

Consolidated Financial Statements,  
Schedule of Expenditures of Federal  
Awards, and Report of Independent  
Certified Public Accountants

**Oklahoma Medical Research Foundation**

June 30, 2022

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Oklahoma Medical Research Foundation

**Report on the financial statements****Opinion**

We have audited the consolidated financial statements of Oklahoma Medical Research Foundation (a nonprofit organization) and its subsidiary (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Foundation 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date 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 consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US 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 consolidated 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 Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 consolidated 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*, on pages 34 through 36, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information by funds without donor restrictions (Operating and Plant) on the consolidated statement of activities for the year ended June 30, 2022, is presented for purposes of additional analysis, rather than to present the results of operations of the individual funds and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Report on 2021 summarized comparative information**

We have previously audited the Foundation's 2021 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 19, 2021. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of the Foundation'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 Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Oklahoma City, Oklahoma  
December 16, 2022

**Oklahoma Medical Research Foundation**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,391,263	\$ 4,354,388
Receivables - net	40,662,728	43,080,857
Prepaid expenses and other assets	6,362,258	7,353,706
Assets restricted for investment in plant and equipment	5,549,067	5,711,156
Investments	172,287,137	185,288,488
Plant and equipment - net	<u>86,768,230</u>	<u>91,167,104</u>
Total assets administered by the Foundation	320,020,683	336,955,699
Funds held in trust by others	<u>143,791,326</u>	<u>162,854,841</u>
Total assets	<u><u>\$ 463,812,009</u></u>	<u><u>\$ 499,810,540</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,972,601	\$ 7,236,057
Accrued vacation and sick pay	3,006,214	3,074,233
Deferred revenue	2,315,779	1,350,878
Split-interest agreements	114,937	101,108
Postretirement benefits and deferred compensation	7,112,861	8,872,272
Accrued interest payable	126,112	152,809
Bonds payable	<u>13,935,000</u>	<u>16,885,000</u>
Total liabilities	<u>33,583,504</u>	<u>37,672,357</u>
<b>Net assets</b>		
Net assets without donor restrictions	152,426,452	146,514,111
Net assets with donor restrictions	<u>277,802,053</u>	<u>315,624,072</u>
Total net assets	<u>430,228,505</u>	<u>462,138,183</u>
Total liabilities and net assets	<u><u>\$ 463,812,009</u></u>	<u><u>\$ 499,810,540</u></u>

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

Oklahoma Medical Research Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022  
(with comparative totals for 2021)

	Without Donor Restrictions		Total Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
	Operating	Plant				
<b>Revenue</b>						
Competitive research grants:						
National Institutes of Health	\$ 39,903,552	\$ -	\$ 39,903,552	\$ -	\$ 39,903,552	\$ 32,620,542
Other	12,525,718	-	12,525,718	-	12,525,718	14,746,854
Total grants	52,429,270	-	52,429,270	-	52,429,270	47,367,396
<b>Private contributions</b>						
Income and gifts from trusts	8,179,655	-	8,179,655	5,157,738	13,337,393	12,410,965
Gifts and bequests	2,514,582	-	2,514,582	2,032,137	4,546,719	24,219,015
Contributions	2,436,858	-	2,436,858	1,326,396	3,763,254	10,565,631
Memorials	650,753	-	650,753	7,150	657,903	545,682
Total private contributions	13,781,848	-	13,781,848	8,523,421	22,305,269	47,741,293
<b>Other revenue</b>						
Clinical revenue, net of provisions for contractual and other adjustments of \$38,620,806 and \$36,819,042 for 2022 and 2021, respectively	21,308,555	-	21,308,555	-	21,308,555	20,400,381
Interest, dividends and net realized gains on investments designated for operations	1,473,886	-	1,473,886	3,641,469	5,115,355	4,668,870
Mineral income	1,699,326	-	1,699,326	36,031	1,735,357	838,992
Rent	435,604	-	435,604	-	435,604	400,281
Royalties and licensing income	3,325,397	-	3,325,397	-	3,325,397	3,104,474
Loss on disposal of assets	(368,254)	(298,738)	(666,992)	1,377	(665,615)	(180,557)
Loss from uncollected receivables	-	-	-	-	-	(70,000)
Other	1,755,683	-	1,755,683	-	1,755,683	1,745,684
Total other revenue	29,630,197	(298,738)	29,331,459	3,678,877	33,010,336	30,908,125
Total revenue	95,841,315	(298,738)	95,542,577	12,202,298	107,744,875	126,016,814
Net assets released from restrictions	10,180,213	3,894,105	14,074,318	(14,074,318)	-	-
Total operating revenue	106,021,528	3,595,367	109,616,895	(1,872,020)	107,744,875	126,016,814
<b>Expenses</b>						
Program services - Research	59,936,785	6,607,849	66,544,634	-	66,544,634	63,463,785
Program services - Clinic operations	24,064,374	259,299	24,323,673	-	24,323,673	22,779,033
Supporting services - General and administrative	4,770,307	1,301,559	6,071,866	-	6,071,866	6,095,769
Total expenses	88,771,466	8,168,707	96,940,173	-	96,940,173	92,338,587
Change in net assets from operations	17,250,062	(4,573,340)	12,676,722	(1,872,020)	10,804,702	33,678,227
Other gains, transfers and nonrecurring items:						
(Decrease) increase in fair value of funds held in trust by others	-	-	-	(19,063,515)	(19,063,515)	28,461,078
Net investment (losses) gains in excess of designated for operations	(8,170,649)	-	(8,170,649)	(16,883,344)	(25,053,993)	35,534,870
Transfer to plant	(2,919,209)	2,919,209	-	-	-	-
Transfer - Other	3,140	-	3,140	(3,140)	-	-
Pension related changes other than net periodic pension cost	1,403,128	-	1,403,128	-	1,403,128	104,765
<b>NET (DECREASE) INCREASE IN NET ASSETS FOR THE YEAR</b>	<u>\$ 7,566,472</u>	<u>\$ (1,654,131)</u>	5,912,341	(37,822,019)	(31,909,678)	97,778,940
Net assets - beginning of year			146,514,111	315,624,072	462,138,183	364,359,243
Net assets - end of year			<u>\$ 152,426,452</u>	<u>\$ 277,802,053</u>	<u>\$ 430,228,505</u>	<u>\$ 462,138,183</u>

The accompanying notes are an integral part of this consolidated financial statement.

**Oklahoma Medical Research Foundation**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended June 30,**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
(Decrease) increase in net assets	\$ (31,909,678)	\$ 97,778,940
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	7,876,761	7,912,192
Change in value of split-interest agreements	13,829	(9,766)
Loss on disposal of plant and equipment	323,839	53,267
Loss (recovery) of uncollectible receivables	296,093	(885,349)
Loss (gain) on investments	310,804	(193)
Contributed non-cash assets	(771,464)	(582,357)
Proceeds from sale of contributed investments without donor restrictions	166,669	350,740
Contributions received for long-term investment, reserved for future periods and investment in plant and equipment	(8,035,651)	(8,997,150)
Net realized and unrealized loss (gain) on investments	21,284,051	(38,651,617)
Decrease (increase) in fair value of funds held in trust by others	19,063,515	(28,461,078)
Changes in operating assets and liabilities:		
Decrease (increase) in receivables	2,118,907	(24,218,212)
Decrease (increase) in prepaid expenses and other assets	1,458,630	(1,740,339)
(Decrease) increase in accounts payable and accrued expenses	(263,456)	90,100
(Decrease) increase in accrued vacation and sick pay	(68,019)	107,282
Increase (decrease) in deferred revenue	964,901	(841,632)
(Decrease) increase in postretirement benefits and deferred compensation	(1,759,411)	1,919,727
Decrease in accrued interest payable	(26,697)	(250,790)
Net cash provided by operating activities	<u>11,043,623</u>	<u>3,573,765</u>
<b>Cash flows from investing activities:</b>		
Proceeds from maturities/sales of investments	54,929,102	97,050,654
Purchases of investments	(63,527,656)	(99,508,471)
Purchase of life insurance investment	(467,183)	(442,786)
Purchases of plant and equipment	(3,826,826)	(4,337,382)
Proceeds from sales of plant and equipment	25,100	-
Decrease (increase) in assets restricted for investment in plant and equipment	162,089	(141,235)
Net cash used in investing activities	<u>(12,705,374)</u>	<u>(7,379,220)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from sale of contributed investments with donor restrictions	609,846	228,834
Payments on bonds payable	(2,950,000)	(15,080,000)
Contributions received reserved for future periods	6,243,894	6,492,355
Contributions received for purchase of endowed investments	1,791,757	2,504,795
Payments received on miscellaneous notes	3,129	4,465
Net cash provided by (used in) financing activities	<u>5,698,626</u>	<u>(5,849,551)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>4,036,875</u>	<u>(9,655,006)</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>4,354,388</u>	<u>14,009,394</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 8,391,263</u></u>	<u><u>\$ 4,354,388</u></u>
<b>Supplemental cash flow information:</b>		
Contributions of investments	<u>\$ 771,465</u>	<u>\$ 582,357</u>
Interest paid	<u>\$ 318,642</u>	<u>\$ 1,213,937</u>

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



**Oklahoma Medical Research Foundation**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

Oklahoma Medical Research Foundation is incorporated under the laws of the State of Oklahoma as a nonprofit organization without capital stock to promote scientific research and education in medicine.

***Principles of Consolidation***

Oklahoma Medical Research Foundation formed a limited liability company (the "LLC") on June 20, 2019 to hold real estate for future uses related to the Foundation's mission. The Foundation is the sole member of the LLC, which is a disregarded entity for tax purposes. The financial activities of the Foundation and the LLC (collectively, the "Foundation") are presented as a consolidated entity in these financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. Activity in the LLC was immaterial during the years ended 2022 and 2021.

***Recognition of Donor Restrictions***

Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law, except for changes in fair value for assets held in trust, which are recorded as changes in net assets with donor restrictions. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Restricted contributions received and whose restrictions are met in the same year are classified as revenue without donor restrictions in the consolidated statement of activities.

***Revenue Recognition***

The Foundation receives grants and contributions from a number of sources, including the federal government, private foundations, and other donors in support of scientific research and education in medicine. Grant revenue is recognized as a contribution when the related costs are expended in accordance with the terms of the grant and eligibility requirements have been met. The Foundation considers receivables relating to research grants and contracts to be fully collectible; accordingly, no allowance is required.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures and similar assets held as part of collections are not recognized or capitalized. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

The Foundation reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations

## Oklahoma Medical Research Foundation

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

of donor restrictions when the donated or acquired long-lived assets are placed in service. No gifts of land, buildings, or equipment were received during the years ended June 30, 2022 and 2021.

In addition, the Foundation receives payments from royalty and license contracts, certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and other various contracts and deeds. The Foundation recognizes revenue when control of promised goods or services are transferred to outside parties in an amount that reflects the consideration the Foundation is entitled to in exchange for those goods or services.

#### **Net Assets**

The Foundation's net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation 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. The Board of Directors ("Board") has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. In addition, changes to this category of net assets include gifts with restrictions whose donor-imposed restrictions were met in the year received, through the passage of time, or through fulfillment of the restricted purpose.
- *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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expirations of donor restrictions on net assets are reported as net assets released from restrictions in the accompanying consolidated statement of activities.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenues, gains, other support and expenses recognized during the reporting period. Actual results could differ from those estimates.

#### **Operating and Plant Columns without Donor Restrictions**

The amounts in the plant column represent depreciation, interest expense, revenues designated to purchase plant and equipment, and losses on disposals of plant and equipment. The Operating column includes all other revenues and expenses without donor restrictions and other changes in net assets without donor restrictions.

#### **Measure of Operations**

The change in net assets from operations reflected in the accompanying consolidated statement of activities includes substantially all of the activities related to changes in net assets. Amounts not included in this measure of operations consist of net investment gains in excess of losses designated for operations, gains or losses on funds held in trust by others and unusual or nonrecurring items.

## **Oklahoma Medical Research Foundation**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

#### ***Taxes***

The Foundation is a public foundation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for amounts relating to unrelated business income. There were no known material unrelated business income taxes incurred in fiscal year 2022 or 2021, and accordingly, no material provision for income taxes has been made in these consolidated financial statements for either period.

Management has reviewed the Foundation's tax positions and concluded that there are no uncertain tax positions that require accrual in the consolidated financial statements or disclosure in the footnotes to be in compliance with authoritative literature. Generally, the Foundation is no longer subject to income tax examination by federal, state or local tax authorities for years prior to 2019. The statute of limitations will remain open for both federal and state purposes for any returns not filed.

#### ***Cash Equivalents***

The Foundation maintains its cash and cash equivalents in bank deposit accounts, money market funds and short-term certificates of deposit, some of which may not be federally insured. Bank deposit balances are transferred daily into interest-bearing accounts secured by short-term, high-quality fixed income securities issued by banks, corporations and the U.S. Government. The Foundation has not experienced any losses in cash equivalents and believes it is not exposed to significant credit risk on cash equivalents.

Management considers highly liquid debt instruments readily convertible into cash to be cash equivalents other than cash equivalents held as part of its investment portfolio and cash equivalents held as a part of assets restricted for investment in plant and equipment.

#### ***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position with gains and losses included in the consolidated statement of activities. The fair values of these investments are generally determined based on quoted market prices or estimates of fair value provided by external investment managers. Investments for which there are no readily determinable fair values are reported at cost. Investments received in connection with technology transfer agreements are not valued until such time as there is a readily determinable fair value for such investments.

#### ***Plant and Equipment***

Plant and equipment are recorded at cost or fair value at date of donation. Depreciation is based on the estimated useful lives, ranging from 3 to 40 years, using the straight-line method. Plant and equipment with a cost of less than \$5,000 is expensed when purchased. Costs incurred during construction of long-lived assets are recognized as construction in progress and are not depreciated until placed in service. Net interest costs incurred in the construction of plant and equipment are capitalized. In 2022 and 2021, total interest incurred was \$291,945 and \$617,145, respectively. No interest was capitalized in 2022 or 2021.

#### ***Long-Lived Assets***

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held or used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Oklahoma Medical Research Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

***Split-Interest Agreements***

The Foundation's split-interest agreements with donors consist primarily of charitable gift annuities. Assets received under these agreements are recorded at fair value on the gift date. During the term of these agreements, changes in the value of the split-interest agreements are recognized in the consolidated statement of activities. Contribution revenues are recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using a risk-free discount rate, determined at the time the annuities are established and actuarial tables and guidelines used for calculating the available deduction for income tax purposes. The liabilities are adjusted for accretion of the discount and other changes in the estimates of future benefits.

***Funds Held in Trust by Others***

Funds held in trust by others represent amounts held under irrevocable perpetual trust agreements between donors and third-party trustees. The net increase or decrease in the fair value of funds held in trust by others is reported as a change in net assets with donor restrictions. The amounts the Foundation will ultimately realize could differ materially from these recorded amounts, and significant fluctuations in fair values could occur from year to year.

***Assets with Donor Restrictions for Investment in Plant and Equipment***

Assets with donor restrictions for investment in plant and equipment consist of cash and cash equivalents which are primarily restricted by donors or the board of directors for plant and equipment.

***Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in Note J. The footnote presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Supporting services represent general and administrative expenses that are not allocable to the various Foundation departments as an element of research activities. Of the total, \$1,515,123 and \$1,847,784 represents development or fundraising costs in 2022 and 2021, respectively.

***Recent Accounting Pronouncements***

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancement of the presentation and disclosures. The Foundation adopted the standard as of July 1, 2021 with no impact to the comparative financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General*, which improves effectiveness of the disclosures for the defined benefit plans. The Foundation adopted the standard as of June 30, 2022 with nominal impact to the financial statement disclosures.

***Accounting Pronouncements Not Yet Adopted***

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

representing its right to use the underlying asset for the lease term. This ASU also provides addition guidance as to the definition of a lease, identification of lease components, and sale and leaseback transactions. The effective date of the amendments in the ASU was deferred (see ASU No. 2020-05 below). Management is currently evaluating the impact of the adoption of this ASU.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers and Leases*. This ASU supersedes the effective dates for ASU No. 2016-02 discussed above. Due to the challenging experiences brought on by the COVID-19 pandemic, the FASB deferred the effective dates for certain entities by one year. The effective date for annual reporting for ASU 2016-02, *Leases*, is for periods beginning after December 15, 2021.

**Prior Year Information**

The consolidated financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2021, from which the summarized totals were derived.

**Reclassification**

Certain reclassifications of prior year comparative information have been made in order to conform to current year presentation. There reclassifications had no effect on net assets or the change in net assets.

**NOTE B - RECEIVABLES**

Receivables are comprised of the following at June 30:

	2022	2021
Pledges - net of discount of \$220,178 and \$429,589 for 2022 and 2021, respectively, and an allowance of \$3,000 and \$3,500 for 2022 and 2021, respectively	\$ 3,132,066	\$ 6,190,678
Wills and bequests - net of discount of \$488,461 and \$514,530 for 2022 and 2021, respectively	22,307,665	23,930,787
Recoverable expenditures under research grants and contracts	7,438,164	5,885,501
Clinic operations - net of contractual adjustments and allowance of \$4,321,472 and \$4,792,043 for 2022 and 2021, respectively	3,515,450	3,877,998
Notes - net of allowance of \$131,415 and \$134,544 for 2022 and 2021, respectively	54,328	-
Other	4,187,205	3,132,623
Accrued interest - net of allowance of \$55,044 and \$0 for 2022 and 2021, respectively	27,850	63,270
	<u>\$ 40,662,728</u>	<u>\$ 43,080,857</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The pledges receivable at June 30, 2022, are recoverable as follows:

	Less than One Year	One to Five Years	More than Five Years	Total
Pledges receivable	\$ 1,350,761	\$ 1,854,483	\$ 150,000	\$ 3,355,244
Less unamortized discount	-	(170,050)	(50,128)	(220,178)
Less allowance	(3,000)	-	-	(3,000)
Net pledges receivable	<u>\$ 1,347,761</u>	<u>\$ 1,684,433</u>	<u>\$ 99,872</u>	<u>\$ 3,132,066</u>

Wills and bequests at June 30, 2022 are estimated to be recoverable as follows:

	Less than One Year	One to Five Years	More than Five Years	Total
Wills and bequests	\$ 21,847,126	\$ 400,000	\$ 549,000	\$ 22,796,126
Less unamortized discount	-	(35,606)	(452,855)	(488,461)
Net wills and bequests receivable	<u>\$ 21,847,126</u>	<u>\$ 364,394</u>	<u>\$ 96,145</u>	<u>\$ 22,307,665</u>

Recoverable expenditures under research grants and contracts are as follows at June 30:

	2022	2021
Balance of grants and contracts awarded but not collected	\$ 38,866,144	\$ 31,318,323
Less portion not yet expended	(31,427,980)	(25,432,822)
Recoverable expenditures under research grants and contracts	<u>\$ 7,438,164</u>	<u>\$ 5,885,501</u>

**NOTE C - INVESTMENTS**

The fair values of investments, classified by investment type, are as follows at June 30:

	2022	2021
Equity investments	\$ 94,281,097	\$ 102,553,724
Equity investments - other	1,998,814	1,998,814
Bond funds	26,488,505	28,730,622
Common collective trusts	21,189,044	22,676,719
Private equity funds	9,864,716	8,221,040
Real estate fund	3,560,958	4,148,625
Hedge funds	12,626,716	13,559,554
Cash equivalents	2,277,287	3,399,390
	<u>\$ 172,287,137</u>	<u>\$ 185,288,488</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

**NOTE D - ENDOWMENTS**

U.S. GAAP provides guidance on the net asset classification of donor- restricted endowment funds for a not-for-profit organization and enhanced disclosure information to enable users of consolidated financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds.

The Foundation's endowment consists of individual funds established to provide the Foundation with funding in perpetuity. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which was enacted by the State of Oklahoma effective November 1, 2007 ("OK UPMIFA"), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds of the donor-restricted endowment fund will remain classified in assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended, over the long-term (defined as at least one full market cycle, typically 3 to 5 years), to earn an annual total return that exceeds the rate of inflation as measured by the Consumer Price Index by at least 5% annually. This is intended to enable the Foundation to meet its recommended distribution to operating budget each year, and maintain the principal of the Foundation's assets.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy***

The Foundation has established a spending policy that attempts to balance the long-term objective of maintaining the purchasing power of the Foundation's invested funds with the goal of meeting current and future cash flow requirements. The Foundation staff makes an annual recommendation to the Board for approval of the annual spending policy. This amount typically does not exceed 5% of the average market value of the Foundation's endowment balances for the previous 12-calendar quarters.

The Foundation's endowment is composed of the following net asset classifications as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 53,251,051	\$ -	\$ 53,251,051
Donor-gifted endowment funds in perpetuity	-	60,587,662	60,587,662
Donor accumulated gain on endowment funds	-	44,203,632	44,203,632
	<u>\$ 53,251,051</u>	<u>\$ 104,791,294</u>	<u>\$ 158,042,345</u>

The Foundation's endowment is composed of the following net asset classifications as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 51,111,365	\$ -	\$ 51,111,365
Donor-gifted endowment funds in perpetuity	-	57,434,436	57,434,436
Donor accumulated gain on endowment funds	-	61,086,975	61,086,975
	<u>\$ 51,111,365</u>	<u>\$ 118,521,411</u>	<u>\$ 169,632,776</u>



**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The following table reconciles the activity of endowments for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 51,111,365	\$ 118,521,411	\$ 169,632,776
Investment returns:			
Investment income	665,587	555,214	1,220,801
Net depreciation (realized and unrealized)	(6,267,371)	(13,797,088)	(20,064,459)
Total investment returns	(5,601,784)	(13,241,874)	(18,843,658)
Contributions, net of discounts	-	3,153,227	3,153,227
Board restricted contribution to endowment	9,300,000	-	9,300,000
Appropriation of endowment assets for expenditure	(1,558,530)	(3,641,470)	(5,200,000)
Endowment net assets, end of year	<u>\$ 53,251,051</u>	<u>\$ 104,791,294</u>	<u>\$ 158,042,345</u>

The following table reconciles the activity of endowments for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 24,000,802	\$ 92,280,291	\$ 116,281,093
Investment returns:			
Investment income	11,101,325	26,905,339	38,006,664
Net appreciation (realized and unrealized)	350,149	807,449	1,157,598
Total investment returns	11,451,474	27,712,788	39,164,262
Contributions, net of discounts	-	2,150,556	2,150,556
Board restricted contribution to endowment	16,836,865	-	16,836,865
Appropriation of endowment assets for expenditure	(1,177,776)	(3,622,224)	(4,800,000)
Endowment net assets, end of year	<u>\$ 51,111,365</u>	<u>\$ 118,521,411</u>	<u>\$ 169,632,776</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

**NOTE E - PLANT AND EQUIPMENT**

Investment in plant and equipment is comprised of the following at June 30:

	2022	2021
Land and improvements	\$ 4,080,847	\$ 4,080,847
Buildings and improvements	186,381,018	185,665,747
Research and other equipment	53,876,066	53,082,060
Less accumulated depreciation	<u>(157,604,559)</u>	<u>(151,667,074)</u>
	86,733,372	91,161,580
Construction in progress	<u>34,858</u>	<u>5,524</u>
Investment in plant and equipment, net	<u>\$ 86,768,230</u>	<u>\$ 91,167,104</u>

**NOTE F - FUNDS HELD IN TRUST BY OTHERS**

The fair values of funds held in trust by others for the Foundation's benefit consist of the following at June 30:

	2022	2021
J.A. and Leta M. Chapman Charitable Trust	\$ 109,855,034	\$ 124,745,431
J.A. and Leta M. Chapman 1949 Trust	29,399,909	33,382,268
McElmurry Trust	2,088,910	1,888,834
Clyde Evans Trust	1,185,095	1,425,959
The Dallas Foundation	498,741	495,013
Various trusts at Oklahoma City Community Foundation	400,881	484,439
Other trusts	<u>362,756</u>	<u>432,897</u>
	<u>\$ 143,791,326</u>	<u>\$ 162,854,841</u>

These resources are neither in the possession of nor under the control of the Foundation. The trusts are classified as net assets with donor restrictions. The trusts are held and administered by external fiscal trust agents, with the income distributed to the Foundation according to the terms of the gift instruments. Total income and gifts from these trusts was \$13,337,393 and \$12,410,965 in 2022 and 2021, respectively. The (decrease) increase in fair value of the trust net assets during 2022 and 2021 was \$(19,063,515) and \$28,461,078, respectively.

The Foundation participates in endowment funds through the Oklahoma City Community Foundation ("OCCF"). OCCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area not-for-profit organizations. Contributions into the endowment funds are permitted by the not-for-profit entities, as well as individual donors in the community who designate the beneficiary of their contributions. Earnings on these endowed funds are paid annually to the beneficiary organization for unrestricted use. The endowed funds contributed by the Foundation and the earnings thereon, net of distributions received, are noted above for June 30, 2022 and 2021, respectively. The endowed funds contributed by third-party donors held by OCCF designated for the benefit of the Foundation were approximately \$716,000 and \$865,000 at June 30, 2022 and 2021, respectively, and are not reflected in the Foundation's consolidated statements of financial position.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

**NOTE G - BONDS PAYABLE**

In July 2016, the Foundation entered into advanced refinancing of the Series 2008 bonds. The Foundation issued \$43,955,000 of Oklahoma Industrial Authorities ("OIA") Series 2008 Revenue Bonds (the "Series 2008 Bonds") dated July 1, 2008; the proceeds from this bond were used to construct and equip a new research facility. The Series 2008 Bonds were defeased when the Foundation issued \$29,535,000 of OIA Series 2016 Revenue Bonds (the "Series 2016 Bonds") dated July 13, 2016. The Series 2016 Bonds mature on July 1, 2026 and bear interest at the stated rate of 1.81% per annum. Payments of principal and interest began January 1, 2017 and are due January 1 and July 1 of each year. The Series 2016 Bond agreements also require maintenance of a reserve fund which is included in investments in the accompanying consolidated statement of financial position. This amount was \$2,953,500 as of June 30, 2022 and 2021.

In May 2010, the Foundation issued \$12,185,000 of Oklahoma Industrial Authorities ("OIA") Series 2010 Revenue Bonds (the "Series 2010 Bonds") dated May 1, 2010. The proceeds from the Series 2010 Bonds were used to retire the OIA 2001 Series Bonds on February 1, 2011. The Series 2010 Bonds matured February 1, 2021 and were paid in full at that time.

The bond agreement contains various restrictive covenants for the Foundation, including a requirement to maintain specified levels of liquidity and a requirement to maintain its 501(c) (3) tax status. The Foundation was in compliance with the covenants as of June 30, 2021 and 2022.

Maturities of bonds payable are as follows at June 30, 2022:

2023	\$ 3,000,000
2024	3,060,000
2025	3,110,000
2026	3,165,000
2027	<u>1,600,000</u>
	<u>\$ 13,935,000</u>

**NOTE H - EMPLOYEE BENEFIT PROGRAMS**

The Foundation provides a defined contribution pension plan for all eligible employees. All eligible employees participate on the same basis, and the Foundation contributes amounts equal to 8.0% of the individual's salary up to the Social Security wage base and 13.7% of the amounts in excess of the wage base. Employees become fully vested after five years of service. Total contributions to the plan for the years ended June 30, 2022 and 2021 were \$2,407,768 and \$2,265,596, respectively.

The Foundation provides health care benefits to retired employees on a basis substantially similar to those provided to active employees. The plan is currently unfunded.

The following table sets forth the health care plan's status at June 30:

	<u>2022</u>	<u>2021</u>
Accumulated postretirement benefit obligation:		
Retirees	\$ 186,477	\$ 53,942
Fully eligible active plan participants	638,725	706,373
Other active plan participants	<u>2,411,751</u>	<u>3,476,661</u>
	<u>\$ 3,236,953</u>	<u>\$ 4,236,976</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

Change in accrued postretirement benefit cost for the years ended June 30, is as follows:

	2022	2021
Liability for postretirement benefits - beginning of year	\$ 4,236,976	\$ 3,959,181
Service cost	422,367	389,533
Interest cost	115,405	103,627
Actuarial gain	(1,506,813)	(209,054)
Benefits paid	<u>(30,982)</u>	<u>(6,311)</u>
Liability for postretirement benefits - end of year	<u>\$ 3,236,953</u>	<u>\$ 4,236,976</u>

Components of net periodic postretirement benefit cost for the years ended June 30, is as follows:

	2022	2021
Service cost	\$ 422,367	\$ 389,533
Interest cost	115,405	103,627
Net gain amortization	<u>(103,685)</u>	<u>(104,289)</u>
	<u>\$ 434,087</u>	<u>\$ 388,871</u>

The change in net gain that has not been recognized in net periodic postretirement benefit cost is as follows for the years ended June 30:

	2022	2021
Unrecognized net gain - beginning of year	\$ 2,104,907	\$ 2,000,142
Net gain amortized to net periodic postretirement benefit cost	(103,685)	(104,289)
Net actuarial gain occurring during the year	<u>1,506,813</u>	<u>209,054</u>
Unrecognized net gain - end of year	<u>\$ 3,508,035</u>	<u>\$ 2,104,907</u>

The change in unrecognized net gain of \$1,403,128 and \$104,765 for 2022 and 2021, respectively, has been recognized in the 2022 and 2021 consolidated statement of activities apart from expenses.

The following assumptions were used in accounting for the plan as of June 30, 2022:

Weighted-average assumption used to determine benefit obligation	
Discount rate	4.83%
Rate of compensation increase	N/A
Assumed health care cost trend rates	
Health care cost trend rate assumed for next year	7.50%
Rate to which the cost trend rate is assumed to decline (the "ultimate trend rate")	5.00%
Year that the rate reaches the ultimate trend rate	2027

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

2023	\$ 136,006
2024	179,927
2025	222,621
2026	242,010
2027	304,404
2028 - 2032	<u>1,396,040</u>
	<u>\$ 2,481,008</u>

The Foundation expects to contribute \$136,006 to the plan for the next fiscal year.

**NOTE I - NET ASSETS**

Net assets are designated for specific purposes or uses as follows at June 30, 2022:

Net assets without donor restrictions consist of the following:

General activities of the Foundation	\$ 11,828,067
Board designated endowment funds	53,251,051
Investment in plant, net	76,977,774
Designated by the Foundation for research programs	<u>10,369,560</u>

Total net assets without donor restrictions	<u>152,426,452</u>
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Net assets with donor restrictions available for specified time periods or purposes:

Time restricted for periods after June 30, 2022	25,969,693
Accumulated loss of endowed donor designated funds	(18,612,111)
Designated for research programs	59,941,564
Designated for capital projects	3,069,373

Earnings from net assets with donor restrictions are available from the following:

Designated for research programs	55,845,286
Designated for capital projects	6,012,074
Time restricted donor contributions maintained in perpetuity	<u>145,576,174</u>

Total net assets with donor restrictions	<u>277,802,053</u>
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Total net assets at June 30, 2022	<u>\$ 430,228,505</u>
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**NOTE J - FUNCTIONAL EXPENSES**

Expenses are reported in the accompanying consolidated statement of activities by their program classifications. The Foundation's primary programs services are research and clinic operations. Expenses reported as general and administrative are incurred in support of these primary program services.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The Foundation allocates certain types of expenses that relate to more than one program or supporting activity. Expenses of this nature include, but are not limited to, depreciation, interest and operations and maintenance of plant and direct research and clinic support. Amounts have been allocated to the specific programs and support services based on the total square footage of the Foundation's buildings, the number of average employees per department and other financial methods determined by management and are consistently applied.

Functional expenses were incurred for the years ended June 30, 2022 and 2021 as follows:

Year Ended 2022	Program Services			Supporting Services	Total Expenses
	Research	Clinic Operations	Total	General and Administrative	
Personnel	\$ 23,891,964	\$ 2,430,751	\$ 26,322,715	\$ 6,830,529	\$ 33,153,244
Fringe benefits	6,559,756	682,970	7,242,726	2,091,488	9,334,214
Change in benefit accruals	-	-	-	541,420	541,420
Trainee costs	1,005,251	-	1,005,251	-	1,005,251
Professional expenses, awards, other	53,030	174	53,204	527,064	580,268
Professional services & dues	1,433,337	144,922	1,578,259	2,349,002	3,927,261
Communications	66,561	11,979	78,540	40,906	119,446
Office supplies	65,007	23,892	88,899	135,247	224,146
Laboratory supplies	7,839,837	213,514	8,053,351	-	8,053,351
Laboratory animal purchases & care	2,313,986	-	2,313,986	-	2,313,986
Computer supplies & services	555,233	38,398	593,631	1,020,630	1,614,261
Food service	-	-	-	177,584	177,584
Travel	282,013	9,356	291,369	142,499	433,868
Publication cost & books	364,308	556	364,864	11,551	376,415
Printing, postage, & binding	28,771	1,336	30,107	297,780	327,887
Building & maintenance	122,257	-	122,257	363,910	486,167
Equipment repair & maintenance	1,072,702	4,924	1,077,626	13,670	1,091,296
Meetings/seminars/sabbatical	(330,983)	-	(330,983)	(50,348)	(381,331)
In-house expenses	1,846,424	40,256	1,886,680	57,067	1,943,747
Liability & casualty insurance	-	-	-	460,574	460,574
Utilities	-	-	-	2,802,724	2,802,724
Subcontracts	4,091,317	19,678,659	23,769,976	-	23,769,976
Support services allocated	11,868,715	785,387	12,654,102	(12,654,102)	-
Less amounts recovered from other departments	(3,192,701)	(2,700)	(3,195,401)	(388,888)	(3,584,289)
Total expense before interest and depreciation	59,936,785	24,064,374	84,001,159	4,770,307	88,771,466
Interest expense	241,537	11,826	253,363	38,582	291,945
Depreciation	6,366,312	247,473	6,613,785	1,262,977	7,876,762
	<u>\$ 66,544,634</u>	<u>\$ 24,323,673</u>	<u>\$ 90,868,307</u>	<u>\$ 6,071,866</u>	<u>\$ 96,940,173</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

Year Ended 2021	Program Services			Supporting Services	Total Expenses
	Research	Clinic Operations	Total	General and Administrative	
Personnel	\$ 22,111,353	\$ 2,327,537	\$ 24,438,890	\$ 7,079,187	\$ 31,518,077
Fringe benefits	6,250,677	665,983	6,916,660	1,627,323	8,543,983
Change in benefit accruals	-	-	-	688,828	688,828
Trainee costs	1,428,058	-	1,428,058	-	1,428,058
Professional expenses, awards, other	33,436	450	33,886	312,295	346,181
Professional services & dues	641,181	106,561	747,742	1,940,893	2,688,635
Communications	65,773	13,440	79,213	40,539	119,752
Office supplies	95,291	40,807	136,098	119,740	255,838
Laboratory supplies	6,714,212	153,893	6,868,105	-	6,868,105
Laboratory animal purchases & care	1,862,382	-	1,862,382	-	1,862,382
Computer supplies & services	469,559	59,951	529,510	998,199	1,527,709
Food service	-	-	-	109,940	109,940
Travel	79,707	2,869	82,576	45,619	128,195
Publication cost & books	285,968	908	286,876	17,817	304,693
Printing, postage, & binding	13,004	513	13,517	304,928	318,445
Building & maintenance	121,902	-	121,902	374,633	496,535
Equipment repair & maintenance	945,163	4,389	949,552	38,202	987,754
Meetings/seminars/sabbatical	(6,800)	-	(6,800)	55,527	48,727
In-house expenses	1,072,472	26,016	1,098,488	65,807	1,164,295
Liability & casualty insurance	-	-	-	271,682	271,682
Utilities	-	-	-	2,526,874	2,526,874
Subcontracts	5,801,508	18,422,667	24,224,175	-	24,224,175
Support services allocated	10,768,326	681,717	11,450,043	(11,450,043)	-
Less amounts recovered from other departments	(2,280,971)	(6,300)	(2,287,271)	(332,342)	(2,619,613)
Total expense before interest and depreciation	56,472,201	22,501,401	78,973,602	4,835,648	83,809,250
Interest expense	557,877	13,999	571,876	45,269	617,145
Depreciation	6,433,707	263,633	6,697,340	1,214,852	7,912,192
	<u>\$ 63,463,785</u>	<u>\$ 22,779,033</u>	<u>\$ 86,242,818</u>	<u>\$ 6,095,769</u>	<u>\$ 92,338,587</u>

**NOTE K - DEFERRED REVENUE**

The Foundation hosts a special event annually in the fall. Expenses incurred prior to June 30 for each event were \$2,886 and \$0 for 2022 and 2021, respectively, and were included in prepaid expenses and other assets on the consolidated statement of financial position. Revenue pledged or received prior to June 30 for each event is included in deferred revenue on the consolidated statement of financial position.

The Foundation receives non-federally funded grants from various institutions that fully awards the amount of the grant award at the beginning of the grant period, which the Foundation recognizes as deferred revenue on the consolidated statement of financial position.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

Deferred revenue is comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Unexpended grant revenue	\$ 2,079,379	\$ 1,350,878
Special event revenue	<u>236,400</u>	<u>-</u>
Total deferred revenue	<u>\$ 2,315,779</u>	<u>\$ 1,350,878</u>

**NOTE L - COMMITMENTS AND CONTINGENCIES**

The Foundation has entered into various deferred compensation arrangements. The total liability related to these agreements was \$3,875,908 and \$4,635,296 at June 30, 2022 and 2021, respectively. The total assets related to these accounts was \$5,388,177 and \$6,123,051 at June 30, 2022 and 2021, respectively, and is included in prepaid expenses and other assets in the consolidated statement of financial position.

As of June 30, 2022, no commitments remain under construction contracts; however, there is construction scheduled to be begin during the 2023 fiscal year.

The Foundation is party to an operating lease with payments of \$18,648 due monthly beginning on October 1, 2018 and ending September 30, 2022. Rent payments for fiscal year 2022 and 2021 totaled \$223,776 and \$242,224, respectively. The future minimum rental payments required under the operating lease is \$37,296.

The Foundation is a party to a \$4 million line of credit agreement with outstanding amounts bearing interest at the 90-day LIBOR rate and maturing October 2023. The line of credit is available for general corporate purposes. The lender has the right to offset outstanding balances against funds held in operating accounts with the lender. The line of credit was not used during the year.

The Foundation, whenever feasible, makes an effort, through licensing, royalty, stock ownership and other arrangements to position itself to share an interest in the commercial rewards attributable to its research programs. In certain situations, the Foundation may not attribute value to such arrangements based upon management's best estimates. As a result, at any point in time, the Foundation may hold revenue and ownership rights that are not reflected in its consolidated financial statements.

In June 2016, the Foundation received a 10-year funding commitment of \$250,000 per year from the Presbyterian Health Foundation. The funds will be used to provide scholarships and stipends to PhD/MD students. As in prior funding commitments from Presbyterian Health Foundation, if the \$250,000 annual funding provided under this commitment is not used in a given year, the unused portion will be available for carry forward to future years. Since the commitment is only funded by the Presbyterian Health Foundation on an as used basis for allowable expenditures, the Foundation records the revenue relating to this commitment when the scholarships and stipends are paid. In 2022, \$347,888 in scholarships and stipends were paid and an equivalent amount of grant revenue was recorded. At June 30, 2022, the remaining funds available under this commitment, which will be recorded as revenue when expended, is \$1,312,615.

During 2004, the Department of Health and Human Services ("DHHS") awarded a grant to the Foundation that provided funds for the renovation of a portion of one of the Foundation's research buildings. The grant included a clause that restricts the Foundation from mortgaging or selling the property without the prior written consent of the granting agency.



## **Oklahoma Medical Research Foundation**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The Foundation receives a significant portion of its public support from agencies of the U.S. government. If the government effects significant budget cuts in the future, this source of funding could decrease. If this were to occur, it is management's opinion that the Foundation could continue most of its research activities on a more limited basis through other sources of funding.

In the normal course of operations, the Foundation receives grants and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any reimbursement which may arise as the result of audits, would not be material to the consolidated financial statements.

The Foundation holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities would occur in the near term and that such changes, could materially affect the amounts reported in the consolidated financial statements.

From time to time, the Foundation may be involved in certain lawsuits arising in the ordinary course of business. While the outcome of these lawsuits cannot be predicted with certainty, the Foundation does not expect these matters to have a material adverse effect on the Foundation's consolidated financial condition, liquidity or operations.

#### **NOTE M - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Generally accepted accounting principles define fair value as 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 and establishes a three-level hierarchy for measuring fair value.

The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2022, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Equity investments	\$ 94,281,097	\$ -	\$ -	\$ 94,281,097
Equity investments - other	-	-	1,998,814	1,998,814
Bond funds	26,488,505	-	-	26,488,505
Common collective trusts	-	21,189,044	-	21,189,044
Private equity funds	-	-	9,864,716	9,864,716
Real estate fund	-	-	3,560,958	3,560,958
Hedge funds	-	-	12,626,716	12,626,716
Cash equivalents	2,277,287	-	-	2,277,287
<b>Total investments</b>	<b>123,046,889</b>	<b>21,189,044</b>	<b>28,051,204</b>	<b>172,287,137</b>
Cash and cash equivalents restricted for investment in plant and equipment	5,549,067	-	-	5,549,067
Funds held in trust by others	-	-	143,791,326	143,791,326
	<u>\$ 128,595,956</u>	<u>\$ 21,189,044</u>	<u>\$ 171,842,530</u>	<u>\$ 321,627,530</u>
				Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
Beginning balance				\$ 190,782,874
Net realized/unrealized losses				(19,464,229)
Purchases				(28,912,370)
Sales				29,436,255
<b>Ending balance</b>				<u>\$ 171,842,530</u>

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Equity investments	\$ 102,553,724	\$ -	\$ -	\$ 102,553,724
Equity investments - other	-	-	1,998,814	1,998,814
Bond funds	28,730,622	-	-	28,730,622
Common collective trusts	-	22,676,719	-	22,676,719
Private equity funds	-	-	8,221,040	8,221,040
Real estate fund	-	-	4,148,625	4,148,625
Hedge funds	-	-	13,559,554	13,559,554
Cash equivalents	3,399,390	-	-	3,399,390
<b>Total investments</b>	<b>134,683,736</b>	<b>22,676,719</b>	<b>27,928,033</b>	<b>185,288,488</b>
Cash and cash equivalents restricted for investment in plant and equipment	5,711,156	-	-	5,711,156
Funds held in trust by others	-	-	162,854,841	162,854,841
	<u>\$ 140,394,892</u>	<u>\$ 22,676,719</u>	<u>\$ 190,782,874</u>	<u>\$ 353,854,485</u>
				Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
Beginning balance				\$ 155,840,417
Net realized/unrealized gains				41,964,092
Purchases				(30,655,651)
Sales				23,634,016
<b>Ending balance</b>				<u>\$ 190,782,874</u>

**NOTE N - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Foundation's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations. The Foundation has certain donor-restricted net assets that are available for general expenditures within one year of June 30, 2022 because the restrictions on the net assets are expected to be met by conducting the normal activities of our programs in the coming year. Accordingly, the related resources have been included in the table below detailing the financial assets available to meet general expenditures within one year. The Foundation has other assets limited to use for donor-restricted purposes and for contractually required debt service reserves, which are not included.

**Oklahoma Medical Research Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022**

	2022	2021
Financial assets due within one year:		
Cash and cash equivalents	\$ 8,391,263	\$ 4,354,388
Receivables, net	40,662,728	43,080,857
Prepaid expenses and other assets	6,362,258	7,353,706
Investments	<u>172,287,137</u>	<u>185,288,488</u>
Total financial assets	<u>227,703,386</u>	<u>240,077,439</u>
Less amount unavailable for general expenditures with one year due to:		
Donor-restricted gifts for research	(2,244,843)	(3,613,881)
Other assets held for future obligations	(5,737,654)	(6,470,747)
Reserved for debt service	(2,953,500)	(2,953,500)
Investments non-convertible to cash within one year	(7,452,805)	(2,664,232)
Donor-restricted endowment fund	<u>(104,791,294)</u>	<u>(118,521,411)</u>
Total amounts unavailable due to donor restrictions or law	<u>(123,180,096)</u>	<u>(134,223,771)</u>
Total financial assets available for general expenditure within one year	<u>\$ 104,523,290</u>	<u>\$ 105,853,668</u>

As a part of our liquidity plan, the Foundation routinely monitors the availability of resources to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As such, cash in excess of daily requirements are invested in short-term investments and money market funds. Included in financial assets above are board-designated endowment funds that could be made available for current operations at the discretion of the Board of Directors.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue, including federal funds, to cover general expenditures not covered by donor-restricted resources. Furthermore, in the event of an unanticipated liquidity need, the Foundation also could draw upon \$4,000,000 of an available line of credit (as further discussed in Note L).

**NOTE O - RELATED PARTY TRANSACTIONS**

The Foundation has transactions in the normal course of business with third parties of which directors of the Foundation are also officers. All such transactions are conducted at arm's length.

**NOTE P - SUBSEQUENT EVENTS**

The Foundation has evaluated events and transactions subsequent to June 30, 2022 through December 16, 2022, the date these consolidated financial statements were available to be issued, for potential recognition or disclosure in these consolidated financial statements.

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

Board of Directors  
Oklahoma Medical Research Foundation

We have audited, 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 (*Government Auditing Standards*), the consolidated financial statements of Oklahoma Medical Research Foundation, and its subsidiary (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2022.

**Report on internal control over financial reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 the Foundation's consolidated 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

Oklahoma City, Oklahoma  
December 16, 2022

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Oklahoma Medical Research Foundation

### **Report on compliance for each major federal program**

#### **Opinion on each major federal program**

We have audited the compliance of Oklahoma Medical Research Foundation and its subsidiary (collectively, the "Foundation") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation 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, 2022.

#### **Basis for opinion on each major federal program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US 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 Foundation 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation'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 Foundation's federal programs.

**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 Foundation'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 US 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 Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US 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 Foundation'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 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 Foundation'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. Given these limitations, during our audit we did not identify any deficiencies in the Foundation's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

*Grant Thornton LLP*

Oklahoma City, Oklahoma  
December 16, 2022

Oklahoma Medical Research Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Federal Grantor/Pass-through Grantors Program Title	Federal Assistance Listing Number (if available)	Pass-through Entity ID Number	Amount Provided to Subrecipient	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
Direct Funded Grants:				
U.S. Department of Health and Human Services:				
National Institutes of Health:				
National Institute on Aging Research	93.866		\$ 457,812	\$ 3,382,218
National Institute of Allergy and Infectious Diseases Research	93.855		670,156	6,868,995
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		16,151	4,845,392
National Institute of Dental, Oral and Craniofacial Research	93.121		13,748	657,239
National Institute of Diabetes, Digestive and Kidney Diseases	93.847		66,142	66,142
National Institute of Vision Research	93.867		82,898	859,472
National Institute of Biomedical Research and Research Training	93.859		648,685	9,023,230
National Institute of Child Health and Human Development	93.865		20,800	264,839
National Institute of Cardiovascular Diseases Research	93.837		6,617	2,318,229
National Institute of Lung Diseases Research	93.838		56,339	830,004
National Institute of Blood Diseases and Resources Research	93.839		277	1,194,282
National Center for Advancing Translational Sciences	93.350		-	117,019
National Institute of Drug Abuse and Addiction Research	93.279		-	634
National Institute of Discovery and Applied Research for Technology	93.286		280,176	413,658
National Cancer Institute	93.396		-	245,157
National Neuro Disorders	93.853		13,142	286,789
Total U.S. Department of Health and Human Services			2,332,943	31,373,299
Other departments:				
U.S Department of Defense:				
US Army Medical Research and Development	12.420		-	194,029
U.S. Office of Personnel Management:				
Veteran Affairs Personnel Mobility Program	N/A		-	626,904
National Science Foundation:				
Biological Sciences	47.074		-	225,567
Total other departments			-	1,046,500
Total Direct Funded Grants			\$ 2,332,943	\$ 32,419,799

The accompanying notes are an integral part of this schedule.

**Oklahoma Medical Research Foundation**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**

**Year ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantors Program Title</b>	<b>Federal Assistance Listing Number (if available)</b>	<b>Pass-through Entity ID Number</b>	<b>Amount Provided to Subrecipient</b>	<b>Total Expenditures</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED</b>				
Pass-through Grants:				
U.S. Department of Health and Human Services:				
National Institutes of Health:				
National Institute of Aging Research:				
University of Oklahoma Health Sciences Center	93.866	731563627	\$ -	\$ 747,095
University of Michigan	93.866	386006309	-	404,098
Mayo Clinic	93.866	416011702	-	26,074
Adventist Health System	93.866	590724459	-	39,754
University of Kansas Medical Center	93.866	481108830	-	64,464
University of Iowa	93.866	466004224	-	16,148
University of Texas Health Science Center of San Antonio	93.866	741586031	-	2,241
National Institute of Allergy and Infectious Diseases:				
Emory University	93.855	580566256	-	930,408
Progentec Diagnostics	93.855	474587440	-	54,537
University of Oklahoma	93.855	736017987	-	146,448
Oregon Health & Science University	93.855	931176109	-	288,413
University of Pittsburgh	93.855	250965591	-	31,812
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
Stanford University	93.846	941156365	-	527,551
Penn State University	93.846	251857035	-	169,088
Medical University of South Carolina	93.846	576000722	-	418,250
University of Pittsburgh	93.846	250965591	-	1,751
National Institute of Biomedical Research and Research Training:				
Oklahoma State University	93.859	731383996	-	43,079
University of Oklahoma Health Sciences Center	93.859	731563627	-	1,976,245
Cherokee Nation	93.859	730757033	-	228,428
University of California Medical Center	93.859	530754770	-	2,113
University of Texas MD Anderson Cancer Center	93.859	746001118	-	49,154
Stanford University	93.859	941156365	-	347,030
University of Arkansas for Medical Sciences	93.859	716046242	-	270,631
National Institute of Cardiovascular Diseases Research:				
Boston Children's Hospital	93.837	042774441	-	13,516
National Institute of Cancer Cause and Prevention Research:				
University of Oklahoma Health Sciences Center	93.393	731563627	-	135,748
University of Oklahoma	93.393	736017987	-	19,946
National Institute of Dental, Oral and Craniofacial Research:				
University of Oklahoma Health Sciences Center	93.121	731563627	-	8,733
University of Florida	93.121	596002052	-	27,133
University of California San Francisco	93.121	946036493	-	53,143
National Institute of Diabetes, Digestive and Kidney Disease Research:				
Glycologix LLC	93.847	813146853	-	168,850
University of California Davis Medical Center	93.847	530754770	-	67,491
University of Oklahoma Health Sciences Center	93.847	731563627	-	29,215
University of Kentucky Research Foundation	93.847	616033693	-	76,912
Research and Training in Complementary and Integrative Health:				
University of Kentucky Research Foundation	93.213	616033693	-	126,682
Trans-NIH Research Support:				
University of Oklahoma Health Sciences Center	93.310	731563627	-	249,182
Cherokee Nation	93.310	730757033	-	116,559
Cancer Detection and Diagnosis Research:				
University of Oklahoma Health Sciences Center	93.394	731563627	-	11,713
Human Genome Research:				
Broad Institute of MIT and Harvard	93.172	263428781	-	92,186
Total U.S. Department of Health and Human Services			-	7,981,821

The accompanying notes are an integral part of this schedule.

**Oklahoma Medical Research Foundation**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**Year ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantors Program Title</b>	<b>Federal Assistance Listing Number (if available)</b>	<b>Pass-through Entity ID Number</b>	<b>Amount Provided to Subrecipient</b>	<b>Total Expenditures</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED</b>				
Pass-through Grants:				
U.S. Department of Defense:				
Military Medical Research and Development:				
University of Oklahoma Health Sciences Center	12.420	731563627	\$ -	\$ (346)
Columbia University	12.420	135598093	-	27
Total U.S. Department Defense:			-	(319)
Total Pass-through Grants			-	7,981,502
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<b>\$ 2,332,943</b>	<b>\$ 40,401,301</b>
<b>OTHER PROGRAMS</b>				
U.S. Department of Health and Human Services:				
Provider Relief Fund and American Rescue Plan Rural Distribution	93.498		\$ -	\$ 194,356
Pass-through Grants:				
U.S. Department of Treasury:				
City of Oklahoma City				
COVID-19 Coronavirus Relief Fund Grant	21.019	736005359	-	7,120
<b>TOTAL OTHER PROGRAMS</b>			<b>\$ -</b>	<b>\$ 201,476</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,332,943</b>	<b>\$ 40,602,777</b>

The accompanying notes are an integral part of this schedule.

**Oklahoma Medical Research Foundation**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended June 30, 2022**

1. The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of Oklahoma Medical Research Foundation (the "Foundation") for the year ended June 30, 2022, which have been financed by the U.S. Government.

For purposes of the Schedule, federal awards have been classified into two types:

- Direct federal awards consisting of federal assistance; and
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

The Schedule is prepared on the cash basis of accounting. Expenditures are recognized when paid.

Federal awards provided to subrecipient are treated as expenditures when they are paid to the subrecipient.

2. Assistance Listing Numbers ("ALN") are presented for those programs for which such numbers were available.
3. Federal direct programs are presented by federal department and, where applicable, the funding agency within the department. Federal pass through programs are presented by the entity through which the Foundation received the federal award. Amounts provided to subrecipient from each federal program have been separately identified for additional analysis. These awards are included in total cash basis expenditures.
4. The Foundation has a federally negotiated indirect cost rate and therefore elected not to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414.

**Oklahoma Medical Research Foundation**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2022**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified	No
• Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted:	No

***Federal Awards***

Internal controls over major programs:	
• Material weakness(es) identified	No
• Significant deficiencies identified that are not considered to be material weakness(es)	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with §200.516 of 2 CFR 200.	No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$1,218,083
Auditee qualified as low-risk auditee?	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reportable.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters are reportable.

**Oklahoma Medical Research Foundation**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended June 30, 2022**

There were no prior year findings or questioned costs reported.