

THE FAMILIESCN2A FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

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THE FAMILIESCN2A FOUNDATION, INC.

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The FamilieSCN2A Foundation, Inc.
Gettysburg, Pennsylvania

Opinion

We have audited the accompanying financial statements of The FamilieSCN2A Foundation, Inc. (Foundation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
April 10, 2025

THE FAMILIESCN2A FOUNDATION, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024**

ASSETS

Current assets:

Cash and cash equivalents	\$	1,021,243
Investments		2,342,230
Conference and other receivables		11,400
Refundable advances		222,514
Prepaid expenses		12,550
		<hr/>
	\$	3,609,937
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$	57,464
Accrued payroll and related costs		11,142
		<hr/>

Total liabilities

68,606

Net assets:

Without donor restrictions		1,401,823
With donor restrictions		2,139,508
		<hr/>

Total net assets

3,541,331

\$ 3,609,937

THE FAMILIESCN2A FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains, and other support:

Contributions	\$	415,828
In-kind contributions		38,775
Conference revenue		78,728
Special events		
Special events revenue	70,806	
Less: cost of direct benefits to donors	<u>(19,017)</u>	
Net revenue from special events		51,789
Net investment return		66,639
Net assets released from restriction		<u>1,119,245</u>
		<u>1,771,004</u>

Expenses and losses:

Program services		1,449,106
Support services:		
Management and general		70,434
Fundraising		<u>100,928</u>
		<u>1,620,468</u>

Change in net assets without donor restrictions 150,536

NET ASSETS WITH DONOR RESTRICTIONS

Contributions		2,477,666
Net assets released from restriction		<u>(1,119,245)</u>

Change in net assets with donor restrictions 1,358,421

Change in net assets 1,508,957

NET ASSETS, BEGINNING OF YEAR 2,032,374

NET ASSETS, END OF YEAR \$ 3,541,331

THE FAMILIESCN2A FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Research grants	\$ 778,922	\$ -	\$ -	\$ 778,922
Biennial/summer conference	364,749	-	-	364,749
Salaries and related	180,941	12,063	48,251	241,255
Accounting	13,831	13,831	-	27,662
Travel and meetings	17,620	17,621	-	35,241
Consulting	61,758	1,500	15,000	78,258
Office	3,950	9,562	14,687	28,199
Assistance programs	2,187	-	-	2,187
Marketing	14,090	7,044	7,044	28,178
Merchandise	3,427	-	5,000	8,427
Bank charges and credit card fees	1,681	560	8,963	11,204
Supplies and materials	-	-	19,460	19,460
Postage and shipping	1,242	1,242	-	2,484
Insurance	-	1,722	333	2,055
Membership dues	500	2,242	1,207	3,949
Printing and copying	3,061	-	-	3,061
Fees and permits	-	1,900	-	1,900
Staff development	1,147	1,147	-	2,294
	<u>1,449,106</u>	<u>70,434</u>	<u>119,945</u>	<u>1,639,485</u>
Less: cost of direct benefits to donors	-	-	(19,017)	(19,017)
	<u>\$ 1,449,106</u>	<u>\$ 70,434</u>	<u>\$ 100,928</u>	<u>\$ 1,620,468</u>

See accompanying notes to financial statements

THE FAMILIESCN2A FOUNDATION, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024**

Cash flows from operating activities:	
Change in net assets	\$ 1,508,957
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Donated securities	(31,158)
Unrealized gains on investment	(44,385)
(Increase) decrease in operating assets:	
Contributions receivable	281,269
Conference and other receivables	(11,400)
Refundable advances	(14,575)
Prepaid expenses	(2,750)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	3,671
Accrued payroll and related costs	(38,363)
Other current liabilities	(17,876)
Net cash provided by operating activities	<u>1,633,390</u>
Cash flows from investing activities:	
Purchase of securities	(5,478,383)
Sales of securities	4,208,604
Net cash used in investing activities	<u>(1,269,779)</u>
Net change in cash	363,611
Cash and cash equivalents, beginning of year	<u>657,632</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,021,243</u></u>

See accompanying notes to financial statements

THE FAMILIESCN2A FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The FamilieSCN2A Foundation, Inc. (Foundation) was incorporated under the laws of the State of Massachusetts as a 501(c)(3) not-for-profit in 2015. Its primary mission is to improve the lives of those affected by SCN2A-related disorders through research, public awareness, family support and patient advocacy.

The Foundation’s goal is to find effective treatments and ultimately a cure for SCN2A-related autism and epilepsy disorders. The Foundation raises public awareness, provides patient advocacy and supports clinical research, genetic research and early detection.

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 and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation – The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Foundation is required to report information regarding its financial position and changes in financial position activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have been fulfilled.

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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Tax-Exempt Status – The Foundation is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related state code sections. In addition, the Foundation does not have any income which it believes would subject it to unrelated business income taxes. Accordingly, there is no provision for income taxes in the accompanying financial statements. Management of the Foundation has processes presently in place to ensure the maintenance of its tax exempt statuses; to identify and report unrelated business income; to determine filing and tax obligations for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Management of the Foundation has evaluated its tax positions and related income tax contingencies and does not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions for a period of 3 to 5 years; however, there are currently no audits for any tax periods in progress.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include highly-liquid investments with an initial maturity of three months or less.

THE FAMILIESCN2A FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions Receivable – Contributions receivable represent unconditional pledges from at fair market value as of the pledge date when present. The Foundation considers the contributions receivable fully collectible and expects all amounts to be collected within one year of the statement of financial position date. Therefore, no allowance for doubtful accounts or present value discount have historically been determined necessary by management.

Conference and Other Receivables – Conference and other receivables represents unpaid amounts for the annual summer conference and miscellaneous other receivables and are stated at the amounts management expects to collect. Management reviews these receivables and recognizes an expected allowance for credit losses. The allowance is derived from a review of the Foundation’s historical losses based on expectations of future collectability. The Foundation considers these receivables to be collectible in full. Conference and other receivables balances were \$11,400 and \$0 at December 31, 2024 and 2023, respectively.

Grant Expenses and Refundable Advances – Grant expense is recognized in the period the grant is countersigned, provided the grant is not subject to future Foundation-imposed conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. During the year, the Foundation awarded \$409,854 in grant awards, the majority of which are conditioned on the grantees conducting certain research activities. The net amount of the disbursed awards and awards that have not yet met recognition criteria for grant expenses is recorded as a refundable advance, totaling \$222,514 at year-end.

In-kind Contributions – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized as contributions in accordance with the FASB ASC, if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Revenue Recognition – Contribution revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. When the restriction is finally met on a contribution received in a prior year, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. Expenses that release restrictions are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Revenue is recognized when earned. Conference fees received in advance are deferred to the applicable period in which the conference is held. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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.

Advertising – The Foundation expenses all advertising costs as they are incurred.

Related Party Transactions – During the year, board members, committee members, and employees contributed \$2,553,727, which represents 88% of contribution revenue and 82% of total revenue.

THE FAMILIESCN2A FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses – The costs of providing the Foundation’s various program and supporting services have been summarized on a functional basis in the accompanying statement of activities. The majority of expenses are directly charged to a specific function based on the nature of the expense; however, certain shared expenses, such as salaries and related, accounting, travel and meetings, marketing, bank charges and credit card fees, postage and shipping, and staff development are allocated between the program and supporting services benefited based on management’s best estimate of time spent by function.

Recently Adopted Accounting Guidance – In June 2016, the FASB issued guidance FASB ASC Topic 326, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were accounts receivable. The Foundation adopted this standard effective January 1, 2024.

Date of Management’s Review – Subsequent events have been evaluated through April 10, 2025, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation receives contributions, conference revenue, and investment return, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Foundation’s financial assets as of year-end reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 1,021,243
Investments	2,342,230
Conference and other receivables	<u>11,400</u>
	<u>\$ 3,374,873</u>

NOTE 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC, the following are quantitative disclosures about the fair value measurements of assets and liabilities. Fair value measurements are categorized on three levels:

Level 1: Quoted prices in active market for identical securities.

THE FAMILIESCN2A FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, repayment spreads, credit risk, etc.).

Level 3: Quantitative unobservable inputs are third party pricing information without adjustment.

The inputs and methodology used for valuing the Foundation’s financial assets and liabilities are not indicators of the risks associated with those instruments. The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of year-end:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 2,312,090	\$ -	\$ -	\$ 2,312,090
Equities	<u>30,140</u>	<u>-</u>	<u>-</u>	<u>30,140</u>
Total assets	<u>\$ 2,342,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,342,230</u>

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or are fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Net assets with donor restrictions at year-end are restricted for the following purposes and periods and held in investments:

Subject to expenditure for specific purposes:

Research activities and treatments	<u>\$ 2,139,508</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of purpose restrictions:

Research activities and treatments	\$ 769,245
Conference	<u>350,000</u>
	<u>\$ 1,119,245</u>

NOTE 5. CONCENTRATION OF CREDIT RISK

The Foundation has concentrated its custodial credit risk by maintaining deposits in financial institutions which at most times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

THE FAMILIESCN2A FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 6. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

Donated stipends – conference use	\$ 2,750
Donated expense reimbursement – conference use	4,867
Donated stock – programmatic use	<u>31,158</u>
	<u>\$ 38,775</u>

Donated stipends and donated expense reimbursements were valued at the amount due to respective parties, and donated back to the Foundation. Donated stock was valued at the fair market value on the date of donation.

NOTE 7. CONDITIONAL PROMISE TO GIVE

In February 2024, the Foundation received a conditional promise to give for \$1,500,000 for annual conference support and annually awarded action potential grants. The funding is conditioned on the annual conference occurring and the action potential grants being awarded at no more than \$500,000 per year through 2026. As of year-end, the Foundation has recorded contribution revenue of \$500,000 in relation to this agreement.