

Portland VA Research Foundation

Financial Statements, Single Audit Reports, and Other
Information as of and for the Year Ended December 31, 2025
and Reports of Independent Accountants

PORTLAND VA RESEARCH FOUNDATION

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Portland VA Research Foundation:*

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Portland VA Research Foundation, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Portland VA Research Foundation as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Portland VA Research 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 Portland VA Research Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Portland VA Research 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 Portland VA Research 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.

Other Matters

Supplementary Information

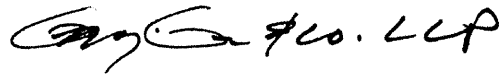
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on pages 19 through 20, as required by Title 2, *U.S. Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited the Portland VA Research Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited 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 April 29, 2026 on our consideration of the Portland VA Research 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 Portland VA Research 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 Portland VA Research Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Amy E. H. LCP".

April 29, 2026

PORTLAND VA RESEARCH FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

(WITH COMPARATIVE AMOUNTS FOR 2024)

	2025	2024
Assets:		
Cash and cash equivalents	\$ 425,508	214,729
Grants and contracts receivable (<i>note 4</i>)	2,818,675	3,547,556
Prepaid expenses	295,957	182,471
Investments (<i>note 5</i>)	7,610,394	7,590,119
Equipment (<i>note 6</i>)	134,434	104,418
Total assets	\$ 11,284,968	11,639,293
Liabilities:		
Accounts payable and accrued expenses	347,088	260,551
Accrued vacation and payroll expenses	618,338	572,458
Refundable advances	175,483	23,668
Total liabilities	1,140,909	856,677
Net assets:		
Without donor restrictions:		
Available for programs and general operations	3,355,304	2,965,890
Designated by Board (<i>note 7</i>)	6,032,520	6,262,972
Net investment in capital assets	134,434	104,418
Total net assets without donor restrictions	9,522,258	9,333,280
With donor restrictions (<i>note 7</i>)	621,801	1,449,336
Total net assets	10,144,059	10,782,616
Commitments and contingencies (<i>notes 4, 10, 12, and 14</i>)		
Total liabilities and net assets	\$ 11,284,968	11,639,293

See accompanying notes to financial statements.

PORTLAND VA RESEARCH FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			
	Without donor restrictions	With donor restrictions	Total	2024
Revenues, gains, and other support:				
Governmental cost reimbursement				
grants and sub-awards	\$ 4,743,926	—	4,743,926	4,621,425
Sponsored cooperative research agreements	926,828	—	926,828	1,394,328
Grants and contributions	15,321	131,311	146,632	547,955
Inter-institutional agreements	2,388,692	—	2,388,692	3,313,701
Investment return (<i>note 5</i>)	522,159	—	522,159	92,638
Other revenue	63,167	—	63,167	18,703
Total revenues and gains	8,660,093	131,311	8,791,404	9,988,750
Net assets released from restrictions (<i>note 8</i>)	958,846	(958,846)	—	—
Total revenues, gains, and other support	9,618,939	(827,535)	8,791,404	9,988,750
Expenses (<i>note 9</i>):				
Program services:				
Research	7,446,307	—	7,446,307	8,544,511
Education	53,869	—	53,869	38,278
Research and education program support	382,265	—	382,265	1,104,657
Total program services	7,882,441	—	7,882,441	9,687,446
Management and general	1,547,520	—	1,547,520	1,055,102
Total expenses	9,429,961	—	9,429,961	10,742,548
Increase (decrease) in net assets	188,978	(827,535)	(638,557)	(753,798)
Net assets at beginning of year	9,333,280	1,449,336	10,782,616	11,536,414
Net assets at end of year	\$ 9,522,258	621,801	10,144,059	10,782,616

See accompanying notes to financial statements.

PORTLAND VA RESEARCH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025							2024
	Program services				Management and general	Total		
	Research	Education	Research and education program support	Total				
Salaries and related costs	\$ 6,169,263	—	137,210	6,306,473	600,283	6,906,756	7,779,966	
Professional services	939,373	8,430	43,370	991,173	483,383	1,474,556	1,851,156	
Transfer to VAPORHCS	—	—	—	—	—	—	387,221	
Lab supplies	132,448	—	33,618	166,066	391	166,457	206,255	
Travel	51,277	3,852	50,729	105,858	—	105,858	122,961	
Conferences and meetings	28,715	29,695	24,798	83,208	142	83,350	45,006	
Equipment and computer expenses	35,597	—	12,351	47,948	50,167	98,115	65,338	
Animal and Veterinary Medical Unit expenses	27,054	—	11,093	38,147	—	38,147	65,434	
Subscriptions and memberships	3,361	5,665	6,635	15,661	14,051	29,712	22,915	
Business meals and team-building	648	1,804	5,874	8,326	3,088	11,414	14,467	
Office and other supplies	2,434	—	368	2,802	8,324	11,126	32,145	
Insurance	—	—	—	—	14,086	14,086	17,534	
Visiting scientist program support	—	—	1,995	1,995	—	1,995	2,592	
Research subjects	13,161	—	105	13,266	—	13,266	37,793	
Publications	10,380	4,423	4,131	18,934	—	18,934	31,674	
Honoraria	11,000	—	300	11,300	—	11,300	8,000	
Provision for uncollectible receivables	—	—	—	—	341,998	341,998	—	
Other	21,596	—	14,840	36,436	31,607	68,043	21,764	
Depreciation	—	—	34,848	34,848	—	34,848	30,327	
Total expenses	\$ 7,446,307	53,869	382,265	7,882,441	1,547,520	9,429,961	10,742,548	

See accompanying notes to financial statements.

PORTLAND VA RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
Cash flows from operating activities:		
Cash received from contractors, donors, and others	\$ 8,807,943	8,457,602
Interest income received	180,056	219,164
Cash paid to employees and suppliers	(9,020,618)	(10,612,911)
Net cash used in operating activities	(32,619)	(1,936,145)
Cash flows from investing activities:		
Purchases of investments	(250,000)	(332,000)
Proceeds from sales of investments	750,000	2,382,000
Reinvested investment earnings	(178,172)	(219,164)
Purchases of equipment	(78,430)	(78,764)
Net cash provided by investing activities	243,398	1,752,072
Net increase (decrease) in cash and cash equivalents	210,779	(184,073)
Cash and cash equivalents at beginning of year	214,729	398,802
Cash and cash equivalents at end of year	\$ 425,508	214,729

See accompanying notes to financial statements.

PORTLAND VA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

1. Organization

The Portland VA Research Foundation (“The Foundation”) is a Non-Profit Corporation (“NPC”) that was incorporated in the State of Oregon in 1989 and is an independent 501(c)(3) tax exempt corporation. NPCs were established by congress through 38 U.S.C. §§ 7361-66, which permitted the Secretary of the U.S. Department of Veterans Affairs (the “VA”) to authorize the establishment of the NPCs at VA Medical Centers. The Foundation acts as a flexible funding mechanism that is supportive of the research and educational mission of the VA in conjunction with the VA Portland Health Care System (“VAPORHCS”) through the support of activities approved by the VA Research and Development and Education committees. The Foundation has been located on the campus of the VAPORHCS since its inception, with the facility Medical Center Director, Chief of Staff, Associate Chief of Staff for Research and Development, and the Associate Chief of Staff for Education serving as statutory members of the Board of Directors for the Foundation.

2. Program Services

During the year ended December 31, 2025, the Foundation incurred program service expenses in the following major categories:

Research – Research projects including clinical studies that focus on the treatment of medical conditions prevalent in the Veteran population. Veterans gain access to cutting edge pharmaceutical and medical care device technologies, direct patient care, as well as from the ongoing partnership between the Foundation and VAPORHCS.

Education – The Foundation provides support for work-related instruction and learning experiences that directly impact the delivery of care and education to Veterans; this includes gaining specialized proficiencies and supporting expansion and adoption of healthcare best practices and continuing education.

Research and Education Program Support – The Foundation also provides support to Veterans and VAPORHCS by funding training for research personnel, underwriting bridge funding for VA investigators during funding lapses, travel and registration fees for VA investigators to attend scientific conferences, as well as the procurement of personnel services, equipment and supplies for research facilities.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

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

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Foundation’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions 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.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Foundation’s investment portfolio, and where management’s intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value. Net investment return, which includes both current yield (interest and dividend income) and net appreciation (decline) in the fair value of investments (both the realized gains or losses and the unrealized appreciation (decline) of those investments), is reported in the accompanying financial statements, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

The Foundation has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Current Expected Credit Losses – Accounts receivable are presented at the net amount expected to be collected. The organization estimates the current expected credit losses on its accounts receivable using the probability of default method, in which receivables are reviewed and analyzed based on the historical losses, the existing and future economic conditions, and a review of subsequent collections.

Capital Assets and Depreciation – Generally, furniture and equipment in excess of \$5,000 are capitalized and reported at cost when purchased and, initially at fair value when acquired by gift. Equipment acquired for use on specific research projects that have alternative future uses is also capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 to 10 years. Equipment acquired for use on specific research projects with no use beyond the life of the project is expensed when purchased.

Revenue Recognition – With regard to revenues from grants and contracts, the organization evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

The Foundation's exchange transactions include revenues from inter-institutional agreements and other revenues. These revenues are generally recognized at the time of service delivery.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions and Grants – Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

Conditional contributions with donor-imposed restrictions are recorded as net assets without donor restrictions if those conditions and donor restrictions are satisfied in the same reporting period.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time the funds are expended in accordance with donors intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Foundation's programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the Foundation would have purchased if not donated are recognized in the statement of activities. During the year ended December 31, 2025, no contributed services were recorded.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Foundation's activities. During the year ended December 31, 2025, no contributed land, buildings, equipment, or other materials were recorded.

The facilities in which the Foundation conducts its administrative and research activities have been made available to the Foundation at no cost by the VA Portland Health Care System. No amounts have been included in the accompanying financial statements for the value of these contributed facilities, as such amounts are not subject to objective determination.

Concentrations of Credit Risk – The Foundation's financial instruments consist primarily of cash equivalents and investments. Normally, these instruments could subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). To address this risk and to provide for full FDIC insurance on its deposits, the Foundation follows a policy requiring its funds to be held with any given institution in amounts below the maximum FDIC-insured level, and that all investments be backed by the Federal government.

Certain receivables may also, from time to time, subject the Foundation to concentrations of credit risk. The Foundation's management evaluates the financial condition of its customers, donors, and grantors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics to minimize its exposure to significant losses from customer and donor insolvencies.

Income Taxes – The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Section 170(b)(1)(A)(iii) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through April 29, 2026, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2024 – The accompanying financial information as of and for the year ended December 31, 2024 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Grants and Contracts Receivable

Grants and contracts receivable, expected to be collected within one year, at December 31, 2025 are summarized as follows:

VA Portland Health Care System	\$	745,345
Agency for Healthcare Research and Quality		538,119
Oregon Health & Science University		520,221
U.S. Department of Defense		250,417
Others under \$100,000		906,571
		2,960,673
Less allowance for doubtful collection		(141,998)
	\$	2,818,675

Conditional Grants Receivable

As of December 31, 2025, the Foundation had been awarded additional grants totaling \$1,219,034, the receipts of which are conditioned upon achieving certain goals and milestones and or subject to funder's approval for future funding, as well as \$7,443,788 in governmental cost reimbursement grants and sub-awards, the receipt of which is conditioned upon incurring specific allowable costs and continued availability of future funding. These awards have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2025.

Finally, the Foundation has also agreed to the terms of several sponsored cooperative research agreements, the proceeds of which cannot be readily estimated as payments are conditioned upon achieving certain milestones beyond the Foundation's control. The proceeds will be recorded at the time the specified milestones have been achieved.

5. Investments and Investment Return

At December 31, 2025, investments, stated at fair value, consisted of the following:

Certificates of deposit	\$	538,823
GNMA mortgage- backed securities		3,630,153
U.S. Treasury bills and notes		3,439,143
Total investments at fair value		7,608,119
Cash		2,275
Total investments	\$	7,610,394

Investment return for the year ended December 31, 2025 is summarized as follows:

Interest and dividend income	\$	180,056
Net change in the fair value of investments		342,103
Total return	\$	522,159

6. Equipment

A summary of capital assets at December 31, 2025 is as follows:

Equipment	\$	566,401
Less accumulated depreciation		(431,967)
	\$	134,434

7. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

At December 31, 2025, certain net assets without donor-imposed restrictions were designated by the Board, as follows:

Administrative research funds	\$ 1,406,459
Primary investigators' research funds	4,626,061
	\$ 6,032,520

Net Assets with Donor Restrictions

The following summarizes the Foundation's expendable net assets with donor-imposed restrictions as of December 31, 2025:

Prostate cancer	\$ 270,302
Audiology	166,035
Post-Traumatic Stress Disorder (PTSD) treatment	128,390
Other	57,074
	\$ 621,801

8. Net Assets Released from Restrictions

During the year ended December 31, 2025, the Foundation incurred various expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restriction by the occurrence of other events. Accordingly, during 2025, corresponding net assets reclassifications totaling \$958,846 have been recorded in the accompanying statement of activities.

9. Expenses

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses that are attributable to one or more program or supporting functions of the organization, require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, benefits, and payroll taxes which are allocated based on time and efforts.

10. Retirement Plan

The Foundation provides all permanent employees with a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. The Foundation makes matching contributions to the plan equal to 100% of the first 3.0% of an employee's deferral and 50% of the next 2.0% of the employee's deferral. In addition, during the year ended December 31, 2025, the Foundation made an elective contribution equal to 2.0% of the total compensation of each eligible employee. All contributions to the plan vest as accrued. Foundation contributions totaled \$253,026 for the year ended December 31, 2025.

11. Related-Party Transactions

The Foundation's Board of Directors is composed, in its majority, of employees of the VA Portland Health Care System and the Oregon Health & Science University. The Foundation has entered into several agreements with both institutions for the reimbursement of research-related expenses and the sponsoring of certain research-related projects, as follows:

Reimbursements received from:

VA Portland Health Care System	\$ 1,337,411
Oregon Health & Science University	1,859,152
	\$ 3,196,563

Reimbursements made to:

VA Portland Health Care System	\$ 302,420
Oregon Health & Science University	397,255
	\$ 699,675

At December 31, 2025, the Foundation reported receivables outstanding from the VA Portland Health Care System and the Oregon Health & Science University totaling \$745,345 and \$520,221, respectively. Payables outstanding to the VA Portland Health Care System and the Oregon Health & Science University totaled \$98,974 and \$17,641, respectively, at December 31, 2025.

12. Significant Sources of Revenue

The Foundation receives a substantial portion of its funding from the federal government. For the year ended December 31, 2025, approximately 54% of the Foundation's total revenue came from grants, contracts, and subawards funded by various federal agencies. Of this, about 19% was specifically generated through contracts with the U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality.

An additional 27% of total revenue was derived from Intergovernmental Personnel Act (IPA) and Joint Program Agreement (JPA) arrangements with the VAPORHCS and the Oregon Health & Science University.

13. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2025:

Total financial assets available to fund general operations:

Cash and cash equivalents	\$ 425,508
Grants and contracts receivable	2,818,675
Investments	7,610,394
	10,854,577

Less financial assets not available within the year ending December 31, 2026:

Investments with maturities in excess of one year	(6,484,871)
	\$ 4,369,706

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements in both short- and long-term investments. It is the policy of the Foundation to hold such investments until maturity.

14. Contingencies

Certain amounts received or receivable under the Foundation's contracts with the U.S. Department of Health and Human Services, the U.S. Department of Defense, and other governmental agencies are subject to audit and adjustment by the contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the Foundation's general operating funds. In the opinion of the Foundation's management, any adjustments that might result from such audits would not be material to the Foundation's overall financial statements.

15. Fair Value Measurements

Included in the accompanying financial statements are investments carried at fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

At December 31, 2025, the following financial assets are measured at fair value on a recurring basis:

	Level 1	Level 2	Total
Certificates of deposit and bankers' acceptances	\$ —	538,823	538,823
GNMA mortgage-backed securities	—	3,630,153	3,630,153
U.S. Treasury bills and notes	3,439,143	—	3,439,143
Investments	\$ 3,439,143	4,168,976	7,608,119

16. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (638,557)
<i>Adjustments to reconcile the decrease in net assets to net cash used in operating activities:</i>	
Depreciation	34,848
Net change in the fair market value of investments	(342,103)
Net loss on disposal of capital assets	13,566
Provision for uncollectible receivables	341,998
<i>Net changes in:</i>	
Grants and contracts receivable	386,883
Prepaid expenses	(113,486)
Accounts payable and accrued expenses	86,537
Accrued vacation and payroll expenses	45,880
Refundable advances	151,815
Total adjustments	605,938
Net cash used in operating activities	\$ (32,619)



PORTLAND VA RESEARCH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
Research and Development Cluster:				
U.S. Department of Agriculture:				
<i>Agricultural Research Basic and Applied Research</i>				
Direct program	n/a	10.001	\$ —	5,816
Total ALN 10.001			—	5,816
Total U.S. Department of Agriculture			—	5,816
U.S. Department of Defense:				
<i>Military Medical Research and Development</i>				
Direct program	n/a	12.420	8,945	932,310
Passed through:				
Oregon Health & Science University	1024617_PVARF	12.420	—	191,477
Oregon Health & Science University	1023075_PVARF	12.420	—	67,516
Seattle Institute for Biomedical and Clinical Research	WA113-PVARF-1	12.420	—	65,353
University of Vermont and State Agricultural College	[1]	12.420	—	83,208
Accelerated Cure Project Inc.	[2]	12.420	—	90,898
Total ALN 12.420			8,945	1,430,762
Total U.S. Department of Defense			8,945	1,430,762
U.S. Department of Health and Human Services:				
<i>Research Related to Deafness and Communication Disorders</i>				
Direct Program	n/a	93.173	—	37,186
Passed through:				
Children's Hospital Medical Center	OS00000278/312761	93.173	—	21,787
Emory University	A1094283	93.173	—	3,466
Total ALN 93.173			—	62,439
<i>Mental Health Research Grants</i>				
Passed through:				
Regents of the University of Michigan	SUBK00018645	93.242	—	203,637
Total ALN 93.242			—	203,637
<i>Extramural Research Programs in the Neurosciences and Neurological Disorders</i>				
Passed through:				
Oregon Health & Science University	1019522_PVARF	93.853	—	91,041
Total ALN 93.853			—	91,041

Continued

PORTLAND VA RESEARCH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
<i>Child Health and Human Development Extramural Research</i>				
Passed through: University of Washington	UWSC12934	93.865	—	16,492
Total ALN 93.865			—	16,492
<i>Allergy and Infectious Diseases Research</i>				
Direct Program	n/a	93.855	—	383,096
Passed through:				
Oregon Health & Science University	1021312_PVARF	93.855	—	273,400
Oregon Health & Science University	1026660_PVARF	93.855	—	251,506
Portland State University	100273	93.855	—	163,530
Portland State University	100132	93.855	—	18,952
Portland State University	100196	93.855	—	49,431
Harvard T. H. Chan School of Public Health	117426-5126887	93.855	—	64,042
Total ALN 93.855			—	1,203,957
<i>Aging Research</i>				
Passed through: Brain Electrophysiology Laboratory	BEL22-0001	93.866	—	94,451
Total ALN 93.866			—	94,451
Agency for Healthcare Research and Quality: AHRQ SRC IV	n/a	[3]	50,381	1,629,455
Total cost reimbursement contract issued under FAR			50,381	1,629,455
Total U.S. Department of Health and Human Services			50,381	3,301,472
Total Research and Development Cluster			59,326	4,738,050
Total expenditures of federal awards		\$	59,326	4,738,050

See accompanying notes to schedule of expenditures of federal awards.

[1] AWD00001404SUB0000473

[2] SUB PVARF-ACP CAFÉ MS

[3] 93-75Q80122C00002

PORTLAND VA RESEARCH FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

1. Basis of Presentation

The accompany schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Portland VA Research Foundation under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Portland VA Research Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Portland VA Research Foundation.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the Portland VA Research Foundation and agencies and departments of the federal government and all sub-awards to the organization by non-federal organizations pursuant to federal grants, contracts and similar agreements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Portland VA Research Foundation has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

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

*The Board of Directors
Portland VA Research Foundation:*

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Portland VA Research Foundation, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Portland VA Research 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 Portland VA Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Portland VA Research 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 organization'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.

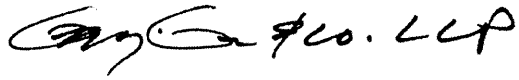
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Portland VA Research 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Amy G. #10. LLP". The signature is stylized and cursive.

April 29, 2026

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

*The Board of Directors
Portland VA Research Foundation:*

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Portland VA Research Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Portland VA Research Foundation's major federal programs for the year ended December 31, 2025. The Portland VA Research 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 Portland VA Research 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 December 31, 2025.

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; 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 Portland VA Research Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Portland VA Research 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 Portland VA Research 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 Portland VA Research 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 generally

accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Portland VA Research Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Portland VA Research 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 the Portland VA Research Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Portland VA Research 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.

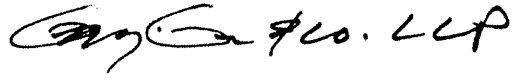
Report on Internal Control Over Compliance

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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink, appearing to read "Amy C. #10. LCP". The signature is stylized and cursive.

April 29, 2026

PORTLAND VA RESEARCH FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section 1 – Summary of Auditors' Results

Financial Statements

1. Type of auditor's report issued on whether the audited financial statements were prepared in accordance with GAAP – unmodified
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – none reported
3. Material weakness(es) in internal control identified in the audit of the financial statements – none
4. Noncompliance that is material to the financial statements noted – none

Federal Awards

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – none reported
6. Material weakness(es) in internal control over major federal programs identified in the audit – none
7. The type of auditor's report issued on compliance for major federal programs – unmodified
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – none

Identification of Major Federal Programs

- Research and Development cluster (ALN: 10.001, 12.420, 93.173, 93.242, 93.853, 93.855, 93.865, 93.866, and cost reimbursement contract under FAR 93-75Q80122C00002)
9. Dollar threshold used to distinguish between Type A and Type B programs – \$1,000,000
 10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – no

Section 2 – Financial Statement Findings

11. Finding relating to the financial statements reported in accordance with *Government Auditing Standards* – none

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – none

PORTLAND VA RESEARCH FOUNDATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2025

Finding No. 2024-001: Material weakness in internal control over financial reporting

Status: Corrected

PORTLAND VA RESEARCH FOUNDATION

GOVERNING BOARD AND MANAGEMENT

Board of Directors – 2025

Molly Osborne, M.D., Ph.D., *Chair*
VA Portland Health Care System

Cheryl L. Morgan, C.P.A.,
Secretary/Treasurer
Kern & Thompson, LLC

Karla Azcuy, MHA
VA Portland Health Care System

David Cohen, M.D.
VA Portland Health Care System

Michael Henrich, M.D.
Oregon Health & Science University

Mary Heinricher, Ph.D.
Oregon Health & Science University

Sahana Misra, M.D.
VA Portland Health Care System

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VA Portland Health Care System

Merritt Raitt, M.D.
VA Portland Health Care System

Kerry N. Rhyne, M.D.
VA Portland Health Care System

Sonemany Salinthon, M.D.
VA Portland Health Care System

Kathryn Schuff, M.D., M.C.R.
Oregon Health & Science University

Stephen Smith, M.D., M.B.B.S.
VA Portland Health Care System

Management

Jaqueline Rowland, MBA
Executive Director

Nicole Mathes
Fractional CFO

PORTLAND VA RESEARCH FOUNDATION

INQUIRIES AND OTHER INFORMATION

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