



CITIZENS UNITED FOR RESEARCH IN EPILEPSY

AUDITED FINANCIAL STATEMENTS

***FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024***

CITIZENS UNITED FOR RESEARCH IN EPILEPSY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Citizens United for Research in Epilepsy

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of

Citizens United for Research in Epilepsy
(a nonprofit organization)

which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citizens United for Research in Epilepsy 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Citizens United for Research in Epilepsy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 Citizens United for Research in Epilepsy's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

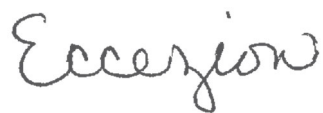
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026 on our consideration of Citizens United for Research in Epilepsy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Citizens United for Research in Epilepsy's internal control over financial reporting and compliance.

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.

A handwritten signature in black ink that reads "Eccezion". The letters are cursive and somewhat stylized, with a prominent 'E' at the beginning.

Eccezion
Strategic Business Solutions

McHenry, Illinois
March 31, 2026



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
Citizens United for Research in Epilepsy
Chicago, Illinois

We have audited, in accordance with the 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

Citizens United for Research in Epilepsy
(a nonprofit organization)

which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years ended December 31, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Citizens United for Research in Epilepsy's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Citizens United for Research in Epilepsy's internal control. Accordingly, we do not express an opinion on the effectiveness of Citizens United for Research in Epilepsy's internal control.

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

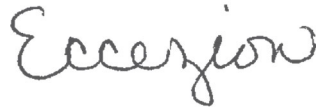
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Citizens United for Research in Epilepsy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Eccezion
Strategic Business Solutions

McHenry, Illinois
March 31, 2026

FINANCIAL STATEMENTS

CITIZENS UNITED FOR RESEARCH IN EPILEPSY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,050,918	\$ 768,196
Contributions Receivable, due within one year	475,199	755,099
Prepaid Expenses	47,724	33,080
Total Current Assets	\$ 1,573,841	\$ 1,556,375
Investments		
Contributions Receivable, due after one year	8,185,042	8,190,545
Property and Equipment, Net	237,104	471,141
Right of Use Assets, Net - Operating	126,813	160,840
Deposits	\$ 276,320	\$ 301,063
	10,000	10,000
TOTAL ASSETS	\$ 10,409,120	\$ 10,689,964
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 177,800	\$ 176,048
Grants Payable	3,215,330	3,166,290
Current Portion - Right of Use Lease Liabilities - Operating	74,100	67,118
Total Current Liabilities	\$ 3,467,230	\$ 3,409,456
Other Liabilities		
Right of Use Lease Liabilities - Operating, Net of Current Portion	247,019	284,400
Total Liabilities	\$ 3,714,249	\$ 3,693,856
NET ASSETS		
Without Donor Restriction		
Undesignated	\$ 5,235,674	\$ 4,865,184
With Donor Restriction		
Purpose Restrictions	1,017,306	1,313,536
Time-Restricted for Future Periods	441,891	817,388
Total Net Assets	\$ 6,694,871	\$ 6,996,108
TOTAL LIABILITIES AND NET ASSETS	\$ 10,409,120	\$ 10,689,964

The Notes to Financial Statements are an integral part of this statement.

CITIZENS UNITED FOR RESEARCH IN EPILEPSY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	December 31, 2025			December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT						
Support						
Contributions	\$ 1,888,515	\$ 152,494	\$ 2,041,009	\$ 1,679,163	\$ 952,970	\$ 2,632,133
Grants	362,891	165,000	527,891	740,508	303,196	1,043,704
In-Kind Contributions	47,706	-	47,706	12,173	-	12,173
Special Events	2,444,905	105	2,445,010	2,329,575	161,440	2,491,015
Less Expenses	(592,246)	-	(592,246)	(627,741)	-	(627,741)
Other Revenue						
Return on Investment, Net	783,225	-	783,225	650,101	-	650,101
Other Income	-	-	-	19,524	-	19,524
Net Assets Released from Restrictions	989,326	(989,326)	-	941,145	(941,145)	-
Total Operating Revenues, Gains, and Other Support	<u>\$ 5,924,322</u>	<u>\$ (671,727)</u>	<u>\$ 5,252,595</u>	<u>\$ 5,744,448</u>	<u>\$ 476,461</u>	<u>\$ 6,220,909</u>
OPERATING EXPENSES						
Program Services	\$ 4,543,934	\$ -	\$ 4,543,934	\$ 5,192,971	\$ -	\$ 5,192,971
Supporting Services						
Management and General	302,183	-	302,183	311,784	-	311,784
Fundraising	707,715	-	707,715	679,998	-	679,998
Total Operating Expenses	<u>\$ 5,553,832</u>	<u>\$ -</u>	<u>\$ 5,553,832</u>	<u>\$ 6,184,753</u>	<u>\$ -</u>	<u>\$ 6,184,753</u>
Change in Net Assets from Operations	\$ 370,490	\$ (671,727)	\$ (301,237)	\$ (440,305)	\$ 476,461	\$ 36,156
Net Assets at Beginning of Year	4,865,184	2,130,924	6,996,108	5,305,489	1,654,463	6,959,952
Net Assets at End of Year	<u>\$ 5,235,674</u>	<u>\$ 1,459,197</u>	<u>\$ 6,694,871</u>	<u>\$ 4,865,184</u>	<u>\$ 2,130,924</u>	<u>\$ 6,996,108</u>

The Notes to Financial Statements are an integral part of this statement.

CITIZENS UNITED FOR RESEARCH IN EPILEPSY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	Year Ended December 31, 2025							
	Program Services			Supporting Services				
	Research	Awareness	Total Programs	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Supporting Services	Total Expenses
Grants	\$ 2,274,098	\$ -	\$ 2,274,098	\$ -	\$ -	\$ -	\$ -	\$ 2,274,098
Salaries and Wages	745,750	544,738	1,290,488	219,482	580,183	-	799,665	2,090,153
Payroll Taxes	48,419	35,415	83,834	14,304	38,171	-	52,475	136,309
Employee Benefits	97,025	70,462	167,487	33,351	73,976	-	107,327	274,814
In-Kind Professional Fees	47,706	-	47,706	-	-	-	-	47,706
Professional Fees	10,318	7,056	17,374	2,572	6,800	-	9,372	26,746
Insurance	5,497	3,759	9,256	1,371	3,623	-	4,994	14,250
Printing and Publications	2,328	1,592	3,920	580	19,356	-	19,936	23,856
Postage	2,188	1,496	3,684	545	4,931	-	5,476	9,160
Occupancy	43,877	30,005	73,882	10,939	28,916	-	39,855	113,737
Telephone	1,835	1,255	3,090	458	1,209	-	1,667	4,757
Computer, Web Development and Internet	47,226	95,452	142,678	8,950	23,663	-	32,613	175,291
Supplies	1,007	689	1,696	251	15,889	-	16,140	17,836
State Registrations	4,714	3,223	7,937	1,175	3,106	-	4,281	12,218
Subcontractors	101,809	58,115	159,924	302	80,962	-	81,264	241,188
Travel, Meeting and Related	11,080	3,660	14,740	1,553	48,711	-	50,264	65,004
Conferences and Functions	73,250	989	74,239	-	9,388	333,427	342,815	417,054
Advocacy and Awareness	-	123,016	123,016	-	-	-	-	123,016
Bank, Merchant and Investment Fees	14,681	10,040	24,721	3,660	9,675	-	13,335	38,056
Dues and Subscriptions	4,216	97	4,313	35	5,771	-	5,806	10,119
Depreciation	7,655	5,235	12,890	1,908	5,045	-	6,953	19,843
Other Expenses	920	2,041	2,961	747	6,083	1,076	7,906	10,867
Total Expenses	<u>\$ 3,545,599</u>	<u>\$ 998,335</u>	<u>\$ 4,543,934</u>	<u>\$ 302,183</u>	<u>\$ 965,458</u>	<u>\$ 334,503</u>	<u>\$ 1,602,144</u>	<u>\$ 6,146,078</u>
Special Events	-	-	-	-	(257,743)	(334,503)	(592,246)	(592,246)
Total Expenses in the Expense Section	<u>\$ 3,545,599</u>	<u>\$ 998,335</u>	<u>\$ 4,543,934</u>	<u>\$ 302,183</u>	<u>\$ 707,715</u>	<u>\$ -</u>	<u>\$ 1,009,898</u>	<u>\$ 5,553,832</u>

	Year Ended December 31, 2024							
	Program Services			Supporting Services				
	Research	Awareness	Total Programs	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Supporting Services	Total Expenses
Grants	\$ 2,900,590	\$ -	\$ 2,900,590	\$ -	\$ -	\$ -	\$ -	\$ 2,900,590
Salaries and Wages	667,318	547,765	1,215,083	226,744	565,938	-	792,682	2,007,765
Payroll Taxes	44,306	36,280	80,586	15,050	37,025	-	52,075	132,661
Employee Benefits	85,483	70,652	156,135	29,663	72,521	-	102,184	258,319
In-Kind Professional Fees	12,173	-	12,173	-	-	-	-	12,173
Professional Fees	9,571	7,312	16,883	2,708	6,758	-	9,466	26,349
Insurance	4,706	3,596	8,302	1,331	3,323	-	4,654	12,956
Printing and Publications	3,136	2,396	5,532	887	18,441	-	19,328	24,860
Postage	1,932	2,733	4,665	547	6,218	-	6,765	11,430
Occupancy	41,608	31,788	73,396	11,771	29,380	-	41,151	114,547
Telephone	1,836	1,403	3,239	519	1,296	-	1,815	5,054
Computer, Web Development and Internet	42,485	82,871	125,356	9,280	23,163	-	32,443	157,799
Supplies	1,363	1,908	3,271	342	14,381	-	14,723	17,994
State Registrations	3,986	3,045	7,031	1,128	2,815	-	3,943	10,974
Subcontractors	108,877	68,773	177,650	1,169	37,069	-	38,238	215,888
Travel, Meeting and Related	10,258	12,181	22,439	2,852	51,202	-	54,054	76,493
Conferences and Functions	131,752	8,107	139,859	-	16,940	393,793	410,733	550,592
Advocacy and Awareness	-	187,708	187,708	-	-	-	-	187,708
Bank, Merchant and Investment Fees	17,233	13,166	30,399	4,875	12,169	-	17,044	47,443
Dues and Subscriptions	4,641	121	4,762	45	6,137	-	6,182	10,944
Depreciation	9,409	7,188	16,597	2,662	6,644	-	9,306	25,903
Other Expenses	745	570	1,315	211	2,178	348	2,737	4,052
Total Expenses	<u>\$ 4,103,408</u>	<u>\$ 1,089,563</u>	<u>\$ 5,192,971</u>	<u>\$ 311,784</u>	<u>\$ 913,598</u>	<u>\$ 394,141</u>	<u>\$ 1,619,523</u>	<u>\$ 6,812,494</u>
Special Events	-	-	-	-	(233,600)	(394,141)	(627,741)	(627,741)
Total Expenses in the Expense Section	<u>\$ 4,103,408</u>	<u>\$ 1,089,563</u>	<u>\$ 5,192,971</u>	<u>\$ 311,784</u>	<u>\$ 679,998</u>	<u>\$ -</u>	<u>\$ 991,782</u>	<u>\$ 6,184,753</u>

The Notes to Financial Statements are an integral part of this statement.

CITIZENS UNITED FOR RESEARCH IN EPILEPSY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (301,237)	\$ 36,156
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities		
Depreciation	19,843	25,903
Unrealized (Gain)/Loss on Investments	(238,776)	(182,118)
Decrease/(Increase) in Assets		
Contributions Receivable	513,937	(120,108)
Prepaid Expenses	(14,644)	(374)
Right of Use Assets	50,513	60,939
Increase/(Decrease) in Liabilities		
Accounts Payable	1,752	51,294
Grants Payable	49,040	100,224
Refundable Advances	-	(28,093)
Operating Lease Liabilities	(30,399)	(56,689)
Net Cash Flows Provided/(Used) by Operating Activities	<u>\$ 50,029</u>	<u>\$ (112,866)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (11,586)	\$ (126,628)
Proceeds from the Sale of Investments	1,466,520	1,077,157
Purchases of Investments	(1,222,241)	(658,248)
Net Cash Flows Provided/(Used) by Investing Activities	<u>\$ 232,693</u>	<u>\$ 292,281</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 282,722	\$ 179,415
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>768,196</u>	<u>588,781</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,050,918</u>	<u>\$ 768,196</u>

The Notes to Financial Statements are an integral part of this statement.

CITIZENS UNITED FOR RESEARCH IN EPILEPSY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Citizens United for Research in Epilepsy (the Organization) was incorporated in September 1998 as an Illinois not-for-profit corporation. The Organization is organized exclusively to stimulate and support medical and scientific research, education, and knowledge in the field of epilepsy and related seizure disorders with the overall objective of finding a cure for such disorders. The Organization provides grant funding for research in epilepsy.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s Board of Directors and its management (“Management”).

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions are described in Note 9.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Property and Equipment

The Organization capitalizes all expenditures for Property and Equipment with a cost of over \$750 and an estimated useful life of more than one year. Purchased Property and Equipment is carried at cost. Donated Property and Equipment is carried at fair value at the date of donation and reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to

NOTES TO FINANCIAL STATEMENTS (Continued)

acquire furniture, fixtures and office equipment are reported as support with donor restriction. Absent donor stipulations regarding how long donated assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies Net Assets with Donor Restriction to Net Assets without Donor Restriction at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
	Lease term
Leasehold Improvements	5
Furniture	5
Equipment	3
Website	5

Revenue and Revenue Recognition

The Organization accounts for contributions received and unconditional promises to give under the provisions of the FASB Codification topic related to contributions made and received. In accordance with the Codification, contributions are recognized as support revenue when received. Unconditional promises to give are recognized when received at the estimated present value of future cash flows, net of allowances. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization does not maintain an allowance for doubtful accounts for these receivables, however, management does monitor and estimate the amount of any uncollectible balances throughout the year. Management records adjustments as necessary to bad debt expense for uncollectible receivables. The Organization's federal and state grants are conditional on meeting certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions received are recorded as support without donor restriction or with donor-restriction, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without restriction and reported in the statements of activities as net assets released from restrictions.

A substantial portion of the Organization's revenue relates to contributions from donors and the only arrangements to which ASC 606 would be applicable is special event revenues. Special event revenues, which include registration fees or ticket purchases, sponsorships and purchase of auction items or raffle items, as well as event specific donation in excess of these items, are recorded as contribution revenue.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded net of an applicable allowance for credit losses when required. The Organization has not historically required an allowance for credit losses. The Organization analyzes accounts receivable for bad debt risk, donor credit issues and current economic trends when evaluating the need for any allowance for credit losses.

In-kind Contributions

In-kind contributions of property and equipment are recorded as contributions at the estimated fair value of the property contributed at the date of donation.

In-kind contributions of services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills and would otherwise need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out their mission. The value of these services has not been recognized in the Statements of Activities since these services do not meet the criteria for recognition as contributed services.

NOTES TO FINANCIAL STATEMENTS (Continued)

Leases

Under the guidance of Topic 842, the Organization determines if an arrangement contains a lease at inception based on whether or not the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization is the lessee in a lease contract when it obtains the right to control the asset. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent The Organization's obligation to make lease payments arising from these leases. The ROU assets resulting from operating leases and the related liabilities are separately stated on the face of the Statement of Net Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date. ROU assets also can include adjustments related to lease payments made and/or lease incentives received at or before the commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term.

Finance leases are those in which transfer ownership, or an arrangement which results in either the present value of lease payments being greater than 90% of the fair market value of the asset or lease term being greater than 75% of the estimated useful life of the asset. Finance lease ROU assets and the related liabilities are separately stated on the face of the Statement of Net Position. The ROU asset is amortized over either the useful life of the asset or lease term, depending on the facts and circumstances of the lease. The Organization does not currently have any material financing type leases that fall under this policy.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting services, and therefore, require allocation on a reasonable basis that is consistently applied. Occupancy, depreciation, salaries and wages, employee benefits, payroll taxes, professional fees, office expenses, insurance, and other expenses are allocated on the basis of time and effort.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Management evaluates, on an ongoing basis, the estimates and assumptions based on new information. Management represents that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and reported no unrelated business income for the year ended December 31, 2025 and 2024. Management represents there are no uncertain tax positions or other provision for income taxes that should be recognized in these financial statements. In addition, the Organization qualifies to receive deductible charitable contributions pursuant to Section 170(b)(1)(A)(vi).

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization maintains bank accounts at three financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at December 31, 2025 and 2024 exceeded federally insured limits by approximately \$102,800 and

NOTES TO FINANCIAL STATEMENTS (Continued)

\$413,000, respectively. The Organization has not experienced any losses in such accounts. Management ,represents it is not exposed to any significant credit risk on its cash balances.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

Investments are carried at fair value, based on quoted prices in active markets for identical assets.

	2025		
	Fair Value	Fair Value Measurement Using	
		Level 1	Level 2
Mutual Funds	\$ 730,234	\$ 730,234	\$ -
Stocks	4,894,411	4,894,411	-
Corporate Bonds	669,314	-	669,314
Government Bonds	1,816,083	-	1,816,083
Certificates of Deposit	75,000	-	75,000
	<u>\$ 8,185,042</u>	<u>\$ 5,624,645</u>	<u>\$ 2,560,397</u>

	2024		
	Fair Value	Fair Value Measurement Using	
		Level 1	Level 2
Mutual Funds	\$ 175,399	\$ 175,399	\$ -
Stocks	5,185,805	5,185,805	-
Corporate Bonds	806,986	-	806,986
Government Bonds	2,022,355	-	2,022,355
	<u>\$ 8,190,545</u>	<u>\$ 5,361,204</u>	<u>\$ 2,829,341</u>

Fair values approximate carrying value for all assets and current liabilities, measured on a recurring basis, at December 31, 2025 and 2024. The level 1 investments comprise of mutual funds and stocks which have readily determinable fair values. The Organization’s level 2 investments include bonds and certificates of deposit which are traded in financial markets and are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, and stated interest rate.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - INVESTMENTS

Investment return for the years ended December 31, 2025 and 2024 consists of the following:

	2025	2024
Investment Income	\$ 239,084	\$ 268,531
Realized Gain/(Loss)	328,424	223,481
Change in Unrealized Gain/(Loss)	238,776	182,118
Investment Fees and Other Expenses	(23,059)	(24,029)
Return on Investments	<u>\$ 783,225</u>	<u>\$ 650,101</u>

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be readily made available within one year of the Statement of Financial Position date to meet general expenditures.

The Organization's financial assets at December 31, 2025 and 2024 are as follows:

	2025	2024
Financial assets at year end:		
Cash and Cash Equivalents	\$ 1,050,918	\$ 768,196
Contributions Receivable	712,303	1,226,240
Investments	8,185,042	8,190,545
Total Financial Assets	<u>\$ 9,948,263</u>	<u>\$ 10,184,981</u>
Less amounts not available to be used within one year:		
Net Assets with Donor Restrictions	\$ 1,017,306	\$ 1,313,536
Promises to give that are not restricted by donors, but w hich are unavailable for expenditure until due	441,891	817,388
	<u>\$ 1,459,197</u>	<u>\$ 2,130,924</u>
Financial assets available to meet general expenditures over the next tw elve months	<u>\$ 8,489,066</u>	<u>\$ 8,054,057</u>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and Equipment owned by the Organization at December 31, 2025 and 2024 consists of the following:

	2025	2024
Furniture and Fixtures	\$ 79,338	\$ 79,338
Leasehold Improvements	100,519	100,519
Machinery and Equipment	135,201	123,615
Website	128,850	128,850
	\$ 443,908	\$ 432,322
Less Accumulated Depreciation	317,095	271,482
	<u>\$ 126,813</u>	<u>\$ 160,840</u>

Depreciation expense in the amount of \$19,843 and \$25,903 is reported on the Statement of Functional Expenses for the years ended December 31, 2025 and 2024, respectively. Amortization expense of \$25,770 and \$8,590 is reported on the Statement of Functional Expenses under Computer, Web Development and Internet for the years ended December 31, 2025 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Receivables at December 31 consist of the following:

	2025	2024
Receivable Due Within One Year	\$ 475,199	\$ 755,099
Receivable Due in One to Five Years	267,388	534,888
Less discount on long-term receivables	(30,284)	(63,747)
Total Contributions Receivable	<u>\$ 712,303</u>	<u>\$ 1,226,240</u>

NOTE 8 - GRANTS PAYABLE

Grant requests are recorded as Grants Payable once approved by the Organization's Board of Directors. Grants Payable is recorded on an annual basis upon notification to the recipient at the time of approval or renewal. As of December 31, 2025, management has determined that the effects of discounting grants payable due beyond one year would be immaterial. As such, as of December 31, 2025 grants payable for future years are not discounted to present value. Amounts expected to be paid over the next three years are as follows:

Year ending December 31	Total
2026	\$ 2,345,080
2027	850,250
2028	20,000
	<u>\$ 3,215,330</u>

Amounts expected to be paid over the next three years as of December 31, 2024 were as follows:

Year ending December 31	Total
2025	\$ 2,067,562
2026	1,021,228
2027	77,500
	<u>\$ 3,166,290</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor-restricted at December 31, 2025 and 2024 for the following purposes:

Purpose for Restrictions	2025	2024
Promises to give, the proceeds from which have been restricted by donors for:		
Epilepsy Research	\$ 1,017,306	\$ 1,313,536
Promises to give, the proceeds from which are not donor restricted, but are unavailable for expenditure until due	441,891	817,388
Total	<u>\$ 1,459,197</u>	<u>\$ 2,130,924</u>

Net Assets Released from Donor Restrictions due to occurrence of expenditures in the amount of \$989,326 and \$941,145 is reported on the Statement of Activities for the years ended December 31, 2025 and 2024, respectively.

NOTE 10 - IN-KIND CONTRIBUTIONS

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. The Organization received \$47,706 of donated legal fees which is included in In-Kind Professional Fees on the Statement of Functional Expenses for the year ended December 31, 2025. For

NOTES TO FINANCIAL STATEMENTS (Continued)

the year ended December 31, 2024, the Organization received \$12,173 of donated legal fees which are included in In-Kind Professional Fees on the Statement of Functional Expenses.

All program and supporting activities benefited from these in-kind contributions, there were no donor restrictions, and the valuation technique was estimated using the current rate of the attorney and consultant providing the services and the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the US.

NOTE 11 - OPERATING LEASE – LESSEE

The Organization's operating leases consist primarily of office space and office equipment (Operating Leases).

Summary of leases and future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31, 2025 and 2024:

	2025	2024
	Operating	Operating
ROU Assets	\$ 496,186	\$ 493,442
Accumulated Amortization	(219,866)	(192,379)
	<u>\$ 276,320</u>	<u>\$ 301,063</u>
Total Lease Liabilities	<u>\$ 321,119</u>	<u>\$ 351,518</u>

	2025	2024
Weighted Average Remaining Lease Term:	4.71 Years	5.75 Years
Weighted Average Discount Rate:	4.01%	4.00%
Future Lease Maturities:		
2025	\$ -	\$ 67,118
2026	74,100	68,460
2027	75,469	69,829
2028	65,844	71,226
2029	78,290	72,650
2030	55,517	54,577
	<u>\$ 349,220</u>	<u>\$ 403,860</u>
Less effects of discounting	<u>(28,101)</u>	<u>(52,342)</u>
	<u>\$ 321,119</u>	<u>\$ 351,518</u>

NOTE 12 - RETIREMENT PLAN

The Organization sponsors a 403b tax deferred annuity retirement plan which covers substantially all full-time employees. Eligible employees are allowed to participate in the plan by making tax-deferred contributions up to the IRS determined legal limits of the plan and the Organization will match up to 3% of employee's salaries. Pension expense for the years ended December 31, 2025 and 2024 was \$58,445 and \$54,077 respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Organization benefits from contributions from Board members and key employees. Aggregated contributions were received from Board members in the amount of \$353,034 and \$438,904 for the years ended December 31, 2025 and 2024, respectively. This constitutes 7% and 7.1% of total support for the years ended December 31, 2025 and 2024, respectively.

NOTE 14 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 31, 2026, the date on which the financial statements were available to be issued.