



OKLAHOMA MEDICAL RESEARCH FOUNDATION

**CONSOLIDATED FINANCIAL STATEMENTS,
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2024

WITH

INDEPENDENT AUDITOR'S REPORTS



CONTENTS

Independent Auditor's Report	1
Consolidated Statements of Financial Position.....	4
Consolidated Statement of Activities.....	5
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	9
Supplemental Information:	
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	30
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	31
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	33
Schedule of Findings and Questioned Costs.....	36
Summary Schedule of Prior Audit Findings	37



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma Medical Research Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 27 through 29 is presented for purposes of additional analysis and is not a required part of the 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, 2024, 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 financial statements. Such supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on 2023 Summarized Comparative Information

The financial statements of the Foundation, as of and for the year ended June 30, 2023 (not presented herein), were audited by other auditors, whose report, dated December 19, 2023, expressed an unmodified

opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2023, was derived from those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, 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.

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 13, 2024

OKLAHOMA MEDICAL RESEARCH FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 13,324,154	\$ 10,275,949
Receivables, net	26,306,403	43,093,480
Prepaid expenses and other assets	11,463,068	7,193,947
Assets restricted for investment in plant and equipment	2,780,269	2,732,739
Investments	238,073,125	192,392,469
Plant and equipment, net	85,631,955	84,356,351
	377,578,974	340,044,935
Total assets administered by the Foundation		
Funds held in trust by others	151,192,976	145,885,933
	\$ 528,771,950	\$ 485,930,868
Total assets		
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,819,363	\$ 8,874,935
Accrued vacation and sick pay	3,389,509	3,171,055
Deferred revenue	2,838,255	2,725,269
Split-interest agreements	260,955	101,528
Postretirement benefits and deferred compensation	9,198,657	7,935,769
Accrued interest payable	71,269	98,962
Other long-term liabilities	849,215	1,050,180
Bonds payable	7,875,000	10,935,000
	39,302,223	34,892,698
Total liabilities		
Net assets:		
Net assets without donor restrictions	195,929,685	161,089,274
Net assets with donor restrictions	293,540,042	289,948,896
	489,469,727	451,038,170
Total net assets		
Total liabilities and net assets	\$ 528,771,950	\$ 485,930,868

OKLAHOMA MEDICAL RESEARCH FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

**Year ended June 30, 2024
(with comparative totals for 2023)**

	Without Donor Restrictions		Total Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
	Operating	Plant				
Revenues						
Competitive research grants:						
National Institutes of Health	\$ 49,375,990	\$ 300,000	\$ 49,675,990	\$ -	\$ 49,675,990	\$ 37,967,890
Other	12,095,467	121,031	12,216,498	-	12,216,498	11,295,252
Total grants	61,471,457	421,031	61,892,488	-	61,892,488	49,263,142
Private contributions:						
Income and gifts from trusts	8,044,851	-	8,044,851	5,955,155	14,000,006	13,937,753
Gifts and bequests	1,939,246	-	1,939,246	568,269	2,507,515	5,120,299
Contributions	2,380,700	-	2,380,700	8,931,427	11,312,127	4,040,148
Memorials	493,166	-	493,166	169,880	663,046	1,063,390
Total private contributions	12,857,963	-	12,857,963	15,624,731	28,482,694	24,161,590
Special event revenue:						
Ticket sales and sponsorships	1,338,761	-	1,338,761	-	1,338,761	835,455
Less: direct costs of event	(298,696)	-	(298,696)	-	(298,696)	(158,983)
Net revenues from special events	1,040,065	-	1,040,065	-	1,040,065	676,472
Other revenue:						
Clinical revenue, net of provisions for contractual and other adjustments of \$46,918,736 and \$39,890,584 for 2024 and 2023, respectively	26,381,382	-	26,381,382	-	26,381,382	27,924,582
Interest, dividends and net realized gains on investment designated for operations	3,134,858	-	3,134,858	4,847,286	7,982,144	6,061,760
Mineral income	1,428,618	-	1,428,618	11,949	1,440,567	1,925,730
Rent	432,780	-	432,780	-	432,780	384,818
Royalties and licensing income	3,217,117	-	3,217,117	-	3,217,117	2,947,012
Loss on disposal of assets	(305,248)	(215,463)	(520,711)	(25,732)	(546,443)	(944,340)
Other revenue	2,009,507	-	2,009,507	-	2,009,507	1,910,894
Total other revenue	36,299,014	(215,463)	36,083,551	4,833,503	40,917,054	40,210,456
Total revenue	111,668,499	205,568	111,874,067	20,458,234	132,332,301	114,311,660
Net assets released from restrictions	30,695,190	3,436,235	34,131,425	(34,131,425)	-	-
Total operating revenue	142,363,689	3,641,803	146,005,492	(13,673,191)	132,332,301	114,311,660

See notes to consolidated financial statements.

OKLAHOMA MEDICAL RESEARCH FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

**Year ended June 30, 2024
(with comparative totals for 2023)**

	Without Donor Restrictions		Total Without Donor Restrictions	With Donor Restrictions	Total	2023
	Operating	Plant				Total
Expenses						
Program services - research	72,565,231	6,889,861	79,455,092	-	79,455,092	69,363,480
Program services - clinic operations	31,068,347	268,491	31,336,838	-	31,336,838	31,324,631
Supporting services - general and administrative	7,672,003	1,240,554	8,912,557	-	8,912,557	7,397,386
Total expenses	111,305,581	8,398,906	119,704,487	-	119,704,487	108,085,497
Change in net assets from operations	31,058,108	(4,757,103)	26,301,005	(13,673,191)	12,627,814	6,226,163
Other gains, losses, transfers and nonrecurring items:						
Increase in fair value of funds held in trust by others	-	-	-	5,169,183	5,169,183	2,094,607
Net investment gains in excess of designated for operations	8,182,266	-	8,182,266	12,095,154	20,277,420	12,396,046
Transfer to plant	(7,508,540)	7,508,540	-	-	-	-
Pension related changes other than net periodic pension cost	357,140	-	357,140	-	357,140	92,849
Net increase in net assets for the year	<u>\$ 32,088,974</u>	<u>\$ 2,751,437</u>	34,840,411	3,591,146	38,431,557	20,809,665
Net assets - beginning of year			161,089,274	289,948,896	451,038,170	430,228,505
Net assets - end of year			<u>\$ 195,929,685</u>	<u>\$ 293,540,042</u>	<u>\$ 489,469,727</u>	<u>\$ 451,038,170</u>

OKLAHOMA MEDICAL RESEARCH FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	\$ 38,431,557	\$ 20,809,665
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation and amortization	8,339,041	7,782,462
Change in value of split-interest agreements	159,427	(13,410)
Loss on disposal of plant and equipment	215,463	434,040
Recovery loss of uncollectible receivables	(971,836)	(2,538,604)
(Gain) loss on contributed investments	(8,473)	411,859
Noncash lease expense	-	2,369
Contributed noncash assets	(1,265,671)	(408,485)
Proceeds from sale of contributed investments without donor restrictions	606,489	100,402
Contribution received of funds held in trust by others	(137,860)	-
Contributions received for long-term investment, reserved for future periods and investment in plant and equipment	(12,466,785)	(7,363,097)
Net realized and unrealized gain on investments	(23,271,156)	(16,061,134)
Increase in fair value of funds held in trust by others	(5,169,183)	(2,094,607)
Changes in operating assets and liabilities:		
Decrease in receivables	17,756,861	106,646
Increase in prepaid expenses and other assets	(3,039,095)	(382,635)
Increase in accounts payable and accrued expenses	5,944,428	1,902,334
Increase in accrued vacation and sick pay	218,454	164,841
Increase in deferred revenue	112,986	409,490
Increase in postretirement benefits and deferred compensation	1,262,888	822,908
Decrease in accrued interest payable	(27,693)	(27,150)
Net cash provided by operating activities	26,689,842	4,057,894
Cash Flows from Investing Activities		
Proceeds from maturities/sales of investments	59,468,154	66,708,906
Purchases of investments	(81,877,654)	(71,165,604)
Purchase of life insurance investment	(1,247,576)	(449,053)
Purchases of plant and equipment	(9,830,106)	(4,759,312)
Proceeds from sales of plant and equipment	-	2,500
(Increase) decrease in assets restricted for investment in plant and equipment	(18,331)	2,816,328
Net cash used in investing activities	(33,505,513)	(6,846,235)

OKLAHOMA MEDICAL RESEARCH FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Financing Activities		
Proceeds from sale of contributed investments with donor restrictions	685,205	308,724
Payments on lease obligation	(200,965)	-
Payments on bonds payable	(3,060,000)	(3,000,000)
Contributions received reserved for future periods	11,878,755	4,079,577
Contributions received reserved for purchase of endowed investments	558,831	3,283,520
Payments received on miscellaneous notes	2,050	1,206
	9,863,876	4,673,027
Net cash provided by financing activities	9,863,876	4,673,027
Net increase in cash and cash equivalents	3,048,205	1,884,686
Cash and cash equivalents - beginning of year	10,275,949	8,391,263
Cash and cash equivalents - end of year	\$ 13,324,154	\$ 10,275,949
Supplemental Cash Flow Information		
Contributions of funds held in trust by others	\$ 137,860	\$ -
Contributions of plant and equipment	\$ -	\$ 262,309
Contributions of investments	\$ 1,283,221	\$ 408,485
Interest paid	\$ 75,727	\$ 237,774

OKLAHOMA MEDICAL RESEARCH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

Note 1 – 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 2024 and 2023.

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 utilizes in-kind gifts of land, buildings and equipment to carry out the mission of the Foundation. If the gift of land, building or equipment provided does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. 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 of donor restrictions when the donated or acquired long-lived assets are placed in service. No in-kind gifts of land or buildings were received during the years ended June 30, 2024 and 2023. Contributed in-kind gifts of equipment without donor restrictions of \$262,309 were received during the year ended June 30, 2023, which are reported in the statement of activities under private contributions. No in-kind gifts of equipment were received during the year ended June 30, 2024.

Revenue from clinical operations is recognized as services are performed. The Foundation primarily provides medical services to understand and treat lupus, rheumatoid arthritis, multiple sclerosis, and other autoimmune diseases. The Foundation receives a significant portion of its clinical revenue from third-party payors, including government programs, private health insurance, and other managed care organizations. Revenue is recognized based on the performance of these services in accordance with the specific terms of each patient contract, which may include fixed fees, variable fees, or reimbursement based on billed charges, negotiated rates, or contractual agreements with third-party payors. The amounts the Foundation expects to collect from these payors are based on negotiated contracts or statutory rates, and revenue is recognized as the services are rendered. Amounts due from patients are recorded as clinic operation receivables. The Foundation recognizes an allowance using the loss rate method which utilizes historical collection experience, payment history, third party payor specific information, market conditions, and reasonable and supportable forecasts of future economic conditions to estimate adjustments to historical loss data.

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 (the 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 those 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.

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 2024 or 2023, 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 2021. 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 2024 and 2023, total interest incurred was \$59,865 and \$212,993, respectively. No interest was capitalized in 2024 or 2023.

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 held for disposal are reported at the lower of carrying amount or fair value, less costs to sell.

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 restricted for investment in plant and equipment

Assets restricted for investment in plant and equipment consist of cash and cash equivalents which are primarily restricted by donors or the Board 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 9. 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, \$3,267,148 and \$2,705,954 represent philanthropy or fundraising costs in 2024 and 2023, respectively.

Recent accounting pronouncement

On July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. Under the CECL standard, organizations are required to recognize an allowance for credit losses on financial assets, such as receivables, loans, and other financial instruments, based on expected credit losses over the life of the assets. The standard requires a forward-looking approach to estimate credit losses, incorporating historical experience, current conditions, and reasonable forecasts of future economic factors.

The Foundation has evaluated the impact of adopting CECL on its financial position, results of operations, and cash flows, and determined that the impact was immaterial. The Foundation's receivables primarily consist of unconditional promises to give (pledges), grants from government entities and institutions with a strong credit standing, and as well as claims filed for clinical services paid by insurance providers. As a result, the credit risk associated with these receivables is considered low, and the expected credit losses are nominal.

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, 2023, from which the summarized totals were derived.

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net assets.

Note 2 – Receivables

Receivables are comprised of the following at June 30:

	2024	2023
Pledges, net of discount of \$350,805 and \$302,243, respectively, and an allowance of \$95,000 and \$40,000 for 2024 and 2023, respectively	\$ 4,507,981	\$ 3,054,525
Wills and bequest, net of discount of \$419,037 and \$460,829 for 2024 and 2023, respectively	2,341,633	23,726,139
Recoverable expenditures under research grants and contracts	10,112,150	7,700,464
Clinic operations, net of contractual adjustments and allowance of \$7,378,309 and \$6,764,061 for 2024 and 2023, respectively	5,705,060	5,372,076
Notes, net of allowance of \$128,159 and \$130,209 for 2024 and 2023, respectively	495,000	104,329
Other, net of allowance of \$340,490 and \$48,054 for 2024 and 2023, respectively	2,933,479	3,096,559

	2024	2023
Accrued interest, net of allowance of \$79,411 and \$67,211 for 2024 and 2023, respectively	211,100	39,388
	<u>\$ 26,306,403</u>	<u>\$ 43,093,480</u>

The pledges receivable at June 30, 2024, are recoverable as follows:

	Less Than One Year	One to Five Years	More Than Five Years	Total
Pledges receivable	\$ 1,713,225	\$ 2,976,345	\$ 264,216	\$ 4,953,786
Less unamortized discount	-	(276,188)	(74,617)	(350,805)
Less allowance	(95,000)	-	-	(95,000)
Net pledges receivable	<u>\$ 1,618,225</u>	<u>\$ 2,700,157</u>	<u>\$ 189,599</u>	<u>\$ 4,507,981</u>

Wills and bequests at June 30, 2024, are estimated to be recoverable as follows:

	Less Than One Year	One to Five Years	More Than Five Years	Total
Wills and bequests	\$ 2,211,670	\$ -	\$ 549,000	\$ 2,760,670
Less unamortized discount	-	-	(419,037)	(419,037)
Net wills and bequests receivable	<u>\$ 2,211,670</u>	<u>\$ -</u>	<u>\$ 129,963</u>	<u>\$ 2,341,633</u>

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

	2024	2023
Balance of grants and contracts awarded but not collected	\$ 52,967,729	\$ 50,957,259
Less portion not yet expended	(42,855,579)	(43,256,795)
Recoverable expenditures under research grants and contracts	<u>\$ 10,112,150</u>	<u>\$ 7,700,464</u>

Note 3 – Investments

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

	2024	2023
Equity investments	\$ 119,809,786	\$ 106,852,644
Equity investments, other	1,586,314	1,586,314
Bond funds	33,357,068	29,776,023
Common collective trusts	24,149,276	22,333,149
Private equity funds	9,791,295	10,100,990
Real estate fund	6,760,501	5,331,126
Hedge funds	14,549,662	13,243,271
Cash equivalents	28,069,223	3,168,952
	<u>\$ 238,073,125</u>	<u>\$ 192,392,469</u>

Note 4 – 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 three to five 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.

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, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 67,756,933	\$ -	\$ 67,756,933
Donor-gifted endowment funds in perpetuity	-	65,455,881	65,455,881
Donor accumulated gain on endowment funds	-	64,091,598	64,091,598
	<u>\$ 67,756,933</u>	<u>\$ 129,547,479</u>	<u>\$ 197,304,412</u>

The Foundation's endowment is composed of the following net asset classifications as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 61,383,819	\$ -	\$ 61,383,819
Donor-gifted endowment funds in perpetuity	-	64,292,993	64,292,993
Donor accumulated gain on endowment funds	-	51,996,443	51,996,443
	<u>\$ 61,383,819</u>	<u>\$ 116,289,436</u>	<u>\$ 177,673,255</u>

The following table reconciles the activity of endowments for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 61,383,819	\$ 116,289,436	\$ 177,673,255
Investment returns:			
Investment income	977,157	1,854,269	2,831,426
Net appreciation (realized and unrealized)	7,948,671	15,088,171	23,036,842
Total investment returns	8,925,828	16,942,440	25,868,268

	Without Donor Restrictions	With Donor Restrictions	Total
Contributions, net of discounts	-	1,162,889	1,162,889
Appropriation of endowment assets for expenditure	(2,552,714)	(4,847,286)	(7,400,000)
Endowment net assets, end of the year	<u>\$ 67,756,933</u>	<u>\$ 129,547,479</u>	<u>\$ 197,304,412</u>

The following table reconciles the activity of endowments for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 53,251,051	\$ 104,791,294	\$ 158,042,345
Investment returns:			
Investment income	610,884	1,192,096	1,802,980
Net appreciation (realized and unrealized)	5,487,138	10,351,755	15,838,893
Total investment returns	6,098,022	11,543,851	17,641,873
Contributions, net of discounts	-	3,705,331	3,705,331
Board restricted contribution to endowment	3,983,706	-	3,983,706
Appropriation of endowment assets for expenditure	(1,948,960)	(3,751,040)	(5,700,000)
Endowment net assets, end of the year	<u>\$ 61,383,819</u>	<u>\$ 116,289,436</u>	<u>\$ 177,673,255</u>

Note 5 – Plant and Equipment

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

	2024	2023
Land and improvements	\$ 4,080,847	\$ 4,080,847
Buildings and improvements	189,089,808	187,166,124
Research and other equipment	53,082,759	48,753,674
Less accumulated depreciation	(162,674,227)	(156,787,676)
	83,579,187	83,212,969
Construction in progress	1,266,567	125,705
	84,845,754	83,338,674
Leased right-of-use equipment	1,047,811	1,032,744
Less accumulated amortization	(261,610)	(15,067)
Investment in plant and equipment, net	<u>\$ 85,631,955</u>	<u>\$ 84,356,351</u>

Note 6 – 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:

	2024	2023
J.A. and Leta M. Chapman Charitable Trust	\$ 115,181,764	\$ 111,299,140
J.A. and Leta M. Chapman 1949 Trust	30,833,622	29,781,965
McElmurry Trust	2,294,133	2,238,931
Clyde Evans Trust	1,338,636	1,255,106
The Dallas Foundation	538,444	510,124
Various trusts at Oklahoma City Community Foundation	455,513	418,845
Other trusts	550,864	381,822
	<u>\$ 151,192,976</u>	<u>\$ 145,885,933</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 were \$14,000,006 and \$13,937,753 in 2024 and 2023, respectively. The increase in fair value of the trust net assets during 2024 and 2023 was \$5,169,183 and \$2,094,607, 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, 2024 and 2023, respectively. The endowed funds contributed by third-party donors held by OCCF designated for the benefit of the Foundation were approximately \$814,000 and \$748,000 at June 30, 2024 and 2023, respectively, and are not reflected in the Foundation's consolidated statements of financial position.

Note 7 – 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, 2024 and 2023.

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, 2024 and 2023.

Maturities of bonds payable are as follows at June 30, 2024:

2025	\$ 3,110,000
2026	3,165,000
2027	<u>1,600,000</u>
	<u>\$ 7,875,000</u>

Note 8 – Net Assets

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

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions consist of the following:		
General activities of the Foundation	\$ 38,433,956	\$ 13,314,237
Board designated endowment funds	67,756,933	61,383,819
Investment in plant, net	78,650,632	75,578,971
Designated by the Foundation for research programs	<u>11,088,164</u>	<u>10,812,247</u>
Total net assets without donor restrictions	195,929,685	161,089,274
Net assets with donor restrictions available for specified time periods or purposes:		
Time restricted for periods after year end	5,769,267	26,366,140
Designated for research programs	65,707,442	48,500,782
Designated for capital projects	3,465,519	2,238,147
Earnings from net assets with donor restrictions are available from the following:		
Designated for research programs	60,009,264	58,814,673
Designated for capital projects	6,012,074	6,012,074
Time restricted donor contributions maintained in perpetuity	<u>152,576,476</u>	<u>148,017,080</u>
Total net assets with donor restrictions	<u>293,540,042</u>	<u>289,948,896</u>
Total net assets	<u>\$ 489,469,727</u>	<u>\$ 451,038,170</u>

Note 9 – 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.

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, 2024 and 2023, as follows:

Year Ended 2024	Program Services			Supporting Services	Total Expenses
	Research	Clinic Operations	Total	General and Administrative	
Personnel	\$ 27,822,206	\$ 3,117,068	\$ 30,939,274	\$ 9,004,851	\$ 39,944,125
Fringe benefits	8,117,049	919,133	9,036,182	2,119,158	11,155,340
Change in benefit accruals	-	-	-	793,616	793,616
Trainee costs	801,038	-	801,038	-	801,038
Professional expenses, awards, other	179,492	877	180,369	576,641	757,010
Professional services and dues	2,247,418	294,258	2,541,676	2,970,494	5,512,170
Communications	85,902	14,057	99,959	83,559	183,518
Office supplies	89,604	192,211	281,815	214,711	496,526
Laboratory supplies	9,857,853	493,158	10,351,011	7,364	10,358,375
Laboratory animal purchases and care	2,819,991	-	2,819,991	-	2,819,991
Computer supplies and services	640,678	179,669	820,347	1,996,737	2,817,084
Food service	-	-	-	283,855	283,855
Travel	643,599	72,214	715,813	199,226	915,039
Publication cost and books	376,142	2,590	378,732	5,148	383,880
Printing, postage and binding	35,148	2,108	37,256	563,592	600,848
Building and maintenance	143,591	5,007	148,598	395,461	544,059
Equipment repair and maintenance	1,496,051	6,306	1,502,357	69,254	1,571,611
Meetings/seminars/sabbatical	153,474	-	153,474	266,900	420,374
In-house	2,559,469	386,869	2,946,338	59,637	3,005,975
Liability and casualty insurance	-	-	-	650,089	650,089
Utilities	-	-	-	3,443,725	3,443,725
Subcontracts	4,582,771	24,330,743	28,913,514	-	28,913,514
Support services allocated	14,600,463	1,052,679	15,653,142	(15,653,142)	-
Less amounts recovered from other departments	(4,686,708)	(600)	(4,687,308)	(378,873)	(5,066,181)
Total expense before interest and depreciation	72,565,231	31,068,347	103,633,578	7,672,003	111,305,581
Interest expense	51,313	1,987	53,300	6,565	59,865
Depreciation and amortization expense	6,838,548	266,504	7,105,052	1,233,989	8,339,041
	<u>\$ 79,455,092</u>	<u>\$ 31,336,838</u>	<u>\$ 110,791,930</u>	<u>\$ 8,912,557</u>	<u>\$ 119,704,487</u>

Year Ended 2023	Program Services			Supporting Services	Total Expenses
	Research	Clinic Operations	Total	General and Administrative	
Personnel	\$ 25,213,430	\$ 2,861,941	\$ 28,075,371	\$ 7,692,124	\$ 35,767,495
Fringe benefits	6,681,037	770,629	7,451,666	2,318,240	9,769,906
Change in benefit accruals	-	-	-	574,099	574,099
Trainee costs	922,684	-	922,684	-	922,684
Professional expenses, awards, other	108,965	466	109,431	647,888	757,319
Professional services and dues	1,747,436	174,678	1,922,114	2,300,331	4,222,445
Communications	66,408	12,154	78,562	42,096	120,658
Office supplies	69,413	12,896	82,309	229,658	311,967
Laboratory supplies	7,301,667	454,672	7,756,339	-	7,756,339
Laboratory animal purchases and care	2,400,049	-	2,400,049	-	2,400,049
Computer supplies and services	553,337	168,733	722,070	1,122,227	1,844,297
Food service	-	-	-	242,247	242,247
Travel	466,437	30,863	497,300	220,582	717,882
Publication cost and books	327,767	577	328,344	7,951	336,295
Printing, postage and binding	50,918	402	51,320	540,642	591,962
Building and maintenance	138,279	890	139,169	421,195	560,364
Equipment repair and maintenance	1,249,044	473	1,249,517	18,533	1,268,050
Meetings/seminars/sabbatical	213,930	-	213,930	33,824	247,754
In-house	1,286,867	69,099	1,355,966	62,721	1,418,687
Liability and casualty insurance	-	-	-	508,535	508,535
Utilities	-	-	-	3,384,328	3,384,328
Subcontracts	3,851,569	25,656,676	29,508,245	-	29,508,245
Support services allocated	12,953,105	853,604	13,806,709	(13,806,709)	-
Less amounts recovered from other departments	(2,753,856)	-	(2,753,856)	(387,709)	(3,141,565)
Total expense before interest and depreciation	62,848,486	31,068,753	93,917,239	6,172,803	100,090,042
Interest expense	176,636	8,403	185,039	27,954	212,993
Depreciation and amortization expense	6,338,358	247,475	6,585,833	1,196,629	7,782,462
	<u>\$ 69,363,480</u>	<u>\$ 31,324,631</u>	<u>\$ 100,688,111</u>	<u>\$ 7,397,386</u>	<u>\$ 108,085,497</u>

Note 10 – Deferred Revenue

The Foundation hosts a special event annually in the fall. Expenses incurred prior to June 30 for each event were \$298,696 and \$190,136 for 2024 and 2023, 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 nonfederally 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.

Deferred revenue is comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Unexpended grant revenue	\$ 2,586,530	\$ 2,403,019
Special event revenue	251,725	322,250
Total deferred revenue	<u>\$ 2,838,255</u>	<u>\$ 2,725,269</u>

Note 11 – Commitments and Contingencies

The Foundation has entered into various deferred compensation arrangements. The total liability related to these agreements was \$5,931,737 and \$4,565,697 at June 30, 2024 and 2023, respectively. The total assets related to these accounts were \$8,148,130 and \$6,097,175 at June 30, 2024 and 2023, respectively, and is included in prepaid expenses and other assets in the consolidated statement of financial position.

As of June 30, 2024, no commitments remain under construction contracts; however, there is construction scheduled to begin during the 2025 fiscal year.

The Foundation is a party to a \$4 million line of credit agreement with outstanding amounts bearing interest at the 90-day Secured Overnight Financing Rate (SOFR) plus 2.10% and maturing January 2026. 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 2024, \$107,000 in scholarships and stipends were paid and an equivalent amount of grant revenue was recorded. At June 30, 2024, the remaining funds available under this commitment, which will be recorded as revenue when expended, are \$1,112,760.

The Foundation has been awarded grants from the Department of Health and Human Services (DHHS) that provided funds for the renovation of portions of the Foundation's research buildings. The grants included clauses that restrict the Foundation from mortgaging or selling the renovated property without the prior written consent of the granting agency.

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 12 – Fair Value Measurement of Financial Instruments

U.S. GAAP defines 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.

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2024, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Description	2024			Total
	Level 1	Level 2	Level 3	
Equity investments	\$ 119,809,786	\$ -	\$ -	\$ 119,809,786
Equity investments, other	-	-	1,586,314	1,586,314
Bond funds	33,357,068	-	-	33,357,068
Common collective trusts	-	24,149,276	-	24,149,276
Private equity funds	-	-	9,791,295	9,791,295
Real estate fund	-	-	6,760,501	6,760,501
Hedge funds	-	-	14,549,662	14,549,662
Cash equivalents	28,069,223	-	-	28,069,223
Total investments	181,236,077	24,149,276	32,687,772	238,073,125
Cash and cash equivalents restricted for investment in plant and equipment	2,780,269	-	-	2,780,269
Funds held in trust by others	-	-	151,192,976	151,192,976
	\$ 184,016,346	\$ 24,149,276	\$ 183,880,748	\$ 392,046,370
				Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
Beginning balance				\$ 176,147,634
Net realized/unrealized gains				13,571,760
Purchases				17,651,431
Sales				(23,490,077)
Ending balance				<u>\$ 183,880,748</u>

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2023, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Description	2023			Total
	Level 1	Level 2	Level 3	
Equity investments	\$ 106,852,644	\$ -	\$ -	\$ 106,852,644
Equity investments, other	-	-	1,586,314	1,586,314
Bond funds	29,776,023	-	-	29,776,023
Common collective trusts	-	22,333,149	-	22,333,149
Private equity funds	-	-	10,100,990	10,100,990
Real estate fund	-	-	5,331,126	5,331,126
Hedge funds	-	-	13,243,271	13,243,271
Cash equivalents	3,168,952	-	-	3,168,952
Total investments	139,797,619	22,333,149	30,261,701	192,392,469
Cash and cash equivalents restricted for investment in plant and equipment	2,732,739	-	-	2,732,739
Funds held in trust by others	-	-	145,885,933	145,885,933
	\$ 142,530,358	\$ 22,333,149	\$ 176,147,634	\$ 341,011,141
				Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
Beginning balance				\$ 171,842,530
Net realized/unrealized gains				12,420,462
Purchases				13,840,203
Sales				(21,955,561)
Ending balance				<u>\$ 176,147,634</u>

Note 13 – 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, 2024, 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.

	2024	2023
Financial assets due within one year:		
Cash and cash equivalents	\$ 13,324,154	\$ 10,275,949
Receivables, net	26,306,403	43,093,480
Prepaid expenses and other assets	11,463,068	7,193,947
Investments	238,073,125	192,392,469
Total financial assets	289,166,750	252,955,845
Less amount unavailable for general expenditures with one year due to:		
Donor-restricted gifts for research	(3,019,719)	(1,637,916)
Other assets held for future obligations	(8,587,706)	(6,562,225)
Reserved for debt service	(2,953,500)	(2,953,500)
Investments nonconvertible to cash within one year	(9,094,336)	(8,320,663)
Donor-restricted endowment fund	(129,547,479)	(116,289,436)
Total amounts unavailable due to donor restrictions or law	(153,202,740)	(135,763,740)
Total financial assets available for general expenditure within one year	<u>\$ 135,964,010</u>	<u>\$ 117,192,105</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 is invested in short-term investments and money market funds. Included in the financial assets above are board-designated endowment funds that could be made available for current operations at the discretion of the Board.

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 11).

Note 14 – Related Party Transactions

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

Note 15 – Subsequent Events

The Foundation has evaluated events and transactions subsequent to June 30, 2024 through December 13, 2024, the date these consolidated financial statements were available to be issued, for potential recognition or disclosure in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

OKLAHOMA MEDICAL RESEARCH FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

<u>Federal Grantor/Program Title/Pass-through Grantors</u>	<u>Federal Assistance Listing Number (if available)</u>	<u>Pass-through Entity ID Number</u>	<u>Amount Provided to Subrecipient</u>	<u>Total Expenditures</u>
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		\$ 549,569	\$ 4,441,677
National Institute of Allergy and Infectious Diseases Research	93.855		399,756	6,415,896
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		26,853	8,209,160
National Institute of Dental, Oral and Craniofacial Research	93.121		-	863,436
National Institute of Diabetes, Digestive and Kidney Diseases	93.847		98,460	385,067
National Institute of Vision Research	93.867		41,622	763,707
National Institute of Biomedical Research and Research Training	93.859		982,030	8,758,158
National Institute of Child Health and Human Development	93.865		-	282,393
National Institute of Cardiovascular Diseases Research	93.837		176,318	4,567,262
National Institute of Lung Diseases Research	93.838		17,683	167,420
National Institute of Blood Diseases and Resources Research	93.839		599,406	1,709,607
National Institute of Discovery and Applied Research for Technology	93.286		6,214	113,390
National Institute of Cancer Biology Research	93.396		-	31,074
National Institute of NeuroSciences and Neurological Disorders	93.853		27,820	384,148
Trans-NIH Research Support	93.310		-	636,816
National Institute of Deafness and Communication Disorders	93.173		-	213,306
Congressional Directives	93.493		-	966,908
			<u>2,925,731</u>	<u>38,909,425</u>
Total U.S. Department of Health and Human Services				
Other departments:				
U.S. Department of Defense:				
U.S. Army Medical Research and Development	12.420		-	165,984
U.S. Office of Personnel Management:				
Veteran Affairs Personnel Mobility Program	N/A		-	944,936
National Aeronautics and Space Administration:				
Science	43.001		-	12,988
National Science Foundation:				
Biological Sciences	47.074		-	165,403
			<u>-</u>	<u>165,403</u>
Total other departments			<u>-</u>	<u>1,289,311</u>
Total Direct Funded Grants			2,925,731	40,198,736

OKLAHOMA MEDICAL RESEARCH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Year ended June 30, 2024

<u>Federal Grantor/Program Title/Pass-through Grantors</u>	<u>Federal Assistance Listing Number (if available)</u>	<u>Pass-through Entity ID Number</u>	<u>Amount Provided to Subrecipient</u>	<u>Total Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED				
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	\$ -	\$ 1,005,481
University of Michigan	93.866	386006309	-	31,592
University of Kansas Medical Center	93.866	481108830	-	73,780
University of Kentucky Research Foundation	93.866	616033693	-	97,449
Emory University	93.866	580566256	-	87,178
Virginia Tech	93.866	546001805	-	82,369
Wayne State University	93.866	386028429	-	9,366
National Institute of Allergy and Infectious Diseases:				
Emory University	93.855	580566256	-	4,113,701
University of Oklahoma	93.855	736017987	-	59,526
University of Oklahoma Health Sciences Center	93.855	731563627	-	70,785
Oregon Health and Science University	93.855	931176109	-	615,762
University of Pittsburgh	93.855	250965591	-	19,759
University of Texas Southwest Medical Center	93.855	756002868	-	603,490
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
Benaroya Research Institute	93.846	910653422	-	31,584
Penn State University	93.846	251857035	-	32,814
Medical University of South Carolina	93.846	576000722	-	44,525
New York University Medical Center	93.846	135562309	-	3,030
University of Colorado at Denver	93.846	846000555	-	26,374
University of Buffalo	93.846	141368361	-	80,335
University of Kentucky Research Foundation	93.846	616033693	-	23,511
National Institute of Biomedical Research and Research Training:				
Oklahoma State University	93.859	731383996	-	17,095
University of Oklahoma Health Sciences Center	93.859	731563627	-	1,761,095
Cherokee Nation	93.859	730757033	-	236,573
Stanford University	93.859	941156365	-	324,251
University of Arkansas for Medical Sciences	93.859	716046242	-	219,208
University of Michigan	93.859	386006309	-	13,579
National Institute of Cardiovascular Diseases Research:				
Boston Children's Hospital	93.837	042774441	-	252,805
National Institute of Cancer Cause and Prevention Research:				
University of Oklahoma Health Sciences Center	93.393	731563627	-	50,666
University of Minnesota	93.393	416007513	-	10,081
National Institute of Dental, Oral and Craniofacial Research:				
University of Florida	93.121	596002052	-	17,534
University of California San Francisco	93.121	946036493	-	563,292
Michigan State University	93.121	386005984	-	8,730
U.S. Department of Health and Human Services			-	10,587,320

OKLAHOMA MEDICAL RESEARCH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Year ended June 30, 2024

<u>Federal Grantor/Program Title/Pass-through Grantors</u>	<u>Federal Assistance Listing Number (if available)</u>	<u>Pass-through Entity ID Number</u>	<u>Amount Provided to Subrecipient</u>	<u>Total Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED				
Pass-through grants:				
U.S. Department of Health and Human Services - Continued:				
National Institutes of Health:				
National Institute of Diabetes, Digestive and Kidney Disease Research:				
University of California Davis Medical Center	93.847	530754770	\$ -	\$ 51,301
University of Oklahoma Health Sciences Center	93.847	731563627	-	29,174
University of Kentucky Research Foundation	93.847	616033693	-	37,523
Research and Training in Complementary and Integrative Health:				
University of Kentucky Research Foundation	93.213	616033693	-	1,329
Trans-NIH Research Support:				
University of Oklahoma Health Sciences Center	93.310	731563627	-	7,076
Cherokee Nation	93.310	730757033	-	37,317
Cancer Detection and Diagnosis Research:				
University of Oklahoma Health Sciences Center	93.394	731563627	-	15,822
Human Genome Research:				
Broad Institute of MIT and Harvard	93.172	263428781	-	66,907
National Institute of Drug Abuse and Addiction Research:				
Emory University	93.279	580566256	-	269,945
National Institute of Vision Research:				
University of Oklahoma Health Sciences Center	93.867	731563627	-	6,616
National Institute of Cancer Treatment Research:				
University of Oklahoma Health Sciences Center	93.395	731563627	-	49,249
Total U.S. Department of Health and Human Services			-	11,159,579
Other departments:				
U.S. Department of Defense:				
Military Medical Research and Development:				
Columbia University	12.420	135598093	-	10,417
Department of Commerce:				
Economic Development Administration:				
Oklahoma State University	11.307	731383996	-	14,759
Total other department:			-	25,176
Total pass-through grants			-	11,184,755
TOTAL RESEARCH AND DEVELOPMENT CLUSTER AND TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,925,731</u>	<u>\$ 51,383,491</u>

OKLAHOMA MEDICAL RESEARCH FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

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, 2024, 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 nonfederal 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.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the 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, 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, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements), and have issued our report thereon dated December 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 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.

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 13, 2024



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the 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 *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, 2024. 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, 2024.

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

We are required to be independent of the 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 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 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

Hogan Taylor LLP

Oklahoma City, Oklahoma
December 13, 2024

OKLAHOMA MEDICAL RESEARCH FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section I – Summary of Auditor's Results

Financial statements

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

Federal awards

	Yes	No	None Reported
Internal control over major programs:			
• Material weakness(es) identified?		X	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?			X

Type of Auditor's report issued on compliance for major programs:

	Unmodified	
	Yes	No

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

X

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
------------------------------	------------------------------------

Various Research and Development Cluster

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

\$1,541,505

Yes	No
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Auditee qualified as low-risk auditee?

X

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs for Federal Awards

None

OKLAHOMA MEDICAL RESEARCH FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2024

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs for Federal Awards

None