

**DECISION SCIENCE RESEARCH INSTITUTE, INC.  
dba DECISION RESEARCH**

**FINANCIAL STATEMENTS  
AND SINGLE AUDIT INFORMATION**

**For the Years Ended March 31, 2016 and 2015**

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
FINANCIAL STATEMENTS  
AND SINGLE AUDIT INFORMATION  
For the Years Ended March 31, 2016 and 2015

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**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. dba Decision Research (a nonprofit organization), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

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## **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. dba Decision Research as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016, on our consideration of Decision Science Research Institute, Inc. dba Decision Research'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 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 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. dba Decision Research's internal control over financial reporting and compliance.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 1, 2016

FINANCIAL STATEMENTS

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
 STATEMENTS OF FINANCIAL POSITION  
 March 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 313,376	\$ 247,809
Investments	-	10,428
Grants and contracts receivable	318,090	367,396
Accounts receivable	-	2,269
Prepaid expenses and other assets	24,590	21,603
Total current assets	656,056	649,505
<b>Fixed assets</b>		
Furniture and equipment	92,802	92,802
Less accumulated depreciation	(88,303)	(84,435)
Net fixed assets	4,499	8,367
<b>Intangible assets</b>		
Intangible assets	5,323	5,323
Less accumulated amortization	(5,323)	(5,323)
Net intangible assets	-	-
<b>Total assets</b>	<b>\$ 660,555</b>	<b>\$ 657,872</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 46,210	\$ 102,451
Accrued payroll and related expenses	75,181	60,667
Accrued paid time off	144,002	116,023
Accrued pension expense	6,155	5,869
Deferred revenue	34,561	39,026
Total current liabilities	306,109	324,036
<b>Net assets, unrestricted</b>	<b>354,446</b>	<b>333,836</b>
<b>Total liabilities and net assets</b>	<b>\$ 660,555</b>	<b>\$ 657,872</b>

The accompanying notes are an integral part of these statements.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
 STATEMENTS OF ACTIVITIES  
 For the Years Ended March 31, 2016 and 2015

	2016	2015
<b>Revenues</b>		
Grants and contracts:		
Federal and federal pass-through	\$ 1,846,444	\$ 1,803,123
Non-federal	35,760	42,947
Total grants and contracts	1,882,204	1,846,070
Interest and dividend income	6	188
Royalties	1,330	4,044
Unrealized/realized gains (losses)	7,053	273
Miscellaneous income	2,879	380
Total revenues	1,893,472	1,850,955
<b>Expenses</b>		
Program services - non-federal funds:		
Publishing	2,460	-
Web Panel Services	4,010	2,013
Mturk - Indirect	3,342	-
Benefit/Risk Perceptions of Prescription Drugs II	-	3,891
Judgments of Real Life Functions	1,315	468
Analysis for Quantitative and Qualitative Perception Data	952	3,603
Social Media and Risk	-	975
Water Research Foundation 4457 - Core Messages for Priority of Emerging Concerns	-	1,204
Earthquakes	-	4,071
U of O Workshop Coordination	2,121	4,403
Media Analysis of the Pure Water Brew Project	1,464	-
Total program services - non-federal funds	15,664	20,628
Program services - federal pass-through funds:		
National Center for Risk and Economic Analysis of Terrorism Events	35,162	85,512
Dynamic Aviation Risk Management System (DARMS): A Proof of Concept Study Incorporating Game Theory and Multi-Attribute Utility	78,306	24,961
Dynamic Aviation Risk Management System (DARMS): Research Study to Demonstrate a Proof-of-Concept	46,330	-
Pseudoinefficacy, a New Approach to Deterrence: Exploiting the Connection Between Perceived Risk, Affect, and Self-Efficacy	1,462	-
Pre-Disaster Mitigation: Training Material for Decision Makers	8,821	-
Modeling Cognitive Response to CMAS Alerts and Warnings to Inform Emergency Response Interventions	1,064	445
Operational Decision Making in Increasingly Automated Aerospace Environments	24,047	4,302
NSEC: Center for Nanotechnology in Society	6,385	4,802
Evaluating Community Well-being in Relation to Shellfish as a Place-based Cultural Ecosystem Service of the Puget Sound region of the Salish Sea	-	2,612
Guideline Development for Evaluating Resource Development Impacts on Tribal Communities	-	2,862
Seasonal Climate Signals: Developing a Community of Practice in Emergency Management of Droughts and Floods	1,031	3,555

	<u>2016</u>	<u>2015</u>
<b>Expenses, continued</b>		
Program services - federal pass-through funds, continued:		
Adapting a Decision-Making Task to Explore its ERP Correlates in Youth and Adults	\$ 661	\$ 14,900
The Science of Decision Making: Connecting People and Policy	4,955	32,882
Visual Simulation and Visually Based Control Research	16	-
Clinical Implementation of Carrier Testing Using NGS	<u>-</u>	<u>6,548</u>
Total program services - federal pass-through funds	<u>208,240</u>	<u>183,381</u>
Program services - direct federal funds		
Development of Normal Procedures for Airline Operations	257,323	171,152
The Life You Can Save: Affective and Deliberative Processes Motivating Charitable Decisions	-	288
Hazard Manager Stereotypes as Influences on Trust, Confidence and Cooperation	34,929	13,680
Understanding Decisions about Foreign Policy Interventions to Save Lives	23,355	6,365
The Arithmetic of Compassion: Confronting the challenge of Pseudoefficacy in Charitable Giving	69,149	62,010
RAPID: Evaluating Ebola Message Effects over Time: Risk, Perceptions, in & Attributions of Responsibility to Institutions, Personal Behavior & Policy	50,945	29,672
Public Interpretations of and Response to Scientific Disputes	36,579	111
Valuing Lives You Can Save: Understanding and Combatting Value Collapse as Numbers Increase	19,777	49,303
The Singularity Effect of Identifiable Victims: Is It a Matter of Culture and Education?	68,441	45,511
Developing Guidelines to Aid in Communicating Uncertainty	69,799	76,937
Decision-Makers Use of Climate Science in Flood Planning and Management	1,664	14,506
Detecting and Mitigating Automation Surprises	168,437	356,151
Decision Making and Dysregulation Pathways in Adolescents with Parental SUD History	79,274	183,482
Developing Indigenous Health Indicators to Reflect Community Health Priorities	<u>81,622</u>	<u>60,370</u>
Total program services - direct federal funds	<u>961,294</u>	<u>1,069,538</u>
Total program services	1,185,198	1,273,547
Support services	<u>687,664</u>	<u>555,416</u>
Total expenses	<u>1,872,862</u>	<u>1,828,963</u>
Change in unrestricted net assets	20,610	21,992
Unrestricted net assets, beginning of year	<u>333,836</u>	<u>311,844</u>
Unrestricted net assets, end of year	<u>\$ 354,446</u>	<u>\$ 333,836</u>

The accompanying notes are an integral part of these statements.



DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended March 31, 2016 and 2015

	2016	2015
<b>Cash flows from operating activities</b>		
Change in unrestricted net assets	\$ 20,610	\$ 21,992
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	3,868	6,057
Unrealized/realized (gains) losses on investments	(7,053)	(273)
(Increase) decrease in:		
Grants and contracts receivable	49,306	5,291
Accounts receivable	2,269	2,254
Prepaid expenses and other assets	(2,987)	(11,439)
Increase (decrease) in:		
Accounts payable	(56,241)	(48,357)
Accrued payroll and related expenses	14,514	(9,028)
Accrued paid time off	27,979	32,742
Accrued pension expense	286	(473)
Deferred revenue	(4,465)	4,770
	48,086	3,536
 <b>Cash flows from investing activities</b>		
Acquisition of furniture and equipment	-	(3,797)
Proceeds from sale of investments	17,481	-
	17,481	(3,797)
 <b>Net increase (decrease) in cash and cash equivalents</b>	65,567	(261)
 Cash and cash equivalents, beginning of year	247,809	248,070
 Cash and cash equivalents, end of year	\$ 313,376	\$ 247,809

The accompanying notes are an integral part of these statements.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

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.

**Use of 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 are not insured by the FDIC. Cash equivalents totaled \$1,711 and \$1,353 at March 31, 2016 and 2015, respectively.

**Investments**

Investments consist of certificates of deposit and stocks. Certificates of deposit are invested with regional west coast financial institutions insured by the FDIC. These certificates have maturity dates greater than three months. Investments are carried at fair value. Realized and unrealized gains and losses are reported in the statements of activities.

**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.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**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.

Depreciation is computed using the straight-line method over the estimated useful life of the furniture and equipment.

**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 501(c)(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.

**2. Investments**

At March 31, investments consisted of the following:

	<u>Market Value</u>	
	<u>2016</u>	<u>2015</u>
Stocks	<u>\$ -</u>	<u>\$ 10,428</u>
Total investments	<u>\$ -</u>	<u>\$ 10,428</u>

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
NOTES TO FINANCIAL STATEMENTS

**3. 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, 2016:

<u>Year Ending June 30,</u>	
2017	\$ 87,975
2018	90,615
2019	93,333
2020	87,902
2021	<u>-</u>
Total	<u>\$ 359,825</u>

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.

Rent expenses associated with the above lease for the fiscal years ended March 31, 2016 and 2015, were \$85,413 and \$82,925, respectively.

Decision Research has a month-to-month rental agreement with an employee of Decision Research for the use of home office space. Rent expense for the agreement for the fiscal years ended March 31, 2016 and 2015 amounted to \$610 and \$1,550, respectively.

**4. 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, 2016 and 2015, were \$75,185 and \$66,309, respectively.

**5. Concentrations**

During 2016, Decision Research received grant revenue of approximately 33 percent from two grant contracts. During 2015, Decision Research received grant revenue of approximately 64 percent from five grant contracts.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
NOTES TO FINANCIAL STATEMENTS

**6. 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.

SINGLE AUDIT INFORMATION

**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Decision Science Research Institute, Inc. dba Decision Research (Decision Research) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes of the financial statements, and have issued our report thereon dated December 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Decision Research'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Decision Research's internal control. Accordingly, we do not express an opinion on the effectiveness of Decision Research'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Decision Research'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 determination of financial statement amounts. 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 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.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 1, 2016



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

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

### Report on Compliance for Each Major Federal Program

We have audited Decision Science Research Institute, Inc. dba Decision Research'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 programs for the year ended March 31, 2016. 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 the requirements of laws, regulations, contracts, and grants 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; 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). 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 programs for the year ended March 31, 2016.

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## 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 federal 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

Decision Research's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Decision Research's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 1, 2016

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended March 31, 2016

Federal Grantor/Pass-Through Grantor/Federal Program Name/Project Title	Federal CFDA Number	Pass-through Entity Identifying Number
<b>National Science Foundation</b>		
Direct Grants:		
Social, Behavioral, and Economic Sciences:		
1. Valuing Lives You Can Save: Understanding and Combatting Value Collapse as Numbers Increase	47.075	
2. The Singularity Effect of Identifiable Victims: Is it a Matter of Culture and Education?	47.075	
3. Developing Guidelines to Aid in Communicating Uncertainty	47.075	
4. Hazard Manager Stereotypes as Influences on Trust, Confidence, and Cooperation	47.075	
5. Understanding Decisions About Foreign Policy Interventions to Save Lives	47.075	
6. Public Interpretations of and Responses to Scientific Disputes	47.075	
7. RAPID: Evaluating Ebola Message Effects over Time: Risk Perceptions, Trust in & Attributions of Responsibility to Institutions, Personal Behavior & Policy Support	47.075	
8. The Arithmetic of Compassion: Confronting the Challenge of Pseudoefficacy in Charitable Giving	47.075	
Total Social, Behavioral, and Economic Sciences Program		
Engineering Grants:		
9. Decision-Makers Use of Climate Science in Flood Planning and Management Passed through NSEC at University of California at Santa Barbara: Social, Behavioral, and Economic Sciences:	47.041	
10. NSEC: Center for Nanotechnology in Society	47.075	KK1144
Total National Science Foundation		
<b>National Aeronautics and Space Administration</b>		
Direct Grants:		
Science:		
11. Detecting and Mitigating Automation Surprises Passed through ASRC Research & Technology Solutions	43.001	
Aeronautics:		
12. Operational Decision Making in Increasingly Automated Aerospace Environments	43.002	ART866
Total National Aeronautics and Space Administration		
<b>Department of Health &amp; Human Services - National Institutes of Health</b>		
Direct Grants:		
Drug Abuse and Addiction Research Programs:		
13. Decision Making and Dysregulation Pathways in Adolescents with Parental SUD History	93.279	
Medical Library Assistance:		
14. Developing Indigenous Health Indicators to Reflect Community Health Priorities Passed through Oregon Social Learning Center:	93.879	
Child Health and Human Development Extramural Research:		
15. Adapting a Decision-Making Task to Explore its ERP Correlates through Adolescence Passed through Georgia State University:	93.865	5R21HD072363
Family Smoking Prevention and Tobacco Control Act Regulatory Research:		
16. The Science of Decision Making: Connecting People & Policy	93.077	SP00012097-3
Total Department of Health & Human Services		
<b>Department of Transportation - Federal Aviation Administration</b>		
Direct Grants:		
Aviation Research Grants:		
17. Development of Normal Procedures for Airline Operations	20.108	
<b>Department of Commerce - National Oceanic &amp; Atmospheric Administration</b>		
Passed through Virginia Polytechnic Institute & State University:		
Climate and Atmospheric Research:		
18. SeasonalClimate Signals: Developing a Community of Practice in Emergency Management of Droughts & Floods	11.431	451257-19A86
<b>Department of Homeland Security</b>		
Passed through University of Southern California:		
Centers for Homeland Security:		
19. National Center for Risk & Economic Analysis of Terrorism Events	97.061	10259592
20. Dynamic Aviation Risk Management System (DARMS): A Proof of Concept Study Incorporating Game Theory & Multi-Attribute Utility	97.061	55363989
21. Dynamic Aviation Risk Management System (DARMS): Research Study to Demonstrate a Proof-of-Concept	97.061	66783303
22. Pseudoinefficacy, a New Approach to Deterrence: Exploiting the Connection Between Perceived Risk, Affect, and Self-Efficacy	97.061	66108487
Total Centers for Homeland Security Program		
Passed through University of Oregon:		
Pre-Disaster Mitigation:		
23. Pre-Disaster Mitigation: Training Material for Decision Makers	97.047	600000-1875
Passed through Pacific NW National Laboratory:		
Homeland Security Advanced Research Projects Agency:		
24. Modeling Cognitive Response to CMAS Alerts and Warnings to Inform Emergency Response Interventions	97.065	226773
Total Department of Homeland Security		

**Total Research and Development Cluster:**

	Award Amount	Accrued or (Deferred) Revenue at March 31, 2015	Receipts	Expenditures	Accrued or (Deferred) Revenue at March 31, 2016	Expenditures passed through to subrecipients
<b>National Science Foundation</b>						
1.	\$ 449,998	\$ 5,021	\$ 32,386	\$ 33,226	\$ 5,861	\$ -
2.	338,995	-	129,456	129,456	-	21,976
3.	599,989	25,747	120,212	115,985	21,520	-
4.	240,048	5,369	34,955	58,681	29,095	-
5.	49,996	1,874	41,175	39,301	-	-
6.	245,847	187	53,534	61,453	8,106	-
7.	134,760	20,424	105,449	85,025	-	-
8.	449,998	14,085	119,603	116,171	10,653	-
	<u>2,509,631</u>	<u>72,707</u>	<u>636,770</u>	<u>639,298</u>	<u>75,235</u>	<u>21,976</u>
9.	101,691	8,804	8,804	-	-	-
10.	<u>83,532</u>	<u>5,563</u>	<u>16,250</u>	<u>10,687</u>	-	-
	<u>2,694,854</u>	<u>87,074</u>	<u>661,824</u>	<u>649,985</u>	<u>75,235</u>	<u>21,976</u>
<b>National Aeronautics and Space Administration</b>						
11.	1,200,000	23,004	158,484	198,036	62,556	114,974
12.	<u>66,415</u>	<u>1,750</u>	<u>47,782</u>	<u>46,801</u>	<u>769</u>	-
	<u>1,266,415</u>	<u>24,754</u>	<u>206,266</u>	<u>244,837</u>	<u>63,325</u>	<u>114,974</u>
<b>U.S. Department of Health &amp; Human Services</b>						
13.	520,098	17,426	105,912	102,795	14,309	44,683
14.	284,378	1,755	138,927	140,746	3,574	-
15.	50,921	-	1,099	1,099	-	-
16.	<u>253,634</u>	<u>616</u>	<u>1,654</u>	<u>19,893</u>	<u>18,855</u>	-
	<u>1,109,031</u>	<u>19,797</u>	<u>247,592</u>	<u>264,533</u>	<u>36,738</u>	<u>44,683</u>
<b>U.S. Department of Transportation - Federal Aviation Administration</b>						
17.	<u>869,585</u>	<u>128,463</u>	<u>507,777</u>	<u>430,553</u>	<u>51,239</u>	-
<b>U.S. Department of Commerce - National Oceanic &amp; Atmospheric Administration</b>						
18.	<u>7,680</u>	<u>1,651</u>	<u>3,358</u>	<u>1,707</u>	-	-
<b>Department of Homeland Security</b>						
19.	231,000	70,558	141,939	71,381	-	-
20.	126,502	24,702	92,181	67,479	-	-
21.	160,498	-	-	85,449	85,449	-
22.	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>2,518</u>	<u>2,518</u>	-
	<u>568,000</u>	<u>95,260</u>	<u>234,120</u>	<u>226,827</u>	<u>87,967</u>	-
23.	20,000	-	20,000	20,000	-	-
24.	<u>16,000</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>	-	-
	<u>604,000</u>	<u>95,260</u>	<u>262,120</u>	<u>254,827</u>	<u>87,967</u>	-
	<u>\$ 356,999</u>	<u>\$ 1,888,937</u>	<u>\$ 1,846,442</u>	<u>\$ 314,504</u>	<u>\$ 181,633</u>	

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended March 31, 2016

**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 or changes in net assets of Decision Research.

**2. Significant Accounting Policies**

**Reporting Entity**

The reporting entity is fully described in Note 1 of Decision Research's financial statements. The Schedule includes all federal financial assistance programs obtained by Decision Research for the fiscal year ended March 31, 2016.

**Basis of Presentation**

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). The receipt and expenditure of federal awards are accounted for under the accrual method of accounting.

**Indirect Cost Rate**

Decision Research has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended March 31, 2016

**Summary of Auditor's Results**

- 1) The independent auditor's report expresses an unmodified opinion on the financial statements of Decision Research.
- 2) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
- 3) No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) One significant deficiency in internal control over the major federal award program was disclosed during the audit of the major federal award programs. No material weaknesses are reported.
- 5) The independent auditor's report on compliance for the major federal award program for Decision Research expresses an unmodified opinion on the major federal program.
- 6) Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this schedule.
- 7) The program tested as a major program was:

Research and Development Cluster:

- 11.431 Department of Commerce - National Oceanic & Atmospheric Administration Programs
- 20.108 Department of Transportation - Federal Aviation Administration Programs
- 43.001 National Aeronautics and Space Administration Programs
- 43.002 National Aeronautics and Space Administration Programs
- 47.041 National Science Foundation Programs
- 47.075 National Science Foundation Programs
- 93.077 Department of Health & Human Services - National Institutes of Health Programs
- 93.279 Department of Health & Human Services - National Institutes of Health Programs
- 93.865 Department of Health & Human Services - National Institutes of Health Programs
- 93.879 Department of Health & Human Services - National Institutes of Health Programs
- 97.047 Department of Homeland Security
- 97.061 Department of Homeland Security
- 97.065 Department of Homeland Security

- 8) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- 9) Decision Research was not considered to be a low-risk auditee.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended March 31, 2016

**Findings – Financial Statement Audit**

None.

**Findings and Questioned Costs – Major Federal Award Program Audit**

**2016-001**

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

**Federal Agency / Pass-through entity / CFDA No / Program Title / Federal Award No / Federal Award Year:** Research and Development Cluster programs as included on the Schedule of Expenditures of Federal Awards. Refer to pages 15 and 16.

**Reportable Questioned Costs:** None.

**Criteria:** It is the responsibility of Decision Research's management to design and implement adequate internal controls over compliance in accordance with 2 CFR §200.331, and ensure those controls are functioning as intended.

**Condition:** During our testing of internal controls over compliance and compliance with respect to the compliance requirement of allowable costs and allowable activities, we found three instances, out of a sample of 40 non-payroll disbursements, where the related expenses were either inaccurately classified or not recorded in the appropriate fiscal period. In two of the cases, the disbursements were for consulting invoices that included services performed in fiscal years 2013-14 and 2014-15, but were recorded in fiscal year 2015-16. The total value of prior period services recorded in fiscal year 2015-16 was \$1,775. The third case was a disbursement for insurance premiums for the subsequent fiscal year, but was inaccurately expensed in fiscal year 2015-16.

**Cause:** Internal controls in place were not properly designed or implemented to ensure expenses were accurately classified and recorded in the appropriate fiscal period.

**Effect:** 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.

**Recommendation:** We recommend management review the procedures and internal controls in place as of March 31, 2016 and revise to ensure consultants and subcontractors submit invoices to the organization timely and reviews are in place to verify expenditures are properly classified and recorded in the appropriate period.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended March 31, 2016

**2016-001**, continued

**Management's Response and Corrective Action Plan:** For the consulting invoices that were received and paid long after the time period in which the effort occurred, the work performed was for allowable and required activities, within the period of the grant and consulting agreements, and within the project and consulting agreement budgets. In order to rectify the problems this lag created, and prior to our fiscal year 2016 audit, we have revised our consulting and subaward agreement to require consultants and subawardees to submit invoices by the seventh of the month following the month in which any effort occurred.

With regard to insurance payments, we are now booking them to pre-paid expenses with a monthly allocation to the expense account so the charges will show during the months in which the insurance applies.



DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended March 31, 2016

**Prior Year Findings – Financial Statement Audit**

None.

**Prior Year Findings - Major Federal Award Program Audit**

**Finding 2015-1**

**Type of Finding:** Significant deficiency in internal control over financial report and compliance, and noncompliance required to be reported under OMB Circular A-133 §\_\_\_\_.510.

**Federal Program:** Research and Development Cluster

**Questioned Costs:** None.

**Condition:** Annual financial reporting had been delayed for several years.

**Criteria:** OMB Circular A-133 §\_\_\_\_.320 required that the audit be completed within nine months after the end of the audit period.

**Cause:** Delay was primarily the result of several errors noted during audit procedures performed. Although many of the errors were not material in amount or nature, additional time was required by administrative personnel to provide sufficient supporting documentation, which in turn required additional time and effort by the auditor.

**Recommendation:** We recommended that Decision Research review the processes in place to ensure there is adequate staffing in the accounting department as well as proper review of accounting department work throughout the year. We also recommended that all accounting personnel receive continuous training to ensure they are up to date on appropriate policies and procedures.

**Current Status:** Management's corrective active plan, as reported in the prior year, was implemented and significant improvements were noted during the 2016 audit. No similar findings were noted in the 2016 audit.

**Finding 2015-2**

**Type of Finding:** Significant deficiency in internal control over compliance and noncompliance required to be reported under OMB Circular A-133 §\_\_\_\_.510.

**Federal Program:** Research and Development Cluster

**Questioned Costs:** None.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, Continued  
For the Fiscal Year Ended March 31, 2016

**Finding 2015-2**, continued

**Condition:** During our testing of internal controls over compliance and compliance with respect to the subrecipient monitoring compliance requirement, we noted an instance where a subrecipient audit certification report was received by Decision Research indicating that either material weaknesses, material instances of noncompliance, or findings related to the sub-award provided by Decision Research were identified, however, there was no follow up by Decision Research regarding the issues identified in the certification until brought to management's attention by the auditor. Subsequent communication with the subrecipient revealed the certification was incorrectly completed and no such issues had been identified in relation to the sub-award. Documentation and follow up on subrecipient certifications was considered a key internal control for the subrecipient monitoring compliance requirement, as well as a key step in appropriately monitoring subrecipients.

**Criteria:** It is the responsibility of Decision Research's management to design and implement adequate internal controls over compliance in accordance with 2 CFR §200.331, and ensure those controls are functioning as intended.

**Cause:** Lack of thorough review and follow up on subrecipient audit certifications.

**Recommendation:** We recommended that Decision Research review the processes in place for review of subrecipient audit certifications and evaluate the need to revise the process to ensure that all certifications are thoroughly reviewed and any necessary follow up is completed in a timely manner.

**Current Status:** Management's corrective active plan, as reported in the prior year, was implemented. No similar findings were noted in the 2016 audit.

**Finding 2015-3**

**Type of Finding:** Significant deficiency in internal control over compliance required to be reported under OMB Circular A-133 §\_\_\_\_.510.

**Federal Program:** Research and Development Cluster

**Questioned Costs:** None.

**Condition:** During our testing of internal controls over compliance and compliance with respect to the compliance requirement of allowable costs and allowable activities, we noted four instances where fringe benefits were either incorrectly calculated or fringe benefits were not allocated among grants in accordance with Decision Research's allocation policy (based on a ratio of wages allocated to each grant divided by total wages for the month). In two cases, a revision had been made to the calculation after the allocation had already been reviewed by a person other than a preparer without evidence of a second review. In the other two cases, employee medical premiums utilized in the calculation either did not agree to the source document or were unable to be reconciled back to the source document due to a lack of a clear audit trail.

**Criteria:** It is the responsibility of Decision Research's management to design and implement adequate internal controls over compliance in accordance with OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, and ensure those controls are functioning as intended.

DECISION SCIENCE RESEARCH INSTITUTE, INC. dba DECISION RESEARCH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, Continued  
For the Fiscal Year Ended March 31, 2016

**Finding 2015-3, continued**

**Cause:** Lack of adequate training for the preparer and lack of thorough review by an individual within Decision Research who has the suitable skills, knowledge, and experience to evaluate whether fringe has been appropriately allocated among grant programs.

**Recommendation:** We recommended Decision Research review the current process for determining allocation of fringe benefits among grant programs and evaluate the need to revise the process to ensure that revisions made to the fringe allocation subsequent to initial approval are also being thoroughly reviewed in a timely manner.

**Current Status:** Management's corrective active plan, as reported in the prior year, was implemented. No similar findings were noted in the 2016 audit.