CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Tuberous Sclerosis Association
(d/b/a TSC Alliance) and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of the National Tuberous Sclerosis Association (d/b/a TSC Alliance) and Affiliate (collectively, the Alliance), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Tuberous Sclerosis Association (d/b/a TSC Alliance) and Affiliate as of December 31, 2024 and 2023, 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 Consolidated Financial Statements section of our report. We are required to be independent of the Alliance 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Alliance'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered
 in the aggregate, that raise substantial doubt about the Alliance'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.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities as of and for the year ended December 31, 2024 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2024 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 2024 consolidated financial statements as a whole.

Calibre CPA Group, PLIC

Bethesda, MD April 8, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Assets		
Cash and cash equivalents	\$ 4,746,313	\$ 2,305,166
Investments	8,164,816	7,898,056
Accounts receivable	119,421	350,534
Promises to give, net	2,754,156	4,306,013
Prepaid expenses and other assets	337,110	283,821
Operating lease right-of-use assets, net	584,651	654,282
Property and equipment, net	634,558	393,961
Total assets	<u>\$ 17,341,025</u>	\$ 16,191,833
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 372,308	\$ 519,162
Accrued compensation	359,359	310,445
Deferred revenue	194,359	189,493
Operating lease liability, net	970,571	1,084,988
Gift annuity obligations, net	<u>78,315</u>	90,397
Total liabilities	1,974,912	2,194,485
Net assets		
Without donor restrictions		
Undesignated	2,215,476	779,859
Board-designated	6,212,579	5,593,099
Total net assets without donor restrictions	8,428,055	6,372,958
With donor restrictions	6,938,058	7,624,390
Total net assets	15,366,113	13,997,348
Total liabilities and net assets	<u>\$ 17,341,025</u>	\$ 16,191,833

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

		2024			2023	
	Without			Without		,
	Donor	With Donor		Donor	With Donor	
	Restrictions	Restrictions	Total	Restrictions	Restrictions	Total
Support and revenue						
Special events	\$ 2,108,901	\$ 816,459	\$ 2,925,360	\$ 1,308,033	\$ 130,107	\$ 1,438,140
Cost of direct benefits to donors	(529,326)		(529,326)	(164,132)		(164,132)
Special events, net	1,579,575	816,459	2,396,034	1,143,901	130,107	1,274,008
Contributions						
Individuals, companies and foundations	2,186,493	2,184,344	4,370,837	1,302,612	3,676,704	4,979,316
Memorials and honorariums	72,628	2,800	75,428	85,722	1,900	87,622
Federated funding	35,677	-	35,677	48,667	-	48,667
Contributed nonfinancial assets	360,043	-	360,043	36,799	-	36,799
Contracts	2,098,994	-	2,098,994	2,548,976	-	2,548,976
Interest and dividends	200,133	28,487	228,620	180,486	25,622	206,108
Conferences	6,035	-	6,035	266,377	-	266,377
Other revenue	5,482	-	5,482	995	-	995
Net assets released from restrictions	3,756,519	(3,756,519)		3,616,501	(3,616,501)	
Total support and revenue	10,301,579	(724,429)	9,577,150	9,231,036	217,832	9,448,868
Expenses						
Program services						
Research	4,820,601	_	4,820,601	5,022,281	-	5,022,281
Family services	1,034,068	_	1,034,068	895,227	_	895,227
Public health education	478,028	_	478,028	554,030	-	554,030
Government relations	245,579	_	245,579	188,742	-	188,742
Professional education	159,970	_	159,970	100,161	_	100,161
Total program services	6,738,246		6,738,246	6,760,441		6,760,441
Supporting services						
Fundraising	1,379,903	_	1,379,903	1,202,389	_	1,202,389
Management and general	614,027	_	614,027	580,436	-	580,436
Total supporting services	1,993,930		1,993,930	1,782,825		1,782,825
Total expenses	8,732,176		8,732,176	8,543,266		8,543,266
Change in net assets before other item	1,569,403	(724,429)	844,974	687,770	217,832	905,602
Realized and unrealized gain on investments,						
net of fees	485,694	38,097	523,791	533,849	103,051	636,900
Change in net assets	2,055,097	(686,332)	1,368,765	1,221,619	320,883	1,542,502
Net assets						
Beginning of year	6,372,958	7,624,390	13,997,348	5,151,339	7,303,507	12,454,846
End of year	\$ 8,428,055	\$ 6,938,058	\$ 15,366,113	\$ 6,372,958	\$ 7,624,390	\$ 13,997,348

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

		Program Services				Supporting Services				_					
		Fa	mily	Pub	lic Health	Gov	ernment	Pro	fessional			Mar	nagement		
	Research	Ser	vices	Ec	<u>ducation</u>	R	<u>elations</u>	Ed	ucation_	Fu	ndraising_	and	General		Total
Salaries	\$ 842,322	\$	475,732	\$	177,377	\$	66,029	\$	23,895	\$	651,182	\$	374,947	\$	2,611,484
Preclinical consortium	2,294,947		-		-		-		-		-		-		2,294,947
Grants	468,750		5,308		-		-		-		-		-		474,058
Professional fees	46,530		25,327		126,452		120,424		337		108,870		61,064		489,004
Employee benefits and payroll taxes	156,200		119,148		43,906		13,071		5,403		143,418		61,251		542,397
Clinical research consortium	256,869		-		-		-		-		-		-		256,869
Biosample repository	338,939		-		-		-		-		-		-		338,939
Equipment maintenance and rental	54,736		20,081		9,619		1,670		645		84,551		20,865		192,167
Operating lease	53,550		41,790		14,634		4,674		1,806		52,776		20,733		189,963
Printing and promotion	51		12,372		54,601		3,759		57		94,970		1,262		167,072
Training, conferences and exhibits	15,649		152,019		685		22,229		102,305		4,056		1,312		298,255
Depreciation and amortization	41,111		9,701		3,462		1,106		427		12,300		4,905		73,012
Natural history database	117,700		-		-		-		-		-		-		117,700
Telephone	13,146		15,238		12,905		545		1,051		24,872		4,880		72,637
Postage and shipping	1,338		5,229		13,536		1,762		2,251		29,972		1,366		55,454
Dues, fees, and subscriptions	5,449		1,557		3,804		1,418		21		12,664		12,943		37,856
Costs of direct benefit to donors	-		-		-		-		-		529,326		-		529,326
Other expenses	20,766		2,168		398		1		1		5,353		399		29,086
Bank, credit card, and transaction fees	-		12		-		-		-		57,678		1,396		59,086
Insurance	5,085		3,894		1,390		444		172		4,937		5,287		21,209
Travel	72,814		129,292		9,784		7,021		20,517		68,648		8,366		316,442
Supplies	1,000		4,749		1,745		235		622		10,005		2,203		20,559
Board and committee meetings	13,649		10,451		3,730		1,191		460		13,651		30,848		73,980
	4,820,601	1,	,034,068		478,028		245,579		159,970		1,909,229		614,027		9,261,502
Less: costs of direct benefit to donors				_				_		_	(529,326)				(529,326)
Total functional expenses	<u>\$ 4,820,601</u>	<u>\$ 1.</u>	,034,068	\$	478,028	\$	245,579	\$	159,970	\$	1,379,903	\$	614,027	\$	8,732,176

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services				Support			
	Research	Family Services	Public Health Education	Government Relations	Professional Education	<u>Fundraising</u>	Management and General	Total
Salaries	\$ 819,062	\$ 410,811	\$ 252,619	\$ 36,789	\$ 45,536	\$ 577,214	\$ 363,625	\$ 2,505,656
Preclinical consortium	2,321,442	-	-	-	-	-	-	2,321,442
Grants	543,309	-	-	-	-	-	-	543,309
Professional fees	12,985	13,649	98,011	116,638	214	109,110	73,492	424,099
Employee benefits and payroll taxes	151,777	100,426	61,109	8,756	8,143	128,718	59,790	518,719
Clinical research consortium	301,983	-	-	-	-	-	-	301,983
Biosample repository	215,816	-	-	-	-	-	-	215,816
Equipment maintenance and rental	56,890	19,232	10,647	1,189	929	71,919	18,058	178,864
Operating lease	41,591	29,106	16,781	2,511	1,961	36,211	16,592	144,753
Printing and promotion	13,324	15,663	57,144	1,267	47	59,813	138	147,396
Training, conferences and exhibits	239,861	109,287	3,220	11,944	30,246	30,870	2,709	428,137
Depreciation and amortization	36,329	9,016	6,029	795	621	11,267	5,254	69,311
Natural history database	112,570	-	-	-	-	-	-	112,570
Telephone	12,551	14,792	14,972	428	1,244	14,102	5,088	63,177
Postage and shipping	2,115	12,770	16,152	477	604	28,973	1,411	62,502
Dues, fees, and subscriptions	7,637	1,140	2,385	2,191	377	13,731	15,645	43,106
Costs of direct benefit to donors	-	-	-	-	-	164,132	-	164,132
Other expenses	1,536	1,409	966	377	25	4,770	1,944	11,027
Bank, credit card, and transaction fees	190	269	64	9	7	49,469	1,219	51,227
Insurance	3,789	2,593	1,529	229	179	3,240	4,701	16,260
Travel	120,656	149,447	9,699	4,752	9,715	53,178	5,314	352,761
Supplies	2,279	2,476	851	113	97	5,879	356	12,051
Board and committee meetings	4,589	3,141	1,852	277	216	3,925	5,100	19,100
	5,022,281	895,227	554,030	188,742	100,161	1,366,521	580,436	8,707,398
Less: costs of direct benefit to donors						(164,132)		(164,132)
Total functional expenses	\$ 5,022,281	\$ 895,227	\$ 554,030	\$ 188,742	\$ 100,161	\$ 1,202,389	\$ 580,436	\$ 8,543,266

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

		2024		2023
Cash flows from operating activities				
Change in net assets	\$	1,368,765	\$	1,542,502
Adjustments to reconcile change in net assets to net cash				
provided by (used for) operating activities				
Realized and unrealized (gain) loss on investments		(564,837)		(384,260)
Discount on promises to give		(111,653)		145,196
Depreciation and amortization of property and equipment		73,012		69,311
Amortization of operating lease right-of-use asset, net		69,631		64,426
Change in value of gift annuity obligations		2,498		(8,474)
Change in assets and liabilities				
Accounts receivable		231,113		(169,044)
Promises to give		1,663,510		829,107
Prepaid expenses and other assets		(53,289)		(4,250)
Accounts payable and accrued expenses		(146,854)		(80,386)
Accrued compensation		48,914		12,106
Deferred revenue		4,866		(95,771)
Operating lease liability	-	(114,417)		(104,854)
Net cash provided by operating activities		2,471,259		1,815,609
Cash flows from investing activities				
Proceeds from sales and maturities of investments		2,263,252		1,240,311
Purchases of investments		(1,965,175)		(3,176,259)
Purchases of property and equipment		(313,609)		
Net cash used for investing activities		(15,532)		(1,935,948)
Cash flows from financing activities				
Payments on gift annuity obligations		(14,580)		(14,580)
Net cash used for financing activities		(14,580)		(14,580)
Net change in cash and cash equivalents		2,441,147		(134,919)
Cash and cash equivalents				
Beginning of year		2,305,166		2,440,085
End of year	\$	4,746,313	<u>\$</u>	2,305,166
Supplemental disclosures of noncash investing activities				
Donated securities	\$	818,170	\$	203,136

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - National Tuberous Sclerosis Association (d/b/a TSC Alliance) is a nonprofit organization incorporated in the State of California on March 15, 1975. TSC Alliance improves quality of life for everyone affected by tuberous sclerosis complex by catalyzing new treatments, driving research toward a cure, and expanding access to lifelong support. During the June 2020 meeting of TSC Alliance's Board of Directors, a motion was approved to change the doing business as (d/b/a) name from Tuberous Sclerosis Alliance to TSC Alliance. On March 23, 2021, TSC Alliance filed for a trade name change with the State of Maryland in accordance with the location of the national office. The trade name change was officially rolled out for use during May 2021.

TSC Alliance Endowment Fund, Inc. (the Endowment Fund) is a nonprofit organization incorporated in the State of Maryland on April 3, 1995. The Endowment Fund is a separate organization specifically chartered to receive gifts that are invested to generate an income stream to support the fulfillment of the mission of TSC Alliance. During the March 2021 meeting of the Endowment Fund's Board of Directors, a motion was approved to amend the articles of incorporation to change the legal name from Tuberous Sclerosis Alliance Endowment Fund, Inc. to TSC Alliance Endowment Fund, Inc. The Endowment Fund's articles of amendment related to the name change were approved by the State of Maryland on March 19, 2021.

Program services include the following activities:

Research: The research program stimulates and supports basic, translational and clinical research on the various manifestations of TSC to further the development of clinical therapies and, ultimately, a cure for TSC. The research program builds and fosters collaborations between basic and clinical researchers by collecting and distributing TSC natural history data and biosamples, through collaborative preclinical and clinical research programs, and by hosting biennial International TSC Research Conferences.

In 2023, the TSC Alliance hosted its biennial International TSC Research Conference: Fueling the Future. Fifteen percent of attendees self-identified as members of groups historically underrepresented in biomedical research. The conference featured an Early Career Research Symposium, a keynote speech from Dr. Martina Bebin, 30 oral presentations, 59 posters, a TSC International workshop, and a combined closing session with Regional TSC and LAM Conference participants. The conference also featured four

breakout working group sessions (Transition from Pediatric to Adult, Neurodevelopment and Early Intervention, Cellular Energetics and Metabolism, and Big Data and Single Cell Approaches/Analysis) to allow time for attendees to meet with others in their field and work toward solutions for current issues in their area.

Family services: Family services develop programs and services that provide individuals with TSC and their caregivers direct access to the information, resources and specialists experienced in the diagnosis, treatment and management of TSC.

To ensure the TSC community continued to receive updated information about TSC, TSC-Associated Neuropsychiatric Disorders (TAND), transition and research, the TSC Alliance developed an e-Webinar series. In 2024, the TSC Alliance hosted two research and corporate partner webinars with 142 live attendees and 267 cumulative recording views. Additionally, the TSC Alliance's podcast series, TSC Now, produced three episodes with 1,391 total listens. Six issues of the electronic TSC Matters newsletter were distributed to 16,838 recipients. The TSC Alliance's website increases awareness and provides extensive education through an average of more than 22,000 unique visitors each month. The TSC Alliance hosted two educational regional TSC conferences held in Chapel Hill, NC and Palo Alto, CA and two transition workshops in Memphis, TN and Salt Lake City, UT. These conferences attracted 245 participants.

In 2023, the TSC Alliance hosted seven research and corporate partner webinars with 312 live attendees, 832 cumulative recording views and 801 landing page visits. Additionally, the TSC Alliance's podcast series, TSC Now, produced eight episodes with 2,180 total listens. Five issues of the electronic TSC Matters newsletter were distributed to 17,514 recipients. The TSC Alliance's website increases awareness and provides extensive education through an average of more than 26,000 unique visitors each month. The TSC Alliance also partnered with the LAM Foundation to co-host four educational conference series held in Seattle, WA, Denver, CO, Birmingham, AL and Washington, DC. These conferences attracted 350 participants.

Public health education: Public health education heightens awareness of TSC throughout the general public to broaden the scope of support and understanding beyond TSC individuals and their families.

Government relations: Government relations efforts focus on increasing federal and state appropriations for TSC research, raising awareness, and collaborating with government partners to drive TSC research forward and improve clinical care and treatment options for individuals with TSC.

Global outreach: Global outreach works to address unmet needs within the global TSC community. The program provides the opportunity for the TSC Alliance to share experiences and assist in the start-up of support of TSC-related organizations in other countries. A Global Alliance is a structured group of empowered and caring volunteers who work closely with the TSC Alliance to facilitate local connections for individuals and families affected by TSC and raise revenue and awareness while supporting the mission of the organization.

Professional education: Professional education expands programs targeting those specialists who treat patients with TSC, medical students, genetic counselors, and educators to minimize the consequences of ignorance and misinformation.

Supporting services include the following activities:

Fundraising: Fundraising includes activities that encourage and secure financial support.

Management and general: Management and general includes activities necessary for administrative processes and managing financial responsibilities.

Supporting services reflected in the accompanying consolidated statements of activities include both TSC Alliance and the Endowment Fund. However, on a separate entity basis, supporting services compared to total expense for TSC Alliance was 22% and 21% for the years ended December 31, 2024, and 2023, respectively.

A summary of significant accounting policies follows:

Principles of Consolidation - The consolidated financial statements include the accounts of TSC Alliance and the Endowment Fund. Significant inter-entity accounts and transactions have been eliminated in consolidation. For purposes of this report, the entities are collectively referred to as the Alliance.

Basis of Presentation - The Alliance follows the accounting requirements of the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Alliance is required to report information regarding its financial position and activities according to two categories: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation, or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates - The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status - TSC Alliance is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified by the Internal Revenue Service (IRS) as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

The Endowment Fund is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the IRC and has been classified by the IRS as other than a private foundation within the meaning of Section 509(a)(3) of the IRC. The Endowment Fund is further classified as a Type II supporting organization.

Cash and Cash Equivalents - For consolidated financial statement purposes, the Alliance classifies checking, demand deposit, money market funds, certificates of deposit, and donated stock liquidation accounts as cash and cash equivalents. Money market funds held within the Endowment Fund's investment portfolio are classified as Investments.

To minimize market risk on the principal balance, operating funds classified as cash and cash equivalents are limited to U.S. Government protected (i.e., Federal Deposit Insurance Corporation (FDIC) insured) bank deposit accounts, FDIC insured certificates of deposit short-term U.S. Treasuries with a maximum duration of three years, and money market instruments with the highest possible principal stability rating. Uninsured money markets are limited to 20% of gross operating funds. Balances held in bank accounts may in total exceed the FDIC insurance coverage by up to \$1,000,000 provided the financial institutions maintain an S&P rating of A or better.

Investments - Investments consist of cash held for long-term purposes, mutual funds, fixed income and reported at fair value. 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. Purchases and sales of investments are reported on a trade-date basis. Interest and dividends are recognized as they are earned. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. All investment income is reported net of related investment expenses.

Financial Risk - The Alliance maintains demand deposits with commercial banks and money market funds within its investment portfolio with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. Therefore, the failure of an underlying institution could result in financial loss to the Alliance. However, it is TSC Alliance's policy to maximize the use of guarantees and FDIC insurance.

The Alliance invests in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to market and credit risks and may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

Accounts Receivable - Accounts receivable primarily consists of amounts due to the Alliance relating to revenue earned in accordance with its contracts. Management periodically reviews the status of all accounts receivable balances for collectability. The Alliance writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the consolidated financial statements as a whole for the years ended December 31, 2024 and 2023.

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts were determined using the interest rates in effect when the promises were received using interest rates for two-year to seven-year U.S. Treasury bills plus 2%. Discount rates range from 4.13% to 7.37%.

Management periodically reviews the status of all promises to give for collectability. Each balance is assessed based on management's knowledge of and relationship with the donor and the age of the promise to give balance. As a result of these reviews, balances deemed to be uncollectible are written off and a loss is recorded within donor restricted activities. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for doubtful promises to give had been recorded. However, the loss on doubtful promises to give was \$20,330 and \$-0- for the years ended December 31, 2024, and 2023, respectively.

Operating Lease Right-of-Use Asset - The operating lease right-of-use asset equaled the present value of the operating lease payments net of the tenant improvement allowance on the commencement date of the office lease which is described in Note 14. The operating lease right-of-use asset is depreciated over the term of the operating lease, net of the amortization of the interest related to the present value of the operating lease payments, such that all lease costs are reported on a straight-line basis over the term of the lease.

Property and Equipment - Acquisitions of property and equipment greater than \$3,000 with a useful life of more than one year are recorded at cost and depreciated or amortized using the straight-line method over the following useful lives: software - 3 to 10 years; office equipment and furniture - 3 to 10 years; and leasehold improvements over the lesser of the remaining life of the office lease or the estimated useful life of the improvements.

Valuation of Long-Lived Assets - Long-lived property, such as operating lease right-ofuse asset and leasehold improvements, that suffers a permanent impairment will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets without donor restrictions before other items.

Accrued Compensation - Accrued compensation consists of salaries, including related payroll tax withholding, employee 401(k) contributions and paid time off earned but not yet paid or taken.

Deferred Revenue - The Alliance records deferred revenue in situations when amounts are paid in advance of the Alliance satisfying the applicable performance obligations. Such revenue is recognized when all performance obligations are complete. There were no significant changes in the timing of special events, contracts and conferences that would affect the seasonality of deferred revenue.

Operating Lease Liability - The Alliance recognized an operating lease liability equal to the present value of all lease payments in accordance with the terms of the operating lease, which is described in Note 14.

Revenue and Support - Revenue includes contracts and conferences because these are line items that have performance obligations and are considered contracts with customers. Support includes contributions. Special events may include elements of both revenue and support.

Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time, and most contracts have initial terms of one year or less. The Alliance performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Alliance is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the certain criteria are met, revenue is recognized at a point in time.

Prices are specific to a distinct performance obligation and contracts with customers do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the consolidated financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Alliance or can have a positive impact on cash flows in favorable economic conditions.

Special Events - A portion of special event revenue relates to sponsorships, which are recognized as revenue at the point in time that the related events take place because sponsorships are conditional contributions whose conditions are met when the event occurs. In addition, the Alliance also has sponsorship bundles related to various events referred to as Step Forward to Cure TSC® which, during a typical year, would take place throughout the year and sponsorship revenue for these events would be recognized as the events occur.

In 2024, the TSC Alliance celebrated its 50th anniversary at a gala in New York on October 25, 2024. This once in a lifetime event raised \$1,525,220. Anniversary gala events occur every five years. In 2024 and 2023, the Alliance hosted 13 and 14 live walks for Step Forward to Cure TSC through the country, respectively. In 2024 and 2023, the Comedy for a Cure fundraising event was held in person in Hollywood, CA.

A portion of special events revenue relates to the costs of direct benefits to donors which are recognized at the point in time that the related event takes place. The costs of direct benefits to donors may include the following:

- (1) costs related to the venue, entertainment and refreshments in the case of a major event;
- (2) costs related to food, refreshments, t-shirts or other items provided to walk-a-thon participants; or
- (3) costs related to purchasing items to be raffled.

Contributions - Unconditional contributions are recognized when received. Contributions are classified within activities without donor restrictions or within activities with donor restrictions depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires.

Contracts - The Alliance has several contracts for services with various terms to provide services to the TSC community. Contracts for services include: (1) preclinical consortium participation fees, (2) preclinical and clinical consortium testing of compounds that could be developed for future treatments, and (3) consulting services that provide the patient voice or review of patient facing materials for outside vendors. Contract revenue related to the preclinical consortium participation fees is recognized ratably over period of the contract which is usually one year.

The performance obligations include allowing participating companies the opportunity to conduct approved studies and to share consortium data. Contract revenue related to preclinical and clinical consortium testing is recognized based upon the phases of the research testing and as reports are completed by the researchers.

Conferences - Conference revenue includes sponsorships and registration fees (for international TSC conferences or world TSC conferences), both of which are recognized over the time that the related conference takes place. Amounts collected in advance of the conference are recorded as deferred revenue until the conference occurs.

Functional Allocation of Expenses - The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expense present the natural classification detail of expenses by function. The Alliance charges expenses directly incurred for a specific function to the appropriate program or supporting service category. Indirect costs are allocated among program and supporting services

on a reasonable basis that is consistently applied. In particular, salaries and benefits are allocated based on employee effort, while other indirect costs, such as operating lease costs, human resources, finance, information technology support and depreciation and amortization are allocated based on either employee effort or direct costs.

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, the Alliance uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

- Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 Unobservable inputs are used when little or no market data is available.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual funds, exchange traded funds and preferred stock - the fair values of which were based on quoted prices for identical assets in active markets.

Corporate bonds and U.S Treasury Notes - the fair values of which were determined by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield and other terms and conditions of each security.

Management believes the estimated value of investments to be a reasonable approximation of the exit price for the assets.

Endowment Fund Investment Policy Statement - Investments shall be made solely in the interest of and for the benefit of the Endowment Fund. The Endowment Fund's assets shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent expert acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. Investment of the Endowment Fund's assets shall be diversified in order to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Endowment Fund's Board of Directors will employ one or more investment managers of

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

varying styles and philosophies to attain these objectives. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return. The investment manager(s) should, at all times, be guided by the principles of best price and execution and by the fact that the Endowment Fund's best interests are the primary consideration.

Investments valued at fair value on a recurring basis consisted of the following at December 31, 2024 and 2023:

	December 31, 2024							
	Total	Level 1	Level 2	Level 3				
Investments at fair value								
Mutual funds								
Bonds	\$ 500,143	\$ 500,143	\$ -	\$ -				
Domestic equity	2,187,446	2,187,446	-	-				
International equity	2,154,367	2,154,367	-	-				
Exchange traded funds	1,172,191	1,172,191	-	-				
Corporate bonds	1,278,309		1,278,309					
	7,292,456	\$ 6,014,147	\$ 1,278,309	\$ -				
Investments at cost								
Private Stock *	25,874							
Money market funds	846,486							
	\$ 8,164,816							

^{*} Private stocks are reported at cost as there is no readily available fair value.

	December 31, 2023						
	<u>Total</u>	Level 1	Level 2	Level 3			
Investments at fair value							
Mutual funds							
Bonds	\$ 126,458	\$ 126,458	\$ -	\$ -			
Domestic equity	3,319,942	3,319,942	-	-			
International equity	810,385	810,385	-	-			
Exchange traded funds - fixed income	516,329	516,329	-	-			
Preferred stock	49,813	49,813	-	-			
U.S Treasury notes	1,722,087	-	1,722,087	-			
Corporate bonds	538,626		538,626				
	7,083,640	\$ 4,822,927	\$ 2,260,713	\$ -			
Investments at cost							
Money market funds	814,416						
	<u>\$ 7,898,056</u>						

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Net investment return consisted of the following for the years ended December 31, 2024 and 2023:

	 2024	 2023
Interest and dividends	\$ 228,620	\$ 206,108
Realized and unrealized gain on investments	564,837	674,987
Investment management fees	 (41,04 <u>6</u>)	 (38,087)
Total	\$ 752,411	\$ 843,008

NOTE 3. PROMISES TO GIVE

Promises to give (unconditional contributions receivable) consisted of the following at December 31, 2024 and 2023:

	2024	2023
Amounts due in less than one year	\$ 1,382,241	\$ 2,005,935
Amounts due in one to five years	<u>1,676,864</u>	2,716,680
	3,059,105	4,722,615
Less: discount to net present value	(304,949)	(416,602)
Total	\$ 2,754,156	\$ 4,306,013

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Alliance regularly monitors liquidity required to meet its programmatic goals, operating needs and other contractual commitments. Management submits cash flow projections for review by the Board of Directors and its Finance and Executive Committees periodically throughout the year. The cash flow projections are used to estimate future cash flows for the next twelve months and provide estimated future cash flows for the next fiscal year as part of the annual budgeting process.

The Alliance strives to maintain sufficient cash to cover three months of core operating expenses, which are defined as all expenses excluding planned spending associated with research or clinical initiatives. Cash balances are reviewed no less than quarterly by the Finance Committee of the Board of Directors.

The Alliance receives significant contributions with donor restrictions to be used in accordance with associated purpose restrictions. It also receives substantial support without donor restrictions primarily from special events and individual donor contributions. In addition to grants, contributions and program service revenue, the Alliance also generates investment income. The Alliance's investments are described in Note 2 and include both donor-restricted and board-designated funds.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

The following provides a summary of financial assets available for general expenditures within one year at December 31, 2024 and 2023.

	2024	2023
Cash and cash equivalents Investments Accounts receivable Promises to give, net	\$ 4,746,313 8,164,816 119,421 2,754,156 15,784,706	\$ 2,305,166 7,898,056 350,534 4,306,013 14,859,769
Less: amounts not available for general expenditures Cash and investments held to fund gift annuity obligations Board-designated net assets Net assets with donor restrictions	(147,640) (6,212,579) (6,938,058) (13,298,277)	(188,111) (5,593,099) (7,624,390) (13,405,600)
Add: amounts available for general expenditures Unused transfers from board-designated to undesignated net assets	819,625 \$ 3,306,054	<u>573,625</u> \$ 2,027,794

Unused transfers from board-designated to undesignated net assets: As disclosed in Note 8, TSC Alliance does not utilize all of the funds authorized to be transferred from board-designated to undesignated net assets. The accumulated transfers that were authorized but unused totaled \$573,625 and \$334,625 at December 31, 2024 and 2023, respectively. In accordance with the 5% spending policy, the expected appropriations for next year totaled \$246,000 and \$239,000 for the years ending December 31, 2024 and 2023, respectively. Furthermore, the cumulative but unused transfers (contributions) from the Endowment Fund to TSC Alliance including the following year budgeted transfers, totaled \$819,625 and \$573,625 for the years ending December 31, 2024 and 2023, respectively.

Line of credit: During January 2022, the Alliance obtained a \$1,000,000 revolving line of credit which is due on demand. Certain assets, other than the assets related to the donor restricted net assets related to research, are considered to be collateral for any borrowings on the line of credit. Interest is calculated on draw downs in accordance with the line of credit agreement. The Alliance has not obtained any proceeds from the line of credit through December 31, 2024.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024 and 2023:

	 2024		2023
Software	\$ 80,272	\$	80,272
Office furniture and equipment	595,336		281,726
Leasehold improvements	 449,272		449,272
	1,124,880		811,270
Less: accumulated depreciation and amortization	 (490,322)	_	(417,309)
	\$ 634,558	<u>\$</u>	393,961

NOTE 6. GIFT ANNUITY OBLIGATIONS

The Alliance has charitable gift annuity agreements with donors located in different states, each of which has specific regulations and requirements over such agreements. The Alliance is aware of the regulations and requirements of each state, as applicable, and management believes the Alliance is in compliance with them.

Donated assets totaling \$147,640 and \$188,111 at December 31, 2024 and 2023, respectively, have been included in investments and are used to fund the annuity payments to donors as specified in the charitable gift annuity agreements. The Alliance has agreed to make annual payments to the beneficiaries as long as they live, after which the remaining assets are available for use in the Alliance's activities without donor restrictions.

Contribution revenue classified as without donor restrictions was recognized at the date the gift annuity agreements were established, net of the liability recorded for the present value of the estimated future payments to the respective donors and/or beneficiaries. The present value of annuity payments was calculated using: 1) discount rates ranging from 1.4% to 6.8% which represent the risk-free long-term rates in existence at the date of each gift, and 2) life expectancies based upon National Vital Statistics Report from the Center for Disease Control. The net present value of the gift annuity obligations totaled \$78,315 and \$90,397 at December 31, 2024 and 2023, respectively.

NOTE 7. NET ASSETS

Without donor restrictions: Net assets without donor restrictions consisted of the following at December 31, 2024 and 2023:

	2024	2023
Undesignated	<u>\$ 2,215,476</u>	\$ 779,859
Board-designated		
Endowment fund	5,736,962	4,866,862
Grant commitments	475,617	726,237
	6,212,579	5,593,099
	<u>\$ 8,428,055</u>	\$ 6,372,958

With donor restrictions: Net assets with donor restrictions consisted of the following as of and for the year ended December 31, 2024 and 2023:

		Balance at January 1, 2024		ntributions Investment Return	Rel	let Assets eased from estrictions	Balance at December 31, 2024		
Restricted by program:	_						_		
Research	\$	6,491,709	\$	2,743,603	\$	(3,404,676)	\$	5,830,636	
Endowment fund		919,127		66,584		-		985,711	
Public education		111,054		77,500		(123,343)		65,211	
Family services		102,500		182,500		(228,500)		56,500	
	\$	7,624,390	\$	3,070,187	\$	(3,756,519)	\$	6,938,058	
	В	Balance at		ntributions	Net Assets		Balance at		
	January 1,		and	Investment	Rel	eased from	Dec	cember 31,	
		•							
		2023		Return	R	estrictions		2023	
Restricted by program:	-	2023		Return					
Restricted by program: Research	\$	•	\$		R	<u>estrictions</u> (3,193,184)	\$	6,491,709	
,	-	2023	\$	Return			\$		
Research	-	6,197,181	\$	3,487,712		(3,193,184)	\$	6,491,709	
Research Endowment fund	-	6,197,181 832,058	\$	3,487,712 128,672		(3,193,184) (41,603)	\$	6,491,709 919,127	
Research Endowment fund Public education	-	2023 6,197,181 832,058 122,228	\$	3,487,712 128,672 113,500		(3,193,184) (41,603) (124,674)	\$	6,491,709 919,127 111,054	

NOTE 8. ENDOWMENT FUNDS

The Alliance's endowments consist of two funds established for different purposes. The endowment funds include one traditional donor-restricted endowment fund and one board-designated endowment fund. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 8. ENDOWMENT FUNDS (CONTINUED)

Interpretation of relevant law: The Alliance has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act of 2007 (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Alliance classifies as net assets with donor restriction: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument Endowment funds are appropriated for expenditure by the Alliance in a manner consistent with the standard of prudence prescribed by MUPMIFA.

Return objectives and risk parameters: The Alliance has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Endowment Fund Board of Directors, the endowment assets are invested in a manner that is intended to produce results that achieves constant growth of the distribution amount and the corpus. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, the Alliance relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Alliance targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Alliance has a policy of appropriating for distribution each year up to 5% of the average fair value of the assets underlying the endowment funds over the previous 5 years in which the distribution is planned. In establishing this policy, the Alliance considered the long-term expected return on its endowment, which includes both board-designated funds and donor-restricted funds. Furthermore, the Board of Directors may periodically authorize additional amounts to be spent from the endowment. Accordingly, over the long-term, the Alliance expects the current spending policy to allow its endowment to grow at a constant rate annually. This is consistent with the Alliance's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The spending authorization is the amount authorized to be contributed to TSC Alliance from the Endowment Fund.

The authorized spending amount for the board-designated endowment fund totaled \$239,000 and \$334,625 during the years ended December 31, 2024 and 2023, respectively.

NOTE 8. ENDOWMENT FUNDS (CONTINUED)

Annually the Endowment Fund authorizes an amount to be contributed to TSC Alliance. At times, TSC Alliance does not utilize all of the funds authorized to be transferred from board-designated to undesignated net assets. The accumulated transfers that were authorized but unused totaled \$573,625 and \$334,625 at December 31, 2024 and 2023, respectively. In accordance with the 5% spending policy, the expected appropriations for 2025 totaled \$246,000.

Fund deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the principal amount that the donor originally contributed in order to establish the endowment. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported within net assets with donor restrictions and typically result from unfavorable market fluctuations or continued appropriation. However, there were no such deficiencies at December 31, 2024 and 2023.

Endowment funds consisted of the following at December 31, 2024:

			With Donor Restrictions											
	١	Without Endowment investments			Other		Total			Total				
	Re	Donor estrictions		ailable for propriation		Held in erpetuity		Total		nporary t Assets		vith Donor Restriction	Er	ndowment Funds
Board-designated Donor-restricted	\$ <u>\$</u>	5,736,963 - 5,736,963	\$ <u>\$</u>	- 106,267 106,267	\$ <u>\$</u>	- 879,444 879,444	\$ <u>\$</u>	985,711 985,711	\$ <u>\$</u>	- 37,197 37,197	\$	1,022,908 1,022,908	\$ <u>\$</u>	5,736,963 1,022,908 6,759,871

Endowment funds consisted of the following at December 31, 2023:

		With Donor Restrictions								
	Without	End	owment investme	ents	Other	Total	Total			
	Donor	Available for Held in Temporary with Dor		with Donor	Endowment					
	Restrictions	Appropriation	Perpetuity	Total	Net Assets	<u>Restriction</u>	Funds			
Board-designated	\$ 4,866,863	\$ - 39,683	\$ - 879.444	\$ - 919,127	\$ - 35.197	\$ - 954,324	\$ 4,866,863 954,324			
Donor-restricted		37,003	0/9,444	917,127	33,197	934,324	934,324			
	\$ 4,866,863	\$ 39,683	<u>\$ 879,444</u>	\$ 919,127	\$ 35,197	\$ 954,324	\$ 5,821,187			

Changes in the endowment funds consisted of the following as of and for the year ended December 31, 2024:

						Wi	th Do	nor Restriction	ons																									
		Without	ut Endowment investments					(Other	Total			Total																					
		Donor		Donor		Donor		Donor		Donor		Donor		Donor		Donor		Donor		Donor		Donor		ilable for	- 1	Held in			Ter	nporary	W	ith Donor	th Donor Endow	
	R	estrictions	App	ropriation	Pe	erpetuity		Total	Ne	et Assets	R	<u>estriction</u>		Funds																				
Beginning	\$	4,866,863	\$	39,683	\$	879,444	\$	919,127	\$	35,197	\$	954,324	\$	5,821,187																				
Contributions		552,586		-		-		-		2,000		2,000		554,586																				
Net investment return		605,130		66,584		-		66,584		-		66,584		671,714																				
Appropriations and transfers																																		
Appropriation per spending policy		(239,000)		-		-		-		-		-		(239,000)																				
Program and supporting services	_	(48,616)		-		-		-		-		-	_	(48,616)																				
Ending	\$	5,736,963	\$	106,267	\$	879,444	\$	985,711	\$	37,197	\$	1,022,908	\$	6,759,871																				

NOTE 8. ENDOWMENT FUNDS (CONTINUED)

Changes in the endowment funds consisted of the following as of and for the year ended December 31, 2023:

		With Donor Restrictions																
		Without	out Endowment investments						Other	Total		Total						
		Donor		Donor		Donor A		Available for Held in		Held in				mporary	with Donor Restriction		Endowment Funds	
	R	estrictions	App	propriation	Pe	erpetuity		Total	Net Assets									
Beginning	\$	4,634,432	\$	(47,386)	\$	879,444	\$	832,058	\$	33,897	\$	865,955	\$	5,500,387				
Contributions		109,961		-		-		-		1,300		1,300		111,261				
Net investment return		705,918		128,672		-		128,672		-		128,672		834,590				
Appropriations and transfers																		
Appropriation per spending policy		(572,625)		-		-		-		-		-		(572,625)				
Program and supporting services		(10,823)		(41,603)		-		(41,603)		-		(41,603)	_	(52,426)				
Ending	\$	4,866,863	\$	39,683	\$	879,444	\$	919,127	\$	35,197	\$	954,324	\$	5,821,187				

NOTE 9. CONTRIBUTED NONFINANCIAL ASSETS

Recorded amounts: Donated goods used for special events are included in the costs of direct benefit to donors and other than investment management fees, donated services are included in professional fees within supporting services in the accompanying consolidated financial statements. Donated services are recognized at fair value if the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased by the Alliance. During year ended December 31, 2024 TSC Alliance received donations of research and diagnostic equipment worth approximately \$321,000.

Donated goods and services used for operations or special events are recognized as inkind contributions in accordance with U.S. GAAP. Donated auction items are recorded at the amount of cash received from the auction. Donated auction items of value that have not been auctioned at the end of the year are accrued at their estimated fair value at year end as inventory and would be included in other assets in the consolidated statements of financial position. These items are adjusted for the cash received when auctioned. Donated goods are valued at their estimated fair value relating to the particular items received.

Contributed nonfinancial assets consisted of the following for the years ended December 31, 2024 and 2023:

		2024	2023			
Donated services and equipment						
Event and advertising services	\$	13,887	\$	3,968		
Professional services		25,197		32,831		
Research and diagnostics equipment	_	320,959				
	<u>\$</u>	360,043	<u>\$</u>	36,799		

NOTE 9. CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Unrecorded amounts: Many individuals volunteer their time and perform a variety of tasks that assist the Alliance with the administration of its programs. Without these volunteers, the Alliance would struggle to maintain the same level of program services. Although greatly appreciated by the Alliance, U.S. GAAP does not allow such services to be recorded in the consolidated financial statements because the criteria for recording donated services have not been met.

NOTE 10. ALLOCATION OF JOINT COSTS

The Alliance incurred joint costs relating to the Family Services program. This program service activity, specifically the series of Step Forward to Cure TSC Walks, included both program content and appeals for contributions. Therefore, joint costs allocated between program and supporting services totaled \$42,866 and \$43,084 during the years ended December 31, 2024 and 2023, respectively.

Joint costs were allocated to the following activities for the years ended December 31, 2024 and 2023:

		2024	 2023
Family Services Fundraising	\$	21,433 21,433	\$ 21,542 21,542
	<u>\$</u>	42,866	\$ 43,084

NOTE 11. PROFESSIONAL FEES

Professional fees consisted of the following for the years ended December 31, 2024 and 2023:

	 2024	 2023			
Professional fundraising consulting Marketing consulting	\$ 85,570 125,890	\$ 101,480 26,115			
Government relations consulting	119,856	116,364			
Legal fees	36,607	24,530			
Website	42,768	87,419			
Audit and tax preparation fees	31,700	31,000			
Recruiting and payroll fees	8,113	6,846			
Other consulting	-	345			
Events production consulting	 38,500	 30,000			
	\$ 489,004	\$ 424,099			

NOTE 12. RETIREMENT PLAN

The Alliance maintains a defined contribution 401(k) retirement plan for all employees who have met certain eligibility requirements. The plan requires employer contributions equal to 3% of the participating employees' eligible compensation. The Alliance's contributions to the plan totaled \$78,065 and \$72,419 for the years ended December 31, 2024 and 2023, respectively.

NOTE 13. RELATED PARTY TRANSACTIONS

Board of Directors: The Alliance has authorized research grants and natural history database charges to institutions at which certain members of the Board of Directors are employed. In accordance with the Alliance's conflict of interest policy, these relationships are disclosed to all persons charged with responsibility for approving the transactions and the director or officer must recuse themselves from participation in discussion, approvals or votes on such transactions. Grants and natural history database charges provided to such institutions totaled \$103,229 and \$224,038 during the years ended December 31, 2024 and 2023, respectively.

Affiliates: TSC Alliance has a Global Alliance Affiliation Agreement with several parties (TSC Alliance of Israel, Hungarian Foundation for Tuberous Sclerosis, TS Canada ST, TSC Alliance of Mexico, TSC Alliance Foundation (Thailand) and TSC Alliance of India). The affiliation agreements stipulate certain rights, benefits, and obligations of both parties. Each affiliate has a separate governing board, and the Alliance does not have the ability to appoint a majority interest in any affiliate's governing board. Thus, the affiliates are not included in the accompanying consolidated financial statements.

NOTE 14. OPERATING LEASES

The Alliance signed an operating lease for office space at 8737 Colesville Road with a lease commencement date of April 1, 2020, and an expiration date of March 31, 2031. The Alliance has no plans to terminate the operating lease early. The operating lease includes a rent abatement for month 1 through month 12, with rent commencing on April 1, 2021, and an escalation clause that adjusts annual base rentals. The lease also indicated that real estate taxes and operating expenses would be passed through and not included in base rentals. In addition, the landlord provided a build-out allowance totaling \$414,048 as an incentive to lease the office space. In accordance with ASC 842, U.S. GAAP requires that an operating lease right-of-use asset be recorded equal to the present value of the operating lease payments, net of the tenant improvement allowance which totaled \$875,703 on April 1, 2020. The operating lease right-of-use asset is amortized on a straight-line basis over the term of the operating lease, net of the amortization of the interest related to the present value of the operating lease payments. U.S. GAAP also requires that the net present value of all lease payments over the term of the lease be recorded as an operating lease liability, which was determined over the entire term of the lease since the Alliance does not plan to terminate the lease early. The discount rate used for the calculation of the net present value of the operating lease liability approximated an incremental borrowing rate which was 4.75%.

NOTE 14. OPERATING LEASES (CONTINUED)

The net present value of operating lease payments totaled \$1,289,751 on April 1, 2020. The weighted average remaining lease term was 6.25 and 7.25 years at December 31, 2024 and 2023, respectively, and the weighted average discount rate was 4.75%. The operating lease right-of-use asset, net of amortization, totaled \$584,651 and \$654,282 at December 31, 2024 and 2023, respectively. The operating lease liability totaled \$970,571 and \$1,084,988 at December 31, 2024 and 2023, respectively.

The maturity analysis of future payments along with a reconciliation to the operating lease liability for 8737 Colesville Road is as follows:

Year Ending December 31,	
2025	\$ 167,338
2026	171,940
2027	176,668
2028	181,526
2029	186,518
Thereafter	 239,883
	1,123,873
Discount to net present value	 (153,302)
	\$ 970,571

Rent expense, including operating pass through costs, related to operating leases was \$189,963 and \$144,753 for the years ended December 31, 2024 and 2023 respectively.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant commitments: The Alliance's Board of Directors has authorized research grants totaling \$633,737 and \$726,237 as of December 31, 2024 and 2023, respectively. The research grants extend through 2026 and payment of the grants to awardees is contingent upon: (1) a positive review by the Grant Review Committee and (2) sufficient funding availability in the year of the research grant. Therefore, these grants are considered to be conditional and, as such, no liability has been recorded for these grants. However, the grant commitments have been included within board-designated net assets and, if the contingencies are met, will be payable as follows:

Year Ending December 3	1,	
2025	\$	306,867
2026		168,750
	\$	475,617

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

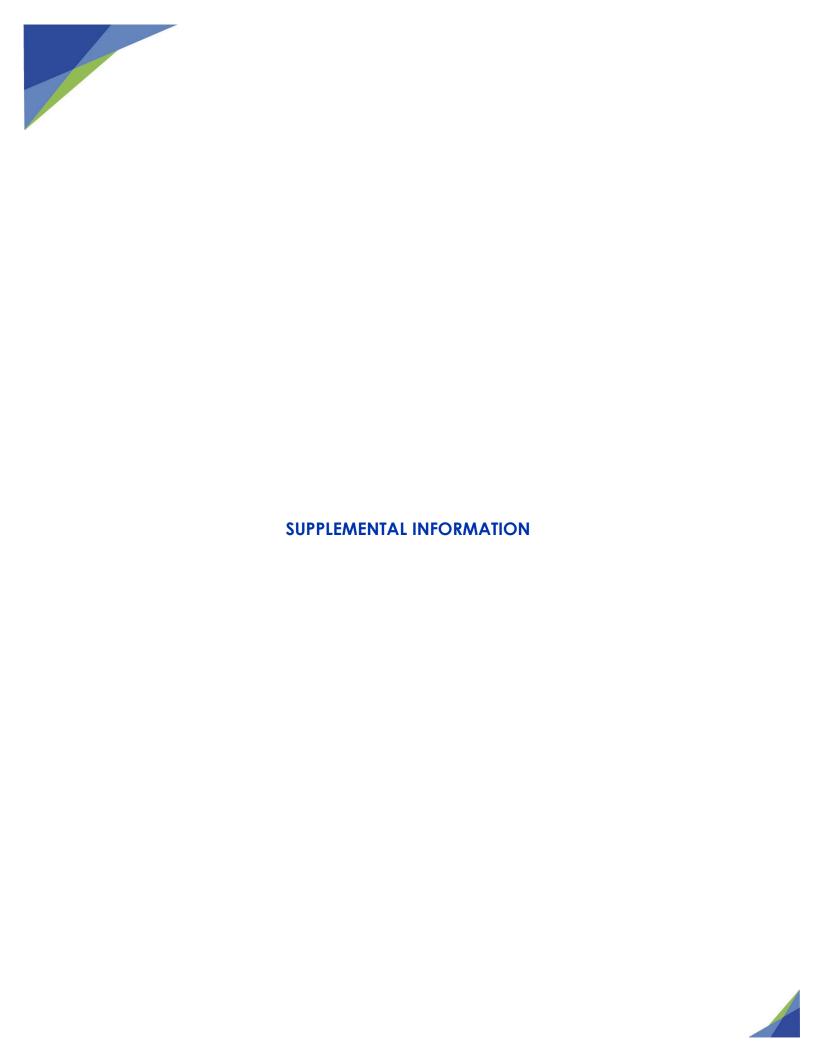
Hotel contracts: The Alliance has entered into agreements with hotels to provide conference facilities and room accommodations for future conferences. The agreements contain various attrition clauses whereby the Alliance may be liable for liquidated damages in the event of cancellation or lower than anticipated attendance. However, the Alliance's management does not believe that any material losses will be incurred under the hotel contracts.

Employment contract: The Alliance has an employment contract with its President and CEO. Under the terms of the agreement, the Alliance may agree to pay severance upon termination of the employee. The amount of severance that may be agreed upon will take into account years of service and circumstances of separation.

Paycheck Protection Program (PPP) loans: The Small Business Administration (SBA) has the right to audit recipients of PPP loans for up to six years from the date of forgiveness. However, management does not believe a material risk exists related to the SBA's right to audit.

NOTE 16. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through April 8, 2025, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying consolidated financial statements.



CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

Assets	TSC Alliance	Endowment	Eliminations	Total
7,656.5				
Assets				
Cash and cash equivalents	\$ 4,192,544	\$ 553,769	\$ -	\$ 4,746,313
Investments	1,298,765	6,866,051	-	8,164,816
Due from affiliate	573,625	(1,380)	(572,245)	-
Accounts receivable	119,421	-	-	119,421
Promises to give, net	2,754,156	-	-	2,754,156
Prepaid expenses and other assets	337,110	-	-	337,110
Interest in net assets of affiliate	6,759,871	-	(6,759,871)	-
Operating lease right-of-use asset, net	584,651	-	-	584,651
Property and equipment, net	634,558	-		634,558
Total assets	\$ 17,254,701	\$ 7,418,440	\$ (7,332,116)	\$ 17,341,025
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 365,679	\$ 6,629	\$ -	\$ 372,308
Due to affiliate	(1,380)	573,625	(572,245)	-
Accrued compensation	359,359	-	-	359,359
Deferred revenue	194,359	-	-	194,359
Operating lease liability, net	970,571	-	-	970,571
Gift annuity obligations, net		78,315		78,315
Total liabilities	1,888,588	658,569	(572,245)	1,974,912
Net assets				
Without donor restrictions				
Undesignated (deficit)	2,215,476	-	-	2,215,476
Board designated	6,212,579	5,736,962	(5,736,962)	6,212,579
Total net assets without donor restrictions	8,428,055	5,736,962	(5,736,962)	8,428,055
With donor restrictions	6,938,058	1,022,909	(1,022,909)	6,938,058
Total net assets	15,366,113	6,759,871	(6,759,871)	15,366,113
Total liabilities and net assets	<u>\$ 17,254,701</u>	\$ 7,418,440	<u>\$ (7,332,116</u>)	<u>\$ 17,341,025</u>

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

		TSC Alliance	Endowment Fund				Eliminations			Consolidated Totals		
	Without			Without			Without			Without		
	Donor	With Donor		Donor	With Donor		Donor	With Donor		Donor	With Donor	
	Restrictions	Restrictions	Total	Restrictions	Restrictions	Total	Restrictions	Restrictions	Total	Restrictions	Restrictions	Total
Support and revenue		·										
Special events	\$ 2,108,901	\$ 816,459	\$ 2,925,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,108,901	\$ 816,459	\$ 2,925,360
Cost of direct benefits to donors	(529,326)	-	(529,326)	-	-	-	-	-	-	(529,326)	-	(529,326)
Special events, net	1,579,575	816,459	2,396,034	-	-	-	-	-	-	1,579,575	816,459	2,396,034
Contributions												
Individuals, companies and foundations	1,900,847	2,184,344	4,085,191	524,646	-	524,646	(239,000)	-	(239,000)	2,186,493	2,184,344	4,370,837
Memorials and honorariums	71,553	800	72,353	1,075	2,000	3,075	-	-	-	72,628	2,800	75,428
Federated funding	31,703	-	31,703	3,974	-	3,974	-	-	-	35,677	-	35,677
Contributed nonfinancial assets	337,152	-	337,152	22,891	-	22,891	-	-	-	360,043	-	360,043
Contracts	2,098,994	-	2,098,994	-	-	-	-	-	-	2,098,994	-	2,098,994
Interest and dividends	48,323	-	48,323	151,810	28,487	180,297	-	-	-	200,133	28,487	228,620
Conferences	6,035	-	6,035	-	-	-	-	-	-	6,035	-	6,035
Other revenue	5,482	-	5,482	-	-	-	-	-	-	5,482	-	5,482
Net assets released from restrictions	3,756,519	(3,756,519)								3,756,519	(3,756,519)	
Total support and revenue	9,836,183	(754,916)	9,081,267	704,396	30,487	734,883	(239,000)		(239,000)	10,301,579	(724,429)	9,577,150
Expenses												
Program services												
Research	4,820,601	-	4,820,601	-	-	-	-	-	-	4,820,601	-	4,820,601
Family services	1,034,068	-	1,034,068	-	-	-	-	-	-	1,034,068	-	1,034,068
Public health education	478,028	-	478,028	-	-	-	-	-	-	478,028	-	478,028
Government relations	245,579	-	245,579	-	-	-	-	-	-	245,579	-	245,579
Professional education	159,970	-	159,970	-	-	-	-	-	-	159,970	-	159,970
Contribution to TSC Alliance				239,000		239,000	(239,000)		(239,000)			
Total program services	6,738,246		6,738,246	239,000		239,000	(239,000)		(239,000)	6,738,246		6,738,246
Supporting services												
Fundraising	1,348,201	-	1,348,201	31,702	-	31,702	-	-	-	1,379,903	-	1,379,903
Management and general	597,113		597,113	16,914		16,914				614,027		614,027
Total supporting services	1,945,314		1,945,314	48,616		48,616	 -			1,993,930		1,993,930
Total expenses	8,683,560		8,683,560	287,616		287,616	(239,000)		(239,000)	8,732,176		8,732,176
Change in net assets before other item	1,152,623	(754,916)	397,707	416,780	30,487	447,267	-	-	-	1,569,403	(724,429)	844,974
Realized and unrealized gain on investments,												
net of fees	32,374	-	32,374	453,320	38,097	491,417	-	-	-	485,694	38,097	523,791
Change in interest in affiliate	870,100	68,584	938,684				(870,100)	(68,584)	(938,684)			
Change in net assets	2,055,097	(686,332)	1,368,765	870,100	68,584	938,684	(870,100)	(68,584)	(938,684)	2,055,097	(686,332)	1,368,765
Net assets												
Beginning of year	6,372,958	7,624,390	13,997,348	4,866,862	954,325	5,821,187	(4,866,862)	(954,325)	(5,821,187)	6,372,958	7,624,390	13,997,348
End of year	\$ 8,428,055	\$ 6,938,058	\$ 15,366,113	\$ 5,736,962	\$ 1,022,909	\$ 6,759,871	\$ (5,736,962)	\$ (1,022,909)	\$ (6,759,871)	\$ 8,428,055	\$ 6,938,058	\$ 15,366,113