

MONELL CHEMICAL SENSES CENTER

**Financial Statements as of and for the Years Ended
June 30, 2021 and 2020 and Schedule of
Expenditures of Federal Awards for the Year Ended
June 30, 2021 and Independent Auditors' Reports as
Required by the United States Office of
Management and Budget (OMB)**

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**Kreischer
Miller**

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MONELL CHEMICAL SENSES CENTER

June 30, 2021 and 2020

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Independent Auditors' Report

The Board of Directors
Monell Chemical Senses Center
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Monell Chemical Senses Center, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monell Chemical Senses Center as of June 30, 2021 and 2020, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis, and is not a required part of the financial statements. The schedule of expenditures of state awards as required by the Commonwealth of Pennsylvania, Department of Health is also 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of Monell Chemical Senses Center'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 Monell Chemical Senses Center'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 Monell Chemical Senses Center's internal control over financial reporting and compliance.



Horsham, Pennsylvania

September 24, 2021

MONELL CHEMICAL SENSES CENTER

Statements of Financial Position June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 127,269	\$ 562,560
Investments	6,053,942	4,095,484
Research grants receivable	2,128,077	1,283,735
Pledges receivable	1,931,888	2,918,300
Prepaid expenses	147,222	123,161
Other assets	60,105	69,115
Accrued interest receivable	9,639	10,047
Total current assets	10,458,142	9,062,402
Long-term pledges receivable	267,523	531,052
Property, plant and equipment, net	12,698,522	12,470,216
Total assets	\$ 23,424,187	\$ 22,063,670
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 79,956	\$ 76,536
Current portion of Paycheck Protection Program loan	1,496,618	665,164
Accounts payable and accrued expenses	1,268,478	667,788
Deferred revenue	1,322,629	1,658,540
Total current liabilities	4,167,681	3,068,028
Long-term debt, net of current portion	2,088,198	2,168,208
Paycheck Protection Program loan, net of current portion	-	831,454
Total liabilities	6,255,879	6,067,690
Net assets:		
Without donor restrictions:		
Undesignated	13,052,397	10,621,877
Designated by the Board	1,445,938	1,372,214
With donor restrictions	2,669,973	4,001,889
	17,168,308	15,995,980
Total liabilities and net assets	\$ 23,424,187	\$ 22,063,670

See accompanying notes to financial statements.

MONELL CHEMICAL SENSES CENTER

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions	\$ 2,364,331	\$ 1,565,246	\$ 3,929,577
Contributed services	-	-	-
Federal grants	7,296,663	-	7,296,663
Other grants	2,438,995	-	2,438,995
Net investment return	1,023,324	10,594	1,033,918
Patent income	54,618	-	54,618
Rental income	665,287	-	665,287
Gain on disposal of assets	1,310	-	1,310
Net assets released from restrictions	2,907,756	(2,907,756)	-
Total public support and revenue	16,752,284	(1,331,916)	15,420,368
Expenses:			
Program services - research	10,696,643	-	10,696,643
Management and general	2,714,452	-	2,714,452
Fundraising and development	836,945	-	836,945
Total expenses	14,248,040	-	14,248,040
Increase (decrease) in net assets	2,504,244	(1,331,916)	1,172,328
Net assets, beginning of year	11,994,091	4,001,889	15,995,980
Net assets, end of year	\$ 14,498,335	\$ 2,669,973	\$ 17,168,308

See accompanying notes to financial statements.

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,740,401	\$ 1,977,394	\$ 4,717,795
109,042	-	109,042
4,876,096	-	4,876,096
2,661,156	-	2,661,156
117,711	1,400	119,111
53,451	-	53,451
550,404	-	550,404
-	-	-
1,169,798	(1,169,798)	-
12,278,059	808,996	13,087,055
10,227,141	-	10,227,141
2,699,242	-	2,699,242
901,598	-	901,598
13,827,981	-	13,827,981
(1,549,922)	808,996	(740,926)
13,544,013	3,192,893	16,736,906
\$ 11,994,091	\$ 4,001,889	\$ 15,995,980

MONELL CHEMICAL SENSES CENTER

Statements of Functional Expenses Years Ended June 30, 2021 and 2020

	2021			Total
	Program Services-Research	Management and General	Fundraising and Development	
Salaries and stipends	\$ 4,886,549	\$ 1,788,973	\$ 547,470	\$ 7,222,992
Payroll taxes and employee benefits	1,379,020	178,969	143,985	1,701,974
Total salaries and related expenses	6,265,569	1,967,942	691,455	8,924,966
Research supplies	958,262	-	-	958,262
Research services and expenses	1,019,874	170,130	-	1,190,004
Office supplies and expenses	82,671	44,515	10,232	137,418
Utilities	520,204	34,981	9,027	564,212
Other occupancy costs	437,470	29,418	7,592	474,480
Insurance	202,166	13,595	3,508	219,269
Travel, conferences and meetings	14,763	13,190	(3,275)	24,678
Telephone	8,628	4,646	-	13,274
Printing and publications	16,112	1,363	5,807	23,282
Professional services	57,967	75,904	-	133,871
Development	-	-	93,286	93,286
Interest	84,158	11,068	1,460	96,686
Rental expenses	-	278,518	-	278,518
Depreciation	1,028,799	69,182	17,853	1,115,834
Uncollectible grants	-	-	-	-
Total other expenses	4,431,074	746,510	145,490	5,323,074
Total functional expenses	\$ 10,696,643	\$ 2,714,452	\$ 836,945	\$ 14,248,040

See accompanying notes to financial statements.

2020

Program Services- Research	Management and General	Fundraising and Development	Total
\$ 4,686,171	\$ 1,713,441	\$ 533,025	\$ 6,932,637
1,322,097	167,945	148,029	1,638,071
6,008,268	1,881,386	681,054	8,570,708
532,239	-	-	532,239
1,373,639	164,518	-	1,538,157
95,027	51,211	14,493	160,731
471,496	58,244	24,962	554,702
378,050	48,925	17,792	444,767
173,350	30,591	-	203,941
147,501	3,851	65,373	216,725
8,232	4,432	159	12,823
9,537	1,683	1,746	12,966
33,055	55,792	-	88,847
-	-	60,997	60,997
91,963	43,620	4,869	140,452
-	284,633	-	284,633
904,575	70,356	30,153	1,005,084
209	-	-	209
4,218,873	817,856	220,544	5,257,273
\$ 10,227,141	\$ 2,699,242	\$ 901,598	\$ 13,827,981

MONELL CHEMICAL SENSES CENTER

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,172,328	\$ (740,926)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,115,834	1,005,084
Uncollectible grants	-	209
Gain on disposal of property, plant, and equipment	(1,310)	-
Net realized and unrealized gains on investments	(936,962)	(24,525)
(Increase) decrease in:		
Research grants receivable	(844,342)	(859,395)
Pledges receivable	1,249,941	(1,659,876)
Prepaid expenses	(24,062)	52,566
Other assets	9,010	19,820
Accrued interest receivable	408	2,886
Increase (decrease) in:		
Accounts payable and accrued expenses	600,690	321,851
Deferred revenues	(335,911)	(6,855)
Net cash provided by (used in) operating activities	2,005,624	(1,889,161)
Cash flows from investing activities:		
Purchases of property and equipment	(1,342,828)	(376,060)
Purchases of investments	(1,783,379)	(347,485)
Proceeds from maturity or sale of investments	761,882	587,933
Net cash used in investing activities	(2,364,325)	(135,612)
Cash flows from financing activities:		
Repayment of long-term debt	(76,590)	(166,728)
Proceeds from refinance of long-term debt	-	104,636
Proceeds from Paycheck Protection Program loan	-	1,496,618
Net cash provided by (used in) financing activities	(76,590)	1,434,526
Net decrease in cash and cash equivalents	(435,291)	(590,247)
Cash and cash equivalents, beginning of year	562,560	1,152,807
Cash and cash equivalents, end of year	\$ 127,269	\$ 562,560
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 96,686	\$ 140,452
Supplemental disclosure of noncash financing activity:		
Refinance of long-term debt (Note 9)	-	\$ 2,195,364

See accompanying notes to financial statements.

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(1) Nature of Activities

Monell Chemical Senses Center (Monell) is a not-for-profit organization incorporated on November 23, 1976 under the laws of the Commonwealth of Pennsylvania. Monell was established for the purpose of conducting charitable, educational and scientific activities within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC), including, but not limited to, scientific research. Monell is dedicated to exploring the chemical senses (taste, smell and chemosensory irritation) at every level from molecular to behavioral. Monell brings together top scientists from academia, industry and government to collectively focus on the chemical senses.

(2) Summary of Significant Accounting Policies

Basis of Accounting

Monell prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not-for-Profit Organizations. The significant accounting and reporting policies used by Monell are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. They may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Monell reports donor-restricted contributions as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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Notes to Financial Statements

June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments with initial maturities of three months or less at the time of purchase and are reported at fair value, which approximates cost.

Investments

Investments are reported at fair value. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividends earned on investments and realized and unrealized capital gains and losses, less external investment expenses.

Research Grants Receivable

Research grants receivable are recorded to the extent that expenditures have been incurred for the purpose specified by the grantor where the related funding has not been received by Monell. Research grants receivable represent amounts known to be collectible from sources for which services were rendered. When all collection efforts have been exhausted, the accounts are written off. Historically, Monell has not experienced a significant pattern of uncollectability, thus an allowance of doubtful accounts is not warranted.

Pledges Receivable

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at present value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Monell assesses the financial strength of its pledges receivable based on prior history and experience with its donors and grantor agencies. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost on the date of purchase or at fair value at date of gift. Property, plant and equipment are depreciated or amortized over their estimated useful lives of 4 to 50 years on the straight-line basis.

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition

Monell applies the five-step revenue model under FASB *Accounting Standards Codification* (ASC) 606 to determine when exchange revenue is earned and recognized. Monell follows FASB ASC 958, *Not-for-Profit Entities*, for nonreciprocal transactions that are outside of the scope of FASB ASC 606.

Monell's contracts do not include variable consideration. Monell does not have significant financing components as payment is generally received in advance or immediately following when services are provided.

Contributions

Contributions, including unconditional promises, are recognized as revenues in the period made. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as unrestricted support unless they are received with donor-imposed restrictions as to the use of such assets

Contributed Services

Certain scientists at Monell are employees of other agencies and while producing work for Monell, have their salaries and benefits paid by those outside agencies. The expenses paid by the outside agencies are considered contributed services and are recorded as both revenue and expenses in the accompanying financial statements. Contributed services for the year ended June 30, 2020 were \$109,042. There were minimal contributed services for the year ended June 30, 2021.

Grants

Grants are recognized as revenue and support over time in an amount that reflects the consideration Monell expects to be entitled to receive as the outcomes specified in the grant contract are achieved. Any remaining balance is deferred until earned.

One governmental agency accounts for 66% of research grants receivable at June 30, 2021, and 36% of total public support and revenue for the year ended June 30, 2021.

Certain grant costs billed to the U.S. government are subject to audit by the appropriate granting government agency. There were no such audits for the fiscal years ended June 30, 2021 and 2020. It is the opinion of management that no significant adjustments will occur should there be audits in the future.

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Patents

Patent legal expenses, filing and maintenance fees are included in the research expense category. Patent royalties are included in patent income in the accompanying statements of activities, after distributions of an inventor's share as specified in Monell's patent policy.

Functional Allocation of Expenses

The cost of providing program services, fundraising services, and management and general oversight have been summarized on a functional basis. In most cases, expenses are charged directly to a particular program activity but there are certain costs that are allocated among the different service areas.

In certain situations where an employee has a role in Monell's research activities and a role in management and oversight, salary costs and the associated fringe benefits and payroll tax expenses are allocated based on the time spent.

Monell also allocates facilities expenses based on estimates of square footage occupied by research, management, and fundraising activities. These costs would include utilities, building repairs and maintenance, cleaning, building equipment and supplies, landscaping, waste removal, and depreciation. The cost of laboratory equipment and supplies and related maintenance and repairs are charged directly to the appropriate program activity accounts.

Income Taxes

Monell has been granted an exempt status from federal, state and local income taxes under each jurisdiction's respective tax law; therefore, no provision for income taxes has been included in the accompanying financial statements.

Monell is annually required to file a federal Form 990 with the IRS. In addition, Monell is subject to income tax on net income derived from business activities that are unrelated to their exempt purpose. Monell files an *Exempt Organization Business Income Tax Return* (Form 990T) with the IRS to report its unrelated business taxable income. Monell's tax returns are subject to examination by the relevant tax authorities until the expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Based on Monell's assessment of many factors, including past experience and judgments about future events, Monell does not currently anticipate significant changes in its tax positions over the next 12 months.

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Notes to Financial Statements June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Use of Estimates

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

Concentration of Credit and Other Risks

Financial instruments that potentially subject Monell to concentrations of credit risk consist principally of cash and cash equivalents, and investments. Monell places its cash and temporary cash investments with financial institutions. At times, such balances may be in excess of the FDIC insurance limits, however, Monell has not experienced any loss in such accounts and management believes it is not exposed to any significant credit risk on its cash balances.

Monell invests in various investment securities that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of financial position.

Upcoming Accounting Pronouncement

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, (Topic 842). ASU 2016-02 improves transparency and comparability among organizations by requiring recognition of lease assets and lease liabilities in the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Organizations are also required to disclose key information about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05 is effective for financial statements issued for fiscal years beginning after December 15, 2021. Monell is currently evaluating the impact of adoption on its financial statements.

Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform to current year presentation.

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Notes to Financial Statements

June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Subsequent Events

Monell has performed an evaluation of subsequent events through September 24, 2021, which is the date the financial statements were available to be issued.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 127,269	\$ 562,560
Investments	6,053,942	4,095,484
Research grants receivable	2,128,077	1,283,735
Unconditional pledges receivable	2,199,411	3,449,352
Accrued interest receivable	9,639	10,047
Other accounts receivable	60,105	-
	<u>10,578,443</u>	<u>9,401,178</u>
Assets unavailable for general expenditure until after one year:		
Perpetually endowed funds	(267,523)	(531,052)
	<u>(43,608)</u>	<u>(43,608)</u>
	<u>\$ 10,267,312</u>	<u>\$ 8,826,518</u>

Monell plans a balanced budget and expects that in the current fiscal year sufficient revenue will be collected to cover general expenditures not covered by donor-restricted resources. Operating funds are maintained in a low-interest checking account. Surplus funds are held in an investment account (see Note 4). It is Monell's practice to reinvest interest income, dividends, and gains. In the event of an unanticipated liquidity need, Monell could also draw upon the \$1,000,000 available line of credit (as further discussed in Note 8).

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Notes to Financial Statements June 30, 2021 and 2020

(4) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted market prices for identical assets or liabilities in active markets.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets has been consistent. U.S. government agency bonds and notes, municipal bonds, and corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Corporate equity stocks are valued at the closing price reported on the active market in which the individual securities are traded. The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government agency bonds and notes	\$ -	\$ 267,609	\$ -	\$ 267,609
Corporate bonds	-	1,640,528	-	1,640,528
Municipal bonds	-	20,000	-	20,000
Corporate equity stocks	3,853,202	-	-	3,853,202
Fixed income ETF	272,603	-	-	272,603
Total assets at fair value	\$ 4,125,805	\$ 1,928,137	\$ -	\$ 6,053,942

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 1,662,735	\$ -	\$ 1,662,735
Municipal bonds	-	40,549	-	40,549
Corporate equity stocks	2,392,200	-	-	2,392,200
Total assets at fair value	\$ 2,392,200	\$ 1,703,284	\$ -	\$ 4,095,484

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements June 30, 2021 and 2020

(4) Fair Value Measurements, Continued

The estimated fair value by expected maturities of Monell's investments in fixed income securities at June 30, 2021 is as follows:

Less than 5 years	\$ 1,289,853
Thereafter	638,284
	<u>\$ 1,928,137</u>

(5) Pledges Receivable

Pledges receivable are unconditional and are receivable as follows at June 30:

	2021	2020
Due in less than one year	\$ 1,931,888	\$ 2,918,300
Due in one to four years	267,523	531,052
Total pledges receivable	<u>\$ 2,199,411</u>	<u>\$ 3,449,352</u>

At June 30, 2021 and 2020 no allowances for collectability were deemed necessary.

(6) Research Grants Receivable

Generally, the payments of government grants to Monell are made on a reimbursement basis. At year end, the portion of allowable expenditures incurred but not yet reimbursed is included in research grants receivable. Total expenditures awaiting reimbursement at June 30 are as follows:

	2021	2020
Federal and Pennsylvania expenditures awaiting reimbursement	\$ 1,461,605	\$ 841,575
Other funding sources awaiting reimbursement	666,472	442,160
	<u>\$ 2,128,077</u>	<u>\$ 1,283,735</u>

Such amounts are normally received in the next fiscal year. As such, the amounts have not been discounted and no allowances for collectability are deemed necessary.

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Notes to Financial Statements June 30, 2021 and 2020

(7) Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30:

	2021	2020
Land	\$ 450,406	\$ 450,406
Buildings and improvements	25,691,671	25,438,386
Equipment	10,604,469	9,967,609
Furniture and fixtures	206,887	206,887
Construction-in-progress	439,113	11,130
	<u>37,392,546</u>	<u>36,074,418</u>
Accumulated depreciation	<u>(24,694,024)</u>	<u>(23,604,202)</u>
	<u>12,698,522</u>	<u>\$ 12,470,216</u>

Depreciation expense was \$1,115,834 and \$1,005,084 for the years ended June 30, 2021 and 2020, respectively.

(8) Line of Credit

Monell has a line of credit with a bank for its working capital needs that provides maximum borrowings of \$1,000,000, set to expire on April 30, 2022. Principal is payable upon expiration and is collateralized by certain investments held by Monell. Borrowings under the line bear interest at the LIBOR rate plus 2.25% (2.35% at June 30, 2021) payable monthly. There are no balances outstanding under this line of credit as of June 30, 2021.

(9) Long-Term Debt

On March 30, 2005, Monell purchased a property, known as 3508 Market Street, through a conventional mortgage with a bank. In April 2005, Monell converted the conventional mortgage into a \$4,230,000 tax-free bond mortgage ("3508 Loan"). The 3508 Loan was payable in monthly installments with a final balloon payment on May 1, 2020.

Monell had a loan with a bank that was used to acquire a new HVAC system ("HVAC Loan"). The HVAC Loan was payable in monthly installments of \$24,099, plus interest at 2.21% above the LIBOR rate, through June 27, 2021.

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(9) Long-Term Debt, Continued

On September 24, 2019, both the 3508 Loan and HVAC Loan were repaid in the amounts of \$1,665,165 and \$530,199, respectively, through the issuance of a mortgage relating to Monell's property at 3500 Market Street ("3500 Loan"). The 3500 Loan was obtained in the amount of \$2,300,000, and is payable in equal monthly installments of principal and interest of \$14,318, through September 2029 when a final balloon payment of approximately \$1,400,000 is due. The 3500 Loan bears interest at a fixed rate of 4.25%. The 3500 Loan is subject to prepayment penalties ranging from 5% to 1% through September 2024. The outstanding principal balance on the 3500 Loan is \$2,168,154 and \$2,244,744 at June 30, 2021 and 2020, respectively.

The mortgage agreement and line of credit are subject to certain financial covenants.

In April 2020, Monell received a loan in the amount of \$1,496,618 from its primary lender pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted on May 27, 2020. The note was forgivable subject to the borrower meeting certain requirements related to the use of funds and good-faith certification requirements relating to eligibility for the loan. In June 2021, Monell submitted its loan forgiveness application. Notification of the SBA forgiving the full amount of the loan was received in July 2021. Accordingly, Monell will recognize the forgiveness of indebtedness in the year ending June 30, 2022. As a result, the entire balance of the loan is reflected as a current liability on the statement of financial position as of June 30, 2021.

Aggregate future maturities of long-term debt are as follows:

Years Ending June 30,	Long-Term Debt Amount	PPP Loan Amount	Total
2022	\$ 79,956	\$ 1,496,618	\$ 1,576,574
2023	83,470	-	83,470
2024	86,906	-	86,906
2025	90,958	-	90,958
2026	94,956	-	94,956
Thereafter	1,731,908	-	1,731,908
	<u>\$ 2,168,154</u>	<u>\$ 1,496,618</u>	<u>\$ 3,664,772</u>

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(10) Deferred Revenue

Deferred revenue consists of payments received in advance from private sources, government entities and foundations for activities that have not taken place as of year end. Deferred revenue for expenses that have not yet been incurred consists of the following at June 30:

	2021	2020
Various corporate / industry grants	\$ 407,000	\$ 803,897
Private foundation grants	801,809	743,040
Commonwealth of Pennsylvania Tobacco Fund	112,739	74,759
University of Pennsylvania IDOM / NORC	-	16,608
University of Pennsylvania NIH - DK19525	1,081	-
National Institute of Nursing Research	-	20,236
	<u>\$ 1,322,629</u>	<u>\$ 1,658,540</u>

(11) Related Party Transactions

Two members of the Board of Directors also serve as directors for a charitable foundation that provides financial support for Monell. Contributions from that foundation and members of Monell's Board of Directors totaled \$2,203,020 and \$1,872,550 for the years ended June 30, 2021 and 2020, respectively. The Foundation revenue accounts for 16.7% of total public support and revenue for the year ended June 30, 2021. Receivables outstanding at June 30, 2021 and 2020 related to these contributions were \$1,956,130 and \$2,014,000, respectively, representing 88% of total pledges receivable at June 30, 2021.

(12) Rental Income

Monell leases a portion of its facilities under noncancelable operating leases that will expire at various dates through October 2024 or when Monell requires the use of the space. The lease agreements typically provide for a specific monthly payment plus reimbursement of certain operating costs. Future minimum rental income at June 30, 2021 is as follows:

Years Ending	
June 30,	Amount
2022	\$ 575,780
2023	99,453
2024	67,749
2025	22,583
	<u>\$ 765,565</u>

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements

June 30, 2021 and 2020

(13) Employee Retirement Plans

Monell sponsors a defined contribution plan (the Plan) that is qualified under Section 403(b) of the IRC. This plan is available to all employees. To be eligible to receive contributions made by Monell, employees must have attained 21 years of age with at least two years of full time service. Benefits are provided through the Teachers Insurance and Annuity Association (TIAA).

The Plan provides for a discretionary match to be determined by the Board of Directors on an annual basis. Effective January 16, 2017, the Board elected to contribute a discretionary match of 6% to active participants. Monell's contributions for the years ended June 30, 2021 and 2020 were approximately \$294,000 and \$289,000, respectively.

Monell also offers a Supplemental Tax-Deferred Annuity Plan to which participant contributions are made voluntarily under Section 403(b) of the IRC and are invested at the direction of the participant. All employees are eligible to participate. This plan allows employees to defer a percentage of their salary pre-tax, in accordance with Internal Revenue Service regulations. There are no employer matching contributions required under this plan.

(14) Postretirement Benefit

Effective June 2007, Monell implemented a health benefit plan for both pre-65 and post-65 aged retirees. To become eligible for the plan, an employee's age plus years of service must total at least 75, with a minimum of age 60 and 15 years of service. The plan provides retirees and eligible spouses under age 65 a subsidy on the cost of continuing their current health insurance coverage. Retirees and dependents age 65 years old or older must enroll in Medicare Parts A and B in order to be eligible for post-65 retiree health benefits. Monell will provide a Medicare Supplement plan for retirees and their eligible spouses in accordance with the terms of the plan. Monell's obligations under the plan are revocable; Monell reserves the right to terminate the plan based on its ability to fund the benefit or the future health insurance premium costs. Expenses associated with this plan for the years ended June 30, 2021 and 2020 were approximately \$46,000 and \$57,000, respectively.

MONELL CHEMICAL SENSES CENTER

Notes to Financial Statements June 30, 2021 and 2020

(15) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Subject to expenditure for specified purposes:		
Faculty recruitment	\$ 1,222,328	\$ 1,092,359
Anosmia research	139,794	323,816
Ovarian cancer research	48,590	111,229
Monell Student Apprenticeship Program	75,666	41,634
Lectureships	120,545	111,123
Disease detection	80,709	61,324
Sensory nutrition research	8,340	34,700
George Preti research core	-	105,624
Conferences	45,000	45,000
Post doctoral fellowships	480,309	-
	<u>2,221,281</u>	<u>1,926,809</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but are unavailable for expenditure until due	405,084	2,031,472
Endowment:		
Perpetual (Note 16)	43,608	43,608
	<u>\$ 2,669,973</u>	<u>\$ 4,001,889</u>

(16) Endowment

An endowment was created in 2009 from a donor to establish the Martin Meyerson Lectureship Endowment Fund. The investment income earned on this endowment is restricted for lectureships. For the years ended June 30, 2021 and 2020, investment income of \$10,594 and \$1,400, respectively, was recorded as an increase in net assets with donor restrictions.

(17) Kare Memorial Fellowship Fund

A portion of unrestricted net assets comprises funds designated by the Board of Directors for the Kare Memorial Fellowship Fund. The use of such funds is determined by the Board of Directors. The net asset balance of this fund is \$1,445,938 and \$1,372,214 at June 30, 2021 and 2020, respectively.

SUPPLEMENTARY INFORMATION

MONELL CHEMICAL SENSES CENTER

FID# 23-2020897

NIH# 1232020897A1

Supplementary Information
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Program or Cluster Title/Pass-Through Grantor	Assistance Listing	Federal Expenditures
Research and Development Program Cluster:		
U.S. Department of Health and Human Services, Public		
Health Service - National Institutes of Health:		
Research Related to Oral Diseases and Disorders Research	93.121	\$ 430,251
Research Related to Deafness and Communication Disorders	93.173	4,006,014
Research Related to Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	622,279
Research Infrastructure Programs	93.351	399,020
Child Health and Human Development Extramural Research	93.865	135,692
Pass-through - National Institute of Health:		
Research Related to Deafness and Communication Disorders Temple University	93.173	233,000
Research Related to Deafness and Communication Disorders Johns Hopkins University	93.173	107,060
Research Related to Deafness and Communication Disorders Discovery BioMed	93.173	221,688
Research Related to Deafness and Communication Disorders University of Denver	93.173	12,276
Research Related to Deafness and Communication Disorders Arizona State University	93.173	8,956
Research Related to Diabetes, Digestive and Kidney Diseases Extramural Research - University of Pennsylvania	93.847	51,751
Research Related to Programs in the Neurosciences & Neurological Disorders - New York University	93.853	298,494
Research Related to Allergy and Infectious Diseases Research University of Washington	93.855	28,038
Research Related to National Institute of Nursing Research Contract No. 75N98019P03096	93.361	33,324
Total		6,587,843
U.S. Department of Agriculture-Wild Life Services: Wildlife Services	10.028	228,719
Department of Veterans Affairs -VA Medical Center Grant # 1/01CX001617-01A1	64.999	63,203
Grant # 1101BX005432	64.999	7,285
HVMN Inc. - U.S. Special Operations Command USSOCOM: Contract # H9240519C0016	N/A	91,582

See accompanying notes to schedule of expenditures of federal awards.

Continued...

MONELL CHEMICAL SENSES CENTER

FID# 23-2020897

NIH# 1232020897A1

Supplementary Information

Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2021

Federal Grantor/Program or Cluster Title/Pass-Through Grantor	Assistance Listing	Federal Expenditures
Leidos Inc. - Defense Priority Allocation System DARPA CMO: Contract # HR001121C0021	N/A	<u>60,056</u>
SWRI - DOD - DTRA: Subcontract No. N99070N	12.HDTRA-18-D-002	<u>208,665</u>
UES, Inc. - US Air Force: Grant No.: FA8650-17-F-6831	N/A	<u>49,310</u>
Total expenditures of federal awards		<u>\$ 7,296,663</u>

See accompanying notes to schedule of expenditures of federal awards.

MONELL CHEMICAL SENSES CENTER

FID# 23-2020897

NIH# 1232020897A1

Supplementary Information
 Schedule of Expenditures of Federal Awards, Continued
 Year Ended June 30, 2021

Summary of Federal Associated by Assistance Listing and Contract Number		Federal Expenditures
<p style="text-align: center;">Assistance Listing</p> <hr/>		
Research and Development Cluster:		
93.173	Research Related to Deafness and Communication Disorders	\$ 4,588,994
93.121	Research Related to Oral Diseases and Disorders	430,251
93.855	Allergy and Infectious Diseases Research	28,038
93.351	Research Infrastructure Programs	399,020
93.847	Diabetes, Digestive & Kidney Diseases Extramural Research	674,030
93.853	Programs in the Neurosciences and Neurological Disorders	298,494
93.865	Child Health and Human Development Extramural Research	135,692
93.361	National Institute of Nursing Research	33,324
64.999	Department of Veterans Affairs - VA Medical Center	70,488
10.028	Wild Life Services	228,719
<p style="text-align: center;">Contract No.</p> <hr/>		
H9240519C0016	HVMN Inc. - U.S. Special Operations Command	91,582
HR001121C0021	Leidos Inc. - Defense Priority Allocation System	60,056
N99070N	SWRI - DOD - DTRA: 12.HDTRA-18-D-002	208,665
FA8650-17-F-6831	UES, Inc. - US Air Force	49,310
Total expenditures of federal awards		<u>\$ 7,296,663</u>

See accompanying notes to schedule of expenditures of federal awards.

MONELL CHEMICAL SENSES CENTER

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards includes the federal grant activity of Monell Chemical Senses Center (Monell) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Subrecipients

Of the federal expenditures presented in the schedule, Monell provided federal awards to subrecipients as follows:

Federal Grantor	Assistance Listing	Amount Provided to Subrecipients
U.S. Department of Health and Human Services, Public Health Services - National Institutes of Health: Research Related to Deafness and Communication Disorders	93.173	\$ 337,661
Child Health and Human Development Extramural Research	93.865	<u>45,974</u>
Total federal awards provided to subrecipients		<u>\$ 383,635</u>

(3) De Minimis Indirect Cost Rate

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

MONELL CHEMICAL SENSES CENTER

FID# 23-2020897

NIH# 1232020897A1

Supplementary Information
Schedule of Expenditures of State Awards
Year Ended June 30, 2021

State Grantor/Program or Cluster Title/Pass-Through Grantor	Agency or Pass-Through Number	State Expenditures
Research and Development Program Cluster:		
Commonwealth of Pennsylvania:		
Department of Health - Tobacco Settlement Research Formula Fund	SAP # 4100083095	\$ 43,234
Department of Health - Tobacco Settlement Research Formula Fund	SAP # 4100085735	5,958
Pass-through - Commonwealth of Pennsylvania Pennsylvania Department of Health The Children's Hospital of Philadelphia	SAP # 4100077078	<u>100,324</u>
		<u>\$ 149,516</u>

Independent Auditors' 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*

The Board of Directors
Monell Chemical Senses Center
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Monell Chemical Senses Center, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monell Chemical Senses Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monell Chemical Senses Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Monell Chemical Senses Center'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 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.

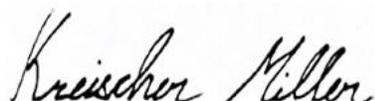
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Monell Chemical Senses Center's financial statements are free of 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 determination of financial statement amounts. 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.

A handwritten signature in cursive script that reads "Kreischer Miller".

Horsham, Pennsylvania
September 24, 2021

Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

The Board of Directors
Monell Chemical Senses Center
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Monell Chemical Senses Center's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Monell Chemical Senses Center's major federal programs for the year ended June 30, 2021. Monell Chemical Senses Center's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Monell Chemical Senses Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monell Chemical Senses Center's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Monell Chemical Senses Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Monell Chemical Senses Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Monell Chemical Senses Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monell Chemical Senses Center's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monell Chemical Senses Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Kreischer Miller".

Horsham, Pennsylvania
September 24, 2021

MONELL CHEMICAL SENSES CENTER

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- Type of auditors' report issued: Unmodified
- Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- Noncompliance material to financial statements noted Yes No

Federal Awards

- Internal control over major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- Type of auditors' report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

Assistance Listing	Name of Federal Program or Cluster
	Research and Development Program Cluster:
93.173	Research Related to Deafness and Communication Disorders
93.121	Research Related to Oral Diseases and Disorders
93.855	Allergy and Infectious Diseases Research
93.351	Research Infrastructure Programs
93.847	Diabetes, Digestive & Kidney Diseases Extramural Research
93.853	Programs in the Neurosciences and Neurological Disorders
93.865	Child Health and Human Development Extramural Research
93.361	National Institute of Nursing Research
64.999	Department of Veterans Affairs - VA Medical Center
10.028	Wild Life Services

MONELL CHEMICAL SENSES CENTER

**Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS, CONTINUED

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

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

IV. PRIOR AUDIT FINDINGS

The prior year single audit disclosed no findings in the schedule of findings and questioned costs and no significant uncorrected or unresolved findings exist from prior single audits.