

MYOTONIC DYSTROPHY FOUNDATION

FINANCIAL STATEMENTS
December 31, 2025 and 2024

MYOTONIC DYSTROPHY FOUNDATION

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Myotonic Dystrophy Foundation
Oakland, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Myotonic Dystrophy 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 Myotonic Dystrophy 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.

Emphasis of Matter – Change in Organizational Structure

As discussed in Note 1 to the financial statements, during 2025, Myotonic Dystrophy Foundation legally dissolved its affiliate, Myotonic Dystrophy Foundation UK (MDF UK). All assets, liabilities, and net assets of MDF UK had been transferred to and assumed by Myotonic Dystrophy Foundation during 2024, and, as a result, the 2025 financial statements present only the financial position and activities of Myotonic Dystrophy Foundation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Myotonic Dystrophy 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 Myotonic Dystrophy Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Myotonic Dystrophy 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.

Brogg Christensen Caniglia LLP

June 15, 2026
Roseville, California

MYOTONIC DYSTROPHY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 4,111,992	\$ 4,102,342
Cash and cash equivalents - operating reserve	1,500,000	1,500,000
Pledges receivable	59,612	9,623
Prepaid expenses and deposits	<u>110,646</u>	<u>179,585</u>
Total current assets	<u>5,782,250</u>	<u>5,791,550</u>
Operating right-of-use asset	<u>62,065</u>	<u>34,499</u>
Total assets	<u>\$ 5,844,315</u>	<u>\$ 5,826,049</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 12,216	\$ 3,522
Accrued liabilities	134,634	126,946
Credit card liabilities	249	7,824
Deferred revenue	161,838	72,058
Grant obligations, current portion	1,064,693	935,631
Operating lease liability, current portion	<u>27,226</u>	<u>26,534</u>
Total current liabilities	1,400,856	1,172,515
Grant obligations, net of current portion	327,500	736,368
Operating lease liability, net of current portion	<u>39,594</u>	<u>9,023</u>
Total long-term liabilities	<u>367,094</u>	<u>745,391</u>
Total liabilities	<u>1,767,950</u>	<u>1,917,906</u>
Net assets:		
Without donor restrictions		
Undesignated	2,576,365	2,408,143
Designated for operating reserve	<u>1,500,000</u>	<u>1,500,000</u>
Total net assets	<u>4,076,365</u>	<u>3,908,143</u>
Total liabilities and net assets	<u>\$ 5,844,315</u>	<u>\$ 5,826,049</u>

The accompanying notes are an integral part
of these financial statements.

MYOTONIC DYSTROPHY FOUNDATION

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions - annual campaign	\$ 218,068	\$ -	\$ 218,068
Contributions - major donors	806,301	118,790	925,091
Contributions - grassroots fundraising	173,649	-	173,649
Grant revenue	178,000	-	178,000
Major events	2,011,289	590,537	2,601,826
Net return on investments	168,320	-	168,320
Other income	1,545	-	1,545
Net assets released from restriction	709,327	(709,327)	-
Total revenue	4,266,499	-	4,266,499
Expenses:			
Program expenses:			
Care programs	1,247,621	-	1,247,621
Research programs	1,567,232	-	1,567,232
Advocacy and communications	507,127	-	507,127
Total program expenses	3,321,980	-	3,321,980
Management and general expenses	267,312	-	267,312
Fundraising expenses	508,985	-	508,985
Total expenses	4,098,277	-	4,098,277
Change in net assets	168,222	-	168,222
Net assets, beginning of year	3,908,143	-	3,908,143
Net assets, end of year	<u>\$ 4,076,365</u>	<u>\$ -</u>	<u>\$ 4,076,365</u>

The accompanying notes are an integral part
of these financial statements.

MYOTONIC DYSTROPHY FOUNDATION

STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended December 31, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions - annual campaign	\$ 200,083	\$ -	\$ 200,083
Contributions - major donors	815,697	139,378	955,075
Contributions - grassroots fundraising	51,570	-	51,570
Grant revenue	111,267	20,000	131,267
Major events	1,547,150	344,338	1,891,488
Net return on investments	219,132	-	219,132
In-kind donations	450	-	450
Other income	1,624	-	1,624
Net assets released from restriction	565,875	(565,875)	-
Total revenue	3,512,848	(62,159)	3,450,689
Expenses:			
Program expenses:			
Care programs	1,289,926	-	1,289,926
Research programs	1,713,105	-	1,713,105
Advocacy and communications	338,956	-	338,956
Total program expenses	3,341,987	-	3,341,987
Management and general expenses	204,080	-	204,080
Fundraising expenses	435,663	-	435,663
Total expenses	3,981,730	-	3,981,730
Other changes in net assets:			
Foreign currency remeasurement loss	(71,755)	-	(71,755)
Total other changes in net assets	(71,755)	-	(71,755)
Change in net assets	(540,637)	(62,159)	(602,796)
Net assets, beginning of year	4,448,780	62,159	4,510,939
Net assets, end of year	\$ 3,908,143	\$ -	\$ 3,908,143

The accompanying notes are an integral part
of these financial statements.

MYOTONIC DYSTROPHY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2025 and 2024

For the year ended December 31, 2025	Program Expenses					2025 Total
	Care Programs	Research Programs	Advocacy and Communication	Management and General	Fundraising	
Grants	\$ -	\$ 922,267	\$ -	\$ -	\$ -	\$ 922,267
Conferences and meetings	547,440	13,258	22,509	35,381	210,916	829,504
Employee expenses	528,117	514,278	249,106	67,446	231,767	1,590,714
Program and administrative	112,256	22,688	67,515	45,647	51,947	300,053
Occupancy	12,015	7,443	6,230	4,044	3,486	33,218
Professional fees	47,793	87,298	161,767	114,794	4,255	415,907
Miscellaneous	-	-	-	-	6,614	6,614
Total expenses	\$ 1,247,621	\$ 1,567,232	\$ 507,127	\$ 267,312	\$ 508,985	\$ 4,098,277

For the year ended December 31, 2024	Program Expenses					2024 Total
	Care Programs	Research Programs	Advocacy and Communication	Management and General	Fundraising	
Grants	\$ -	\$ 1,008,046	\$ -	\$ -	\$ -	\$ 1,008,046
Conferences and meetings	490,170	19,676	-	28,162	135,044	673,052
Employee expenses	521,927	508,250	245,299	67,703	229,050	1,572,229
Program and administrative	147,091	38,377	14,530	34,993	39,583	274,574
Occupancy	13,747	8,520	7,127	203	3,985	33,582
Professional fees	116,991	130,236	72,000	72,990	25,838	418,055
Miscellaneous	-	-	-	29	2,163	2,192
Total expenses	\$ 1,289,926	\$ 1,713,105	\$ 338,956	\$ 204,080	\$ 435,663	\$ 3,981,730

The accompanying notes are an integral part
of these financial statements.

MYOTONIC DYSTROPHY FOUNDATION

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 168,222	\$ (602,796)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of operating right-of-use asset	32,674	24,956
Changes in operating assets and liabilities:		
Pledges receivable	(49,989)	191,367
Prepaid expenses and deposits	68,939	(165,512)
Accounts payable	8,694	3,085
Accrued liabilities	7,688	28,625
Credit card liabilities	(7,575)	2,009
Deferred revenue	89,780	72,058
Grant obligations	(279,806)	80,731
Operating lease liability	<u>(28,977)</u>	<u>(25,351)</u>
Net cash provided by (used in) operating activities	<u>9,650</u>	<u>(390,828)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	<u>-</u>	<u>46,548</u>
Change in cash and cash equivalents	9,650	(344,280)
Cash and cash equivalents, beginning of year	<u>5,602,342</u>	<u>5,946,622</u>
Cash and cash equivalents, end of year	<u>\$ 5,611,992</u>	<u>\$ 5,602,342</u>
Schedule of non-cash operating activities:		
Operating right-of-use asset and liability	<u>\$ 60,240</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1: PURPOSE AND ORGANIZATION

Myotonic Dystrophy Foundation (MDF) (the "Foundation") was formed in 2006 as a non-profit public benefit corporation and is located in Oakland, California. The purpose of the Foundation is to engage in charitable, educational and scientific activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States internal revenue law that supports research to find a cure or acceptable treatment for myotonic dystrophy, supports those with the disease and their families, and educates the public about myotonic dystrophy.

Myotonic Dystrophy Foundation UK (MDF UK) was incorporated on August 28, 2014, under the Companies Act of 2006 in the United Kingdom and received its charity status in April 2015. The purpose of MDF UK is the preservation of health and the relief of sickness and need for the public benefit. This purpose is accomplished by supporting, commissioning or undertaking research into the prevention, treatment and cure of myotonic dystrophy conditions and publishing or disseminating the useful results of that research for public benefit; and by supporting other initiatives that provide or support the care and relief of sufferers of myotonic dystrophy conditions and their families.

During 2024, the assets, liabilities and net assets of MDF UK were transferred to and assumed by MDF. As of March 18, 2025, MDF UK was dissolved. The Board of Trustees of MDF UK believe MDF is successfully fulfilling the needs that MDF UK was originally created to address, and that MDF will continue this important work in an even greater capacity, investing in the best science around the world and uniting the field.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses from operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions.

Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period have been reported as net assets without donor restrictions.

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs

The Foundation works internationally with stakeholder groups that include affected families, industry professionals, academic institutions, and government agencies to carry out comprehensive programming in three areas:

Care – Education, support, and resource program distribution through channels that include the MDF website, newsletters, annual conference, publications, research programs, industry and academic meetings, social media, and phone and in-person outreach.

Research – Funding and programs for basic, translational, and other research to advance disease understanding, accumulate additional data on disease genotype and phenotype, progression, severity and onset, and accelerate and expand therapy development efforts.

Advocacy and Communication – Communication and programs with governmental funding and regulatory agencies, as well as social service and support agencies, to increase funding for myotonic dystrophy research, improve patient access to governmental services and support, and raise visibility of myotonic dystrophy with key audiences, including clinicians, researchers, industry, government, and the general public.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services, Supplies and Materials

Donated services are recognized as contributions in accordance with FASB ASC 958-605, 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 be purchased by the Foundation.

Revenue Recognition

In accordance with the provisions of FASB ASC 958-605, *Not-for-Profit – Revenue Recognition*, unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Foundation implements the guidance provided by ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, to provide a decision-making model to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The receivable for the remaining payments and the corresponding revenue are recognized concurrently. In accordance with the provisions of FASB ASC 606, the Foundation's other income received and exchange transactions are not recognized as revenues until the revenue is earned, which is at the time when the services are provided.

Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when the pledge is made and discounted to present value when applicable and material. The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

Management considers receivables as of December 31, 2025 and 2024, to be fully collectible; accordingly, no allowance for uncollectible accounts is recorded.

Cash and Cash Equivalents

The Foundation consider all short-term investments with an original maturity of less than three months and money funds to be cash equivalents.

Investments

Investments are reported at fair value with gains and losses reported in the statements of activities. Donated investments typically are sold upon receipt; however, if management decides instead to retain them, they are recorded at fair value at the date of donation and are thereafter reported in conformity with the guidance provided by FASB ASC 820-10, which defines fair value. Investment return is reported net of external and direct internal investment expenses.

Fair Value Measurements

The Foundation uses the guidance provided by FASB ASC 820-10, which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Foundation's own suppositions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The fair values of investments are based on unadjusted quoted market prices within active markets and are therefore valued at Level 1 of the fair value hierarchy. As of December 31, 2025 and 2024, there were no investments held at fair value.

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision for income taxes has been made. After they are filed, the Foundation's exempt organization returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

In April 2015, the MDF UK received its charity status from HM Revenue and Customs, and as of December 31, 2025 and 2024, was not required to file a tax return in the United States of America.

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising

Marketing and advertising costs are expensed when incurred. The Foundation incurred advertising costs for the years ended December 31, 2025 and 2024, totaling \$20,228 and \$7,172, respectively.

Leases

The Foundation presents its leases in accordance with the provisions of FASB ASC 842, *Leases*. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, have not recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term.

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program expenses, management and general, and fundraising expenses based on estimates made by management. Expenses that can be identified with a specific program are charged directly to the program.

Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 15, 2026, the date that the financial statements were available to be issued.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalents in multiple financial institutions in excess of the \$250,000 per depositor Federal Deposit Insurance Corporation insured limits and excess of the \$500,000 per depositor Securities Investment Protection Corporation insured limits. At December 31, 2025 and 2024, the uninsured balances for FDIC were \$648,101 and \$598,733, respectively. At December 31, 2025 and 2024, the uninsured balances for SIPC were \$4,163,455 and \$4,644,301, which were held in a money market fund.

The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2025	2024
Cash and cash equivalents	\$ 4,111,992	\$ 4,102,342
Cash and cash equivalents - operating reserve	1,500,000	1,500,000
Pledges receivable	59,612	9,623
Financial assets	<u>5,671,604</u>	<u>5,611,965</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 5,671,604</u>	<u>\$ 5,611,965</u>

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 5: PLEDGES RECEIVABLE

The beginning and ending balances of pledges receivable at December 31, are as follows:

	<u>2025</u>	<u>2024</u>
Pledges receivable	<u>\$ 59,612</u>	<u>\$ 9,623</u>

Pledges are expected to be realized in the following periods:

	<u>2025</u>	<u>2024</u>
In one year or less	<u>\$ 59,612</u>	<u>\$ 9,623</u>

NOTE 6: LEASE COMMITMENT

Operating Lease

The Foundation leases office space under operating lease. The lease term shall be for a period of two years commencing May 1, 2022 through April 30, 2024. Effective January 1, 2023, monthly rent increased by the Consumer Price Index. Rental expense under the terms of the operating lease for the years ended December 31, 2025 and 2024, were \$33,218 and \$33,582, respectively.

On May 1, 2024, the lease term will extend for a period of two years and will terminate on April 30, 2026. Effective May 1, 2024, monthly lease payment increased \$197 for a total of \$2,270.

Subsequent to year end, the Foundation renewed the lease agreement, extending the term for an additional two years from May 1, 2026 through April 30, 2028. Effective May 1, 2026, the monthly base rent is \$2,408, with an additional monthly special assessment of \$66. The base rent is subject to an annual increase of 3%.

Future minimum lease payments and a reconciliation of undiscounted cash flows under operating lease liability at December 31, 2025, are as follows:

<u>Year ending December 31:</u>	
2026	\$ 28,872
2027	30,264
2028	<u>10,184</u>
Total undiscounted cash flows	69,320
Less: discount on lease liability	<u>(2,500)</u>
Total operating lease liability	66,820
Less: operating lease liability, current portion	<u>(27,226)</u>
Operating lease liability, less current portion	<u>\$ 39,594</u>

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 6: LEASE COMMITMENT (CONTINUED)

Operating Lease (Continued)

At December 31, 2025 and 2024, operating lease right-of-use assets were \$62,065 and \$34,499, respectively, and operating lease liabilities were \$66,820 and \$35,557, respectively. Cash payments made on operating lease liabilities totaled \$27,240 and \$26,840 for the years ended December 31, 2025 and 2024, respectively. The weighted average remaining lease terms of operating lease is approximately 2.5 and 1.5 years at December 31, 2025 and 2024, respectively. The weighted average discount rate used to determine the lease liabilities was approximately 3.01%, at December 31, 2025 and 2024. The Foundation elects to use the current risk-free rate of the period comparable to the lease term at the commencement date.

NOTE 7: GRANT OBLIGATIONS

The Foundation enter into contracts to provide grant funding to various clinical and scientific research programs. Grants authorized and awarded but unpaid at year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31, 2025, summarized by year in which the amounts are due:

December 31:

2026	\$ 1,064,693
2027	<u>327,500</u>
Total	<u>\$ 1,392,193</u>

NOTE 8: DEFERRED REVENUE

Deferred revenue consists of amounts received which are applicable to the future year's major events. The beginning and ending balances of deferred revenue at December 31, are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Deferred revenue	<u>\$ 161,838</u>	<u>\$ 72,058</u>	<u>\$ -</u>

MYOTONIC DYSTROPHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restrictions at December 31, 2025 and 2024.

The following schedule shows the amounts released and restricted within net assets with donor restrictions for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beginning balance of net assets with donor restrictions	\$ -	\$ 62,159
Net assets with donor restrictions for research programs	118,790	159,378
Net assets with donor restrictions for care programs	590,537	344,338
Net assets released from restriction with qualifying expenditures	<u>(709,327)</u>	<u>(565,875)</u>
Ending balance of net assets with donor restrictions	<u>\$ -</u>	<u>\$ -</u>

NOTE 10: RETIREMENT PLAN

The Foundation has a 401(k) Plan (the "Plan") to help its employees who are eligible to participate in the Plan save for retirement. The Plan is a defined contribution plan, which is intended to qualify under Section 401(a) of the Internal Revenue Code. The Foundation provides a special Safe Harbor Matching Contribution to eligible participants. The Foundation contributed \$40,052 and \$36,527 for the years ended December 31, 2025 and 2024, respectively.