

CENTER FOR OPEN SCIENCE, INC.
CHARLOTTESVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

CENTER FOR OPEN SCIENCE, INC.

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Center for Open Science, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Center for Open Science, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center for Open Science, Inc. 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 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, 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Open Science, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 Center for Open Science, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Open Science, Inc.'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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, 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, 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 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 28, 2022

Financial Statements

CENTER FOR OPEN SCIENCE, INC.

Statement of Financial Position
As of December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,068,574	\$ 1,349,070
Cash and cash equivalents - restricted	6,582,142	3,589,036
Grants receivable	1,309,854	478,320
Investments - mutual funds	474,995	415,873
Prepaid expenses and deferred charges	61,278	58,290
Total current assets	\$ 9,496,843	\$ 5,890,589
Property and equipment:		
Office equipment	\$ 412,927	\$ 412,927
Leasehold improvements	329,986	329,986
Total property and equipment	\$ 742,913	\$ 742,913
Accumulated depreciation	670,425	636,597
Net property and equipment	\$ 72,488	\$ 106,316
Other assets:		
Security and other deposits	\$ 56,607	\$ 45,549
Total assets	\$ 9,625,938	\$ 6,042,454
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 62,031	\$ 66,168
Payroll liabilities	24,647	21,633
Deferred revenue	6,582,142	3,589,036
Paycheck Protection Program Loan	-	600,675
Total liabilities	\$ 6,668,820	\$ 4,277,512
Net assets:		
Net assets without donor restrictions	\$ 2,957,118	\$ 1,764,942
Total liabilities and net assets	\$ 9,625,938	\$ 6,042,454

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, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	Totals	
		2021	2020
Revenues, gains, and other support:			
Grants	\$ 6,164,720	\$ 6,164,720	\$ 6,336,265
Contributions	352,269	352,269	155,382
Service and management fees	267,990	267,990	335,372
PPP loan forgiveness	600,675	600,675	-
Net investment earnings (loss)	60,988	60,988	67,728
Total revenues, gains, and other support	<u>\$ 7,446,642</u>	<u>\$ 7,446,642</u>	<u>\$ 6,894,747</u>
Expenses:			
Program services:			
Infrastructure	\$ 2,989,738	\$ 2,989,738	\$ 2,815,259
Metascience	1,681,307	1,681,307	2,113,132
Policy and community	654,021	654,021	670,499
Supporting services:			
Management and general	725,354	725,354	696,191
Fundraising	204,046	204,046	183,618
Total expenses	<u>\$ 6,254,466</u>	<u>\$ 6,254,466</u>	<u>\$ 6,478,699</u>
Increase (decrease) in net assets	\$ 1,192,176	\$ 1,192,176	\$ 416,048
Net assets, beginning of year	<u>1,764,942</u>	<u>1,764,942</u>	<u>1,348,894</u>
Net assets, end of year	<u>\$ 2,957,118</u>	<u>\$ 2,957,118</u>	<u>\$ 1,764,942</u>

CENTER FOR OPEN SCIENCE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	Program Services				Supporting Services		Totals	
	Infrastructure	Metascience	Policy and Community	Total	Management & General	Fundraising	2021	2020
				Program Services				
Payroll expenses	\$ 2,044,175	\$ 810,952	\$ 498,254	\$ 3,353,381	\$ 502,765	\$ 130,794	\$ 3,986,940	\$ 4,064,355
Occupancy	140,620	12,885	34,275	187,780	77,485	8,998	274,263	267,488
Professional services	262,080	42,371	23,648	328,099	37,033	44,169	409,301	188,902
Travel	35	-	677	712	31	23	766	42,921
Telephone	-	-	-	-	-	-	-	59
Insurance	664	61	162	887	366	42	1,295	3,168
Office and computer supplies	411,376	9,705	16,126	437,207	9,702	7,841	454,750	373,978
Depreciation	17,344	1,589	4,228	23,161	9,558	1,110	33,829	40,575
Conferences and meetings	1,557	143	382	2,082	857	100	3,039	5,557
Marketing and communications	-	-	763	763	28,870	-	29,633	9,978
Dues and fees	62,107	4,430	39,768	106,305	31,571	4,269	142,145	101,566
Postage and delivery	655	-	-	655	-	555	1,210	109
Taxes and licenses	1,986	182	484	2,652	1,094	127	3,873	10,663
Cleaning and maintenance	13,957	1,279	3,401	18,637	7,690	893	27,220	12,197
Grant awards to others	-	34,165	22,197	56,362	50	-	56,412	36,441
Program expense	-	760,406	-	760,406	-	-	760,406	1,212,824
Miscellaneous expense	33,182	3,139	9,656	45,977	18,282	5,125	69,384	107,918
Total	\$ 2,989,738	\$ 1,681,307	\$ 654,021	\$ 5,325,066	\$ 725,354	\$ 204,046	\$ 6,254,466	\$ 6,478,699

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, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,192,176	\$ 416,048
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	33,829	40,575
Forgiveness of Paycheck Protection Program Loan	(600,675)	-
Net realized and unrealized (gain) loss on investments	(43,763)	(47,781)
(Increase) decrease in:		
Grants receivable	(831,534)	(183,278)
Prepaid expenses and other assets	(2,988)	(39,556)
Security and other deposits	(11,058)	(12,378)
Increase (decrease) in:		
Accounts payable	(4,137)	(5,870)
Payroll liabilities	3,014	(4,727)
Deferred revenue	2,993,106	461,360
Paycheck Protection Program Loan	-	600,675
Net cash provided by (used for) operating activities	\$ 2,727,970	\$ 1,225,068
Cash flows from investing activities:		
Purchases of marketable securities	\$ (15,360)	\$ (10,803)
Net cash provided by (used for) investing activities	\$ (15,360)	\$ (10,803)
Net increase (decrease) in cash and cash equivalents	\$ 2,712,610	\$ 1,214,265
Cash, cash equivalents, and restricted cash, beginning of year (includes restricted cash of \$3,589,036)	4,938,106	3,723,841
Cash, cash equivalents, and restricted cash, end of year (includes restricted cash of \$6,582,142)	\$ 7,650,716	\$ 4,938,106

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, 2021

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 2020, 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, 2021 (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.

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, 2021, the Organization had net assets without donor restrictions of \$2,957,118.

Net Assets With Donor Restrictions - Net assets with donor restrictions require the Organization to satisfy certain conditions before being spent. As of December 31, 2021, the Organization had no net assets subject to donor-imposed restrictions.

Unearned Revenue

Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying statements of financial position totaled \$6,582,142 and \$3,589,036 as of December 31, 2021, and December 31, 2020, respectively. This unearned revenue represents income from grants, as well as other service agreements. The grants and service revenues are deferred when received and amortized over the terms of the contract period. Related receivables totaled \$1,309,854 and \$478,320 as of December 31, 2021, and December 31, 2020, respectively.

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

Performance Obligations and Revenue Recognition

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization’s revenue within the scope of ASC 606 consists of grants and fees for service revenues, as well as advance payments received for other services. The contract performance obligation for grants and services revenues is performed over the contract period. The contract performance obligations related to other member services is generally satisfied at the time these services are provided.

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 501(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.

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 \$4,156,868 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.

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

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

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.

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.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements
As of December 31, 2021 (Continued)

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

Fair Value (Continued)

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.

Note 3–Fair Value Measurements:

The fair values of the Organization’s financial assets measured on a recurring basis at December 31, 2021 are as follows:

	12/31/2021	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 474,995	\$ 474,995	\$ -	\$ -
Total	\$ 474,995	\$ 474,995	\$ -	\$ -

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%.

CENTER FOR OPEN SCIENCE, INC.

Notes to Financial Statements
As of December 31, 2021 (Continued)

Note 4–Operating Leases: (Continued)

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ <u>67,320</u>
Total	\$ <u><u>67,320</u></u>

Total lease expense for the year ended December 31, 2021 amounted to \$199,990.

Note 5–Investments:

Investments are stated at fair value. The composition of investments at December 31, 2021 is as follows:

	<u>Fair Market</u> <u>Value</u>	<u>Cost</u>
Mutual funds	\$ <u>474,995</u>	\$ <u>374,142</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>2021</u>
Cash and cash equivalents	\$ 1,068,574
Grants receivable	1,309,854
Investments - mutual funds	474,995
Total	\$ <u><u>2,853,423</u></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.

CENTER FOR OPEN SCIENCE, INC.

**Notes to Financial Statements
As of December 31, 2021 (Continued)**

Note 7–Concentrations:

During the period, the Organization received approximately 53% of its revenue from its largest funding source.

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 \$123,203 toward the plan in 2021.

Note 9–Related Party Transactions:

Officer Compensation and Employee Reimbursements

During the year ended December 31, 2021, the Organization’s compensation to one of its officers who has governance oversight amounted to approximately \$231,125.

Note 10 - Paycheck Protection Program (PPP) Loan:

The Organization received \$600,675 as part of the Small Business Administration’s Paycheck Protection Program (PPP). The proceeds of this loan may be fully forgiven in the event that at least 60% is used for payroll and utilities within the first 24 weeks of receipt of the proceeds. The Organization has elected to account for the loan as debt under FASB ASC Topic 470. The term of the PPP loan, less any forgiven portion, is for two years at an annual rate of interest at 1%. The Organization applied for forgiveness of these funds, and full forgiveness was granted on May 19, 2021.

Note 11 - Subsequent Events:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2022, the date the financial statements were available to be issued.

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, 2021, 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 28, 2022.

Report on 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. 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.

Report on 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 28, 2022



**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

Opinion on Each Major Federal Program

We have audited Center for Open Science, Inc.'s (a nonprofit organization) 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 Center for Open Science, Inc.'s major federal programs for the year ended December 31, 2021. Center for Open Science, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2021.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Center for Open Science, Inc. 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 Center for Open Science, Inc.'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 Center for Open Science, Inc.'s federal programs.

Auditors' 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 Center for Open Science, Inc.'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 Center for Open Science, Inc.'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 Center for Open Science, Inc.'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 Center for Open Science, Inc.'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 Center for Open Science, Inc.'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.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
September 28, 2022

CENTER FOR OPEN SCIENCE, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/ Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expendi- tures
Research and Development Cluster:			
Department of Defense:			
Direct Program:			
Advanced Research Projects Agency:			
Research and Technology Development	12.910	N/A	\$ <u>2,306,966</u>
Total Department of Defense			\$ <u>2,306,966</u>
Department of Health and Human Services:			
Direct Program:			
National Institutes of Health:			
Aging Research	93.866	N/A	\$ <u>152,943</u>
Total Department of Health and Human Services			\$ <u>152,943</u>
National Science Foundation:			
Direct Program:			
Computer and Information Science and Engineering	47.070	N/A	\$ 271,648
Social, Behavioral, and Economic Sciences	47.075	N/A	124,065
Education and Human Resources	47.076	N/A	<u>195,967</u>
Total National Science Foundation			\$ <u>591,680</u>
Total Research and Development Cluster			\$ <u>3,051,589</u>
Total Expenditures of Federal Awards			\$ <u><u>3,051,589</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, 2021

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, 2021. 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*.

Subrecipient Monitoring

No awards were passed through to subrecipients.

CENTER FOR OPEN SCIENCE, INC.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

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>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
12.910, 45.312, 47.070, 47.075 47.076, 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?	Yes

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, 2021**

There were no prior year audit findings.