



Pacific Institute for Research and Evaluation and Affiliates

Consolidating Financial Statements,
Schedule of Expenditures of Federal
Awards and Reports Required by
Government Auditing Standards and the
Uniform Guidance
Year Ended December 31, 2020

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Evaluation and Affiliates**

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the Uniform Guidance
Year Ended December 31, 2020

Pacific Institute for Research and Evaluation and Affiliates

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Independent Auditor's Report

To the Board of Directors
Pacific Institute for Research and Evaluation and Affiliates
Calverton, Maryland

Report on the Audit of the Consolidating Financial Statements

Opinion

We have audited the consolidating financial statements of **Pacific Institute for Research and Evaluation and Affiliates** (the "Institute"), which comprise the consolidating statement of financial position as of December 31, 2020, and the related consolidating statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of the Institute as of December 31, 2020, and the changes in their net assets and their 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 (GAAS) 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 Consolidating Financial Statements* section of our report. We are required to be independent of the Institute 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 Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating 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 GAAS 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 consolidating financial statements.

In performing an audit in accordance with GAAS 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 consolidating 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 consolidating 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 Institute'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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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.

Other Matters

Report on 2019 Summarized Comparative Information

We have previously audited the Institute's 2019 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidating 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 April 23, 2021 on our consideration of the Institute'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 Institute'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 Institute's internal control over financial reporting and compliance.

BDO USA, LLP

April 23, 2021

**Consolidating
Financial Statements**

Pacific Institute for Research and Evaluation and Affiliates

Consolidating Statements of Financial Position

December 31, 2020 (With summarized financial information for 2019)

	2020			Total	2019
	PIRE	HBSA	PIRE CA		Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,369,825	\$ 10,000	\$ 54,852	\$ 1,434,677	\$ 903,419
Cash and cash equivalents - restricted	455,255	-	-	455,255	475,879
Short-term investments	2,403,777	250,806	250,806	2,905,389	3,139,034
Receivable on grants and contracts	1,931,141	1,400,689	-	3,331,830	4,264,621
Other accounts receivable	57,121	-	-	57,121	67,948
Due (to) from affiliate	(1,690,915)	774,658	916,257	-	-
Prepaid expenses	327,139	-	-	327,139	319,789
Total current assets	4,853,343	2,436,153	1,221,915	8,511,411	9,170,690
Noncurrent assets					
Property and equipment, net	68,083	-	-	68,083	125,907
Investments	3,785,075	-	-	3,785,075	4,134,500
Investments - deferred compensation plan	740,112	-	-	740,112	704,141
Rent deposits	42,782	-	-	42,782	42,782
Total noncurrent assets	4,636,052	-	-	4,636,052	5,007,330
Total assets	\$ 9,489,395	\$ 2,436,153	\$ 1,221,915	\$ 13,147,463	\$ 14,178,020
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 375,959	\$ -	\$ -	\$ 375,959	\$ 910,348
Accrued expenses	3,132,238	-	4,867	3,137,105	3,361,474
Refundable advances	584,011	768,766	1,198,102	2,550,879	3,036,361
Total current liabilities	4,092,208	768,766	1,202,969	6,063,943	7,308,183
Noncurrent liabilities					
Paycheck Protection Program (PPP) loan payable	360,000	-	-	360,000	-
Deferred compensation plan	740,112	-	-	740,112	704,141
Deferred rent liability	105,691	-	-	105,691	159,588
Total noncurrent liabilities	1,205,803	-	-	1,205,803	863,729
Total liabilities	5,298,011	768,766	1,202,969	7,269,746	8,171,912
Commitments and contingencies					
Net assets					
Without donor restrictions	3,736,129	1,667,387	18,946	5,422,462	5,552,917
With donor restrictions	455,255	-	-	455,255	453,191
Total net assets	4,191,384	1,667,387	18,946	5,877,717	6,006,108
Total liabilities and net assets	\$ 9,489,395	\$ 2,436,153	\$ 1,221,915	\$ 13,147,463	\$ 14,178,020

See accompanying notes to consolidating financial statements.

Pacific Institute for Research and Evaluation and Affiliates

Consolidating Statements of Activities

Year ended December 31, 2020 (With summarized financial information for 2019)

	2020			2019	
	PIRE	HBSA	PIRE CA	Total	Total
Changes in Net Assets Without Donor Restrictions					
Revenue					
Grants and contracts	\$ 17,771,237	\$ 5,436,276	\$ 482,523	\$ 23,690,036	\$ 25,136,511
Investment income, net	153,466	811	806	155,083	297,081
Miscellaneous	15,656	-	-	15,656	17,669
Net assets released from restrictions:					
Satisfaction of program restrictions	-	-	-	-	22,688
Total revenue without donor restrictions	17,940,359	5,437,087	483,329	23,860,775	25,473,949
Expenses					
Grants and contracts	13,059,040	4,279,042	349,787	17,687,869	19,169,754
Administrative	5,132,866	1,035,450	135,045	6,303,361	6,601,629
Total expenses	18,191,906	5,314,492	484,832	23,991,230	25,771,383
(Decrease) increase in net assets without donor restrictions	(251,547)	122,595	(1,503)	(130,455)	(297,434)
Changes in Net Assets With Donor Restrictions					
Investment income, net	2,064	-	-	2,064	9,977
Net assets released from restrictions	-	-	-	-	(22,688)
Increase (decrease) in net assets with donor restrictions	2,064	-	-	2,064	(12,711)
Change in net assets	\$ (249,483)	\$ 122,595	\$ (1,503)	\$ (128,391)	\$ (310,145)

See accompanying notes to consolidating financial statements.

Pacific Institute for Research and Evaluation

Consolidating Statements of Functional Expenses

Year Ended December 31, 2020 (With summarized financial information for 2019)

	2020												2019
	Grants and Contracts				Administrative				Total				
	PIRE	HBSA	PIRE CA	Total	PIRE	HBSA	PIRE CA	Total	PIRE	HBSA	PIRE CA	Total	
Salaries and wages, and fringe benefits	\$ 6,875,548	\$ 2,390,694	\$ 271,525	\$ 9,537,767	\$ 3,761,816	\$ 929,541	\$ 124,185	\$ 4,815,542	\$ 10,637,364	\$ 3,320,235	\$ 395,710	\$ 14,353,309	\$ 14,571,582
Subcontractors	3,682,883	208,626	31,244	3,922,753	-	-	-	-	3,682,883	208,626	31,244	3,922,753	4,234,504
Professional fees	135,101	1,347,499	19,100	1,501,700	184,542	16,454	3,078	204,074	319,643	1,363,953	22,178	1,705,774	1,501,646
Consultants	1,193,689	244,796	2,250	1,440,735	66,641	-	-	66,641	1,260,330	244,796	2,250	1,507,376	2,206,676
Occupancy and rent	589,553	68,092	5,260	662,905	322,561	26,473	2,405	351,439	912,114	94,565	7,665	1,014,344	1,012,789
Dues and licenses	154,762	3,854	398	159,014	264,896	6,612	117	271,625	419,658	10,466	515	430,639	519,614
Library	35,231	141	-	35,372	163,254	3,041	-	166,295	198,485	3,182	-	201,667	186,231
Liability insurance	-	-	-	-	96,607	26,071	2,124	124,802	96,607	26,071	2,124	124,802	137,959
Supplies	8,418	779	-	9,197	65,655	17,526	2,069	85,250	74,073	18,305	2,069	94,447	160,772
Recruiting	74,792	-	20	74,812	17,492	-	-	17,492	92,284	-	20	92,304	47,107
Respondent fees	58,041	5,562	5,370	68,973	-	-	-	-	58,041	5,562	5,370	68,973	91,276
Travel	43,913	5,185	-	49,098	10,562	123	625	11,310	54,475	5,308	625	60,408	377,812
Communications	37,110	231	-	37,341	20,928	90	-	21,018	58,038	321	-	58,359	58,584
Depreciation and amortization	37,375	-	-	37,375	20,449	-	-	20,449	57,824	-	-	57,824	77,033
Meetings and conferences	18,250	1,950	2,466	22,666	17,650	1,031	-	18,681	35,900	2,981	2,466	41,347	228,194
Bank fees	310	1,175	-	1,485	38,160	-	-	38,160	38,470	1,175	-	39,645	46,880
Duplication and printing	26,565	111	-	26,676	1,114	1,595	64	2,773	27,679	1,706	64	29,449	79,903
Board meetings and allowances	-	-	-	-	20,171	4,399	358	24,928	20,171	4,399	358	24,928	92,711
Tuition reimbursement	110	-	12,030	12,140	-	-	-	-	110	-	12,030	12,140	-
Postage and shipping	2,450	209	-	2,659	7,235	45	20	7,300	9,685	254	20	9,959	15,507
Equipment rental	465	-	-	465	5,588	-	-	5,588	6,053	-	-	6,053	7,081
Repairs and maintenance	294	-	-	294	3,137	-	-	3,137	3,431	-	-	3,431	9,551
Workshops	1,166	-	-	1,166	-	15	-	15	1,166	15	-	1,181	9,035
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	38,637
Temporary labor	-	-	-	-	-	-	-	-	-	-	-	-	2,945
Institutional review board	-	-	-	-	-	-	-	-	-	-	-	-	51
Miscellaneous	83,014	138	124	83,276	44,408	2,434	-	46,842	127,422	2,572	124	130,118	57,303
	\$ 13,059,040	\$ 4,279,042	\$ 349,787	\$ 17,687,869	\$ 5,132,866	\$ 1,035,450	\$ 135,045	\$ 6,303,361	\$ 18,191,906	\$ 5,314,492	\$ 484,832	\$ 23,991,230	\$ 25,771,383

See accompanying notes to consolidating financial statements.

Pacific Institute for Research and Evaluation and Affiliates

Consolidating Statements of Changes in Net Assets

Year ended December 31, 2020

	Without Donor Restrictions				With Donor Restrictions	
	PIRE	HBSA	PIRE CA	Total	PIRE	Total
Net assets, December 31, 2019	\$ 3,987,676	\$ 1,544,792	\$ 20,449	\$ 5,552,917	\$ 453,191	\$ 6,006,108
Change in net assets	(251,547)	122,595	(1,503)	(130,455)	2,064	(128,391)
Net assets, December 31, 2020	\$ 3,736,129	\$ 1,667,387	\$ 18,946	\$ 5,422,462	\$ 455,255	\$ 5,877,717

See accompanying notes to consolidating financial statements.

Pacific Institute for Research and Evaluation and Affiliates

Consolidating Statements of Cash Flows

Year ended December 31, 2020 (With summarized financial information for 2019)

	2020				2019
	PIRE	HBSA	PIRE CA	Total	Total
Cash flows from operating activities					
Change in net assets	\$ (249,483)	\$ 122,595	\$ (1,503)	\$ (128,391)	\$ (310,145)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:					
Depreciation and amortization	57,824	-	-	57,824	77,033
Bad debts	-	-	-	-	38,637
Unrealized gain on investments	(1,481)	-	-	(1,481)	(134,084)
(Increase) decrease in assets					
Receivable on grants and contracts	386,328	546,463	-	932,791	(1,092,758)
Other accounts receivable	10,827	-	-	10,827	(27,924)
Due (to) from affiliate	(441,584)	(293,249)	734,833	-	-
Prepaid expenses	(7,350)	-	-	(7,350)	(10,900)
Increase (decrease) in liabilities					
Accounts payable	(534,389)	-	-	(534,389)	433,947
Accrued expenses	(229,236)	-	4,867	(224,369)	79,448
Refundable advances	82,026	(125,004)	(442,504)	(485,482)	1,820,651
Deferred rent liability	(53,897)	-	-	(53,897)	(31,235)
Net cash (used in) provided by operating activities	(980,415)	250,805	295,693	(433,917)	842,670
Cash flows from investing activities					
Acquisitions of property and equipment	-	-	-	-	(13,226)
Proceeds from sale of investments	3,615,695	-	-	3,615,695	1,800,000
Purchases of investments	(2,529,532)	(250,806)	(250,806)	(3,031,144)	(2,706,815)
Net cash provided by (used in) investing activities	1,086,163	(250,806)	(250,806)	584,551	(920,041)
Cash flows from financing activities					
Proceeds from Paycheck Protection Program loan payable	2,325,100	-	-	2,325,100	-
Repayment of Paycheck Protection Program loan payable	(1,965,100)	-	-	(1,965,100)	-
Proceeds from line-of-credit	1,684,405	-	-	1,684,405	-
Repayments of line-of-credit	(1,684,405)	-	-	(1,684,405)	-
Net cash provided by financing activities	360,000	-	-	360,000	-
Increase (decrease) in cash and cash equivalents and restricted cash	465,748	(1)	44,887	510,634	(77,371)
Cash and cash equivalents and restricted cash, beginning of year	1,359,332	10,001	9,965	1,379,298	1,456,669
Cash and cash equivalents and restricted cash, end of year	\$ 1,825,080	\$ 10,000	\$ 54,852	\$ 1,889,932	\$ 1,379,298

See accompanying notes to consolidating financial statements.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

1. Summary of Accounting Policies

Organization

Pacific Institute for Research and Evaluation (“PIRE”) was organized to conduct research, evaluate programs, develop policy and deliver training and technical assistance in the broad area of human service. The primary fields of endeavor to date have been alcohol, drug abuse, HIV, violence prevention, intervention and evaluation (including high risk youth), technical assistance in providing juvenile justice programs and traffic safety.

National Center for the Advancement of Prevention, doing business as “HBSA”, was organized to provide systems design, consulting and support services in the health and community service areas to other nonprofit organizations and other organizations or individuals working on programs or projects furthering the health and welfare of citizens.

PIRE California, Inc. (“PIRE CA”) was organized in the State of California primarily to support PIRE’s State of California funded research programs and support activities or otherwise benefit the exempt purposes of PIRE.

The three entities are collectively referred to as the Institute in these consolidating financial statements.

Consolidation Policy

The consolidating financial statements include the accounts of PIRE and its affiliates, HBSA and PIRE CA. All significant transactions between the organizations, including all interorganization balances, have been eliminated on consolidation.

Basis of Accounting

The accompanying consolidating financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of these consolidating financial statements, the Institute considers cash on hand, deposits in banks and highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents. Restricted cash and cash equivalents at December 31, 2020 consist of money market accounts restricted by the donors for various corporate development initiatives of the Institute’s Albuquerque and Louisville offices, or to provide general support for the Albuquerque and Louisville offices’ general operations, that have not been recovered under grant awards and contracts.

Short-term Investments

Short-term investments consist of certificates of deposit and corporate bonds invested in securities of short-term duration. Net investment income is reported in the consolidating statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Receivable on Grants and Contracts

Receivable on grants and contracts consists of amounts due from federal agencies and non-federal sources resulting from allowable expenditures incurred, which have not been recovered from the relevant federal agencies and non-federal sources, as of the end of the year. The allowance method is used to determine the uncollectible amounts, if any. The allowance is based upon prior years' experience and management's analysis of subsequent collections.

Management considers all receivables on grants and contracts to be fully collectible, therefore, no allowance for doubtful accounts has been established. Receivables are written off if reasonable collection efforts prove unsuccessful.

Property and Equipment

Furniture, equipment and leasehold improvement acquisitions are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives or the anticipated term of the lease, if shorter, for leasehold improvements.

The Institute capitalizes assets with an original cost of \$5,000 or greater. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, with any gain or loss reflected in current operations. Expenditures for repairs and maintenance are charged to expense, when incurred.

Investments

Investments consist of corporate bonds, mutual funds and certificates of deposit held on long-term duration and are reported at fair value. Net investment income is reported in the consolidating statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments - Deferred Compensation Plan

Investments in mutual funds associated with the deferred compensation plan are reported at fair value. Investment gains and losses from the mutual funds are recorded directly to the asset account, and the corresponding liability account, for deferred compensation.

Refundable Advances

A transfer of assets (i.e. cash received) that is related to a conditional contribution is accounted for as a refundable advance in the accompanying consolidating statements of financial position until the conditions have been substantially met or explicitly waived by the donor.

Deferred Rent Liability

Deferred rent liability reflects the difference between rent expense, which is recognized on a straight-line basis over the term of the Institute's various leases, and cash payments.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operating purposes and are not subject to donor (or certain grantor) restrictions. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Institute did not have board designated net assets as of December 31, 2020.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets and the related income whose use is limited by donor-imposed, time and/or purpose restrictions.

The Institute reports gifts of cash and other assets as restricted support, 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 the purpose of the restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidating statements of activities as net assets released from restrictions.

At December 31, 2020, these net assets were restricted for various corporate development initiatives of the Institute's Albuquerque and Louisville offices, or to provide general support for the Albuquerque and Louisville offices' general operations, that have not been recovered under grant awards and contracts. These net assets are the result of unsolicited contributions from two organizations, and there were no fundraising expenses incurred related to these contributions.

Revenue Recognition

Grants and contracts revenue awarded by federal agencies or passed through to the Institute from another donor that received funding from the U.S. federal government or awarded from foundations and other private institutions are generally considered nonreciprocal transactions restricted by the awarding agency/entity for certain purposes. Revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. Grants and contracts revenue totaled \$23,690,036 for the year ended December 31, 2020. All Institute government grants and contracts are subject to audit by its awarding agencies. Such audits have been performed in the past and did not result in material adjustments to previously reported revenue.

Funds received in advance of satisfying grants and contractual performance obligations are recorded as refundable advances in the consolidating statements of financial position. As of December 31, 2020, the Institute has refundable advances of \$2,550,879 in the consolidating statements of financial position.

At December 31, 2020, the Institute had remaining award balances on federal and non-federal conditional grants and contracts for sponsored projects of \$25,285,857 and \$3,386,558, respectively. These conditional award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred. The Institute has awarded conditional grants to subrecipients related to the performance of the federal and non-federal conditional grants and contracts for sponsored projects, which have outstanding commitments of up to \$3,305,669 and \$347,240, respectively, as of December 31, 2020.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Description of Program and Supporting Services

Grants and Contracts

Grants and contracts represent the costs of conducting research, evaluating programs, developing policy and delivering training and technical assistance in the area of human service, including safety and health, through federal and non-federal grants and contracts.

Administrative

Administrative expenses include the functions necessary to provide an adequate working environment, maintain competent legal services for program administration and manage the financial and budgetary responsibilities of the Institute.

Functional Allocation of Expenses

The costs of providing various programs of the Institute have been summarized on a functional basis in the consolidating statements of activities. The consolidating financial statements report certain categories of expenses that are attributed to more than one program or supporting function of the Institute. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Fringe benefits which includes medical insurance, vacation/sick leave, pension, and payroll taxes, are allocated on the basis of actual time and effort. Occupancy and rent, communications, depreciation and amortization expenses are allocated based on a percentage of salaries and wages and fringe benefits.

Use of Estimates

The preparation of consolidating financial statements in conformity with U.S. GAAP 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 consolidating financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Institute to concentrations of credit risk consist principally of cash and investments held at creditworthy financial institutions. By policy, these amounts are kept within limits designed to prevent risks caused by concentration. The Institute has never experienced losses related to these accounts.

Credit risk with respect to accounts receivable is limited to amounts receivable on grants and contracts for services rendered mainly to the federal government. The Institute has not experienced significant losses related to these receivables, and therefore, believes the credit risk related to receivables is minimal.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Accounting Pronouncements Adopted

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The Institute adopted ASU 2018-13 in 2020 and the adoption of this ASU updated the disclosure of fair value investments in Note 6. There was no effect on the change in net assets reported at December 31, 2019 as a result of adopting this ASU.

Accounting Pronouncements to be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the current lease guidance under *Leases (Topic 840)* and makes several changes, such as requiring an entity to recognize a right-of-use (ROU) asset and corresponding lease obligation on the statement of financial position, classified as financing or operating, as appropriate. In an effort to provide relief to entities impacted as a result of the COVID-19 pandemic, the FASB issued ASU 2020-05, which delays the effective date of ASC 842 by one year to include all nonpublic entities that have not yet issued their financial statements. The deferred effective date is for fiscal years beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2022. Management will evaluate the effect that the adoption of this new standard will have on the Institute's consolidating financial statements.

2. Income Tax Status

PIRE has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and by the California Franchise Tax Board. In addition, the Internal Revenue Service (IRS) has determined that the organization is not a private foundation, as defined in Section 509(a) of the IRC. PIRE is licensed to do business in the state of Maryland as a foreign nonprofit corporation. PIRE is also registered with the Registry of Charitable Trusts of the Office of Attorney General of the state of California.

HBSA has been granted tax exempt status under Section 501(c)(3) of the IRC and is licensed to do business as a nonprofit corporation in the state of Maryland. In addition, the IRS has determined that the organization is not a private foundation, as defined in Section 509(a) of the IRC.

PIRE CA has been granted tax exempt status under Section 501(c)(3) of the IRC and is licensed to do business as a nonprofit corporation in the state of California. In addition, the IRS has determined that the organization is a public charity, as defined in Section 509(a)(3) of the IRC.

In accordance with the U.S. GAAP, the Institute must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained on examination. The Institute does not believe there are any unrecognized tax benefits that should be recorded.

For the year ended December 31, 2020, there were no interest or penalties related to income taxes included in the consolidating statements of activities. The Institute is still open to examination by taxing authorities from year 2017 forward.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

3. Liquidity and Availability

The Institute maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Institute has a committed line-of-credit of \$1,500,000, which it could draw upon. The Institute did not have an outstanding balance on this line-of-credit as of December 31, 2020.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidating statement of financial position date, are comprised of the following at December 31, 2020:

	PIRE	HBSA	PIRE CA	Total
Cash and cash equivalents	\$ 1,369,825	\$ 10,000	\$ 54,852	\$ 1,434,677
Short-term investments	2,403,777	250,806	250,806	2,905,389
Receivable on grants and contracts	1,931,141	1,400,689	-	3,331,830
Other receivables	57,121	-	-	57,121
	<u>\$ 5,761,864</u>	<u>\$ 1,661,495</u>	<u>\$ 305,658</u>	<u>\$ 7,729,017</u>

As part of the liquidity management plan, the Institute invests cash in excess of daily requirements in short-term investments and money market funds included in cash and cash equivalents.

4. Comparative Financial Information

The consolidating financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Institute's consolidating financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

5. Investments

Investments, at fair value, consist of the following at December 31, 2020:

	PIRE	HBSA	PIRE CA	Total
Corporate bonds	\$ 3,621,585	\$ -	\$ -	\$ 3,621,585
Mutual funds	1,703,256	-	-	1,703,256
Certificates of deposit	864,011	250,806	250,806	1,365,623
Mutual funds - deferred compensation plan	740,112	-	-	740,112
	6,928,964	250,806	250,806	7,430,576
Less investment - deferred compensation plan	740,112	-	-	740,112
Less short-term investments	2,403,777	250,806	250,806	2,905,389
Noncurrent investments	\$ 3,785,075	\$ -	\$ -	\$ 3,785,075

Investment gains and losses from mutual funds associated with the deferred compensation plan are recorded directly to the asset account, and the corresponding liability account, for deferred compensation.

6. Fair Value Measurements

As defined in FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Level 3 - Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Institute's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments - Deferred Compensation Plan

The Institute's investments in CREF are registered investments which are valued based on market quotations or independent pricing services. The CREF fund consists of several investment portfolios which include money market accounts, growth funds, stock funds, global equities funds, social choice funds, and fixed income bond funds.

Investments in TIAA Real Estate Account (TIAA REA) are investments in a pooled separate account of TIAA. The value of the units held in the pooled separate account is based on the market value of the underlying real estate holdings which are valued principally utilizing external appraisals and involve significant judgment.

Investments in TIAA Traditional Annuity are investments in fixed annuity contracts that are fully and unconditionally guaranteed by TIAA. The contracts, consisting of fixed return contracts, are included in the financial statements at fair value as reported by TIAA. Fair value represents contributions made under the contract, plus earnings less withdrawals and administrative expenses. The fixed annuity contract buys a contractual or guaranteed amount of future benefits. The fixed annuity contract is subject to certain withdrawal limitations.

Other Investments

Investments in corporate bonds and mutual funds are held by an investment manager. The fair market value of these investments is determined based on market quotations or by independent pricing services.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

The following table presents the Institute's investments that are measured at fair value on a recurring basis:

Description	Fair value measurement at reporting date using			Balance as of December 31, 2020
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	
Corporate bonds	\$ 3,621,585	-	-	\$ 3,621,585
Mutual funds	1,703,256	-	-	1,703,256
Certificates of deposit (a)	1,365,623	-	-	1,365,623
CREF Fund				
Growth	138,524	-	-	138,524
Stocks	235,138	-	-	235,138
Equities	122,491	-	-	122,491
Social choice	127,510	-	-	127,510
Bonds	67,980	-	-	67,980
TIAA Real Estate	-	-	12,405	12,405
TIAA Traditional Annuity	-	-	36,064	36,064
	\$ 7,382,107	\$ -	\$ 48,469	\$ 7,430,576

(a) Certificates of deposit include investment balances of \$250,806 each for HBSA and PIRE CA.

See Note 5 for the reconciliation of the fair value measurement disclosures of the Institute's investments to the line items in the consolidating statements of financial position.

The following table summarizes the Institute's activities for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2020.

	TIAA Real Estate	TIAA Traditional Annuity	Total
Net (depreciation) appreciation in fair value	\$ (107)	\$ 1,202	\$ 1,095
Transfers from/(to) other investments	\$ (3,925)	\$ -	\$ (3,925)

Transfers to other investments are made under the direction of plan participants and not the Institute.

During the year ended December 31, 2020, the Institute did not have additional contributions and/or distributions in Level 3 investments, other than the activities noted above.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Quantitative information as of December 31, 2020, with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
TIAA Real Estate	\$ 12,405	Appraisals	Values of underlying real estate holdings/ investments	N/A
TIAA Traditional Annuity	36,064	Contract value	Accumulated cash contributions, interest credited and transfers	N/A
	\$ 48,469			

7. Property and Equipment

Property and equipment consists of the following at December 31, 2020:

Leasehold improvements	\$ 893,849
Furniture and equipment	960,751
	1,854,600
Less: accumulated depreciation and amortization	1,786,517
	\$ 68,083

Depreciation and amortization expense charged to operations was \$57,824 for 2020.

8. Line-of-Credit

The Institute maintains a revolving line-of-credit with Sandy Spring Bank. Any outstanding principal is due on demand by August 31, 2022, the maturity date. The maximum borrowing amount was \$1,500,000 and no principal was outstanding at December 31, 2020. Interest is calculated at 0.5% over the Sandy Spring Bank Prime Rate. The interest rate was 3.75% at December 31, 2020. The line-of-credit is secured by a perfected first lien security interest in all collateral of the Institute, including all grants and contracts, other accounts receivable, and property and equipment.

The line-of-credit carries certain covenants, which, if not met, would make the loan in default, and due upon demand. At December 31, 2020, the Institute met all covenants.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

The Institute also maintains one letter of credit issued by Sandy Spring Bank to a landlord. The amount of the letter of credit is \$65,698. There were no amounts drawn on the letter of credit at December 31, 2020.

9. Paycheck Protection Program (PPP) Loan

The Institute received loan proceeds under the Paycheck Protection Program (“PPP”) in the amount of \$2,325,100 on April 21, 2020, with a fixed interest rate of 1.00% per annum. The application for these funds requires the Institute to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Institute. This certification further requires the Institute to take into account the Institute’s current activity and the Institute’s ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the Institute. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Institute having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria. The Institute repaid \$1,965,100 of the loan as of December 31, 2020. The remaining loan balance of \$360,000 is reported as Paycheck Protection Program loan payable in the consolidating statements of financial position as of December 31, 2020.

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after the appropriate time period as long as the borrower has initially qualified for the loan and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the appropriate time period.

The Institute currently believes it has spent these loan proceeds in accordance with the provisions of the PPP and expects the loan to be forgiven. The Institute submitted their application for loan forgiveness on January 12, 2021 and received a preliminary forgiveness notice from the bank on March 1, 2021. If the PPP loan is not forgiven, the unforgiven portion including the interest will be payable two years from the date of the loan.

Minimum future payments on the note payable are as follows:

Year Ending December 31,

2021	\$	-
2022		360,000
	\$	360,000

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

10. Commitments and Contingencies

Operating Leases

The Institute leases facilities to conduct its operations under operating lease agreements expiring at various times through January 2027.

The Institute leases space in California, Maryland, Kentucky, New Mexico and North Carolina. Several of the operating lease commitments provide for increased annual rent, based on increases in real estate taxes and building operating expenses. Occupancy expenses, including month-to-month rentals, were \$1,174,722, for the year ended December 31, 2020.

Additionally, the Institute generates rental income from subleasing office space in its facilities under leases that expire in 2021. Total lease income was \$124,461 for year ended December 31, 2020 and was netted against rental expense in the consolidating statements of activities and functional expenses.

Minimum future lease payments and receipts are as follows:

<i>Year Ending December 31,</i>	Lease Payments	Lease Receipts
2021	\$ 841,628	\$ 71,727
2022	563,381	-
2023	404,969	-
2024	121,396	-
2025	103,941	-
Thereafter	115,546	-
	<hr/>	<hr/>
	\$ 2,150,861	\$ 71,727

Grants and Contracts Backlog

As of December 31, 2020, the Institute had a backlog of approximately \$28.7 million in grants and contracts to be used in future years.

11. Retirement Plans

Profit Sharing Plan and Trust

In May 2002, the Institute amended and restated the Pacific Institute for Research and Evaluation Employees Supplemental Retirement Plan, a discretionary defined contribution plan. The new plan, Pacific Institute for Research and Evaluation, Inc. Profit Sharing Plan and Trust, is subject to the guidelines of the IRC and ERISA (Employee Retirement Income Security Act of 1974).

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

Employees classified as full-time employees, who work at least 60 percent of the full time equivalent, are eligible to participate in the Plan. Part-time employees who work in excess of 1,000 hours per year are also eligible to participate in the Plan. It is the intention of the Institute to contribute an amount equal to at least ten percent of an eligible employee's gross compensation, subject to availability of resources.

Retirement expense under the amended and restated Profit-Sharing Plan and Trust for the year ended December 31, 2020 was \$1,226,747.

Deferred Compensation 457(f) Plan

In December 1998, the Institute established a nonqualified deferred compensation plan under §457(f) of the IRC (the 457(f) Plan). Eligibility for the 457(f) Plan is restricted to level 7 and 8 employees of the Institute, who hold jobs at the senior manager and executive management levels. Employees vest in the 457(f) Plan at a rate of 10% for each year of service. Contributions to the 457(f) Plan are made annually, at the discretion of the Board, and are based on performance evaluations. There was no retirement expense under the 457(f) Plan for the year ended December 31, 2020.

12. Major Sources of Funding

The Institute received a substantial portion of revenues from research and development grants and contracts from the U.S. Department of Health and Human Services. Revenue recognized from this source for 2020 was as follows:

U.S. Department of Health and Human Services	\$	11,814,260	50%
Other sources		12,046,515	50%
	\$	23,860,775	100%

13. COVID-19 and CARES Act

Beginning in late 2019 and continuing through December 31, 2020, and beyond, the outbreak of the novel coronavirus disease, or COVID-19, has resulted in the declaration of a global pandemic and has adversely affected economic activity across virtually all sections and industries on a local, national and global scale. The impact of COVID-19 on the economy and the Institute continues to be a fluid situation.

In response to the COVID-19 pandemic, many state, local and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception of such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, and travel restrictions, among other effects that could negatively disrupt the Institute's operations. To further limit health risks associated with the COVID-19 virus, the Institute required that all staff at all of its offices work remotely and program activities have been transitioned to a virtual environment. The Institute is complying with state and local health officials, as well as the World Health Organization (WHO) recommendations, to do its part in reducing the impact on its employees and overall population.

Pacific Institute for Research and Evaluation and Affiliates

Notes to Consolidating Financial Statements

The Institute's operations are heavily dependent on funding from the federal government, as well as foundations and other private institutions. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations to the Institute. Operationally, the Institute has remained focused on supporting its clients, community, and employees during this time. Through December 31, 2020, the Institute has not seen a significant adverse impact to the financial position, change in net assets, and cash flows and liquidity as a result of COVID-19. The values of the Institute's investments have and may fluctuate in response to changing market conditions. The ultimate impact of COVID-19 on the business is not estimable at this time and will be largely dependent upon a number of factors outside of the Institute's control including the extent and duration of the outbreak as well as any mitigating actions which may be undertaken by federal and local governments and the general public.

On March 27, 2020, the President of the United States signed into law the CARES Act. The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Institute elected to utilize the provisions enacted by the CARES Act and received a PPP loan in the amount of \$2,325,100 as discussed in Note 9. During the calendar year 2020, the Institute repaid \$1,965,100 of the original loan amount, resulting in a loan balance of \$360,000 as of December 31, 2020.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the Act) was passed, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Institute believes that the Act will have no impact on its operations.

The global pandemic continues to rapidly evolve, and the Institute will continue to monitor the COVID-19 situation closely. The ultimate impact of the global pandemic is highly uncertain and subject to change. The Institute does not yet know the full extent of potential delays or impacts on operations, or the global economy as a whole, which makes future results difficult to predict.

14. Subsequent Events

On March 11, 2021, the American Rescue Plan Act of 2021 (the 2021 Act) was passed, a \$1.9 trillion stimulus relief package that is intended to provide support to individuals and businesses affected by COVID-19. The Institute is currently evaluating the impact of the 2021 Act, if any.

The Institute has evaluated subsequent events through April 23, 2021, which is the date the consolidating financial statements were available to be issued. There were no other events noted that required adjustments to, or disclosure in, these consolidating financial statements.

**Schedule of Expenditures
of Federal Awards**

Pacific Institute for Research and Evaluation and Affiliates

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number/Contract Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pacific Institute for Research and Evaluation				
Research and Development Cluster				
Department of Health and Human Services				
<i>National Institutes of Health</i>				
Alcohol Research Program - Direct	93.273	Various	\$ 1,432,135	\$ 3,903,685
COVID-19 - Alcohol Research Program - Direct	93.273	Various	-	8,596
Alcohol Research Program - Pass-through	93.273	Various	-	313,660
Drug Abuse Research Programs - Direct	93.279	Various	18,791	83,202
Drug Abuse Research Programs - Pass-through	93.279	Various	-	12,232
Mental Health Research Grant - Direct	93.242	Various	-	146,364
Mental Health Research Grant - Pass-through	93.242	Various	-	37,170
<i>Other National Institutes of Health</i>				
Pass-through from University of Louisville Research Foundation	93.121	ULRF 15-1506	-	322,114
Improving Native American Elder Access to and Use of Healthcare through Effective Health System Navigation	93.307	R01 MD010292	-	336,278
Enhancing Primary Care Services for Diverse Sexual and Gender Minority Populations	93.307	R21 MD011648	16,139	82,297
Pass-through from Yale University	93.393	GK000216	-	1,520
Pass-through from University of North Carolina at Chapel Hill	93.855	5112616	-	5,275
Pass through from Indian Health Council	93.859	S06GM128073	-	8,047
Implementing School Nursing Strategies to Reduce LGBTI Adolescent Suicide	93.865	R01 HD083399	102,485	486,300
Pass-through from the CDM Group, Inc.	93.RD	HHSN275201800002I	-	257,180
<i>Substance Abuse and Mental Health Service Administration</i>				
Pass-through from Vermont Dept. of Health	93.243	30491	-	486,606
Pass-through from Alabama Dept. of Mental Health	93.243	C8-061-859917	-	128,820
Pass-through from Little Traverse Bay Band of Odawas	93.243	SP020700	-	4,129
Pass-through from COPEs	93.243	SP021309	-	20,395
Pass-through from Research Foundation for Mental Hygiene	93.243	26000	-	15,699
Pass-through from Indian Health Council	93.243	SM063511	-	26,513
Pass-through from Little Traverse Bay Band of Odawas	93.243	SP022101	-	72,287
Pass-through from Falling Colors for New Mexico OSAP-BHSD	93.243	SP022114	-	102,142
Pass-through from Falling Colors for New Mexico OSAP-BHSD	93.243	SP022084	-	69,344
Pass-through from Falling Colors for New Mexico OSAP-BHSD	93.243	SP020769	-	94,586
Pass-through from South Carolina Dept. of Alcohol & Other Drugs	93.243	4400014066	-	159,747
Pass-through from Governor's Institute	93.243	SP022087	-	25,839
Pass-through from City of Portales, New Mexico	93.243	SP020769	-	12,060
Pass-through from University of New Mexico	93.243	PRO-HPSAU-1324-18	-	129,528
Pass-through from Bernalillo County Community Health Council	93.243	SP022084	-	67,253
Pass-through from Association of American Indian Physicians	93.243	SP080999	-	45,426
Pass-through from South Dakota Department of Education	93.243	2019C-379	-	95,791
Pass-through from Idaho Office of Drug Policy	93.243	CPO19200364	-	21,369

Pacific Institute for Research and Evaluation and Affiliates

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number/Contract Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pacific Institute for Research and Evaluation				
Research and Development Cluster - (continued)				
Department of Health and Human Services - (continued)				
Substance Abuse and Mental Health Service Administration - (continued)				
Pass-through from Indiana Department of Education	93.243	33834	30,079	244,828
Pass-through from South Carolina Department of Education	93.243	4400021574	-	153,416
Pass-through from Hazel Pittman Center	93.243	SP081714	-	32,345
Pass-through from Youth Environmental Services Inc.	93.243	SP081365	-	42,452
Pass-through from the Phoenix Center	93.243	SP081588	-	44,817
Albuquerque-Bernalillo County Youth Underage Drinking & RX Opioid Misuse Prevention Partnership (ABC Prevent)	93.243	H79SP081613	158,106	280,591
Pass-through from Ohio University	93.243	UT21163	-	1,639
Pass-through from United Way of Addison County	93.243	SP081663	-	11,372
Pass-through from Little Traverse Bay Band of Odawas	93.243	SP081753	-	13,405
Pass-through from Burlington Partnership	93.243	SP081658	-	8,231
Pass-through from Falling Colors for New Mexico OSAP-BHSD	93.243	TI082506	-	87,781
Pass-through from National Center for Frontier Communities	93.243	SP082535	-	10,820
Pass-through from United Way Addison County	93.276	SP081953	-	6,150
Pass-through from Lamoille Family Center	93.276	SP081849	-	1,972
COVID-19 - Pass-through from North Dakota Dept. of Human Services	93.665	PTE #510-11739	-	46,107
Pass-through from Indian Health Council	93.788	TI081796	-	3,718
Pass-through from Community Impact NC, Inc.	93.788	TI081710	-	151,427
Pass-through from North Dakota Dept. of Human Services	93.788	PTE #510-11739B	-	8,908
Pass-through from Ohio University	93.958	UT21576	-	212,543
Pass-through from Ohio University	93.958	UT21685	-	62,462
Pass-through from Ohio University	93.959	UT20615	-	32,620
Pass-through from Rocky Mountain Youth Corps	93.959	TI010037	-	17,439
Pass-through from Falling Colors for New Mexico OSAP-BHSD	93.959	TI010037	-	229,339
Pass-through from Idaho Office of Drug Policy	93.959	CPO19200364	-	109,475
Pass-through from Alabama Dept. of Mental Health	93.959	C8-061-859917	-	76,050
Pass-through from Vermont Dept. of Health	93.959	31844	-	40,313
Pass-through from South Carolina Dept. of Alcohol & Other Drugs	93.959	TI010048	-	7,541
Pass-through from South Carolina Dept. of Alcohol & Other Drugs	93.959	PIRE-TRNG-20	-	11,796
Pass-through from Gloucester Police Dept.	93.959	TI083046	-	1,869
Pass-through from the CDM Group, Inc.	93.RD	HHS277201500001C	-	56,385
Pass-through from Advancement Strategy, LLC	93.RD	75S20120C00001-02	-	20,503
Pass-through from South Carolina Dept. of Alcohol and Other Drugs	93.RD	4400022017	-	128,180

Pacific Institute for Research and Evaluation and Affiliates

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number/Contract Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pacific Institute for Research and Evaluation				
Research and Development Cluster - (continued)				
Department of Health and Human Services - (continued)				
<i>Other Agencies</i>				
<i>Health Resources & Services Administration (HRSA)</i>				
Pass-through from Education Development Center	93.110	11905	-	173,955
Pass-through from Southwest Center for Health Innovation	93.211	G25RH33006	-	44,795
Rural Communities Opioid Response (Implementation)	93.211	GA1RH33532	251,272	298,549
Pass-through from Ohio University	93.211	UT21208	-	17,400
Pass through from Purchase District Health Department	93.912	G25RH32994	-	34,056
Pass-through from Purchase District Health Department	93.912	GA1RH39592	-	22,947
Pass through from Center for Health Innovation	93.912	GA1RH39543	-	15,358
<i>Administration for Children and Families (ACF)</i>				
Pass-through from Social Capital Valuations, LLC	93.235	02160021SR0119	-	27,151
Pass-through from Central Susquehanna Intermediate Unit	93.093	90FX0033	-	105,263
<i>Other Agencies</i>				
Pass-through from Center for Women & Families	93.088	ASTWH190075	-	396,099
Pass-through from Vermont Department of Health	93.136	35912	-	95,972
Pass-through from Maryland Department of Health	93.136	M00B9400425	-	5,165
Pass-through from Baltimore County, MD	93.136	Master 00004286	-	154,610
Pass-through from City of New Bedford Health Department	93.136	PTE #20510234	-	29,656
COVID-19 - Pass-through from Albuquerque Area Indian Health Board, Inc.	93.391	Agreement #20-20	-	18,663
Pass-through from Springfield Turning Point	93.421	NU380T000306	-	2,925
Quality-Adjusted Life Year (QALY) Loss Estimates for WISQARS Cost of Injury Reports*	93.RD	75D30118P01557	-	15,386
Pass-through from Ketchum, Inc.	93.RD	75CMC18D0044	-	618,362
Total Department of Health and Human Services			2,009,007	11,814,260
Department of Justice				
21st Century Policing: Cross-Site, Multi-Stakeholder Sentinel Event Review Project	16.560	2016-IJ-CX-K005	366	75,205
Research on the Effect of an Anonymous Tip Line and Multidisciplinary Response Teams in Schools Across the State of Nevada	16.560	2016-CK-BX-0007	384,306	705,670
Pass-through from Center for Women & Families	16.582	2017-VF-GX-K006	-	6,884
Pass-through from Vermont Department of Health	16.754	39044	-	27,817
Total Department of Justice			384,672	815,576
Department of Transportation				
<i>National Highway Traffic Safety Administration</i>				
Strategies for Enforcement of Impaired Motorcycle Operation*	20.RD	DTNH22-14-C-00396	11,329	55,812

Pacific Institute for Research and Evaluation and Affiliates

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number/Contract Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pacific Institute for Research and Evaluation				
Research and Development Cluster - (continued)				
<u>Department of Transportation (continued)</u>				
Building Community Support for Impaired Driving Enforcement*	20.RD	DTNH22-15-C-00023	-	1,698
Pass-through from Dunlap & Associates	20.RD	693JJ918F000192	-	13,515
Pass-through from Dunlap & Associates	20.RD	693JJ919F000202	-	4,192
Pass-through from Network of Employers for Traffic Safety	20.RD	DTNH22-16-H-00005	-	23,185
Update Cost of Motor Vehicle Crash Components*	20.RD	693JJ920F000111	-	75,458
Total Department of Transportation			11,329	173,860
<u>Department of Agriculture</u>				
Pass-through from University of Alaska-Fairbanks	10.310	P0529157	-	70,017
Pass-through from Texas A&M AgriLife Research	10.500	M2001208	-	26,871
Pass-through from University of Kentucky Research Foundation	10.RD	3200002889-20-244	-	8,741
Total Department of Agriculture				105,629
<u>Department of Education</u>				
Pass-through from University of North Carolina-Chapel Hill	84.326P	5110486	-	24,291
Pass-through from edCount Management, LLC	84.368A	S368A170003	-	77,707
Pass-through from SRI International	84.373Z	44577	-	123,743
Pass-through from University of South Florida	84.326B	H326B170003	-	5,102
Total Department of Education			-	230,843
<u>Corporation for National and Community Service</u>				
Pass-through from City of Santa Fe	94.006	18AFHNM001	-	30,674
Total Corporation for National and Community Service			-	30,674
<u>Consumer Product Safety Commission</u>				
Compile Documentation and Data for the Injury Impairment Estimates*	87.RD	61320619F0029	-	4,382
Update the Injury Cost Model to Account for Secondary Injuries in the NEISS Data*	87.RD	61320620F0085	-	9,487
Total Consumer Product Safety Commission			-	13,869
<u>Federal Emergency Management Agency</u>				
Development and Testing of the Fire Service Drinking Toolkit	97.044	EMW-2018-FP-00593	148,673	234,118
Total Department of Homeland Security			148,673	234,118
<u>Department of Veterans Affairs</u>				
Education Services for Whole Health*	64.RD	VA777-15-F-0330	1,128,702	3,817,168
VA Whole Health Training Program*	64.RD	36C24819F0381	-	(2,069)
Total Department of Veterans Affairs			1,128,702	3,815,099
<u>Department of State/INL</u>				
Pass-through from Columbo Plan Drug Advisory Commission	19.RD	IN26US03	-	43,674
Total Department of State/INL			-	43,674
Total Research and Development Cluster			3,682,383	17,277,602
Total Expenditures of Federal Awards			\$ 3,682,383	\$ 17,277,602

The accompanying notes are an integral part of this schedule.

* Firm-fixed price contracts

Pacific Institute for Research and Evaluation and Affiliates

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of **Pacific Institute for Research and Evaluation and Affiliates** (the Institute) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the consolidating financial position, changes in net assets or cash flows of the Institute.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity or other identifying numbers are presented where available.

3. Indirect Cost Rate

The Institute has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Catalog of Federal Domestic Assistance (CFDA)

When CFDA numbers are not available, awards are classified in the Schedule based on sponsor program description and agreement identification numbers, and clustered for major program determination as provided by the Uniform Guidance.

5. Reconciliation of Schedule of Expenditures of Federal Awards to the Consolidating Statement of Activities

The Institute records additional revenue from grants and contracts with the federal agencies which are not required to be recorded within the Schedule.

Year ended December 31, 2020

Schedule of Expenditures of Federal Awards	\$ 17,277,602
Non-federal grants and contracts revenue	5,918,799
Additional revenue from grants and contracts in excess of expenditures recognized within the Schedule	493,635
<hr/>	
Consolidating financial statement grants and contracts, as reported	\$ 23,690,036

**Independent Auditor's Reports Required by
Government Auditing Standards
and the Uniform Guidance**



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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 Financial Statements Performed in Accordance
with *Government Auditing Standards***

To the Board of Directors
Pacific Institute for Research and Evaluation and Affiliates
Calverton, Maryland

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 consolidating financial statements of **Pacific Institute for Research and Evaluation and Affiliates** (the “Institute”), which comprise the consolidating statement of financial position as of December 31, 2020, and the related consolidating statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated April 23, 2021.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's consolidating 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 consolidating 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

April 23, 2021



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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Pacific Institute for Research and Evaluation and Affiliates
Calverton, Maryland

Report on Compliance

Opinion on Compliance for the Major Federal Program

We have audited the **Pacific Institute for Research and Evaluation and Affiliates'** (the "Institute") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended December 31, 2020. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Institute's compliance with the types of 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 the Institute's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute'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 GAAS, *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 types of 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 the Institute's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Institute's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute'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 the Institute'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 have not been 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.

BDO USA, LLP

April 23, 2021

Pacific Institute for Research and Evaluation and Affiliates

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

Section I - Summary of Auditor's 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 no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal program:

CFDA/Contract Number
Various

Name of Federal Program or Cluster
Research and Development

See Schedule of Expenditures of Federal Awards for detail by award.

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Pacific Institute for Research and Evaluation and Affiliates

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

Section II - Financial Statement Findings

There were no findings related to the consolidating financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal awards (as defined in section 2 CFR 200.516(a)) that are required to be reported.