



**DECISION SCIENCE RESEARCH INSTITUTE,
INC.**

ANNUAL FINANCIAL REPORT

**For the Fiscal Years Ended
March 31, 2018 and 2017**

DECISION SCIENCE RESEARCH INSTITUTE, INC.

For the Years Ended March 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Decision Science Research Institute, Inc. dba Decision Research
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Decision Science Research Institute, Inc. (Decision Research), a nonprofit organization, which comprise the statements of financial position as of March 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Decision Science Research Institute, Inc. as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Decision Science Research Institute, Inc. taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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* and is not a required part of the Basic financial statements. Such supplementary financial 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 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Decision Research as of March 31, 2017, were audited by another auditor whose report dated December 12, 2017, expressed an unqualified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of Decision Research's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is 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 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 Decision Science Research Institute, Inc.'s internal control over financial reporting and compliance.

EMERALD CPA GROUP, LLP

Certified Public Accountants

Eugene, Oregon
December 27, 2018

BASIC FINANCIAL STATEMENTS

DECISION SCIENCE RESEARCH INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 214,725	\$ 392,814
Receivables:		
Grants and contracts	144,349	104,107
Prepaid expenses and other assets	<u>22,384</u>	<u>14,652</u>
Total current assets	<u>381,458</u>	<u>511,573</u>
Fixed assets:		
Property and equipment	92,802	92,802
Less accumulated depreciation	<u>(92,199)</u>	<u>(91,265)</u>
Fixed assets, net	<u>603</u>	<u>1,537</u>
Intangible assets		
Intangible assets	5,323	5,323
Accumulated amortization	<u>(5,323)</u>	<u>(5,323)</u>
Intangible assets, net	<u>-</u>	<u>-</u>
Total assets	<u>\$ 382,061</u>	<u>\$ 513,110</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	38,874	29,391
Accrued payroll and related expenses	28,297	49,806
Accrued paid time off	97,250	115,917
Accrued pension expense	2,752	4,684
Deferred revenue	<u>68,158</u>	<u>60,734</u>
Total current liabilities	235,331	260,532
Net assets		
Net assets unrestricted	<u>146,730</u>	<u>252,578</u>
Total liabilities and net assets	<u>\$ 382,061</u>	<u>\$ 513,110</u>

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

DECISION SCIENCE RESEARCH INSTITUTE, INC.

**STATEMENT OF ACTIVITIES
For the Years Ended March 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Grants and contracts:		
Federal and federal pass-through	\$ 850,783	\$ 1,055,185
Non-federal	-	<u>124,546</u>
Total grants and contracts	<u>850,783</u>	<u>1,179,731</u>
Other revenues:		
Interest and dividend income	6	6
Royalties	8,218	6,223
unrealized/realized gains (losses)	-	-
Contributions	12,950	10,812
Miscellaneous income	<u>4,483</u>	<u>3,015</u>
Total other revenues	<u>25,657</u>	<u>20,056</u>
Total revenues	<u>876,440</u>	<u>1,199,787</u>
Expenses		
Program services-non-federal funds:		
Web Panel Services	3,195	193
Benefit/Risk Perceptions of Prescription Drugs II	-	36
Judgements of Real Life Functions	3,368	429
Media Analysis of the Pure Water Brew Project	-	8,621
Pseudoinefficacy In Voluntary Resource Allocation: Understanding the Psychology of Charitable Giving	14,923	27,423
Loan Wolf - Texas A&M	<u>1,022</u>	<u>29,333</u>
Total program services - non-federal funds	<u>22,508</u>	<u>66,035</u>
Program services - federal pass-through funds:		
Dynamic Aviation Risk Management System (DARMS): Research Study to Demonstrate a Proof-of-Concept	-	49,172
Pseudoinefficacy, a New Approach to Deterrence: Exploiting the Connection Between Perceived Risk, Affect, and Self-Efficacy	27,443	27,885
Operational Decision Making In Increasingly Automated Aerospace Enviroments	13,575	9,007
Adapting a Decision-Making Task to Explore its ERP Correlates in Youth and Adults	-	1,942
The Science of Decision Making: Connecting People and Policy	40,334	32,887
Using Inoculating Communication to Increase Public Resistance to Fake News Based on Disinformation	<u>22,826</u>	-
Total program services - federal pass-through funds	<u>104,178</u>	<u>120,893</u>

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

DECISION SCIENCE RESEARCH INSTITUTE, INC.

STATEMENT OF ACTIVITIES
For the Years Ended March 31, 2018 and 2017

	2018	2017
Expenses (continued)		
Program services direct federal funds		
Development of Normal procedures for Airline Operations	-	12,408
Hazard Manager Stereotypes as Influences on Trust, Confidence and Cooperation	15,833	78,944
The Arithmetic of Compassion: Confronting the Challenge of Pseudoinefficacy In Charitable Giving	47,921	91,127
Public Interpretations of and Responses to Scientific Disputes	108,224	53,292
Valuing Lives You Can Save: Understanding and Combatting Value Collapse as Numbers Increase	32,297	13,444
Developing Guidelines to Aid in Communicating Uncertainty	-	69,558
Detecting and Mitigating Automation Surprises	-	64,038
Decision Making and Dysregulation Pathways In Adolescents with Parental SUD History	-	12,089
Psychological Mechanisms Behind Organ Donation Decisions	90,626	80,048
RAPID: Assessing the Variance, Effects, and Sources of Aversion to Zika Solutions	10,757	41,651
Estimating the Net Benefits of Environmental, Public Health and Safety Regulations	101,697	-
Evaluating Social and Cultural Impacts: Decision Theory Meets Practice	29,120	-
Total program services - direct federal funds	436,475	516,599
Total program services	563,161	703,527
Support services - management and general	419,127	598,128
Total expenses	982,288	1,301,655
Change in unrestricted net assets	(105,848)	(101,868)
Net assets, unrestricted, at beginning of year	252,578	354,446
Net assets, unrestricted, at end of year	\$ 146,730	\$ 252,578

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

DECISION SCIENCE RESEARCH INSTITUTE, INC.

STATEMENT OF CASH FLOWS
For the Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in unrestricted net assets	\$ (105,848)	\$ (101,868)
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation	934	2,962
(Increase) decrease in operating assets:		
Grants and contracts receivables	(40,242)	213,983
Prepaid expenses	(7,732)	9,938
Increase (decrease) in operating liabilities:		
Accounts payable	9,483	(16,819)
Accrued payroll and related expenses	(21,509)	(25,375)
Accrued paid time off	(18,667)	(28,085)
Accrued pension expense	(1,932)	(1,471)
Deferred revenue	7,424	26,173
	<u>(178,089)</u>	<u>79,438</u>
Net cash provided (used) by operating activities		
Cash and cash equivalents, beginning of the year	<u>392,814</u>	<u>313,376</u>
Cash and cash equivalents, end of the year	<u>\$ 214,725</u>	<u>\$ 392,814</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECISION SCIENCE RESEARCH INSTITUTE, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Decision Science Research Institute, Inc. dba Decision Research (Decision Research) is an independent, nonprofit research institute, dedicated to research and education in the behavioral, social, and decision sciences. Its main source of funding is through federal, state, and private grants and contracts. Decision Research is subject to regulatory action surrounding these grants and contracts.

Decision Research was incorporated under the laws of the state of Oregon with the purpose of providing charitable, scientific, and educational research.

Basis of Presentation and Estimates

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

Net Assets

Decision Research's net assets are unrestricted. No part of the net assets are permanently restricted or temporarily restricted by donor-imposed stipulations.

Cash and Cash Equivalents

Cash consists of cash maintained in checking accounts, savings accounts, and money market accounts with regional west coast financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, these deposits may exceed FDIC insurance limitations.

Cash equivalents are stated at cost and totaled \$ 214,725 and \$ 392,815 at March 31, 2018 and 2017 respectively.

Grants and Contracts Receivable

Grants and contracts receivable consist of amounts that are due from government agencies, foundations, nonprofit organizations, and private companies. Funding sources are geographically disbursed throughout the United States of America, with nominal amounts arising from outside the country. Management believes all receivables are fully collectable; therefore, there is no allowance for uncollectable amounts.

Fixed Assets

Furniture and equipment are recorded at cost. Donated properties are recorded at their estimated fair market value on the date of gift. Expenditures for maintenance and repairs are charged against income, while renewals and betterments are capitalized. The cost and accumulated depreciation of property sold or otherwise disposed of are eliminated from the accounts, and the resulting gains or losses are reflected in revenue and expenses.

DECISION SCIENCE RESEARCH INSTITUTE, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fixed Assets (continued)

Depreciation is provided over the estimated useful lives, ranging from 3 to 40 years, of the related assets using the straight-line method.

Revenue Recognition

Decision Research recognizes revenue on cost reimbursement grants and contracts as qualified expenses are incurred, subject to the amount authorized in the agreement. Unreimbursed grant or contract expenses are reflected in the financial statements as receivables and revenues. Cash receipts related to future grant or contract expenses are recorded as deferred revenue in the statements of financial position.

Indirect Rate Calculation

Indirect costs are allocated proportionally on the basis of modified total direct costs (total direct costs excluding capital expenditures, participant support, and subcontract costs exceeding \$25,000 per subaward).

Income Taxes

Under the provisions of the Internal Revenue Code Section 501c(3) and applicable state law, Decision Research has been granted exemption from state and federal income taxes. Decision Research has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

Note 2. Commitments and Contingencies

Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed costs could become a liability of Decision Research. Management believes that unallowable costs, if any, would not be significant or material.

Operating Leases

The following is a schedule of estimated future minimum rental payments required under an operating lease for office space that has an initial or remaining lease term in excess of one year as of March 31, 2018:

Year Ending March 31,

2019	\$ 93,333
2020	<u>87,902</u>
Total	<u>\$ 181,235</u>

DECISION SCIENCE RESEARCH INSTITUTE, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

Note 2. Commitments and Contingencies (continued)

Operating Leases (continued)

The term of the lease is five years ending February 28, 2020. Both parties have the right to cancel the lease upon six months' notice and payment of \$5,000.
lease upon six months' notice and payment of \$5,000.

Rent expenses associated with the above lease for the fiscal years ended March 31, 2018 and 2017, were \$87,215 and \$87,975, respectively.

Note 3. Employee Retirement Plan

Decision Research maintains a defined contribution pension plan for substantially all permanent employees. Employees are 100 percent vested in employer contributions. Effective January 1, 2016, Decision Research contributes an amount equal to 6 percent of compensation as a profit-sharing contribution, and will make safe-harbor matching contributions equal to 100 percent of employee salary deferrals up to 3 percent of compensation, plus 50 percent of salary deferrals greater than 3 percent, up to and including 5 percent of compensation.

Employer contributions to the plan for the fiscal years ended March 31, 2018 and 2017, were \$45,865 and \$70,876, respectively.

Concentrations

During 2018, Decision Research received grant revenue of approximately 56 percent from four grant contracts. During 2017, Decision Research received grant revenue of approximately 45 percent from four grant contracts.

Subsequent Events

Management evaluates events and transactions that occur after the statements of financial position as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

FEDERAL COMPLIANCE SECTION

*INDEPENDENT AUDITOR'S 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 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 Executive Board
Decision Science Research Institute, Inc.
341 E. 12th Avenue
Eugene, Oregon 97401

We have audited, in accordance with the auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Decision Science Research Institute, Inc., which comprise the statements of financial position as of March 31, 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Decision Science Research Institute, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Decision Science Research Institute, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Decision Science Research Institute, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Decision Research's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Decision Science Research Institute, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

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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 Decision Research's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Decision Research's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Emerald CPA Group LLP
Certified Public Accountants

Eugene, Oregon
December 27, 2017

*INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE*



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Executive Board
Decision Science Research Institute, Inc.
341 E. 12th Avenue
Eugene, Oregon 97401

Report on Compliance for Each Major Federal Program

We have audited Decision Science Research Institute, Inc.'s (Decision Research) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Decision Research's major federal program for the year ended March 31, 2018. Decision Research's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Decision Research 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 program for the year ended March 31, 2018.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

EMERALD CPA GROUP, LLP
Certified Public Accountants

Eugene, Oregon
December 27, 2017

**DECISION SCIENCE RESEARCH INSTITUTE INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2018**

	Federal Grantor/Pass-Through Grantor/Federal Program Name/Project Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Expenditures passed through to subrecipients
National Science Foundation					
Direct Grants:					
Social, Behavioral and Economic Sciences:					
1	Valuing Lives You Can Save: Understanding and Combatting Value Collapse as Numbers Incre:	47.075		\$ 53,341	\$ -
2	Psychological Mechanisms Behind Organ Donation Decisions	47.075		118,524	49,642
3	Hazard Manager Stereotypes as Influences on Trust, Confidence, and Cooperation	47.075		26,498	-
4	RAPID: Assessing the Variance, Effects, and Sources of Aversion to Zika Solutions	47.075		18,071	-
5	Public Interpretations of and Responses to Scientific Disputes	47.075		181,816	-
6	The Arithmetic of Compassion: Confronting the Challenge of Pseudoinefficacy in Charitable Giv	47.075		80,508	-
7	Estimating the Net Benefits of Environmental, Public Health and Safety Regulations	47.075		133,105	80,508
8	Evaluating Social and Cultural Impacts: Decision Theory Meets Practice	47.075		48,922	-
	Total Social, Behavioral and Economic Sciences			660,785	130,150
	Total National Science Foundation			660,785	130,150
National Aeronautics and Space Administration					
Passed through ASRC Research & Technology Solutions:					
Aeronautics:					
9	Operational Decision Making in Increasingly Automated Aerospace Environments	43.002	ART866	22,805	-
	Total National Aeronautics and Space Administration			22,805	-
Department of Health & Human Services - National Institutes of Health					
Passed through Georgia State University:					
Family Smoking Prevention and Tobacco Control Act Regulatory Research:					
10	The Science of Decision Making: Connecting People and Policy	93.077	SP00012097-3	67,760	-
	Total Department of Health & Human Services			67,760	-
Department of Homeland Security					
Passed through University of Southern California:					
Centers for Homeland Security:					
Pseudoinefficacy, a New Approach to Deterrence: Exploiting the Connection Between					
11	Perceived Risk, Affect, and Self-Efficacy	97.061	66108487	42,517	-
Using Inoculating Communication to Increase Public Resistance to Fake News Based					
12	on Disinformation	97.061	94247993	38,348	-
	Total Centers for Homeland Security			80,865	-
	Total Department of Homeland Security			80,865	-
	Total Research and Development Cluster			\$ 832,215	\$ 130,150

DECISION SCIENCE RESEARCH INSTITUTE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended March 31, 2018

1. Purpose of Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Decision Research's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Decision Research, it is not intended to and does not present either the financial position, changes in net assets, or the revenues and expenditures of Decision Research.

2. Significant Accounting Policies

Reporting Entity

The reporting entity is fully described in Note 1 to Decision Research's financial statements. The Schedule includes all federal financial assistance programs obtained by Decision Research for the fiscal year ended March 31, 2018.

Basis of Presentation and Accounting

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* (Uniform Guidance). Receipts and expenditures of federal awards are accounted for under the accrual method of accounting. Revenues are recorded when earned or, in the case of grants where expenditures are the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred.

Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and is reported on the schedule (if applicable). Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between Decision Research and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Uniform Guidance establishes criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance Subpart F 200.518. Programs with similar requirements may be grouped into a cluster for testing purposes.

3. Indirect Cost Rate

Decision Research did not elect to use the ten percent (10%) de minimis Indirect cost rate of modified total direct costs allowed under the Uniform Guidance.

DECISION SCIENCE RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2018

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>None</u>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>None</u>
Noncompliance material to financial statements noted?	<u>None</u>

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	<u>None</u>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>None</u>
Type of report of independent auditor issued on compliance for the major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.216 (a)?	<u>None</u>

Identification of major programs:

Research and Development Cluster:

- 43.002 Operational Decision Making in Increasingly Automated Aerospace Environments
- 47.075 Valuing Lives You Can Save: Understanding and Combatting Value Collapse as Numbers Increase
- 47.075 Psychological Mechanisms Behind Organ Donation Decisions
- 47.075 Hazard Manager Stereotypes as Influences on Trust, Confidence, and Cooperation
- 47.075 RAPID: Assessing the Variance, Effects, and Sources of Aversion to Zika Solutions
- 47.075 Public Interpretations of and Responses to Scientific Disputes
- 47.075 The Arithmetic of Compassion: Confronting the Challenge of Pseudoinefficacy in Charitable Giving
- 47.075 Estimating the Net Benefits of Environmental, Public Health and Safety Regulations
- 47.075 Evaluating Social and Cultural Impacts: Decision Theory Meets Practice
- 93.077 The Science of Decision Making: Connecting People and Policy
- 97.061 Pseudoinefficacy, a New Approach to Deterrence: Exploiting the Connection Between Perceived Risk, Affect, and Self-Efficacy
- 97.061 Using Inoculating Communication to Increase Public Resistance to Fake News Based on Disinformation

DECISION SCIENCE RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2018

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

DECISION SCIENCE RESEARCH INSTITUTE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended March 31, 2018

SECTION IV – PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001

Type of Finding: Significant deficiency in internal control over financial reporting.

Condition: During the tests of internal controls over financial reporting and compliance, and tests of compliance with respect to the compliance requirements of allowable costs, allowable activities, and period of performance, three instances were found where the related expenses were either inaccurately classified or were not recorded in the appropriate fiscal period.

Recommendation: It was recommended that that management assesses the procedures and internal controls in place and revise them to ensure adequate reviews by individuals at an appropriate authorization level are performed to verify expenditures are properly classified and recorded in the appropriate period.

Current Status: Management's corrective action plan, as reported in the prior year, appears to have been implemented.

SECTION IV – PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2017-002

Type of Finding: Significant deficiency in internal control over compliance and instance of immaterial non-compliance.

Reportable questioned costs: None.

Summary: As discussed at Finding 2017-001, during the tests of internal controls over financial reporting and compliance, and tests of compliance with respect to the compliance requirements of allowable costs, allowable activities, and period of performance, three instances were found where the related expenses were either inaccurately classified or were not recorded in the appropriate fiscal period. This introduces the possibility that federal funds could be expended in excess of funds available, used for unallowable activities/costs, or incurred outside of the grant period of performance. See prior year Finding 2017-001 for auditor's recommendation, views of responsible officials and planned corrective actions.

Current Status: Management's corrective action plan, as reported in the prior year, appears to have been implemented.