

Reports of Independent Auditors and
Financial Statements with
Federal Awards Supplementary Information

Oregon Research Institute

December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Oregon Research Institute

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oregon Research Institute (the “Institute”), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Oregon Research Institute as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Oregon Research Institute’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of Oregon Research Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oregon Research Institute's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Portland, Oregon
April 16, 2026

Financial Statements

Oregon Research Institute
Statements of Financial Position

ASSETS

	December 31,	
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 368,016	\$ 105,488
Grants and contracts receivable	551,465	622,198
Prepaid expenses and deposits	96,917	142,786
Total current assets	1,016,398	870,472
PROPERTY AND EQUIPMENT, less		
accumulated depreciation and amortization	102,255	85,207
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	810,678	293,039
OTHER ASSETS		
Investment in OR-BIS	-	19,254
Beneficial interest in assets held by others	99,509	83,829
Total assets	\$ 2,028,840	\$ 1,351,801

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 130,915	\$ 128,267
Accrued payroll and related expenses	597,037	479,317
Accrued leave payable, current portion	44,303	46,674
Operating lease liabilities, current portion	293,801	242,114
Long-term debt, current portion	15,224	-
Total current liabilities	1,081,280	896,372
LONG-TERM LIABILITIES		
Accrued leave payable	153,994	144,156
Long-term debt	17,763	-
Operating lease liabilities, net of current portion	519,167	57,191
TOTAL LIABILITIES	1,772,204	1,097,719
NET ASSETS		
Net Assets without donor restrictions	256,636	254,082
Total net assets	256,636	254,082
Total liabilities and net assets	\$ 2,028,840	\$ 1,351,801

See accompanying notes.

Oregon Research Institute
Statements of Activities

	Years Ended December 31,	
	2025	2024
	Without Donor Restrictions	Without Donor Restrictions
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT		
Grants and contracts	\$ 7,740,547	\$ 7,740,862
Interest income	742	663
Contributions and donations	9,594	8,597
Other income and investment loss	(2,452)	(117,966)
	7,748,431	7,632,156
EXPENSES		
Program services:		
Healthy Child Development	2,620,394	2,683,837
Physical Health	881,486	817,305
Psychological Health	921,863	958,197
Decision Research	111,709	86,115
Prevention and Treatment	760,010	845,914
	5,295,462	5,391,368
Support services	2,400,858	2,316,279
Depreciation and amortization	49,557	38,667
	2,450,415	2,354,946
	7,745,877	7,746,314
CHANGE IN NET ASSETS	2,554	(114,158)
NET ASSETS, beginning of year	254,082	368,240
NET ASSETS, end of year	\$ 256,636	\$ 254,082

See accompanying notes.

Oregon Research Institute Statements of Functional Expenses

	2025 Program Services					Total	2025	2025
	Healthy Child Development	Physical Health	Psychological Health	Prevention and Treatment	Decision Research		Support Services	Total Expenses
Personnel	\$ 1,707,951	\$ 726,476	\$ 764,588	\$ 326,183	\$ 86,412	\$ 3,611,610	\$ 1,521,315	\$ 5,132,925
Subcontracts/Consultants	855,911	40,120	127,137	382,389	22,502	1,428,059	61,334	1,489,393
Participant fees and similar incentives	21,964	32,510	17,289	43,550	-	115,313	1,258	116,571
Meetings, travel, and training	23,486	31,710	9,011	3,768	2,434	70,409	43,283	113,692
Occupancy	9,488	45,979	2,178	646	361	58,652	447,568	506,220
Financing and investment costs	-	-	-	-	-	-	2,616	2,616
Equipment, below \$5,000	1,594	4,691	1,660	3,474	-	11,419	323,484	334,903
Depreciation and amortization	-	-	-	-	-	-	49,557	49,557
Total expenses	\$ 2,620,394	\$ 881,486	\$ 921,863	\$ 760,010	\$ 111,709	\$ 5,295,462	\$ 2,450,415	\$ 7,745,877

	2024 Program Services					Total	2024	2024
	Healthy Child Development	Physical Health	Psychological Health	Prevention and Treatment	Decision Research		Support Services	Total Expenses
Personnel	\$ 1,563,893	\$ 684,934	\$ 861,244	\$ 411,048	\$ 76,436	\$ 3,597,555	\$ 1,551,080	\$ 5,148,635
Subcontracts/Consultants	1,063,990	41,998	65,362	404,604	8,023	1,583,977	71,307	1,655,284
Participant fees and similar incentives	21,226	3,530	10,877	15,730	-	51,363	4,614	55,977
Meetings, travel, and training	21,061	31,507	12,219	11,935	-	76,722	45,332	122,054
Occupancy	12,868	55,336	5,318	2,247	1,656	77,425	432,241	509,666
Financing and investment costs	-	-	-	-	-	-	149	149
Equipment, below \$5,000	799	-	3,177	350	-	4,326	211,556	215,882
Depreciation and amortization	-	-	-	-	-	-	38,667	38,667
Total expenses	\$ 2,683,837	\$ 817,305	\$ 958,197	\$ 845,914	\$ 86,115	\$ 5,391,368	\$ 2,354,946	\$ 7,746,314

See accompanying notes.

Oregon Research Institute Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,554	\$ (114,158)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	49,557	38,667
Loss on investments	10,330	127,584
Rent expense ASC 842	(3,978)	(1,849)
Changes in assets and liabilities:		
Grants and contracts receivable	70,733	(33,885)
Prepaid expenses and deposits	45,869	(73,733)
Accounts payable	2,648	8,121
Accrued payroll and related expenses	117,720	(9,081)
Accrued leave payable	7,467	16,374
	<u>302,900</u>	<u>(41,960)</u>
Net cash (used in) from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to beneficial interest in assets held by others	(6,754)	(7,953)
Distributions from beneficial interest in assets held by others	-	3,000
Purchases of property and equipment	(66,605)	-
	<u>(73,359)</u>	<u>(4,953)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on note payable - bank	46,152	-
Repayments on note payable - bank	(13,165)	(10,424)
	<u>32,987</u>	<u>(10,424)</u>
Net cash (used in) from financing activities		
NET CHANGE IN CASH	262,528	(57,337)
CASH AND CASH EQUIVALENTS, beginning of year	105,488	162,823
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 368,016</u>	<u>\$ 105,488</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ 2,616</u>	<u>\$ 149</u>
SUPPLEMENTAL DISCLOSURE OF FINANCING ACTIVITIES		
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ 795,920</u>	<u>\$ -</u>

See accompanying notes.

Oregon Research Institute

Notes to Financial Statements

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Nature of organization – Oregon Research Institute (ORI or the Institute) was incorporated under the laws of the State of Oregon, with the purpose of providing charitable, scientific, and educational research. The Institute is supported primarily by research grants from the U.S. Department of Health and Human Services, the U.S. Department of Education, and the National Science Foundation. The Institute's primary facilities are located in Springfield, Oregon, with a branch office in Albuquerque, New Mexico.

Functional expenses – Expenses for the Institute are summarized according to the functional classification of program services and support services. The activities are segregated as follows:

Program Services

Promoting healthy child development – Researchers in this area examine the role that families, schools, friends, neighborhoods, and communities play in promoting the positive development of children, teens, and young adults. The research teams study what leads to social and academic success as well as what leads to problem behaviors, such as substance use and school failure. ORI scientists work with schools and parents to refine and adapt evidence-based programs such as literacy strengthening, social skills programs, and parent training programs.

Promoting physical health – ORI researchers are studying ways to keep people of all ages physically healthy. ORI's work in chronic illness prevention began in the 1980s with research to find ways to help people with diabetes manage their illness. The study and promotion of physical activity began in the 1990s with important longitudinal research on the factors which influence children and youth to become and remain physically active and with important clinical trials of the benefits of Tai Chi exercise for the elderly.

Promoting psychological health – ORI scientists study emotional and behavioral disorders as well as normative development and personality, in order to better understand factors that make people vulnerable to serious mental health disorders as well as factors that increase resilience, that is, that helps people cope with daily challenges. An important component of research in this area is developing and evaluating interventions for the prevention and treatment of disorders.

Treating tobacco, alcohol and illegal drug use – ORI's work in this area dates from research funding obtained in the late 1970s to study tobacco use in young people. Since then, research interests have broadened to include research on the prevention of alcohol and other drug use among youth. Two important ORI longitudinal studies – one on peer and family influences on youth drug use, and the other on young children's knowledge of and intent to use alcohol and drugs – have provided valuable guidance in the development of substance abuse prevention programs.

Decision research – ORI scientists in this area investigate human judgment, decision making, and risk through basic research and in a variety of applied areas including aviation, business, environmental issues, finance, healthcare, intelligence analysis, and terrorism.

Support services – These expenses relate to the administration, fiscal, personnel, and organization-wide functions necessary for the Institute to operate.

Oregon Research Institute Notes to Financial Statements

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of presentation – The Institute, as a not-for-profit organization, follows the accounting guidance prescribed by the Financial Accounting Standards Board (FASB) for not-for-profit organizations.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

The Institute does not have net assets with donor restrictions.

Properties and equipment (property) – Purchased properties are recorded at cost. Donated properties are recorded at their estimated fair value on the date of gift. Expenditures for maintenance and repairs are expensed, while renewals and betterments are capitalized. Assets purchased with a cost of less than \$5,000 are not accounted for as property; however, the Institute maintains records for federal grant and insurance purposes. The cost and accumulated depreciation of property sold or otherwise disposed of are eliminated from the accounts and the resulting gains or losses are reflected in revenue and expenses. Depreciation and amortization are computed using straight-line methods over the estimated lives of the related assets ranging from 2 to 15 years. Depreciation and amortization expense was \$49,557 and \$38,667 for the years ended December 31, 2025 and 2024, respectively.

Revenue recognition – The Institute recognizes revenue as qualified expenses are incurred, subject to the amount authorized in the grant agreement. Unreimbursed grant expenses due from grantor agencies are reflected in the financial statements as receivables and revenues.

Grants and contracts receivable – Grants and contracts receivable include amounts billed and unbilled on grants and other agreements through December 31. As of December 31, 2025 and 2024, no allowance for credit losses was deemed necessary by management, as all amounts are considered collectible.

Income taxes – The Institute is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(c)(3) of the Internal Revenue Code. In addition, the Institute qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

Oregon Research Institute Notes to Financial Statements

The Institute follows the provisions of FASB Accounting Standards Codification (ASC) 740-10, *Income Taxes*, relating to accounting for uncertain tax positions and there is no financial statement impact to the Institute. The Institute recognizes the tax benefit from uncertain tax position only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Institute recognizes interest and penalties related to income tax matters in support expenses. The Institute had no uncertain tax positions at December 31, 2025.

Cash and cash equivalents – For purposes of the statement of cash flows, the Institute considers all highly liquid investments and debt instruments purchased with a maturity of three months or less to be cash equivalents. The balances at December 31, 2025 and 2024 are composed of two regional banks' demand deposit and money sweep accounts.

Grants and contracts – Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed costs could become a liability of the Institute. Management believes that unallowable costs, if any, would not be significant and would not have a material adverse effect on the Institute's financial position.

Concentration of credit risk – Financial instruments that potentially subject the Institute to credit risk consist of cash and receivables. The Institute's cash balances are with federally insured banks and periodically the Institute's deposits exceed insured limits. The Institute's receivables are primarily from governmental entities.

Leases – Under Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), the Institute determines if an arrangement contains a lease at the inception date. An arrangement contains a lease if it implicitly or explicitly identifies an asset to be used and conveys the right to control the use of the identified asset in exchange for consideration. Leases are to be classified as finance or operating at the lease commencement date, which affects the classification of expense recognition in the statements of activities. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligation to make lease payments, as agreed to in the lease.

Operating lease liabilities and the corresponding ROU assets are recognized based on the present value of the future minimum lease payments over the expected remaining lease term. For this purpose, the Institute considers only payments that are fixed and determinable at the time of commencement. Operating ROU asset is measured as the amount of the initial measurement of the lease liability, adjusted for prepaid or accrued lease payments, the remaining balance of any lease incentive received, unamortized initial direct costs, and any impairment of the ROU asset. The initial measurement of lease liabilities and right-to-use assets of finance leases is the same as for operating leases. As most of the Institute's leases do not provide an implicit interest rate, the Institute utilizes the nonpublic business entity alternative to use the risk-free rate over a similar term of the lease payments at commencement date to determine the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise that option.

Oregon Research Institute Notes to Financial Statements

Lease expense for operating leases is recognized on a straight-line basis over the lease term as part of expenses. Leases with a lease term of 12 months or less are not capitalized. The Institute evaluates the carrying value of ROU assets for indicators of impairment and performs an analysis of the recoverability of the related asset group. If the carrying value of the asset group is determined to be in excess of the estimated fair value, the Institute will record an impairment loss in the statements of activities and net assets. Additionally, the Institute reviews the carrying value of the ROU assets for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable, require reassessment of the leases, and remeasurement if needed.

Fair value of financial instruments – The Institute has adopted FASB authoritative guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Finance staff determine fair value measurement policies and procedures under the supervision of the Director of Finance and Administration and Finance Committee. These policies and procedures are reassessed annually to determine if current valuation techniques are still appropriate. A variety of qualitative factors are used to subjectively determine the most appropriate valuation methodologies. Methodologies are consistent with the market, income, and cost approaches. Unobservable inputs used in fair value measurements are evaluated and adjusted on an annual basis, or as necessary based on current market conditions and other third-party information.

The fair values of the Institute's financial instruments have generally been determined to fall within Level 1 of the valuation hierarchy, with the exception of funds held by The Oregon Community Foundation and the Investment in OR-BIS which are considered Level 3 investments. See Note 5 – Other Assets.

Support concentration – The U.S. Department of Health and Human Services funded \$3,378,329 and \$3,693,767 in the years ended December 31, 2025 and 2024, respectively, which was 43.6% and 48.4% of the total revenue received. The U.S. Department of Education funded \$1,868,295 and \$1,923,020 in the years ended December 31, 2025 and 2024, respectively, which was 24.1% and 25.2% of the total revenue received. The National Science Foundation funded \$168,322 and \$135,814 in the years ended December 31, 2025 and 2024, respectively, which was 2.2% and 1.8% of the total revenue received. These grants cover project periods expiring at various dates through July 2030.

Oregon Research Institute Notes to Financial Statements

Advertising costs – The Institute expenses advertising costs as incurred. Advertising expenses were \$120 and \$100 for the years ended December 31, 2025 and 2024, respectively.

Subsequent events – Subsequent events are events or transactions that occur after the statements of financial position date but before financial statements are available to be issued. The Institute recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The Institute's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statements of financial position date and before financial statements are available to be issued.

The Institute has evaluated subsequent events through April 16, 2026, which is the date the financial statements were available to be issued.

Note 2 – Grants and Contracts Receivable

Grants and contracts receivable consist of the following:

	December 31,	
	2025	2024
U.S. Department of Education	\$ 77,591	\$ 60,897
U.S. Department of Health and Human Services	60,371	126,710
National Science Foundation	-	508
Pass through grants	413,503	434,083
	\$ 551,465	\$ 622,198

Note 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 date, comprise the following:

	December 31,	
	2025	2024
Cash and cash equivalents	\$ 368,016	\$ 105,488
Grants and contracts receivable	551,465	622,198
	\$ 919,481	\$ 727,686

ORI's cash flows follow the cycle of monthly reimbursement from Federal Funders for expenses incurred on research grants. The Institute maintains a \$250,000 line of credit with a bank that can be drawn upon as needed during the year to manage cash flows.

Oregon Research Institute Notes to Financial Statements

Note 4 – Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2025	2024
Facilities equipment	\$ 223,430	\$ 223,430
Technology equipment and software	652,952	586,348
Research equipment	102,175	102,175
	978,557	911,953
Less accumulated depreciation and amortization	(876,302)	(826,746)
	\$ 102,255	\$ 85,207

Note 5 – Other Assets

Investment in OR-BIS (DBA Influents Innovations) – On January 19, 2016, Oregon Research Behavioral Intervention Strategies, Inc. (OR-BIS) was incorporated in the State of Oregon as a C-Corporation. OR-BIS applies behavioral sciences to the improvement of human well-being through the development and commercialization of evidence-based products and programs directed at health care and education. ORI purchased one hundred shares of ordinary stock at no par value for \$2,500, resulting in 48% ownership in OR-BIS. ORI recognizes an investment in OR-BIS on the statement of financial position under the equity method. An unrealized loss of \$19,254 and \$139,946 was recognized for the years ended December 31, 2025 and 2024, respectively, and is included in other income and investment loss on the statements of activities.

Beneficial interest in assets held by others – The Institute provides funds for the Oregon Research Institute Fund (the Fund) with the Oregon Community Foundation (OCF). OCF is the legal owner of the Fund. In accordance with a December 1999 agreement, OCF is required to make annual distributions of a portion of the value of the Fund to ORI. However, at the request of ORI, those distributions have been deferred until the fund reaches a specified level. Additionally, the agreement also grants to OCF the power to modify the restrictions and conditions of the Fund agreement to include the nature and timing of distributions as the OCF Board of Directors sees fit. This provision is considered variance power.

As of December 31, 2025, \$99,509 has been recognized in the statements of financial position of the Institute and is considered a beneficial interest in assets held by others (\$83,829 as of December 31, 2024). The beneficial interest represents ORI's share of the pooled investment portfolio, which is not actively traded. However, the underlying investments held at OCF are held in the Social Impact Pool. ORI's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of the Social Impact Pool include a mix of United States equities, international equities, and fixed income instruments; all of which are traded in public markets.

Oregon Research Institute Notes to Financial Statements

The following schedule summarizes the activity in the Fund, stated at fair value, for the years ended December 31:

	2025	2024
Beginning balance	\$ 83,829	\$ 66,514
Increases		
Transfers to OCF	6,754	7,953
Interest and dividend income on investments	570	614
Realized (loss) gain on investments	(32)	393
Unrealized gain on investment	8,956	11,943
Decreases		
OCF fees	(568)	(589)
Distributions	-	(3,000)
Ending balance	<u>\$ 99,509</u>	<u>\$ 83,829</u>

Note 6 – Line of Credit

The Institute maintains a line of credit for \$250,000 with a variable interest rate of 1.0 percentage points over the prime lending rate. However, under no circumstances will the interest rate on the line of credit be more than the maximum rate allowed by applicable law. The interest rate was 7.75% as of December 31, 2025 and 8.50% as of December 31, 2024. The balance on the line of credit was zero as of December 31, 2025 and 2024. The line of credit expires in October of 2026. The line of credit is collateralized with property and equipment.

Note 7 – Long-Term Debt

	December 31,	
	2025	2024
On January 15, 2025, the Institute initiated a \$46,152 note payable for purchasing a new Meraki computer network core switch. The note is secured by equipment, deposit accounts, and accounts receivable, and payable to Oregon Pacific Bank in monthly installments of \$1,435 at an annual interest rate of 7.50%. The note matures in January 2028.	\$ 32,987	\$ -
Less current portion	32,987 (15,224)	-
	<u>\$ 17,763</u>	<u>\$ -</u>

Oregon Research Institute Notes to Financial Statements

Principal maturity by year is as follows:

Year ending December 31, 2026	\$ 15,224
2027	16,424
2028	1,339
	32,987
	\$ 32,987

Note 8 – Leases

The Institute leases its office facilities under operating leases under noncancelable agreements expiring at various dates through 2028. The leases provide for monthly minimum rent payments and some include an option to renew.

For the years ended December 31, 2025 and 2024, the operating lease expense is \$310,572 and \$313,106, respectively.

For the years ended December 31, 2025 and 2024, supplemental cash flow information and other information related to leases are as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 291,531	\$ 314,955
ROU assets obtained in exchange for new operating lease liabilities in 2025	795,920	-
Weighted-average remaining lease term in years for operating leases	2.69	1.36
Weighted-average discount rate for operating leases	2.82%	2.75%

For maturities of lease payments under operating leases for the year ending December 31, 2025, are as follows:

2026	\$ 312,191
2027	307,934
2028	223,276
	843,401
Total	843,401
Less present value discount	(30,433)
	812,968
Total lease liabilities	812,968
Less current portion	293,801
	519,167
Long-term portion	\$ 519,167

Total minimum annual rental payments have not been reduced by minimum sublease rentals in the future under non-cancelable subleases, as of December 31, 2025.

Oregon Research Institute Notes to Financial Statements

Note 9 – Related Party Transactions

Service agreements – The Institute provides office space and certain administrative services for four companies, two of which are affiliated with ORI. All four companies are separately controlled companies; however, some employees of the companies are also employees of the Institute. For the years ended December 31, 2025 and 2024, service reimbursements under these agreements totaled \$186,235 and \$168,709, respectively.

Note 10 – Retirement Plan

The Institute makes contributions to tax sheltered annuities for all salaried employees who are one-half the full time equivalent or more. The annuities are established under Internal Revenue Code Section 403(b) which is available to certain tax-exempt organizations. The Institute's contribution rate was 8.0% of the employee's salary in 2025 and 2024. For eligible employees who elect salary deferred contributions of at least 2% of their compensation, the Institute increases by 2% its contributions made on their behalf. Contributions to the plan were \$351,210 and \$355,416 in 2025 and 2024, respectively.

Note 11 – Contingencies

Grants – The Institute has grants with various organizations and government agencies which are subject to audit. Management believes that any liability which may result from these audits would not be material.

Legal – The Institute is a party to certain legal actions arising in the ordinary course of business. In the opinion of management, additional liabilities, if any, under these actions will not result in material charges against net assets.

Note 12 – Indirect Administrative Expenses

Indirect administrative expenses have been allocated to the various programs. For the years ended December 31, 2025 and 2024, the provisional indirect rate to on-site programs was 58.6% (final for 2022 and provisional for 2023 through 2025).

Supplementary Information

**Oregon Research Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF EDUCATION				
<u>Direct Programs</u>				
Education Research, Development and Dissemination	84.305		\$ 407,491	\$ 23,174
Education Innovation and Research	84.411		1,460,804	-
TOTAL DEPARTMENT OF EDUCATION DIRECT PROGRAMS			1,868,295	23,174
<u>Pass-Through Program From:</u>				
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Education Research, Development and Dissemination	84.305	R305A230399	60,988	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Education Research, Development and Dissemination	84.305	R305A240087	149,147	-
Total Education Research, Development and Dissemination - 84.305			617,626	23,174
Southern Methodist University - Research in Special Education	84.324	R324A200151	49,077	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Research in Special Education	84.324	R324A230007	66,872	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Research in Special Education	84.324	R324R200005	79,100	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Research in Special Education	84.324	R324A230091	4,005	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Research in Special Education	84.324	R324A240080	239,181	-
University of Tennessee - Research in Special Education	84.324	R324A220269	32,062	-
University of Kansas Center for Research - Research in Special Education	84.324	R324A230240	103,851	-
Trustees of Boston University - Research in Special Education	84.324	R324A210296	44,879	-
Trustees of Boston University - Research in Special Education	84.324	R324A240173	81,373	-
University of Maryland - Research in Special Education	84.324	R324A220267	89,958	-
Total Research in Special Education - 84.324			790,358	-
TOTAL DEPARTMENT OF EDUCATION SUBRECIPIENT PROGRAMS			1,000,493	-
TOTAL DEPARTMENT OF EDUCATION ALL PROGRAMS			2,868,788	23,174
DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)				
<u>Direct Programs</u>				
Oral Diseases and Disorders Research	93.121		178,363	96,503
Mental Health Research Grants	93.242		1,789,245	481,350
Drug Use and Addiction Research Programs	93.279		69,329	-
Aging Research	93.866		1,341,391	-
TOTAL DHHS DIRECT PROGRAMS			3,378,328	577,853

See notes to the schedule of expenditures of federal awards.

Oregon Research Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) (continued)				
<u>Pass-Through Program From:</u>				
Georgia State University Research Foundation Inc. - Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	5R01CA235719	829	-
Saavsus, Inc. - Food and Drug Administration Research	93.103	R44DP006743	160,098	-
Oregon Research Behavioral Intervention Strategies, Inc. - Oral Diseases and Disorders Research	93.121	2R44DE030019	74,106	-
Total Oral Diseases and Disorders Research - 93.121			<u>252,469</u>	<u>96,503</u>
Stanford University - Mental Health Research Grants	93.242	5R33MH111782	8,674	-
Oregon Research Behavioral Intervention Strategies, Inc. - Mental Health Research Grants	93.242	2R44MH123278	97,309	-
Oregon Research Behavioral Intervention Strategies, Inc. - Mental Health Research Grants	93.242	1R43MH142139	20,546	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Mental Health Research Grants	93.242	1R01MH133225	41,272	-
Trustees of Indiana University - Mental Health Research Grants	93.242	1R01MH138582	77,990	-
Feinstein Institutes of Medical Research - Mental Health Research Grants	93.242	5R01MH120594	12,017	-
Johns Hopkins University - Mental Health Research Grants	93.242	U01MH137067	81,830	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - Mental Health Research Grants	93.242	R01MH126109	63,059	-
Feinstein Institutes of Medical Research - Mental Health Research Grants	93.242	1P01MH139136	13,459	-
Total Mental Health Research Grants - 93.242			<u>2,205,401</u>	<u>481,350</u>
University of Michigan - Drug Use and Addiction Research Programs	93.279	1R01DA055027	27,648	-
Arizona Board of Regents for and on behalf of Arizona State University - Drug Use and Addiction Research Programs	93.279	1R01DA053740	8,110	-
Oregon Health and Science University - Drug Use and Addiction Research Programs	93.279	3R01DA057670	41,922	-
Total Drug Use and Addiction Research Programs - 93.279			<u>147,009</u>	-
Oregon Research Behavioral Intervention Strategies, Inc. - Minority Health and Health Disparities Research	93.307	1R43MD019203	5,285	-
Oregon Research Behavioral Intervention Strategies, Inc. - Minority Health and Health Disparities Research	93.307	1R43MD015947	59,259	-
Saavsus, Inc. - Minority Health and Health Disparities Research	93.307	5R44MD015695	139,103	-
Total Minority Health and Health Disparities Research - 93.307			<u>203,647</u>	-
Drexel University - Cancer Cause and Prevention Research	93.393	1R01CA288323	21,634	-
The Nemours Foundation - Cardiovascular Diseases Research	93.837	7R33HL158514	9,536	-
Stanford University - Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1R01DK136030	57,599	-
Oregon Research Behavioral Intervention Strategies, Inc. - Child Health and Human Development Extramural Research	93.865	2R44HD101190	13,021	-
Oregon Health and Science University- Child Health and Human Development Extramural Research	93.865	5R01HD105348	43,212	-
Total Child Health and Human Development Extramural Research - 93.865			<u>56,233</u>	-
TOTAL DHHS SUBRECIPIENT PROGRAMS			<u>1,077,518</u>	-
TOTAL DHHS ALL PROGRAMS			<u>4,455,846</u>	<u>577,853</u>

See notes to the schedule of expenditures of federal awards.

**Oregon Research Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
National Science Foundation (NSF)				
<u>Direct Programs</u>				
Social, Behavioral, and Economic Sciences	47.075		168,322	-
TOTAL NSF DIRECT PROGRAMS			<u>168,322</u>	<u>-</u>
National Science Foundation (NSF)				
<u>Pass-Through Program From:</u>				
University of Washington - Engineering	47.041	2211077	8,022	-
University of Texas at Austin - STEM Education	47.076	2010550	73,552	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - STEM Education	47.076	2101308	54,846	-
Oregon State Board of Higher Education for and on behalf of the University of Oregon - STEM Education	47.076	2300233	48,511	-
Total STEM Education - 47.076			<u>176,909</u>	<u>-</u>
TOTAL NSF SUBRECIPIENT PROGRAMS			<u>184,931</u>	<u>-</u>
TOTAL NSF ALL PROGRAMS			<u>353,253</u>	<u>-</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u>7,677,887</u>	<u>601,027</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,677,887</u>	<u>\$ 601,027</u>

See notes to the schedule of expenditures of federal awards.

Oregon Research Institute

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Summary of Significant Accounting Policies

Expenditures reported on this Schedule of Expenditures of Federal Awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where applicable.

Note 2 – Indirect Cost Rate

During the year ended December 31, 2025, the Institute did not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Basis of Presentation

The accompanying Schedule includes the federal grant activity of Oregon Research Institute under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Oregon Research Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oregon Research Institute.

Report of Independent Auditors 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
Oregon Research Institute

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 (*Government Auditing Standards*), the financial statements of Oregon Research Institute (the "Institute"), which comprise the statement of financial position as of December 31, 2025, 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 April 16, 2026.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oregon Research Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Portland, Oregon
April 16, 2026

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Oregon Research Institute

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Oregon Research Institute's (the "Institute") 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 the Institute's major federal program for the year ended December 31, 2025. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Portland, Oregon
April 16, 2026

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