BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

MOFFETT FIELD, CALIFORNIA

FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT

FOR THE 9-MONTH PERIOD ENDED

SEPTEMBER 30, 2024

Hiep Pham, CPA Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bay Area Environmental Research Institute
Moffett Field, California

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Bay Area Environmental Research Institute (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the 9-month period then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bay Area Environmental Research Institute as of September 30, 2024, and the changes in its net assets and its cash flows for the 9-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Bay Area Environmental Research Institute and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

As discussed in Note 2B to the financial statements, the organization has elected to change its fiscal year. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Bay Area Environmental Research Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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*, I:

- 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 Bay Area Environmental Research 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 financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Area Environmental Research Institute's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 my opinion, the accompanying schedules 1 through 8 and 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*, I have also issued my report dated June 27, 2025, on my consideration of Bay Area Environmental Research Institute's internal control over financial reporting and on my 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 my 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 Bay Area Environmental Research 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 Bay Area Environmental Research Institute's internal control over financial reporting and compliance.

Hiep Pham, CPA Inc.

Fremont, California
June 27, 2025

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

STATEMENT OF FINANCIAL POSITION

September 30, 2024

ASSETS		
Current assets:		
Cash and cash equivalents	$	1,026,025
Grants receivable		4,666,885
Prepaid expenses and other current assets		65,975
Total current assets	$	5,758,885
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$	1,931,715
Refundable advances		3,824,000
Total current liabilities		5,755,715
Net assets:		
Net assets without donor restrictions		3,170
Total net assets		3,170
Total liabilities and net assets	$	5,758,885

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

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

STATEMENT OF ACTIVITIES

For the 9-Month Period Ended September 30, 2024

	Without Donor Restrictions
Revenues:	
Grants	$ 22,622,849
Total revenues	22,622,849
Expenses:	
Program services:	
Research and development	15,942,153
Other programs	2,373,985
Total program services	18,316,138
Supportive services:	
Administration services	4,305,810
Total supportive services	4,305,810
Total expenses	22,621,948
Change in net assets	901
Net assets, beginning of period	2,269
Net assets, end of period	$ 3,170

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

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES

For the 9-Month Period Ended September 30, 2024

	Program Services			Supportive Services	
	Research and Development	Other Programs	Subtotal Program Services	Administration Services	Total
Expenses:					
Salaries	$ 8,267,424	$ 1,557,021	$ 9,824,445	$ 2,518,350	$ 12,342,795
Payroll taxes	645,592	121,603	767,195	177,396	944,591
Employee benefits	3,053,017	512,410	3,565,427	775,563	4,340,990
Travel	1,099,879	110,306	1,210,185	64,216	1,274,401
Professional services	601,111	16,668	617,779	168,793	786,572
Supplies	344,083	3,652	347,735	12,885	360,620
Rent and utilities	160,901	-	160,901	55,049	215,950
Office expenses	63,311	14,506	77,817	17,221	95,038
Communications	19,697	146	19,843	12,680	32,523
Subcontractors	1,210,818	-	1,210,818	12,157	1,222,975
Equipment expenses	19,249	-	19,249	12,286	31,535
Mission support services	275,158	-	275,158	(55,011)	220,147
Transport services	211,629	15,988	227,617	910	228,527
Dues and subscriptions	18,689	21,685	40,374	21,554	61,928
Insurance	-	-	-	67,520	67,520
Service charges and fees	925	-	925	226,381	227,306
Other expenses	(49,330)	-	(49,330)	217,860	168,530
Total expenses	$ 15,942,153	$ 2,373,985	$ 18,316,138	$ 4,305,810	$ 22,621,948

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

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

STATEMENT OF CASH FLOWS

For the 9-Month Period Ended September 30, 2024

Cash flows from operating activities:	
Change in net assets	$ 901
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Grants receivable	(3,715,816)
Prepaid expenses and other current assets	(10,529)
Accounts payable and accrued expenses	(237,693)
Refundable advances	3,386,007
Net cash provided (used) by operating activities	(577,130)
Net increase (decrease) in cash	(577,130)
Cash and cash equivalents, beginning of period	1,603,155
Cash and cash equivalents, end of period	$ 1,026,025

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

NOTE 1 - GENERAL

A. Organization

Bay Area Environmental Research Institute (the Organization) is a California non-profit corporation dedicated to promoting and conducting research in the environmental sciences, particularly atmospheric science. Established in 1993, the Organization's scientists have worked with state and federal agencies on a wide variety of research topics. Areas of expertise include the general area of biology, chemistry, and physics. Specific projects range in scale from the study of microbes and how they develop in primitive atmospheric conditions to utilizing satellite data to monitor and understand the Earth and Martian atmospheres.

B. Program Services

The Organization has been guided by a fundamental commitment to original research. The Organization has received numerous grants and contracts from NASA and other federal and state agencies for scientific research. The Organization's research projects range in scale from the study of how microbes develop in primitive atmospheric conditions, to how satellite data can be used to monitor and understand the atmospheres of Earth and Mars, to the search for planets outside the solar system. Currently, many of the Organization's scientists collaborate with scientists at the NASA Ames Research Center. In addition, the Organization researchers have worked with a number of federal agencies, including the Department of Energy, the National Science Foundation, the Pacific Northwest National Laboratory, the Lawrence Berkeley and Lawrence Livermore Laboratories, and the National Center for Atmospheric Research. The Organization also has worked with a number of Universities, including Stanford University, the University of California at Berkeley, the University of Colorado, Freie Universität of Berlin, and California State University, Monterey Bay.

C. Administration Services

Administration services represent management and general expenses, indirect costs, and the administrative costs portion of program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Change in Fiscal Year

The Organization's fiscal year was previously for the period January 1st to December 31st. In March 2025, the Organization elected to change its' fiscal year to the period January 1st to September 30th. The Internal Revenue Service approved the election to change the Organization's fiscal year to the period January 1st to September 30th. As a result, the Organization has presented its' financial statements for the 9-month period ended September 30, 2024.

C. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

E. Grants Receivable

Grants receivable represent amounts earned but not yet collected. The Organization has not accrued an allowance for doubtful accounts as it is the opinion of management that all receivables will be realized. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

F. Fixed Assets

Assets acquired through restricted grant resources are considered to be owned by the grantor while such assets are in use under the funded program, or while they are being used for a similar program. The grantor has a reversionary interest in such assets. Any disposition of restricted assets or any funds derived therefrom is subject to grant regulations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fixed Assets (concluded)

Equipment acquired during the year is recognized in accordance with grant regulations. Title to equipment purchased with grant funds shall vest in the Organization unless otherwise provided. The government reserves the right to require transfer of title to itself of items purchased at a cost of $5,000 or more.

G. 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 statements of financial position until the conditions have been substantially met or explicitly waived by the donor or grantor.

H. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

I. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).*

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Indirect Costs

During the 9-month period ended September 30, 2024, the 17.95% provisional indirect rate is charged to each applicable grant on a regular basis. The Organization charges a 2% management fee pursuant to Grant Information Circular 99-1 and NASA FAR Supplement 1815.404-471-6 to provide funds for the extra work required by one particular Cooperative Agreement and uses these funds to staff the Administrative Office for the extra work.

The 17.95% provisional indirect rate is charged to each applicable grant on a regular basis. Each grant covers a period of time of two or more years and therefore the indirect cost pool at any particular reporting period may have more or fewer indirect expenses than were actually charged. However, at the end of the grant period, the difference between the actual indirect cost and what was charged was adjusted accordingly.

K. Functional Expenses

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

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll related expenses	Time and effort
Travel	Function and usage
Professional services	Function and usage
Supplies	Function and usage
Rent and utilities	Function and usage
Office expenses	Function and usage
Communications	Function and usage
Subcontractors	Function and usage
Equipment expenses	Function and usage
Transport services	Function and usage
Dues and subscriptions	Function and usage
Service charges and fees	Function and usage
Other expenses	Function and usage

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents and grants and receivable

The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments; and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation (FDIC) limits.

The Organization is vulnerable to the inherent risk associated with revenue that is substantially dependent on grants. The continued growth and well being of the Organization are contingent upon successful achievement of its long-term revenue-raising goals. Management is taking steps to address potential changes in funding levels and reduce Organization's exposure to these fluctuations.

M. Concentrations

The Organization receives a substantial amount of revenue for its programs funded by the National Aeronautics and Space Administration. During the 9-month period ended September 30, 2024, the Organization received $18,619,256, which amounts to 82% of total revenue for this year.

N. Contingencies

The Organization participates in numerous grants, the principal of which is the National Aeronautics and Space Administration. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

O. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

P. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Q. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 27, 2025, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2024. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of September 30, 2024 are as follows:

Wells Fargo Bank	$ 1,026,025

The account balances were insured under the $250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE 5 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was $1,631,695 as of September 30, 2024.

NOTE 6 - LEASE

The Organization has a month-to-month lease to rent the facility in Moffett Field, California. The rent expense is currently at $6,117 per month.

NOTE 7 - PENSION PLAN

The Organization has established a 403(b) plan that covers all employees except temporary and casual classification employees that meet the requirements. The Organization contributes 10% of compensation to the plan on behalf of the eligible employees. The amount of pension plan expense was $1,147,528 for the 9-month period ended September 30, 2024.

NOTE 8 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of September 30, 2024, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that can be drawn upon if the governing board approves that action.

Cash and cash equivalents	$ 1,026,025
Grants receivable	4,666,885
Total financial assets	5,692,910
Donor-imposed restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	$ 5,692,910

Schedule 1

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	NASA Research and Development									
	AD05	AO96	K0093	K0261	K0424	K0520	K0527	K0553	K0716	Total
Revenues:										
Grants	$ 444,048	$ 107,060	$ 216,076	$ 121,094	$ 19,529	$ 77,385	$ 64,431	$ 70,402	$ 72,468	$ 1,192,493
Total revenues	444,048	107,060	216,076	121,094	19,529	77,385	64,431	70,402	72,468	1,192,493
Expenses:										
Salaries	62,965	77,143	117,479	64,536	9,125	34,450	37,925	35,075	10,064	448,762
Payroll taxes	6,425	4,353	8,989	4,767	719	2,744	2,914	2,670	594	34,175
Employee benefits	16,389	8,045	42,999	22,069	2,463	9,861	13,787	19,130	6,097	140,840
Travel	24,238	-	9,671	-	4,250	1,164	-	2,684	-	42,007
Professional services	8,375	-	-	-	-	-	-	-	-	8,375
Supplies	(2,233)	1,226	-	-	-	-	-	-	253	(754)
Rent and utilities	-	-	-	-	-	-	-	-	-	-
Office expenses	1,576	-	150	-	-	-	-	-	-	1,726
Communications	-	-	65	-	-	-	-	-	-	65
Subcontractors	359,562	-	-	11,294	-	19,028	-	-	52,407	442,291
Equipment expenses	-	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-	-
Transport services	1,091	-	3,723	-	-	1,120	-	129	-	6,063
Dues and subscriptions	-	-	117	-	-	137	-	-	-	254
Insurance	-	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	-	-	-	-	-	-
Other expenses	(54,579)	-	-	-	-	-	-	-	-	(54,579)
Indirect costs	20,239	16,293	32,883	18,428	2,972	8,881	9,805	10,714	3,053	123,268
Total expenses	444,048	107,060	216,076	121,094	19,529	77,385	64,431	70,402	72,468	1,192,493
Change in net assets	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 2

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	NASA Research and Development								
	K0720	K0726	K1010	K1063	K1118	K1171	K1272	K1327	Total
Revenues:									
Grants	$ 7,662	$ 9,250	$ 42,230	$ 43,930	$ 349,944	$ 10,215	$ 94,534	$ 137,243	$ 695,008
Total revenues	7,662	9,250	42,230	43,930	349,944	10,215	94,534	137,243	695,008
Expenses:									
Salaries	5,145	-	11,264	22,307	128,231	2,760	13,530	23,100	206,337
Payroll taxes	5	-	853	1,712	5,164	262	1,092	1,778	10,866
Employee benefits	17	-	2,756	6,301	21,609	2,583	5,661	9,135	48,062
Travel	1,132	5,334	-	6,763	3,341	-	2,221	400	19,191
Professional services	-	-	-	-	-	-	-	20,300	20,300
Supplies	10	-	3,860	-	513	-	327	74	4,784
Rent and utilities	-	-	-	-	-	-	-	842	842
Office expenses	-	-	246	162	-	2,699	-	-	3,107
Communications	-	-	-	-	-	-	-	-	-
Subcontractors	-	-	19,844	-	157,249	-	67,605	68,443	313,141
Equipment expenses	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-
Transport services	-	2,508	-	-	587	-	-	51	3,146
Dues and subscriptions	-	-	-	-	121	-	-	441	562
Insurance	-	-	-	-	-	-	-	-	-
Service charges and fees	187	-	-	-	-	-	-	-	187
Other expenses	-	-	-	-	-	357	-	-	357
Indirect costs	1,166	1,408	3,407	6,685	33,129	1,554	4,098	12,679	64,126
Total expenses	7,662	9,250	42,230	43,930	349,944	10,215	94,534	137,243	695,008
Change in net assets	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

Schedule 3

SCHEDULE OF ACTIVITIES

For the 9-Month Period Ended September 30, 2024

	NASA Research and Development								
	K1684	M0007	M0028	M0037	M0065	M0066	M0087	M0106	Total
Revenues:									
Grants	$ 132,612	$ 45,538	$ 436,875	$ 540,668	$ 932,654	$ 195,395	$ 11,896	$ 809,102	$ 3,104,740
Total revenues	132,612	45,538	436,875	540,668	932,654	195,395	11,896	809,102	3,104,740
Expenses:									
Salaries	57,986	2,136	184,990	140,471	517,604	124,124	6,796	429,648	1,463,755
Payroll taxes	4,521	101	14,395	11,601	40,195	11,297	482	33,997	116,589
Employee benefits	21,882	655	49,400	48,355	184,568	22,783	2,808	157,817	488,268
Travel	3,833	350	12,964	35,664	18,042	2,262	-	19,139	92,254
Professional services	-	-	108,424	24,510	9,840	5,000	-	38,725	186,499
Supplies	-	1,156	33	7,260	1,664	173	-	547	10,833
Rent and utilities	-	-	-	-	-	-	-	-	-
Office expenses	22	1,250	-	2,989	1,168	-	-	3,042	8,471
Communications	-	-	-	-	-	-	-	-	-
Subcontractors	24,810	38,876	-	216,015	-	-	-	-	279,701
Equipment expenses	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-
Transport services	3,152	-	184	3,090	15,302	-	-	2,985	24,713
Dues and subscriptions	-	-	-	-	1,661	20	-	70	1,751
Insurance	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	676	-	-	-	676
Indirect costs	16,406	1,014	66,485	50,713	141,934	29,736	1,810	123,132	431,230
Total expenses	132,612	45,538	436,875	540,668	932,654	195,395	11,896	809,102	3,104,740
Change in net assets	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 4

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	NASA Research and Development								
	M0124	M0158	M0191	M0192	M0193	M0198	M0230	M0267	Total
Revenues:									
Grants	$ 13,465	$ 55,317	$ 118,298	$ 53,757	$ 217,417	$ 446,782	$ 12,218,567	$ 503,412	$ 13,627,015
Total revenues	13,465	55,317	118,298	53,757	217,417	446,782	12,218,567	503,412	13,627,015
Expenses:									
Salaries	4,156	42,134	47,243	-	115,158	201,564	5,478,320	259,995	6,148,570
Payroll taxes	568	1,015	3,727	-	9,022	17,183	430,605	21,842	483,962
Employee benefits	6,692	3,750	24,938	-	51,141	81,166	2,073,363	134,797	2,375,847
Travel	-	-	22,715	-	6,760	8,673	901,021	7,258	946,427
Professional services	-	-	-	-	-	-	385,937	-	385,937
Supplies	-	-	347	-	855	-	327,779	239	329,220
Rent and utilities	-	-	-	-	-	-	160,059	-	160,059
Office expenses	-	-	37	-	148	64	49,428	330	50,007
Communications	-	-	-	-	-	-	19,632	-	19,632
Subcontractors	-	-	-	49,269	-	76,645	49,771	-	175,685
Equipment expenses	-	-	446	-	-	-	18,803	-	19,249
Mission support services	-	-	-	-	-	-	275,158	-	275,158
Transport services	-	-	842	-	972	970	172,802	2,121	177,707
Dues and subscriptions	-	-	-	-	199	384	15,320	219	16,122
Insurance	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	75	-	663	-	738
Other expenses	-	-	-	-	-	-	4,216	-	4,216
Indirect costs	2,049	8,418	18,003	4,488	33,087	60,133	1,855,690	76,611	2,058,479
Total expenses	13,465	55,317	118,298	53,757	217,417	446,782	12,218,567	503,412	13,627,015
Change in net assets	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 5

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	Other Programs										
	N0024	N0323	N2471	N3077	N3273	N5083	N6021	N6034	N6041	N6056	Total
Revenues:											
Grants	$ 17,334	$ 135,507	$ 36,205	$ 7,886	$ 17,590	$ 9,292	$ 953,206	$ 2,196	$ 421,852	$ 236,966	$ 1,838,034
Total revenues	17,334	135,507	36,205	7,886	17,590	9,292	953,206	2,196	421,852	236,966	1,838,034
Expenses:											
Salaries	8,500	76,446	18,875	4,532	10,403	2,616	505,201	-	235,957	141,867	1,004,397
Payroll taxes	730	5,979	1,334	368	819	199	40,424	-	19,001	11,032	79,886
Employee benefits	5,466	32,460	10,486	1,785	3,691	1,569	181,922	-	77,115	43,995	358,489
Travel	-	-	-	-	-	1,991	53,645	460	21,311	2,834	80,241
Professional services	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	55	382	741	31	85	1,294
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	523	13,670	-	189	-	14,382
Communications	-	-	-	-	-	-	-	-	30	-	30
Subcontractors	-	-	-	-	-	-	-	-	-	-	-
Equipment expenses	-	-	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-	-	-
Transport services	-	-	-	-	-	925	8,406	661	2,456	1,091	13,539
Dues and subscriptions	-	-	-	1	-	-	4,495	-	1,563	-	6,059
Insurance	-	-	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-
Indirect costs	2,638	20,622	5,510	1,200	2,677	1,414	145,061	334	64,199	36,062	279,717
Total expenses	17,334	135,507	36,205	7,886	17,590	9,292	953,206	2,196	421,852	236,966	1,838,034
Change in net assets	-	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 6

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	Other Programs									
	N6063	N6069	N6071	N6079	N6080	N6081	N6084	N6087	N6089	Total
Revenues:										
Grants	$ 54,345	$ 590	$ 20,979	$ 14,036	$ 28,336	$ 38,644	$ 396	$ 8,957	$ 15,133	$ 181,416
Total revenues	54,345	590	20,979	14,036	28,336	38,644	396	8,957	15,133	181,416
Expenses:										
Salaries	38,825	-	12,935	8,333	15,300	17,975	-	5,141	10,002	108,511
Payroll taxes	3,119	-	941	655	1,212	1,383	-	486	818	8,614
Employee benefits	4,131	500	3,910	2,912	5,905	7,118	25	1,967	2,010	28,478
Travel	-	-	-	-	-	5,438	-	-	-	5,438
Professional services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	89	311	-	-	400
Rent and utilities	-	-	-	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-
Subcontractors	-	-	-	-	-	-	-	-	-	-
Equipment expenses	-	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-	-
Transport services	-	-	-	-	1,607	760	-	-	-	2,367
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-
Indirect costs	8,270	90	3,193	2,136	4,312	5,881	60	1,363	2,303	27,608
Total expenses	54,345	590	20,979	14,036	28,336	38,644	396	8,957	15,133	181,416
Change in net assets	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	Other Programs									
	N6092	N6094	N6095	N6096	N6097	N6098	N7505	N8216	NF07	Total
Revenues:										
Grants	$ 313,224	$ 15,869	$ 17,434	$ 1,671	$ 151,067	$ 90,370	$ 100,115	$ 55,950	$ 34,964	$ 780,664
Total revenues	313,224	15,869	17,434	1,671	151,067	90,370	100,115	55,950	34,964	780,664
Expenses:										
Salaries	172,343	8,084	6,490	1,184	91,472	58,278	54,475	30,812	20,975	444,113
Payroll taxes	13,458	1,348	491	103	4,798	4,722	4,137	2,415	1,631	33,103
Employee benefits	59,640	4,022	2,561	130	14,247	11,802	16,169	9,835	7,037	125,443
Travel	4,415	-	5,145	-	892	-	9,802	4,373	-	24,627
Professional services	-	-	-	-	16,668	-	-	-	-	16,668
Supplies	-	-	75	-	-	1,815	68	-	-	1,958
Rent and utilities	-	-	-	-	-	-	-	-	-	-
Office expenses	75	-	19	-	-	-	30	-	-	124
Communications	-	-	-	-	-	-	116	-	-	116
Subcontractors	-	-	-	-	-	-	-	-	-	-
Equipment expenses	-	-	-	-	-	-	-	-	-	-
Mission support services	-	-	-	-	-	-	-	-	-	-
Transport services	-	-	-	-	-	-	82	-	-	82
Dues and subscriptions	15,626	-	-	-	-	-	-	-	-	15,626
Insurance	-	-	-	-	-	-	-	-	-	-
Service charges and fees	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-
Indirect costs	47,667	2,415	2,653	254	22,990	13,753	15,236	8,515	5,321	118,804
Total expenses	313,224	15,869	17,434	1,671	151,067	90,370	100,115	55,950	34,964	780,664
Change in net assets	-	-	-	-	-	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 8

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE
SCHEDULE OF ACTIVITIES
For the 9-Month Period Ended September 30, 2024

	NASA Research and Development				Other Programs				
	Total Schedule 1	Total Schedule 2	Total Schedule 3	Total Schedule 4	Total Schedule 5	Total Schedule 6	Total Schedule 7	Admin	Total
Revenues:									
Grants	$ 1,192,493	$ 695,008	$ 3,104,740	$ 13,627,015	$ 1,838,034	$ 181,416	$ 780,664	$ 1,203,479	$ 22,622,849
Total revenues	1,192,493	695,008	3,104,740	13,627,015	1,838,034	181,416	780,664	1,203,479	22,622,849
Expenses:									
Salaries	448,762	206,337	1,463,755	6,148,570	1,004,397	108,511	444,113	2,518,350	12,342,795
Payroll taxes	34,175	10,866	116,589	483,962	79,886	8,614	33,103	177,396	944,591
Employee benefits	140,840	48,062	488,268	2,375,847	358,489	28,478	125,443	775,563	4,340,990
Travel	42,007	19,191	92,254	946,427	80,241	5,438	24,627	64,216	1,274,401
Professional services	8,375	20,300	186,499	385,937	-	-	16,668	168,793	786,572
Supplies	(754)	4,784	10,833	329,220	1,294	400	1,958	12,885	360,620
Rent and utilities	-	842	-	160,059	-	-	-	55,049	215,950
Office expenses	1,726	3,107	8,471	50,007	14,382	-	124	17,221	95,038
Communications	65	-	-	19,632	30	-	116	12,680	32,523
Subcontractors	442,291	313,141	279,701	175,685	-	-	-	12,157	1,222,975
Equipment expenses	-	-	-	19,249	-	-	-	12,286	31,535
Mission support services	-	-	-	275,158	-	-	-	(55,011)	220,147
Transport services	6,063	3,146	24,713	177,707	13,539	2,367	82	910	228,527
Dues and subscriptions	254	562	1,751	16,122	6,059	-	15,626	21,554	61,928
Insurance	-	-	-	-	-	-	-	67,520	67,520
Service charges and fees	-	187	-	738	-	-	-	226,381	227,306
Other expenses	(54,579)	357	676	4,216	-	-	-	217,860	168,530
Indirect costs	123,268	64,126	431,230	2,058,479	279,717	27,608	118,804	(3,103,232)	-
Total expenses	1,192,493	695,008	3,104,740	13,627,015	1,838,034	181,416	780,664	1,202,578	22,621,948
Change in net assets	-	-	-	-	-	-	-	901	901
Net assets, beginning of period	-	-	-	-	-	-	-	2,269	2,269
Net assets, end of period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,170	$ 3,170

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the 9-Month Period Ended September 30, 2024

Federal Award Source/Federal Program Name/Cluster Name	Federal Assistance Listing Number	Award Identification	Award Amount	Award Expended	Federal Amount Passed Through to Subrecipients
National Aeronautics and Space Administration:					
Research and Development Cluster:					
Direct Awards:					
Ames Research Center Cooperative for Research in Earth Science and Technology (ARC-CREST)	43.001	NNX12AD05A	$ 137,801,510	$ 444,048	$ 359,562
Theoretical Modeling of Solar System and Proto-solar Nebula Processes	43.001	NNX16AO96A	5,038,849	107,060	-
HSR Investigation of Heating of Coronal Plumes and Loops by Magnetic Flux Convergence and Cancellation	43.001	80NSSC23K0093	724,739	216,076	-
Simulations, sensitivity kernels and helioseismic inferences on the magnetic Sun	43.001	80NSSC24K0261	710,763	121,094	11,294
Observational and Numerical Studies of Active-Region Filament/Filament-Channel-Field Formation, Buildup to Eruption, and Eruption Onset	43.001	80NSSC22K0424	75,125	19,529	-
Investigation of the Dependence of the Coronal Heating in Active Region Loops on the Magnetic Setting of their Photospheric Feet	43.001	80NSSC21K0520	515,927	77,385	19,028
Global EUV Waves and Their Interaction with Coronal Structures: Multi-wavelength Analysis and MHD Modeling	43.001	80NSSC22K0527	524,257	64,431	-
23-HGIO23_2-0037, Dynamics of solar flare ribbon kernels as a probe into three-dimensional magnetic reconnection	43.001	80NSSC24K0553	442,567	70,402	-
IRIS Fe XXI line profiles as diagnostics for flare heating models	43.001	80NSSC20K0716	515,950	72,468	52,407
Investigation of whether Network Jets work like Coronal Jets	43.001	80NSSC20K0720	322,476	7,662	-
Understanding the role played by the turbulence in the chromosphere during flares	43.001	80NSSC21K0726	406,907	9,250	-
Fast and/or Furious? Nature and Emplacement History of Lavas Erupted on Mars	43.001	80NSSC19K1010	490,700	42,230	19,844
The Mercury HOllows Retrieval NETwork (HORNET)	43.001	80NSSC22K1063	122,478	43,930	-
Distributed Spacecraft with Heuristic Intelligence to monitor Wildfire Spread for Responsive Control	43.001	80NSSC23K1118	1,551,251	349,944	157,249
Gamma-Ray Bursts As Redshift Estimators Via Machine Learning Tools And An Associated Wed-App Alert	43.001	80NSSC23K1171	38,000	10,215	-
Flux emergence and the structure, dynamics, and energetics of the solar atmosphere	43.001	80NSSC20K1272	1,163,302	94,534	67,605

BAY AREA ENVIRONMENTAL RESEARCH INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the 9-Month Period Ended September 30, 2024

Federal Award Source/Federal Program Name/Cluster Name	Federal Assistance Listing Number	Award Identification	Award Amount	Award Expended	Federal Amount Passed Through to Subrecipients
National Aeronautics and Space Administration (concluded):					
Research and Development Cluster:					
Direct Awards:					
Suprathermal Seeds for Solar Energetic Particles: Two-stage Acceleration from Flares to CME-Shocks	43.001	80NSSC21K1327	$ 1,093,718	$ 137,243	$ 68,443
The impact of multi-species and multi-fluid effects on Alfven waves in the solar atmosphere	43.001	80NSSC21K1684	665,373	132,612	24,810
Characterizing Planetary Processes via Theoretical and Observational Analyses	43.001	80NSSC20M0007	2,124,092	45,538	38,876
Sole Source, Laboratory Astrophysics 2	43.001	80NSSC23M0028	1,383,994	436,875	-
RESOURCE: Resource Exploration and Science of OUR Cosmic Environment (RESOURCE)	43.001	80NSSC20M0037	1,883,019	540,668	216,015
From Molecules to Exoplanets: The Foundations of Astrobiology	43.001	80NSSC24M0065	3,577,033	932,654	-
Volatiles Investigating Polar Exploration Rover (VIPER)	43.001	80NSSC21M0066	1,655,191	195,395	-
Assessing Early Mars Habitability After Impacts: Key Factors Affecting the Hydrological Cycle	43.001	80NSSC22M0087	218,292	11,896	-
Planetary Atmospheres, the Lunar Regolith, and Minor Planet Science	43.001	80NSSC22M0106	2,714,844	809,102	-
Modeling the global dust storms of Mars with new numerical methods	43.001	80NSSC21M0124	223,118	13,465	-
Urgent computing using a hybrid Cloud-HPC architecture for streaming satellite data analysis and event-driven modeling	43.001	80NSSC22M0158	149,913	55,317	-
IMPACTS (Investigation of Microphysics and Precipitation for Atlantic Cost-Threating Snowstorms) Science-Enabling Functions	43.001	80NSSC19M0191	1,588,462	118,298	-
Leveraging the NASA Astrophysics Missions for Asteroid Characterization	43.001	80NSSC20M0192	1,001,353	53,757	49,269
Laboratory Astrophysics	43.001	80NSSC19M0193	1,648,755	217,417	-
From Molecules to Exoplanets: The Foundations of Astrobiology	43.001	80NSSC20M0198	5,111,968	446,782	76,645
Application for a renewal of the ARC-CREST Cooperative Agreement	43.001	80NSSC23M0230	117,048,742	12,218,567	49,771
ISFM HELIOPHYSICS "Mars Global Climate Models and Numerical Modeling of Mars' Atmosphere	43.001	80NSSC22M0267	2,461,384	503,412	-
Total federal programs **(Research and Development Cluster)**				$ 18,619,256	$ 1,210,818

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Bay Area Environmental Research Institute and is presented on the accrual basis. 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). The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within Bay Area Environmental Research Institute's financial statements.

NOTE 2 - FEDERAL ASSISTANCE LISTING NUMBERS

The Federal assistance listing number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Federal assistance listing numbers.

NOTE 3 - INDIRECT COSTS

Bay Area Environmental Research Institute elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

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*

Board of Directors
Bay Area Environmental Research Institute
Moffett Field, California

I 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 Bay Area Environmental Research Institute (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the 9-month period then ended, and the related notes to the financial statements, and have issued my report thereon dated June 27, 2025.

Report on Internal Control over Financial Reporting
In planning and performing my audit of the financial statements, I considered Bay Area Environmental Research 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Environmental Research Institute's internal control. Accordingly, I do not express an opinion on the effectiveness of Bay Area Environmental Research Institute's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Bay Area Environmental Research Institute's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Hiep Pham, CPA Inc.

Fremont, California
June 27, 2025

Hiep Pham, CPA Inc.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Bay Area Environmental Research Institute
Moffett Field, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Bay Area Environmental Research Institute's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bay Area Environmental Research Institute's major federal programs for the 9-month period ended September 30, 2024. Bay Area Environmental Research Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Bay Area Environmental Research Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the 9-month period ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Bay Area Environmental Research Institute and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Bay Area Environmental Research Institute'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 Bay Area Environmental Research Institute's federal programs.

Auditor's Responsibilities for the Audit of Compliance
My 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 Bay Area Environmental Research Institute's compliance based on my 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 Bay Area Environmental Research Institute'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, I:

- 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 Bay Area Environmental Research Institute's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Bay Area Environmental Research 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 Bay Area Environmental Research Institute's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

Hiep Pham, CPA Inc.

Fremont, California
June 27, 2025

Section I - Summary of Auditor's Results

Financial statements

1. Type of auditor's report issued:…………………………………………...... Unmodified

2. Internal control over financial reporting:
   A. Material weaknesses identified?.. No
   B. Significant deficiency(ies) identified that are not considered to be material weaknesses?.................. .... None reported
   C. Noncompliance which is material to the financial statements noted?.... No

Federal awards

3. Internal control over major programs:
   A. Material weaknesses identified?.. No
   B. Significant deficiency(ies) identified that are not considered to be material weaknesses?.. None reported
   C. Type of auditor's report issued on compliance for major programs:…... Unmodified
   D. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?.. No

Major programs

Federal Assistance Listing Number	Federal Program Name or Cluster Name	Amount Expended
43.001	Research and Development Cluster	$ 18,619,256

4. Dollar threshold to distinguish between Type A and Type B programs:…... $ 750,000

5. Auditee qualifies as a low-risk auditee?.. No

Section II - Financial Statement Findings…….………………………………….. None noted

Section III - Federal Award Findings and Questioned Costs………………… None noted

Finding 2023-001 - Reporting

Identification of The Federal Program:

National Aeronautics and Space Administration Research and Development Cluster Assistance Listing No. 43.001

Criteria of Specific Requirement (Including Statutory, Regulatory, or Other Citation):

2 CFR 200.512 (a)(1) requires that the audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition:

Bay Area Environmental Research Institute's did not submit its' audit report and SF-SAC form for the year ended December 31, 2023 before the due date of September 30, 2024.

Cause:

Due to a turnover of new management and staff, the Bay Area Environmental Research Institute was not able to complete the audit process before the due date of September 30, 2024.

Effect or Potential Effect:

Bay Area Environmental Research Institute is not in compliance with its federal grant agreements.

Questioned Costs:

None.

Context:

The previous management and staff had abruptly left the Organization. This left the new management and staff unable to complete the audit in a timely manner.

Identification as a Repeat Finding, if Applicable:

This is a repeat finding.

Recommendation:

I recommend that Bay Area Environmental Research Institute ensure that future audit reports and filing requirements be completed in a timely manner.

Views of Responsible Officials:

Management agrees with the finding and will implement corrective action for the audit fiscal year ending in 2024.

Status:

This recommendation is in the process of being implemented, the audit report and SF-SAC form for the 9-month period ended September 30, 2024 will be submitted before the due date of June 30, 2025.