit by such grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements and/or receivable adjustments would not be material.

**Oak Crest Institute of Science  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor / Pass - Thru Grantor / Program Title	Federal AL #	Agency or Pass-thru #	Federal Expenditures	Expenditures to Subrecipients
<u>Research and development cluster</u>				
<b>Federal awards</b>				
<i>United States Department of Health &amp; Human Services National Institute of Health</i>				
Direct programs:				
National Institute of Allergy and Infectious Diseases				
A Bioresorbable Subdermal Implant for Sustained Delivery of Novel Maturation Inhibitor to Prevent HIV Infection *	93.855	R01AI154561	\$ 394,605	\$ 129,933
Systemic Sustained Release Delivery of Antiretroviral Agents for HIV Prevention *	93.855	1R01AI162151-01A1	665,190	348,587
Sustained Release of Potent Antiviral Prodrugs for HIV Prevention *	93.855	1R01AI172541-01A1	349,693	42,309
A Novel, Multi-compartment Intravaginal Ring for Prevention of Genital Herpes and Unintended Pregnancy *	93.855	1R01AI175437-01A1	89,502	1,489
			1,498,990	522,318
Eunice Kennedy Shriver National Institute of Child Health and Human Development				
Next Generation Multipurpose Prevention Technology: An Intravaginal Ring for HIV Prevention and Nonhormonal Contraception *	93.865	R01HD101344	371,680	109,503
Total direct programs			1,870,670	631,821

**Oak Crest Institute of Science  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor / Pass - Thru Grantor / Program Title	Federal AL #	Agency or Pass-thru #	Federal Expenditures	Expenditures to Subrecipients
<u>Research and development cluster</u>				
<b>Federal awards</b>				
Pass-through programs:				
Harvard University - Dana Farber Cancer Institute, Inc. Prevention of HIV-1 Transmission by Small-Molecule CD4-Mimetic Entry Inhibitors *	93.855	R01AI134494	\$ 11,268	\$ -
University of Massachusetts, Worcester Novel Immunotherapeutics Against Multidrug-Resistant Neisseria Gonorrhoea *	93.855	R01AI132296	27,909	-
Gonorrhea and HIV Prevention with Intravaginal Ring Drug Delivery *	93.855	R61AI136007	19,253	-
University of Massachusetts Medical School Sialic Acid Analogs Against Multidrug-Resistant Gonorrhea *	93.855	R01AI160247-01	172,778	-
The Population Council An ETG/EE/GRFT IVR to Prevent Pregnancy and HIV *	93.855	1R01AI150360	164,799	-
Total pass-through programs			396,007	-
Total United States Department of Health and Human Services			2,266,677	631,821

**Oak Crest Institute of Science  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor / Pass - Thru Grantor / Program Title	Federal AL #	Agency or Pass-thru #	Federal Expenditures	Expenditures to Subrecipients
<u>Research and development cluster</u>				
<b>Federal awards</b>				
<i>United States Agency for International Development</i>				
Pass-through programs:				
Magee-Womens Research Institute and Foundation				
Microbicide R&D to Advance HIV Prevention Technologies through Responsive Innovation and Excellence, MATRIX *	98.001	7200AA22CA00002	\$ 3,315,021	\$ 523,905
H3D Foundation				
Microbicide R&D to Advance HIV Prevention Technologies through Responsive Innovation and Excellence, MATRIX *	98.001	7200AA22CA00002	155,974	-
Total United States Agency for International Development			3,470,995	523,905
<i>National Science Foundation</i>				
Pass-through programs:				
Cal Poly Pomona Foundation, Inc.				
Cross Sector Partnerships, Experiential Learning and Professional Development to Build Pathways to STEM Careers *	47.076	2311797	103,896	-
Total National Science Foundation			103,896	-
Total research and development cluster programs			5,841,568	1,155,726

**Oak Crest Institute of Science  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor / Pass - Thru Grantor / Program Title	Federal AL #	Agency or Pass-thru #	Federal Expenditures	Expenditures to Subrecipients
<u>Other programs</u>				
<b>Federal awards</b>				
<i>United States Department of Commerce</i>				
Pass-through programs:				
Monrovia - Oak Crest Science and Technology Incubator Program	11.020	ED19HDQ200079	102,329	-
Total United States Department of Commerce			102,329	-
Total federal awards			\$ 5,943,897	\$ 1,155,726

\* Denotes a major federal program (Research and Development cluster)

See accompanying notes to schedule of expenditures of federal awards.

**Oak Crest Institute of Science**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2024**

**1. Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Oak Crest Institute of Science under programs of the federal government for the year ended December 31, 2024. 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 Oak Crest Institute of Science, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oak Crest Institute of Science.

**2. 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.

**3. Indirect cost rate**

Oak Crest Institute of Science has elected *not* to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Oak Crest Institute of Science**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2024**

**4. Awards to subrecipients**

Following is the summary of subrecipients for the year ended December 31, 2024:

<b>Subrecipient</b>	<b>Contract Number</b>						<b>Total</b>
	<b>R01AI 154561</b>	<b>5R01AI 162151</b>	<b>1R01AI 172541</b>	<b>1R01AI 175437</b>	<b>R01DH 101344</b>	<b>7200AA22 CA00002</b>	
DFH Pharma Inc.	\$ 48,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,312
Human Sciences Research Council	-	-	15,962	-	-	-	15,962
Oregon Health & Science University	-	-	-	-	1,832	-	1,832
Scripps Research Institute	-	205,814	26,347	1,489	-	283,639	517,289
University of North Carolina	-	-	-	-	107,671	-	107,671
University of Louisiana at Lafayette	261	-	-	-	-	-	261
University of Texas Medical Branch	57,701	82,626	-	-	-	146,775	287,102
Vanderbilt University	23,659	60,147	-	-	-	-	83,806
Weill Cornell Medical College	-	-	-	-	-	93,491	93,491
	<b>\$ 129,933</b>	<b>\$ 348,587</b>	<b>\$ 42,309</b>	<b>\$ 1,489</b>	<b>\$ 109,503</b>	<b>\$ 523,905</b>	<b>\$ 1,155,726</b>

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

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Board of Directors  
Oak Crest Institute of Science

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 consolidated financial statements of Oak Crest Institute of Science (a nonprofit organization), which comprise the statement of consolidated financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 28, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Oak Crest Institute of Science’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oak Crest Institute of Science’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Oak Crest Institute of Science’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 consolidated 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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oak Crest Institute of Science's consolidated 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 consolidated 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.

*Lawrence R. Mitchell & Company*

Lawrence R. Mitchell & Company  
Certified Public Accountants  
*A Professional Corporation*  
El Segundo, California

August 28, 2025

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE *UNIFORM GUIDANCE***

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Board of Directors  
Oak Crest Institute of Science

**Report on Compliance for Each Major Federal Program**

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

We have audited Oak Crest Institute of Science’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oak Crest Institute of Science’s major federal programs for the year ended December 31, 2024. Oak Crest Institute of Science’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oak Crest Institute of Science 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oak Crest Institute of Science and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oak Crest Institute of Science’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Oak Crest Institute of Science's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oak Crest Institute of Science's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Oak Crest Institute of Science's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oak Crest Institute of Science's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oak Crest Institute of Science's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Oak Crest Institute of Science's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Lawrence R. Mitchell & Company*

Lawrence R. Mitchell & Company  
Certified Public Accountants  
*A Professional Corporation*  
El Segundo, California

August 28, 2025

**Oak Crest Institute of Science  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2024**

**A. Summary of audit results**

*Financial statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      Yes   x   No  
None
- Significant deficiency(ies) identified?      Yes   x   reported

Noncompliance material to financial statements noted?      Yes   x   No

*Federal awards*

Internal control over major federal programs:

- Material weakness(es) identified?      Yes   x   No  
None
- Significant deficiency(ies) identified?      Yes   x   reported

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

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

Identification of major federal programs

Name of Federal Program or Cluster	AL No.
Research and development cluster	93.855
Research and development cluster	93.865
Research and development cluster	98.001
Research and development cluster	47.076

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

Auditee qualified as low-risk auditee?   x   Yes      No

**Oak Crest Institute of Science  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2024**

***B. Findings – consolidated financial statement audit***

None.

***C. Findings and questioned costs-major federal program audit***

None.