CHILDREN'S HEART FOUNDATION

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025 AND 2024

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Children's Heart Foundation:

Opinion

We have audited the accompanying financial statements of Children's Heart Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024 and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Heart Foundation as of December 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Heart Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children's Heart Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Children's Heart Foundation's ability to continue as a going concern for a reasonable period of time.

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

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
June 22, 2026

EXHIBIT 1

CHILDREN'S HEART FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,814,819	$ 2,888,901
Contributions receivable	189,600	51,500
Prepaid expenses	210,920	80,468
Total current assets	4,215,339	3,020,869
NON CURRENT ASSETS:		
Investments	135,032	114,943
PROPERTY AND EQUIPMENT, at cost:		
Equipment and software	28,258	28,258
Less - Accumulated depreciation	(28,258)	(28,258)
Net property and equipment	-	-
OTHER ASSETS:		
Security deposit	5,526	5,526
Trademark	21,948	21,948
Operating lease right-of-use asset	32,817	9,952
Total other assets	60,291	37,426
Total assets	$ 4,410,662	$ 3,173,238
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 159,452	$ 98,321
Grants payable	1,878,985	728,985
Deferred revenue	52,275	35,575
Operating lease, current maturities	21,592	9,952
Total current liabilities	2,112,304	872,833
LONG-TERM LIABILITIES:		
Operating lease liability, net of current	11,111	-
Total liabilities	2,123,415	872,833
NET ASSETS:		
Without donor restrictions	1,959,302	1,748,580
With donor restrictions	327,945	551,825
Total net assets	2,287,247	2,300,405
Total liabilities and net assets	$ 4,410,662	$ 3,173,238

The accompanying notes are an integral part of this statement.

CHILDREN'S HEART FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Donations	$ 767,187	$ 389,379	$ 1,156,566	$ 526,844	$ 501,116	$ 1,027,960
Special events	3,928,222	-	3,928,222	3,476,209	-	3,476,209
Net assets released from restrictions	613,259	(613,259)	-	305,269	(305,269)	-
Total public support	5,308,668	(223,880)	5,084,788	4,308,322	195,847	4,504,169
Investment income, net	92,141	-	92,141	74,968	-	74,968
Other income	12,933	-	12,933	7,298	-	7,298
Total other revenue	105,074	-	105,074	82,266	-	82,266
Total support and other revenue	5,413,742	(223,880)	5,189,862	4,390,588	195,847	4,586,435
FUNCTIONAL EXPENSES:						
Program services	3,721,342	-	3,721,342	3,420,256	-	3,420,256
Management and general	501,899	-	501,899	506,747	-	506,747
Fundraising	979,779	-	979,779	870,370	-	870,370
Total functional expenses	5,203,020	-	5,203,020	4,797,373	-	4,797,373
CHANGE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	210,722	(223,880)	(13,158)	(406,785)	195,847	(210,938)
OTHER CHANGES IN NET ASSETS						
Return of restricted donations	-	-	-	-	(60,000)	(60,000)
CHANGE IN NET ASSETS	210,722	(223,880)	(13,158)	(406,785)	135,847	(270,938)
NET ASSETS, Beginning of year	1,748,580	551,825	2,300,405	2,155,365	415,978	2,571,343
NET ASSETS, End of year	$ 1,959,302	$ 327,945	$ 2,287,247	$ 1,748,580	$ 551,825	$ 2,300,405

The accompanying notes are an integral part of this statement.

CHILDREN'S HEART FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	$ (13,158)	$ (270,938)
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Noncash portion of lease expense from operating leases	21,656	20,844
Net unrealized investment (gain) loss	(789)	678
Change in assets and liabilities:		
(Increase) decrease in contributions receivable	(138,100)	90,437
(Increase) in prepaid expenses	(130,452)	(11,996)
Increase in accounts payable and accrued expenses	61,131	30,932
Increase\ in grants payable	1,150,000	228,985
Increase in deferred revenue	16,700	6,411
(Decrease) in lease liabilities	(21,770)	(20,844)
Net adjustments	958,376	345,447
Net cash provided by operating activities	945,218	74,509
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(19,300)	(115,621)
NET CHANGE IN CASH AND CASH EQUIVALENTS	925,918	(41,112)
CASH AND CASH EQUIVALENTS, Beginning of year	2,888,901	2,930,013
CASH AND CASH EQUIVALENTS, End of year	$ 3,814,819	$ 2,888,901

The accompanying notes are an integral part of this statement.

CHILDREN'S HEART FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Management and General	Fundraising	Total
Research funding	$ 1,933,224	$ -	$ -	$ 1,933,224
Salaries, taxes, and benefit	737,037	347,442	329,339	1,413,818
Insurance	6,129	2,889	2,738	11,756
Office supplies and postage	70,232	33,108	31,383	134,723
Professional fees	149,698	70,568	66,892	287,158
Rent and utilities	13,172	6,209	5,886	25,267
Advertising	9,320	-	27,959	37,279
Special events	714,107	-	476,071	1,190,178
Meetings and conferences	43,830	20,662	19,585	84,077
Information technology	44,593	21,021	19,926	85,540
Total expenses	$ 3,721,342	$ 501,899	$ 979,779	$ 5,203,020

CHILDREN'S HEART FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Research funding	$ 1,780,000	$ -	$ -	$ 1,780,000
Salaries, taxes, and benefits	661,483	311,825	295,579	1,268,887
Insurance	4,196	1,979	1,875	8,050
Office supplies and postage	72,765	30,784	29,179	132,728
Professional fees	223,502	105,358	99,870	428,730
Travel	1,681	793	751	3,225
Rent and utilities	11,388	5,368	5,089	21,845
Advertising	7,779	-	23,335	31,114
Special events	550,037	-	366,690	916,727
Meetings and conferences	61,603	29,040	27,527	118,170
Information technology	45,564	21,478	20,360	87,402
Miscellaneous	258	122	115	495
Total expenses	$ 3,420,256	$ 506,747	$ 870,370	$ 4,797,373

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Children's Heart Foundation (Foundation), an Illinois not-for-profit corporation, is a national foundation that supports research toward discovering the causes and improving the methods of diagnosing, treating, and preventing congenital heart defects. The Foundation began operations in 1996 and has funded 128 research projects, totaling approximately $20,000,000 to date. Each year the Foundation, through its regions, partners, and other supporters, supports, promotes, and/or receives benefits from fundraisers held throughout the country.

The financial statements were available to be issued on June 22, 2026, with subsequent events being evaluated through this date.

Basis of Accounting -

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations (U.S. GAAP).

Income Taxes -

The Foundation has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Foundation has evaluated the tax positions taken for all open tax years. Currently, the 2022, 2023, and 2024 tax years are open and subject to examination by the Internal Revenue Service; however, the Foundation is not currently under audit nor has the Foundation been contacted by this jurisdiction.

Based on the evaluation of the Foundation's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2025 and 2024.

Cash and Cash Equivalents -

For purposes of the statements of cash flows, the Foundation considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable -

Contributions receivable consist of promises to give from various donors that are expected to be collected in less than one year. Unconditional promises to give are expected to be collected in future years and are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2025 and 2024, an allowance for uncollectible promises to give was not deemed necessary.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments -

Investments are carried at fair value in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest income, realized and unrealized gains and losses, less investment management fees.

The Foundation invests in various investment products. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and any such changes could materially affect the amount reported in the statement of financial position.

Property and Equipment -

The Foundation capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives over five years.

Trademark -

The trademark is considered an indefinite-lived intangible and in accordance with ASC 350, Intangibles – *Goodwill and Other* ("ASC 350"), indefinite-lived intangible assets are not amortized. The Foundation assesses its trademark for impairment at least annually. If the asset is determined to be impaired, the difference between the book value of the asset and its current fair value would be recognized as an expense in the period in which the impairment is determined. As of December 31, 2025 and 2024, there was no impairment of the trademark.

Concentration of Credit Risk -

The Foundation maintains its cash balances at two high credit quality financial institutions located in Illinois. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times the Foundation's cash deposits were in excess of the FDIC limit. However, the Foundation believes it is not exposed to any significant risk on cash.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation -

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the board of directors.
>
> *With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Contributions -

Contributions and promises to contribute are recognized as income when received or when they become unconditional promises to give. Contributions receivable are all due in less than one year.

All donor-restricted support is reported as an increase with donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), with donor restricted net assets, they are reclassified to without donor restricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Conditional promises (those with a measurable performance or other barrier and a right of return) are recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. The Foundation reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied. As of December 31, 2025 and 2024, there were no conditional promises to give.

Advertising -

Advertising costs are expensed as incurred. Advertising expense was $37,279 and $31,114 for the years ended December 31, 2025 and 2024, respectively, and is included with marketing expenses in the statements of functional expenses.

Donated Services and In-Kind Contributions -

Volunteers contribute significant amounts of time to the Foundation's fundraising and special projects; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. The Foundation recognizes contributed services at their fair value if the services have value to the Foundation and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. No significant contributions of such goods or services were received during the years ended December 31, 2025 and 2024.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Functional Expenses -

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, information technology, meetings and conferences, special events, advertising, office supplies and postage, professional fees, rent and utilities, salaries, taxes, benefits, travel, insurance, and miscellaneous which are allocated on the basis of estimates of time and effort. Special events are allocated based on time or materials used at the events.

Estimates -

The Foundation prepares its financial statements according to generally accepted accounting principles that require the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases -

The Foundation determines if an arrangement is a lease or contains a lease at inception of the contract. The Foundation's operating leases are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying statement of financial position.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Foundation's leases do not specify their implicit rate, the Foundation has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Foundation, less any lease incentives the Foundation receives from the lessor. The Foundation has elected a practical expedient to account for lease and non-lease components together as a single lease component.

The terms of the Foundation's leases generally contain lease payments and reimbursements to the lessor of the Foundation's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Foundation has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases - (Continued)

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Foundation's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Foundation will exercise the renewal options is generally at the Foundation's sole discretion. The Foundation includes lease extensions in the lease term when it is reasonably certain that the Foundation will exercise the extension.

Deferred Revenue -

Deferred revenue includes revenue resulting from the Foundation recognizing registration and gift revenue designated for specific walks or gala in the period the event occurs.

Grants Payable -

Grants payable represent unconditional grants and conditional grants that have meet the condition determined in the grant agreement but unpaid as of December 31, 2025.

(2) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 3,814,819	$ 2,888,901
Contributions receivable	189,600	51,500
Total financial assets	4,004,419	2,940,401
Less: amounts not available for general expenditures within one year, due to:		
Donor-restricted for a specific purpose or research grant payable	2,206,930	1,280,810
Financial assets available to meet cash needs for general expenditures within one year	$ 1,797,489	$ 1,659,591

As part of the Foundation's liquidity management plan, cash in excess of current needs for expenses are invested or kept in cash. The Foundation aims to have enough liquid funds on hand to pay for six to nine months of budgeted unrestricted expenditures.

(3) GRANTS AWARD:

During 2023, the Foundation awarded conditional grants (included in the amounts below) for which the expenses cannot be recognized by the Foundation until the awardees meet the conditions in the agreements. The conditional grant totaled $1,500,000 over a 5-year period.

During 2025, the Foundation approved five research grants totaling $1,300,000 to fund studies on congenital heart defects. The grants for 2025 were as follows: $300,000 to David Frank, MD, $300,000 to Joel Schilling, MD, $200,000 to Mark Rodefeld, MD, $300,000 to William Goodyer, MD and $200,000 to Christopher Broda, MD. In addition, the Foundation paid $585,000 from conditional research grants agreed upon in previous years that were recognized in 2025 as the awardees met the conditions in the agreements. Those payments consisted of $142,500 to the University of Michigan, $142,500 to the Cincinnati Children's Hospital and $300,000 to the American Heart Association. As of December 31, 2025, grants payable of $1,878,985 consist of the second year of the grants awarded in 2024. As of December 31, 2025, the remaining conditional grant payments for the above mentioned agencies amounted to $705,000.

During 2024, the Foundation approved five research grants totaling $1,195,000 to fund studies on congenital heart defects. The grants for 2024 were as follows: $300,000 to Robert Tranqilo, MD, $300,000 to Thangam Natarajan, MD, $200,000 to Yuli Kim, MD, $200,000 to Benjamin Smood, MD, $160,000 to Yun Zhang and $35,000 to the American Academy of Pediatrics. In addition, the Foundation paid $584,000 from conditional research grants agreed upon in previous years that were recognized in 2024 as the awardees met the conditions in the agreements. Those payments consisted of $142,500 to the University of Michigan, $142,500 to the Cincinnati Children's Hospital and $300,000 to the American Heart Association. As of December 31, 2024, grants payable of $728,985 consist of the second year of the grants awarded in 2023. As of December 31, 2024, the remaining conditional grant payments for the above mentioned agencies amounted to $1,290,000.

(4) OPERATING LEASES:

The Foundation leases its office space under an operating lease with a non-related party. The Foundation is also responsible for its share of real estate taxes, insurance and maintenance costs for the space. The Foundation's lease agreement ended in June 2025 and was renewed for another two years expiring in June 2027.

The components of lease expense for the years ending December 31, 2025 and 2024 are as follows:

	2025	2024
Operating lease cost	$ 21,656	$ 20,844
Total lease expense	$ 21,656	$ 20,844

Future minimum lease payments under noncancelable leases as of December 31, 2025 are as follows:

2026	$ 22,468
2027	11,234
Total future minimum lease payments	33,702
Less imputed interest included	(999)
Present value of net minimum lease payments	$ 32,703

(4) OPERATING LEASES: (Continued)

The following provides additional information related to the Foundation's leases as of and for the years ended December 31, 2025 and 2024:

	2025	2024
Current portion of lease liabilities	$ 21,592	$ 9,952
Long-term portion of lease liabilities	11,111	-
Total lease liabilities	$ 32,703	$ 9,952

	2025	2024
Weighted average lease term	1.5 years	.5 years
Weighted average discount rate	3.78%	4.87%

Cash paid for amounts included in the measurements of the Company's leases for the years ended December 31, 2025 and 2024, are as follows:

Operating cash from operating leases	$ 21,656	$ 20,844

(5) SPECIAL EVENTS:

The Foundation is the beneficiary of several fundraising events throughout the country. The revenue from these special events for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Children's Heart Foundation - Walk Events	$ 2,699,099	$ 2,269,409
Children's Heart Foundation - Non Walk Events	1,140,114	1,069,904
Third party events	89,009	136,896
Total special events	$ 3,928,222	$ 3,476,209

(6) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31, 2025 and 2024:

	2025	2024
Groom Research Fund	$ -	$ 25,000
Matching from the Heart	-	101,016
Mend a Heart Foundation	12,954	12,954
Szymczak Fund	73,272	218,298
Micah Mason Fund	52,356	52,356
Landauer Endowment Fund	189,363	141,101
Cortney Barnett Research Fund	-	1,100
	$ 327,945	$ 551,825

(7) DEFERRED REVENUE:

Deferred revenue consists of revenue received for special events that will occur after the year end. The following table provides information about significant changes in deferred revenue as of December 31, 2025 and 2024:

	2025	2024
Deferred revenue, beginning of the year	$ 35,575	$ 29,164
Revenue recognized that was included in deferred revenue at the beginning of the year	(35,575)	(29,164)
Increase in deferred revenue due to cash received during the year	52,275	35,575
Deferred revenue, end of the year	$ 52,275	$ 35,575

(8) ENDOWMENT:

The ASC provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The ASC also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The Foundation's endowment consists of one donor-contributed fund to cover operating expenses as required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law -

The Board of Directors of the Foundation has interpreted Illinois Prudent Management of Institutional Funds Act (IPMIFA) 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 Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument and the Foundation's bylaws at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by IPMIFA.

In accordance with IPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Foundation and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation;
(7) The investment policies of the Foundation.

(8) ENDOWMENT: (Continued)

Composition of endowment net assets by type of fund as of December 31, 2025 is as follows:

	Accumulated Investments Gain/(Loss)	Perpetual in Nature	Total
Donor-restricted endowment funds	$ 7,603	$ 181,760	$ 189,363

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	Accumulated Investments Gain/(Loss)	Perpetual in Nature	Total
Endowment net assets, January 1, 2025	$ 1,341	$ 139,760	$ 141,101
Investment return:			
Interest income	5,203	-	5,203
Net appreciation	1,059	-	1,059
Total investment return	6,262	-	6,262
Contributed amounts	-	42,000	42,000
Endowment net assets, December 31, 2025	$ 7,603	$ 181,760	$ 189,363

Composition of endowment net assets by type of fund as of December 31, 2024 is as follows:

	Accumulated Investments Gain/(Loss)	Perpetual in Nature	Total
Donor-restricted endowment funds	$ 1,341	$ 139,760	$ 141,101

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Accumulated Investments Gain/(Loss)	Perpetual in Nature	Total
Endowment net assets, January 1, 2024	$ -	$ -	$ -
Investment return:			
Interest income	2,169	-	2,169
Net depreciation	(828)	-	(828)
Total investment return	1,341	-	1,341
Contributed amounts	-	139,760	139,760
Endowment net assets, December 31, 2024	$ 1,341	$ 139,760	$ 141,101

(9) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for *Fair Value Measurement* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

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

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3:

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

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

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used as of December 31, 2025 and 2024.

Certificates of deposit and corporate and municipal bonds: Certificates of deposit and corporate and municipal bonds are classified within level 2 as they are valued using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters.

Common stocks: Valued at the closing price as the active market on which the individual stock is traded on.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(9) FAIR VALUE MEASUREMENTS: (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2025 and 2024:

	Assets at Fair Value as of December 31, 2025			
Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 49,429	$ -	$ 49,429
Corporate bonds	-	46,772	-	46,772
Municipal bonds	-	19,951	-	19,951
Common stocks	18,880	-	-	18,880
Total assets at fair value	$ 18,880	$ 116,152	$ -	$ 135,032

	Assets at Fair Value as of December 31, 2024			
Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 49,820	$ -	$ 49,820
Corporate bonds	-	45,539	-	45,539
Municipal bonds	-	19,584	-	19,584
Total assets at fair value	$ -	$ 114,943	$ -	$ 114,943

(10) INVESTMENT INCOME:

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

	2025	2024
Interest- cash equivalent	$ 86,449	$ 73,777
Interest- investments	5.203	2,169
Investment fees	(300)	(300)
Unrealized gain (loss)	789	(678)
Total investment income	$ 92,141	$ 74,968