



**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025





**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

CONTENTS

	PAGE
Independent Auditor's Report	1
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplemental Information	
Consolidating Statement of Financial Position	29
Consolidating Statement of Activities	30





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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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, 2025 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 2025 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 2025 consolidated financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
April 8, 2026



**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Assets		
Cash and cash equivalents	\$ 4,638,059	\$ 4,746,313
Investments	9,439,624	8,164,816
Accounts receivable	136,853	119,421
Promises to give, net	2,511,408	2,754,156
Prepaid expenses and other assets	609,612	337,110
Operating lease right-of-use assets, net	509,349	584,651
Property and equipment, net	263,658	634,558
Total assets	\$ 18,108,563	\$ 17,341,025
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 438,877	\$ 372,308
Accrued compensation	338,406	359,359
Deferred revenue	362,695	194,359
Operating lease liability, net	846,003	970,571
Gift annuity obligations, net	74,176	78,315
Total liabilities	2,060,157	1,974,912
Net assets		
Without donor restrictions		
Undesignated	2,114,039	2,215,476
Board-designated	7,290,693	6,212,579
Total net assets without donor restrictions	9,404,732	8,428,055
With donor restrictions	6,643,674	6,938,058
Total net assets	16,048,406	15,366,113
Total liabilities and net assets	\$ 18,108,563	\$ 17,341,025

See accompanying notes to consolidated financial statements.

NATIONAL TUBEROUS SCLEROSIS ASSOCIATION (D/B/A TSC ALLIANCE) AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Special events	\$ 1,253,584	\$ 90,064	\$ 1,343,648	\$ 2,108,901	\$ 816,459	\$ 2,925,360
Cost of direct benefits to donors	(161,477)	-	(161,477)	(529,326)	-	(529,326)
Special events, net	1,092,107	90,064	1,182,171	1,579,575	816,459	2,396,034
Contributions						
Individuals, companies and foundations	1,533,183	3,337,061	4,870,244	2,186,493	2,184,344	4,370,837
Memorials and honorariums	67,104	1,355	68,459	72,628	2,800	75,428
Federated funding	31,527	-	31,527	35,677	-	35,677
Contributed nonfinancial assets	69,896	-	69,896	360,043	-	360,043
Contracts	2,344,367	-	2,344,367	2,098,994	-	2,098,994
Interest and dividends	285,300	20,387	305,687	200,133	28,487	228,620
Conferences	308,731	-	308,731	6,035	-	6,035
Other revenue	-	-	-	5,482	-	5,482
Net assets released from restrictions	3,823,088	(3,823,088)	-	3,756,519	(3,756,519)	-
Total support and revenue	<u>9,555,303</u>	<u>(374,221)</u>	<u>9,181,082</u>	<u>10,301,579</u>	<u>(724,429)</u>	<u>9,577,150</u>
Expenses						
Program services						
Research	5,592,767	-	5,592,767	4,820,601	-	4,820,601
Family services	941,019	-	941,019	1,034,068	-	1,034,068
Public health education	418,184	-	418,184	478,028	-	478,028
Government relations	206,522	-	206,522	245,579	-	245,579
Professional education	119,190	-	119,190	159,970	-	159,970
Total program services	<u>7,277,682</u>	<u>-</u>	<u>7,277,682</u>	<u>6,738,246</u>	<u>-</u>	<u>6,738,246</u>
Supporting services						
Fundraising	1,268,528	-	1,268,528	1,379,903	-	1,379,903
Management and general	658,777	-	658,777	614,027	-	614,027
Total supporting services	<u>1,927,305</u>	<u>-</u>	<u>1,927,305</u>	<u>1,993,930</u>	<u>-</u>	<u>1,993,930</u>
Total expenses	<u>9,204,987</u>	<u>-</u>	<u>9,204,987</u>	<u>8,732,176</u>	<u>-</u>	<u>8,732,176</u>
Change in net assets before other item	<u>350,316</u>	<u>(374,221)</u>	<u>(23,905)</u>	<u>1,569,403</u>	<u>(724,429)</u>	<u>844,974</u>
Realized and unrealized gain on investments, net of fees	<u>626,361</u>	<u>79,837</u>	<u>706,198</u>	<u>485,694</u>	<u>38,097</u>	<u>523,791</u>
Change in net assets	<u>976,677</u>	<u>(294,384)</u>	<u>682,293</u>	<u>2,055,097</u>	<u>(686,332)</u>	<u>1,368,765</u>
Net assets						
Beginning of year	<u>8,428,055</u>	<u>6,938,058</u>	<u>15,366,113</u>	<u>6,372,958</u>	<u>7,624,390</u>	<u>13,997,348</u>
End of year	<u>\$ 9,404,732</u>	<u>\$ 6,643,674</u>	<u>\$ 16,048,406</u>	<u>\$ 8,428,055</u>	<u>\$ 6,938,058</u>	<u>\$ 15,366,113</u>

See accompanying notes to consolidated financial statements.

**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services					Supporting Services		Total
	Research	Family Services	Public Health Education	Government Relations	Professional Education	Fundraising	Management and General	
Salaries	\$ 969,676	\$ 453,684	\$ 151,410	\$ 52,999	\$ 42,692	\$ 584,542	\$ 422,399	\$ 2,677,402
Preclinical consortium	2,373,030	-	-	-	-	-	-	2,373,030
Grants	613,019	-	-	-	-	-	-	613,019
Professional fees	30,155	24,612	85,719	128,908	3,077	133,240	68,896	474,607
Employee benefits and payroll taxes	188,510	124,354	38,143	12,207	8,046	138,638	81,259	591,157
Clinical research consortium	427,262	-	-	-	-	-	-	427,262
Biosample repository	210,879	-	-	-	-	-	-	210,879
Equipment maintenance and rental	48,565	14,774	4,450	1,485	611	101,469	19,117	190,471
Operating lease	44,135	29,760	9,384	3,133	1,289	33,571	18,782	140,054
Printing and promotion	13,475	14,188	60,661	472	706	67,770	1,746	159,018
Training, conferences and exhibits	263,887	103,208	4,189	956	41,673	23,982	4,118	442,013
Depreciation and amortization	104,516	8,610	2,782	929	382	9,740	5,568	132,527
Natural history database	165,133	-	-	-	-	-	-	165,133
Telephone	35,560	14,923	19,192	519	984	36,358	6,005	113,541
Postage and shipping	2,731	6,450	21,634	590	500	14,115	1,444	47,464
Dues, fees, and subscriptions	12,905	5,387	10,300	100	1,321	11,602	11,146	52,761
Costs of direct benefit to donors	-	-	-	-	-	161,477	-	161,477
Other expenses	337	2,781	62	414	9	3,090	638	7,331
Bank, credit card, and transaction fees	10	7	2	1	-	48,593	2,404	51,017
Insurance	5,870	3,862	1,248	417	171	4,369	5,896	21,833
Travel	75,441	126,030	7,165	2,863	17,539	48,473	3,763	281,274
Supplies	1,653	4,303	563	102	14	4,497	2,255	13,387
Board and committee meetings	6,018	4,086	1,280	427	176	4,479	3,341	19,807
	<u>5,592,767</u>	<u>941,019</u>	<u>418,184</u>	<u>206,522</u>	<u>119,190</u>	<u>1,430,005</u>	<u>658,777</u>	<u>9,366,464</u>
Less: costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,477)</u>	<u>-</u>	<u>(161,477)</u>
Total functional expenses	<u>\$ 5,592,767</u>	<u>\$ 941,019</u>	<u>\$ 418,184</u>	<u>\$ 206,522</u>	<u>\$ 119,190</u>	<u>\$ 1,268,528</u>	<u>\$ 658,777</u>	<u>\$ 9,204,987</u>

See accompanying notes to consolidated financial statements.

**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services		Total
	Research	Family Services	Public Health Education	Government Relations	Professional Education	Fundraising	Management and General	
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
	<u>4,820,601</u>	<u>1,034,068</u>	<u>478,028</u>	<u>245,579</u>	<u>159,970</u>	<u>1,909,229</u>	<u>614,027</u>	<u>9,261,502</u>
Less: costs of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(529,326)</u>	<u>-</u>	<u>(529,326)</u>
Total functional expenses	<u>\$ 4,820,601</u>	<u>\$ 1,034,068</u>	<u>\$ 478,028</u>	<u>\$ 245,579</u>	<u>\$ 159,970</u>	<u>\$ 1,379,903</u>	<u>\$ 614,027</u>	<u>\$ 8,732,176</u>

See accompanying notes to consolidated financial statements.



**NATIONAL TUBEROUS SCLEROSIS ASSOCIATION
(D/B/A TSC ALLIANCE) AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 682,293	\$ 1,368,765
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gain on investments	(752,345)	(564,837)
Discount on promises to give	(58,650)	(111,653)
Depreciation and amortization of property and equipment	132,527	73,012
Amortization of operating lease right-of-use asset, net	75,302	69,631
Change in value of gift annuity obligations	10,441	2,498
Change in assets and liabilities		
Accounts receivable	(17,432)	231,113
Promises to give	301,398	1,663,510
Prepaid expenses and other assets	(272,502)	(53,289)
Accounts payable and accrued expenses	66,569	(146,854)
Accrued compensation	(20,953)	48,914
Deferred revenue	168,336	4,866
Operating lease liability	(124,568)	(114,417)
Net cash provided by operating activities	190,416	2,471,259
Cash flows from investing activities		
Proceeds from sales and maturities of investments	1,192,297	2,263,252
Purchases of investments	(1,714,760)	(1,965,175)
Purchases of property and equipment	238,373	(313,609)
Net cash used for investing activities	(284,090)	(15,532)
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	(108,254)	2,441,147
Cash and cash equivalents		
Beginning of year	4,746,313	2,305,166
End of year	\$ 4,638,059	\$ 4,746,313
Supplemental disclosures of noncash investing activities		
Donated securities	\$ 152,402	\$ 203,136

See accompanying notes to consolidated financial statements.



NATIONAL TUBEROUS SCLEROSIS ASSOCIATION (D/B/A TSC ALLIANCE) AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - National Tuberos 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 Tuberos 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 Tuberos 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 bio samples, through collaborative preclinical and clinical research programs, and by hosting biennial TSC International Research Conferences.

The TSC Alliance hosted the 2025 TSC International Research Conference: *Engage, Accelerate, Transform*, presented by Drs. Bonnie and Jonathan Rothberg & Family, which was held at the Bethesda North Marriott Hotel & Conference Center in North Bethesda, MD, June 26-28, 2025. The conference welcomed 255 attendees from 25 different countries and featured 29 main-session oral presentations, 56 poster presentations, an Early Career Researcher Symposium, and 3 focused mini symposia.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Family services: Family services develop programs and services that provide individuals with TSC and their caregivers with 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. During 2025, the TSC Alliance produced two issues of its national magazine, Perspective, which is mailed to approximately 18,500 constituents as well as posted on the website. The TSC Alliance's podcast series, called TSC Now, produced two episodes with 1,970 total listens. Six issues of the electronic TSC Matters newsletter and six issues of TSC Research Matters were distributed to 16,227 recipients. The TSC Alliance's website increases awareness and provides extensive education through a monthly average of 25,303 page views. The TSC Alliance hosted three educational TSC Regional Conferences in Waltham, MA, Iowa City, IA (with the opportunity to participate virtually), and Los Angeles, CA, and six transition webinars with a combined attendance of 518.

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.

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.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 20% and 22% for the years ended December 31, 2025, and 2024, 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.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Investments in U.S. Treasuries directly, or indirectly through money market funds, that invest at least 95% of their total assets is U.S. government securities, cash and repurchase agreements, which are not insured by the FDIC but backed by the full faith and credit of the U.S. Government, shall be excluded from the 20% cap amount. 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, and fixed income securities are 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.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024.

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 4.32% 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 \$-0- and \$20,330 for the years ended December 31, 2025, and 2024, 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-of-use 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.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 uncertainty or 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.



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2025 and 2024, the Alliance hosted 18 and 13 live walks for Step Forward to Cure TSC through the country, respectively. In 2025 and 2024, the Comedy for a Cure fundraising event was held in person in Los Angeles, 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 the 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 TSC International Conferences or TSC World 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



NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024.

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 bills and 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, 2025 and 2024:

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Investments at fair value				
Mutual funds				
Bonds	\$ 713,434	\$ 713,434	\$ -	\$ -
Domestic equity	3,794,623	3,794,623	-	-
International equity	892,731	892,731	-	-
Exchange traded funds	1,683,469	1,683,469	-	-
U.S. Treasury bills and notes	1,240,756	1,240,756	-	-
Corporate bonds	<u>450,838</u>	<u>-</u>	<u>450,838</u>	<u>-</u>
	8,775,851	<u>\$ 8,325,013</u>	<u>\$ 450,838</u>	<u>\$ -</u>
Investments at cost				
Private Stock *	75,873			
Money market funds	<u>587,900</u>			
	<u>\$ 9,439,624</u>			

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

	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	<u>1,278,309</u>	<u>-</u>	<u>1,278,309</u>	<u>-</u>
	7,292,456	<u>\$ 6,014,147</u>	<u>\$ 1,278,309</u>	<u>\$ -</u>
Investments at cost				
Private Stock *	25,874			
Money market funds	<u>846,486</u>			
	<u>\$ 8,164,816</u>			

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



NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Net investment return consisted of the following for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 305,687	\$ 228,620
Realized and unrealized gain on investments	752,345	564,837
Investment management fees	<u>(46,147)</u>	<u>(41,046)</u>
Total	<u>\$ 1,011,885</u>	<u>\$ 752,411</u>

NOTE 3. PROMISES TO GIVE

Promises to give (unconditional contributions receivable) consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Amounts due in less than one year	\$ 1,281,143	\$ 1,382,241
Amounts due in one to five years	<u>1,476,564</u>	<u>1,676,864</u>
	2,757,707	3,059,105
Less: discount to net present value	<u>(246,299)</u>	<u>(304,949)</u>
Total	<u>\$ 2,511,408</u>	<u>\$ 2,754,156</u>

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, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,638,059	\$ 4,746,313
Investments	9,439,624	8,164,816
Accounts receivable	136,853	119,421
Promises to give, net	<u>2,511,408</u>	<u>2,754,156</u>
	<u>16,725,944</u>	<u>15,784,706</u>
Less: amounts not available for general expenditures		
Cash and investments held to fund gift annuity obligations	(77,100)	(147,640)
Board-designated net assets	(7,290,693)	(6,212,579)
Net assets with donor restrictions	<u>(6,643,674)</u>	<u>(6,938,058)</u>
	<u>(14,011,467)</u>	<u>(13,298,277)</u>
Add: amounts available for general expenditures		
Unused transfers from board-designated to undesignated net assets	<u>642,625</u>	<u>819,625</u>
	<u>\$ 3,357,102</u>	<u>\$ 3,306,054</u>

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 \$334,625 and \$573,625 at December 31, 2025 and 2024, respectively. In accordance with the 5% spending policy, the expected appropriations for next year totaled \$308,000 and \$246,000 for the years ending December 31, 2025 and 2024, respectively. Furthermore, the cumulative but unused transfers (contributions) from the Endowment Fund to TSC Alliance including the following year budgeted transfers, totaled \$642,625 and \$819,625 for the years ending December 31, 2025 and 2024, 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, 2025.



NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Software	\$ 80,272	\$ 80,272
Office furniture and equipment	281,726	595,336
Leasehold improvements	<u>442,623</u>	<u>449,272</u>
	804,621	1,124,880
Less: accumulated depreciation and amortization	<u>(540,963)</u>	<u>(490,322)</u>
	<u>\$ 263,658</u>	<u>\$ 634,558</u>

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, representing the donors' original annuity gifts totaling \$265,000 at December 31, 2025 and 2024, 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 \$74,176 and \$78,315 at December 31, 2025 and 2024, respectively.

NOTE 7. NET ASSETS

Without donor restrictions: Net assets without donor restrictions consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 2,114,039	\$ 2,215,476
Board-designated		
Endowment fund	6,728,466	5,736,962
Grant commitments	<u>562,227</u>	<u>475,617</u>
	<u>7,290,693</u>	<u>6,212,579</u>
	<u>\$ 9,404,732</u>	<u>\$ 8,428,055</u>

With donor restrictions: Net assets with donor restrictions consisted of the following as of and for the year ended December 31, 2025 and 2024:

	<u>Balance at January 1, 2025</u>	<u>Contributions and Investment Return</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance at December 31, 2025</u>
Restricted by program:				
Research	\$ 5,830,636	\$ 3,158,780	\$ (3,535,150)	\$ 5,454,266
Endowment fund	985,711	100,224	-	1,085,935
Public education	65,211	94,200	(105,938)	53,473
Family services	<u>56,500</u>	<u>175,500</u>	<u>(182,000)</u>	<u>50,000</u>
	<u>\$ 6,938,058</u>	<u>\$ 3,528,704</u>	<u>\$ (3,823,088)</u>	<u>\$ 6,643,674</u>
	<u>Balance at January 1, 2024</u>	<u>Contributions and Investment Return</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance at December 31, 2024</u>
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	<u>102,500</u>	<u>182,500</u>	<u>(228,500)</u>	<u>56,500</u>
	<u>\$ 7,624,390</u>	<u>\$ 3,070,187</u>	<u>\$ (3,756,519)</u>	<u>\$ 6,938,058</u>

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 five 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 \$246,000 and \$239,000 during the years ended December 31, 2025 and 2024, 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 \$334,625 and \$573,625 at December 31, 2025 and 2024, respectively. In accordance with the 5% spending policy, the expected appropriations for 2026 totaled \$308,000.

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, 2025 and 2024.

Endowment funds consisted of the following at December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions				Total with Donor Restriction	Total Endowment Funds
		Endowment investments			Other Temporary Net Assets		
		Available for Appropriation	Held in Perpetuity	Total			
Board-designated	\$ 6,728,467	\$ -	\$ -	\$ -	\$ -	\$ 6,728,467	
Donor-restricted	-	206,491	879,444	1,085,935	38,352	1,124,287	
	<u>\$ 6,728,467</u>	<u>\$ 206,491</u>	<u>\$ 879,444</u>	<u>\$ 1,085,935</u>	<u>\$ 38,352</u>	<u>\$ 7,852,754</u>	

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

	Without Donor Restrictions	With Donor Restrictions				Total with Donor Restriction	Total Endowment Funds
		Endowment investments			Other Temporary Net Assets		
		Available for Appropriation	Held in Perpetuity	Total			
Board-designated	\$ 5,736,963	\$ -	\$ -	\$ -	\$ -	\$ 5,736,963	
Donor-restricted	-	106,267	879,444	985,711	37,197	1,022,908	
	<u>\$ 5,736,963</u>	<u>\$ 106,267</u>	<u>\$ 879,444</u>	<u>\$ 985,711</u>	<u>\$ 37,197</u>	<u>\$ 6,759,871</u>	

Changes in the endowment funds consisted of the following as of and for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions				Total with Donor Restriction	Total Endowment Funds
		Endowment investments			Other Temporary Net Assets		
		Available for Appropriation	Held in Perpetuity	Total			
Beginning	\$ 5,736,963	\$ 106,267	\$ 879,444	\$ 985,711	\$ 37,197	\$ 1,022,908	\$ 6,759,871
Contributions	419,740	-	-	-	1,155	1,155	420,895
Net investment return	878,949	100,224	-	100,224	-	100,224	979,173
Appropriations and transfers							
Appropriation per spending policy	(246,000)	-	-	-	-	-	(246,000)
Program and supporting services	(61,185)	-	-	-	-	-	(61,185)
Ending	<u>\$ 6,728,467</u>	<u>\$ 206,491</u>	<u>\$ 879,444</u>	<u>\$ 1,085,935</u>	<u>\$ 38,352</u>	<u>\$ 1,124,287</u>	<u>\$ 7,852,754</u>

NOTE 8. ENDOWMENT FUNDS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions			Other Temporary Net Assets	Total with Donor Restriction	Total Endowment Funds
		Endowment investments		Total			
		Available for Appropriation	Held in Perpetuity				
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	<u>\$ 5,736,963</u>	<u>\$ 106,267</u>	<u>\$ 879,444</u>	<u>\$ 985,711</u>	<u>\$ 37,197</u>	<u>\$ 1,022,908</u>	<u>\$ 6,759,871</u>

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, 2025 and 2024, TSC Alliance received donations of research and diagnostic equipment worth approximately \$34,500 and \$321,000, respectively.

Donated goods and services used for operations or special events are recognized as in-kind 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, 2025 and 2024:

	2025	2024
Donated services and equipment		
Event and advertising services	\$ 10,000	\$ 13,887
Professional services	25,396	25,197
Research and diagnostics equipment	<u>34,500</u>	<u>320,959</u>
	<u>\$ 69,896</u>	<u>\$ 360,043</u>



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 \$30,654 and \$42,866 during the years ended December 31, 2025 and 2024, respectively.

Joint costs were allocated to the following activities for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Family Services	\$ 15,327	\$ 21,433
Fundraising	<u>15,327</u>	<u>21,433</u>
	<u>\$ 30,654</u>	<u>\$ 42,866</u>

NOTE 11. PROFESSIONAL FEES

Professional fees consisted of the following for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Professional fundraising consulting	\$ 64,233	\$ 85,570
Marketing consulting	66,480	125,890
Government relations consulting	122,256	119,856
Legal fees	39,471	36,607
Website	22,213	42,768
Accounting , audit and tax preparation fees	73,205	31,700
Recruiting, payroll and human resources	20,286	8,113
Other consulting	18,388	-
Events production consulting	<u>48,075</u>	<u>38,500</u>
	<u>\$ 474,607</u>	<u>\$ 489,004</u>



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 \$77,078 and \$78,065 for the years ended December 31, 2025 and 2024, 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 people 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 \$165,002 and \$103,229 during the years ended December 31, 2025 and 2024, 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 5.25 and 6.25 years at December 31, 2025 and 2024, respectively, and the weighted average discount rate was 4.75%. The operating lease right-of-use asset, net of amortization, totaled \$509,349 and \$584,651 at December 31, 2025 and 2024, respectively. The operating lease liability totaled \$846,003 and \$970,571 at December 31, 2025 and 2024, 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,	
2026	\$ 171,940
2027	176,668
2028	181,526
2029	186,518
2030	191,648
Thereafter	<u>48,235</u>
	956,535
Discount to net present value	<u>(110,532)</u>
	<u>\$ 846,003</u>

Rent expense, including operating pass through costs, related to operating leases was \$140,054 and \$189,963 for the years ended December 31, 2025 and 2024 respectively.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant commitments: The Alliance's Board of Directors has authorized research grants totaling \$562,227 extending through 2027 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 31,	
2026	\$ 393,594
2027	<u>168,633</u>
	<u>\$ 562,227</u>



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, 2026, 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.



SUPPLEMENTAL INFORMATION





NATIONAL TUBEROUS SCLEROSIS ASSOCIATION (D/B/A TSC ALLIANCE) AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

	TSC Alliance	Endowment	Eliminations	Total
Assets				
Assets				
Cash and cash equivalents	\$ 4,564,636	\$ 73,423	\$ -	\$ 4,638,059
Investments	1,241,279	8,198,345	-	9,439,624
Due from affiliate	334,625	1,840	(336,465)	-
Accounts receivable	136,853	-	-	136,853
Promises to give, net	2,511,408	-	-	2,511,408
Prepaid expenses and other assets	609,612	-	-	609,612
Interest in net assets of affiliate	7,852,754	-	(7,852,754)	-
Operating lease right-of-use asset, net	509,349	-	-	509,349
Property and equipment, net	<u>263,658</u>	<u>-</u>	<u>-</u>	<u>263,658</u>
Total assets	<u>\$ 18,024,174</u>	<u>\$ 8,273,608</u>	<u>\$ (8,189,219)</u>	<u>\$ 18,108,563</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 426,824	\$ 12,053	\$ -	\$ 438,877
Due to affiliate	1,840	334,625	(336,465)	-
Accrued compensation	338,406	-	-	338,406
Deferred revenue	362,695	-	-	362,695
Operating lease liability, net	846,003	-	-	846,003
Gift annuity obligations, net	<u>-</u>	<u>74,176</u>	<u>-</u>	<u>74,176</u>
Total liabilities	<u>1,975,768</u>	<u>420,854</u>	<u>(336,465)</u>	<u>2,060,157</u>
Net assets				
Without donor restrictions				
Undesignated	2,114,039	-	-	2,114,039
Board designated	<u>7,290,693</u>	<u>6,728,466</u>	<u>(6,728,466)</u>	<u>7,290,693</u>
Total net assets without donor restrictions	9,404,732	6,728,466	(6,728,466)	9,404,732
With donor restrictions	<u>6,643,674</u>	<u>1,124,288</u>	<u>(1,124,288)</u>	<u>6,643,674</u>
Total net assets	<u>16,048,406</u>	<u>7,852,754</u>	<u>(7,852,754)</u>	<u>16,048,406</u>
Total liabilities and net assets	<u>\$ 18,024,174</u>	<u>\$ 8,273,608</u>	<u>\$ (8,189,219)</u>	<u>\$ 18,108,563</u>

NATIONAL TUBEROUS SCLEROSIS ASSOCIATION (D/B/A TSC ALLIANCE) AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	TSC Alliance			Endowment Fund			Eliminations			Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue												
Special events	\$ 1,253,584	\$ 90,064	\$ 1,343,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,253,584	\$ 90,064	\$ 1,343,648
Cost of direct benefits to donors	(161,477)	-	(161,477)	-	-	-	-	-	-	(161,477)	-	(161,477)
Special events, net	1,092,107	90,064	1,182,171	-	-	-	-	-	-	1,092,107	90,064	1,182,171
Contributions												
Individuals, companies and foundations	1,387,942	3,337,061	4,725,003	391,241	-	391,241	(246,000)	-	(246,000)	1,533,183	3,337,061	4,870,244
Memorials and honorariums	66,452	200	66,652	652	1,155	1,807	-	-	-	67,104	1,355	68,459
Federated funding	29,076	-	29,076	2,451	-	2,451	-	-	-	31,527	-	31,527
Contributed nonfinancial assets	44,500	-	44,500	25,396	-	25,396	-	-	-	69,896	-	69,896
Contracts	2,344,367	-	2,344,367	-	-	-	-	-	-	2,344,367	-	2,344,367
Interest and dividends	106,512	-	106,512	178,788	20,387	199,175	-	-	-	285,300	20,387	305,687
Conferences	308,731	-	308,731	-	-	-	-	-	-	308,731	-	308,731
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	3,823,088	(3,823,088)	-	-	-	-	-	-	-	3,823,088	(3,823,088)	-
Total support and revenue	9,202,775	(395,763)	8,807,012	598,528	21,542	620,070	(246,000)	-	(246,000)	9,555,303	(374,221)	9,181,082
Expenses												
Program services												
Research	5,592,767	-	5,592,767	-	-	-	-	-	-	5,592,767	-	5,592,767
Family services	941,019	-	941,019	-	-	-	-	-	-	941,019	-	941,019
Public health education	418,184	-	418,184	-	-	-	-	-	-	418,184	-	418,184
Government relations	206,522	-	206,522	-	-	-	-	-	-	206,522	-	206,522
Professional education	119,190	-	119,190	-	-	-	-	-	-	119,190	-	119,190
Contribution to TSC Alliance	-	-	-	246,000	-	246,000	(246,000)	-	(246,000)	-	-	-
Total program services	7,277,682	-	7,277,682	246,000	-	246,000	(246,000)	-	(246,000)	7,277,682	-	7,277,682
Supporting services												
Fundraising	1,233,461	-	1,233,461	35,067	-	35,067	-	-	-	1,268,528	-	1,268,528
Management and general	632,659	-	632,659	26,118	-	26,118	-	-	-	658,777	-	658,777
Total supporting services	1,866,120	-	1,866,120	61,185	-	61,185	-	-	-	1,927,305	-	1,927,305
Total expenses	9,143,802	-	9,143,802	307,185	-	307,185	(246,000)	-	(246,000)	9,204,987	-	9,204,987
Change in net assets before other item	58,973	(395,763)	(336,790)	291,343	21,542	312,885	-	-	-	350,316	(374,221)	(23,905)
Realized and unrealized gain (loss) on investments, net of fees	(73,800)	-	(73,800)	700,161	79,837	779,998	-	-	-	626,361	79,837	706,198
Change in interest in affiliate	991,504	101,379	1,092,883	-	-	-	(991,504)	(101,379)	(1,092,883)	-	-	-
Change in net assets	976,677	(294,384)	682,293	991,504	101,379	1,092,883	(991,504)	(101,379)	(1,092,883)	976,677	(294,384)	682,293
Net assets												
Beginning of year	8,428,055	6,938,058	15,366,113	5,736,962	1,022,909	6,759,871	(4,866,862)	(1,022,909)	(5,889,771)	8,428,055	6,938,058	15,366,113
End of year	\$ 9,404,732	\$ 6,643,674	\$ 16,048,406	\$ 6,728,466	\$ 1,124,288	\$ 7,852,754	\$ (5,858,366)	\$ (1,124,288)	\$ (6,982,654)	\$ 9,404,732	\$ 6,643,674	\$ 16,048,406