

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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CERTIFIED PUBLIC ACCOUNTANTS
Relationships that Count

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Association of Independent Research Institutes, Inc.

Opinion

We have audited the accompanying financial statements of the Association of Independent Research Institutes, Inc. (a nonprofit Association), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years 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 Association of Independent Research Institutes, Inc. as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Association of Independent Research Institutes, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association of Independent Research Institutes, Inc.'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 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, 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 Association of Independent Research Institutes, Inc.'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 Association of Independent Research Institutes, Inc.'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.



Norwood, MA
June 25, 2026

ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	**$ 257,864**	$ 388,595
Dividend receivables	**-**	6,885
Prepaid expenses	**78,220**	5,000
Total current assets	**336,084**	400,480
Investments	**2,028,537**	1,741,718
Intangible assets		
Website infrastructure improvements	**33,000**	33,000
Less: accumulated amortization	**(33,000)**	(33,000)
Net intangible assets	**-**	-
Total assets	**$ 2,364,621**	$ 2,142,198
LIABILITIES & NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 16,700**	$ 17,723
Total current liabilities	**16,700**	17,723
Net assets without donor restrictions	**2,347,921**	2,124,475
Total liabilities and net assets	**$ 2,364,621**	$ 2,142,198

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

ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenues		
Dues	**$ 470,275**	$ 486,900
Annual meetings	**221,104**	287,050
Total revenues	**691,379**	773,950
Program expenses		
Washington D.C. representative	**237,361**	241,802
Annual meetings	**231,932**	211,815
Manager fees	**180,370**	169,229
Compensation survey	**27,000**	27,000
Committees	**26,712**	18,068
Subscriptions	**13,202**	-
Website work	-	6,193
Consulting expense	-	5,750
Dues and assessments	-	501
Total program expenses	**716,577**	680,358
General and administrative expenses		
Manager fees	**19,374**	18,803
Professional fees	**13,675**	11,027
Advertising	**2,479**	-
Insurance	**2,096**	4,292
Printing	**551**	-
Total general and administrative expenses	**38,175**	34,122
Total operating expenses	**754,752**	714,480
Change in net assets before non opearting activities	**(63,373)**	59,470
Non operating activities		
Investment return, net	**286,819**	209,205
Change in net assets	**223,446**	268,675
Net assets without donor restriction, beginning of year	**2,124,475**	1,855,800
Net assets without donor restriction, end of year	**$ 2,347,921**	$ 2,124,475

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

ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 223,446**	$ 268,675
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized gain on investments	**(229,572)**	(159,784)
Changes in operating assets and liabilities:		
Dividend receivables	**6,885**	(433)
Prepaid Expenses	**(73,220)**	(5,000)
Accounts payable and accrued liabilities	**(1,023)**	5,849
Deferred income	**-**	(12,000)
Net cash (used) provided by operating activities	**(73,484)**	97,307
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments, net	**(57,247)**	(30,256)
Net cash (used) by investing activities	**(57,247)**	(30,256)
Net (decrease) increase in cash and cash equivalents	**(130,731)**	67,051
Cash and cash equivalents, beginning of year	**388,595**	321,544
Cash and cash equivalents, end of year	**$ 257,864**	$ 388,595

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

ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – ORGANIZATION AND PURPOSE

The Association of Independent Research Institutes, Inc. (the Association) is a nationwide association of nonprofit, independent research institutes. The Association was organized in 1962 and incorporated in the District of Columbia on March 28, 1989. The approximately 80 member institutes are integrally involved in the United States research community. The Association's institutions are distinct from other organizations involved in research, such as universities, hospitals, and for-profit entities, in their organization, mission, and size. The Association's members' primary mission is research, with education and service as important secondary functions.

The overall goal of the Association is to contribute to the advancement of nonprofit independent research institutes and to their mission of conducting high-quality research in the biomedical and behavioral sciences. The Association exists to promote communication among institutes' management staff about common interests and to pursue issues at the federal government level that are in the interests of member institutions and their scientists. The Association also focuses its efforts on federal policies that uniquely affect nonprofit research institutes. For more information on services, visit the Association's website www.airi.org

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual method, revenue and expenses are recognized when earned or incurred rather than when actually received or paid. The significant accounting policies are described below to enhance the usefulness of the financial statements to the user.

Financial statement presentation
The Association reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Restrictions may only be imposed by donors, not by the Board of Directors or any other body. All net assets are without donor restrictions as of December 31, 2025 and 2024.

Cash and Cash Equivalents
The Association considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Association maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Association's deposits are not subject to significant credit risk.

Investments
The Association's investments in marketable securities with readily determinable fair values are measured at fair values, as established by major securities markets, in the Statement of Financial Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Association's Investment Committee determines the valuation policies utilizing information provided by the investment advisers and custodians. See Note 3 for discussion of fair value measurements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Further, changes in the fair value of marketable securities are reported as unrealized gains or losses.

Investment return, net includes interest and dividend income and unrealized gains or losses, net of investment fees, and is classified as without donor restriction in the Statement of Activities.

Intangible Assets
Intangible assets consist of a website infrastructure improvement cost. The improved website was placed in service in 2017. Amortization was computed using the straight line method calculated to amortize the cost over the estimated useful life of the asset. The intangible asset was fully amortized as of December 31, 2023. Maintenance of the website is expensed as a program expense.

Revenue from Contracts with Customers and Other Program Revenue
The Association generates revenue primarily through membership dues and annual meetings. Revenue for membership dues is recognized based upon annual assessments to members. Membership dues are tiered based upon the size of the organization/institute member. The timing of revenue recognition, billings and cash collections result in contract liabilities or accounts receivables, which are reflected on the Statement of Financial Position.

Performance Obligations
Performance obligations are determined based on the nature of the services provided by the Association. Revenue for performance obligations satisfied over time is recognized proportionally over the term of service. The Association believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to customers receiving membership services. The Association measures performance obligation from the start of the applicable service period.

Contract Balances
Contract liabilities represent the Association's obligation to transfer services to a customer when consideration has already been received from the customer and are recorded as deferred income on the Statement of Financial Position. The Association typically satisfies all of its performance obligations during the calendar year and recognizes the related cost of those services at that point in time. Contract assets primarily relate to the Association's rights to consideration for work completed but not billed at the reporting date. There were no contract assets or liabilities at neither the beginning or end of 2025 or 2024.

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. There are no receivables relating to revenue from contracts with customers at December 31, 2025 and 2024. There were no allowance for credit losses at December 31, 2025 and 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses
Expenses have been charged directly to program or general and administrative categories based on specific identification. Indirect costs have been allocated among the program and the general and administrative services in reasonable ratios determined by management.

Use of Estimates
The preparation of the 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 the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Income Taxes
The Association has been granted tax-exempt status as a nonprofit organization under Section 501(c)(6) of the Internal Revenue Code and files a federal tax Form 990 (Return of Organization Exempt from Income Tax) annually for informational purposes. Accordingly, no provision for income taxes is required in the accompanying financial statements.

Contributed services
During the years ended December 31, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association in accomplishing its mission.

Date of Management's Review
The Association has evaluated events subsequent to December 31, 2025 and through the date of this report, the date on which the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

NOTE 3 – INVESTMENTS (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Association utilized the following methods and assumptions in estimating its fair value disclosure for investments. There have been no changes in the methodologies used at December 31, 2025 and 2024.

- Mutual Funds: The fair values of investments are based on quoted market prices for those or similar investments (Level 1).

The estimated fair values of the Association's financial instruments as of December 31, 2025 are as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Mutual funds	**$ 2,028,537**	**$ -**	**$ -**	**$ 2,028,537**
Total investments	**$ 2,028,537**	**$ -**	**$ -**	**$ 2,028,537**

The estimated fair values of the Association's financial instruments as of December 31, 2024 were as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 1,741,718	$ -	$ -	$ 1,741,718
Total investments	$ 1,741,718	$ -	$ -	$ 1,741,718

Investment return, net for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Unrealized net gain	**$ 229,572**	$ 159,784
Interest and dividends	**57,247**	49,421
Investment return, net	**$ 286,819**	$ 209,205

NOTE 4 – COMMITMENTS

Manager Fees
The Association had a contract with a management company for various administrative and operational services. The contract expired on December 31, 2025, and included a base annual compensation of approximately $184,747. Under the terms of the agreement, the management company receives a monthly payment of $15,648, as well as a bonus of $6,000 upon successful completion of the agreement. The management company was responsible for membership services, management of the annual meeting, website management and benchmarking management.

On November 7, 2025, the Association engaged a different management company to provide various administrative and operational services. The three year contract commences on January 1, 2026 and includes base annual compensation of approximately $156,000.

Washington D.C. Representative
The Association has a contract with a representative organization for five years beginning January 1, 2024 with annual base fees of $237,361 for calendar years 2024 and 2025 and $242,108 for calendar years 2026, 2027 and 2028. The representative contract is for strategic counsel on behalf of the AIRI membership on federal government relations matters.

Compensation Study
The Association provides members with access to an annual compensation survey, conducted by an outside human resource management company. The current contract required an annual fee of $27,000 through December 31, 2025. Subsequently, the Association entered into a new agreement with an annual fee of approximately $30,000 effective for one year, with automatic one-year renewals for up to five years at approximately the same annual rate.

Content Development
In December 2025, the Association entered into a three months content development contract to improve its communications with estimated fee of $15,000. Future minimum payments on these contracts are as follows:

Year Ending December 31,	
2026	$ 443,258
2027	398,108
2028	398,108
2029	-
Thereafter	-
	$ 1,239,474

NOTE 5 – LIQUIDITY AND AVAILABLE RESOURCES

The Association of Independent Research Institutes, Inc.'s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets:	
Cash and cash equivalents	$ 257,864
Total financial assets available for general expenditures within one year	$ 257,864

In addition to the available resources listed above, the Association has funds in their investments accounts which are available for general expenditures, subject to Board approval.