



Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Financial Statements with Independent Auditor's Report

Years Ended December 31, 2025 and 2024

Dystrophic Epidermolysis Bullosa
Research Association of America, Inc.

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	7
Notes to the Financial Statements	8

Independent Auditor's Report

The Board of Directors
Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Boulder, Colorado

Opinion

We have audited the accompanying financial statements of Dystrophic Epidermolysis Bullosa Research Association of America, Inc. (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 Dystrophic Epidermolysis Bullosa Research Association of America, Inc. 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 Dystrophic Epidermolysis Bullosa Research Association of America, Inc. 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, that raise substantial doubt about Dystrophic Epidermolysis Bullosa Research Association of America, Inc.'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 Dystrophic Epidermolysis Bullosa Research Association of America, Inc.'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 Dystrophic Epidermolysis Bullosa Research Association of America, Inc.'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.

Nanavaty, Davenport, Studley & White, LLP

March 31, 2026

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Statements of Financial Position

At December 31,

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 910,839	\$ 959,967
Contributions receivable	101,485	16,671
Accounts receivable	-	2,500
Inventory - medical supplies	275,646	365,551
Prepaid expenses	57,627	25,073
Total Assets	<u>\$ 1,345,597</u>	<u>\$ 1,369,762</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 83,304	\$ 26,223
Accrued expenses	-	72,638
Advance from a related party	-	5,400
Deferred revenue	-	5,039
Total Liabilities	<u>83,304</u>	<u>109,300</u>
<u>Net Assets:</u>		
Net assets without donor restrictions	783,382	703,476
Net assets with donor restrictions	478,911	556,986
Total Net Assets	<u>1,262,293</u>	<u>1,260,462</u>
Total Liabilities and Net Assets	<u>\$ 1,345,597</u>	<u>\$ 1,369,762</u>

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

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Statements of Activities

Years Ended December 31,

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Program Support and Revenue:						
Contributions and grants	\$ 1,294,377	\$ 12,450	\$ 1,306,827	\$ 1,408,008	\$ -	\$ 1,408,008
In-kind contributions, at fair value	611,989	-	611,989	1,099,484	-	1,099,484
Special events, net of direct donor benefits of \$134,365 and \$278,559	428,691	-	428,691	651,575	-	651,575
Investment return, net	91	-	91	(22,071)	-	(22,071)
Other revenues	65,883	-	65,883	13,808	-	13,808
Total Program Support and Revenue	2,401,031	12,450	2,413,481	3,150,804	-	3,150,804
Release of net assets from restrictions	90,525	(90,525)	-	8,864	(8,864)	-
Expenses:						
Program services	2,123,028	-	2,123,028	3,261,310	-	3,261,310
Management and general	74,962	-	74,962	137,876	-	137,876
Fundraising	213,660	-	213,660	232,254	-	232,254
Total Expenses	2,411,650	-	2,411,650	3,631,440	-	3,631,440
Change in Net Assets	79,906	(78,075)	1,831	(471,772)	(8,864)	(480,636)
Net assets beginning of year	703,476	556,986	1,260,462	1,175,248	565,850	1,741,098
Net assets end of year	\$ 783,382	\$ 478,911	\$ 1,262,293	\$ 703,476	\$ 556,986	\$ 1,260,462

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

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Statement of Functional Expenses

Year Ended December 31, 2025

	PROGRAM SERVICES					SUPPORT SERVICES		Total Expenses
	Public and Professional Education	Patient and Family Services	Advocacy	Research	Total	Management and General	Fundraising	
In-kind medical supplies	\$ -	\$ 700,525	\$ -	\$ -	\$ 700,525	\$ -	\$ -	\$ 700,525
Salaries	189,375	492,374	28,406	94,687	804,842	47,344	94,687	946,873
Fringe benefits	31,078	80,802	4,662	15,539	132,081	7,769	15,539	155,389
Assistance	-	148,122	-	-	148,122	-	-	148,122
Office supplies	14,527	37,771	2,179	7,264	61,741	3,632	7,264	72,637
Payroll taxes	14,237	37,016	2,136	7,119	60,508	3,559	7,119	71,186
Occupancy	13,636	35,455	2,045	6,818	57,954	3,409	6,818	68,181
Travel	12,468	32,418	1,870	6,234	52,990	3,117	6,234	62,341
Printing	9,543	24,812	1,431	4,772	40,558	2,386	4,772	47,716
Bank charges	2,205	5,734	331	1,103	9,373	551	21,543	31,467
Insurance	3,801	9,882	570	1,900	16,153	950	1,900	19,003
Professional fees	3,356	8,725	503	1,678	14,262	839	1,678	16,779
Miscellaneous	481	1,251	72	241	2,045	120	13,277	15,442
Postage	-	-	-	-	-	-	13,737	13,737
Fees	981	2,551	147	491	4,170	245	9,280	13,695
Telephone	1,661	4,318	249	830	7,058	415	830	8,303
Conferences/meetings	61	158	9	30	258	15	7,759	8,032
Equipment	1,219	3,170	183	610	5,182	305	610	6,097
Advertising	1,101	2,864	165	551	4,681	275	551	5,507
Dues and subscriptions	123	321	19	62	525	31	62	618
Total Expenses	\$ 299,853	\$ 1,628,269	\$ 44,977	\$ 149,929	\$ 2,123,028	\$ 74,962	\$ 213,660	\$ 2,411,650

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

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024

	PROGRAM SERVICES					SUPPORT SERVICES		Total Expenses
	Public and Professional Education	Patient and Family Services	Advocacy	Research	Total	Management and General	Fundraising	
In-kind medical supplies	\$ -	\$ 1,114,136	\$ -	\$ -	\$ 1,114,136	\$ -	\$ -	\$ 1,114,136
Salaries	188,240	489,423	28,236	94,120	800,019	47,060	94,120	941,199
Conferences/meetings	141,871	368,865	21,281	70,936	602,953	35,468	70,936	709,357
Assistance	-	173,011	-	-	173,011	-	-	173,011
Fringe benefits	29,340	76,284	4,401	14,670	124,695	7,335	14,670	146,700
Payroll taxes	14,020	36,452	2,103	7,010	59,585	3,505	7,010	70,100
Advertising	12,609	32,783	1,891	6,304	53,587	3,152	6,304	63,043
Office supplies	11,879	30,886	1,782	5,940	50,487	2,970	5,940	59,397
Occupancy	11,869	30,860	1,780	5,935	50,444	2,967	5,935	59,346
In-kind professional services	11,806	30,696	1,771	5,903	50,176	2,952	5,903	59,031
Travel	11,050	28,729	1,657	5,525	46,961	2,762	5,525	55,248
Professional fees	9,268	24,097	1,390	4,634	39,389	2,317	4,634	46,340
Printing	8,244	21,435	1,237	4,122	35,038	2,061	4,122	41,221
Insurance	5,465	14,208	820	2,732	23,225	1,366	2,732	27,323
Bad debt expense	-	-	-	-	-	21,750	-	21,750
Bank charges	2,901	7,543	435	1,450	12,329	725	1,450	14,504
Telephone	1,892	4,920	284	946	8,042	473	946	9,461
Equipment	1,412	3,671	212	706	6,001	353	706	7,060
Miscellaneous	1,281	3,330	192	640	5,443	320	640	6,403
Fees	1,096	2,849	164	548	4,657	274	548	5,479
Dues and subscriptions	257	667	39	128	1,091	64	128	1,283
Postage	10	25	1	5	41	2	5	48
Total Expenses	<u>\$ 464,510</u>	<u>\$ 2,494,870</u>	<u>\$ 69,676</u>	<u>\$ 232,254</u>	<u>\$ 3,261,310</u>	<u>\$ 137,876</u>	<u>\$ 232,254</u>	<u>\$ 3,631,440</u>

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

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.

Statements of Cash Flows

Years Ended December 31,

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,831	\$ (480,636)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized loss on investments	-	22,071
Change in donated inventory - medical supplies	91,274	73,683
Changes in assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	(84,814)	420,490
Accounts receivable	2,500	122,500
Inventory - purchased supplies	(1,369)	(23)
Prepaid expenses	(32,554)	48,553
Accounts payable	57,081	(59,498)
Accrued expenses	(72,638)	(11,015)
Advance from a related party	(5,400)	(24,600)
Deferred revenue	(5,039)	5,039
Net cash (used in) provided by operating activities	<u>(49,128)</u>	<u>116,564</u>
Cash Flows from Investing Activities:		
Sale of investments, net	-	211,103
Net cash provided by investing activities	<u>-</u>	<u>211,103</u>
Net (decrease) increase in cash and cash equivalents	(49,128)	327,667
Cash and cash equivalents at beginning of year	959,967	632,300
Cash and cash equivalents at end of year	<u>\$ 910,839</u>	<u>\$ 959,967</u>

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

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Notes to the Financial Statements

Note 1 - Organization

The Dystrophic Epidermolysis Bullosa Research Association of America, Inc. (D.E.B.R.A.) was incorporated as a nonprofit, publicly supported corporation on January 24, 1979 under the laws of the State of New York. D.E.B.R.A. was formed to promote and support research regarding dystrophic epidermolysis bullosa, and to disseminate information to, and serve as an advocate for, those afflicted with this disease as well as their families, the general public and health professionals.

Note 2 - Summary of Significant Accounting Policies

1. Basis of Accounting and Presentation

The financial statements of D.E.B.R.A. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of D.E.B.R.A. are reported in the following net assets categories:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be expended or designated at the discretion of D.E.B.R.A.’S management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of D.E.B.R.A. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid instruments purchased with an original maturity of three months or less.

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

4. Accounts Receivable

Accounts receivable represent program and event sponsorships, and other charges earned but not yet collected. Accounts receivable is stated at the amount management expects to collect on outstanding balances. Management provides for losses on accounts receivable in accordance with the Current Expected Credit Loss model “CECL”). The CECL model requires recognition of expected credit losses at the time of initial recognition and throughout the life of the receivable. The allowance for credit losses is based on experience, third party contracts, and other circumstances, which may affect the ability of individuals to meet their obligations. D.E.B.R.A. writes off uncollectible receivables once collection efforts have been exhausted. Management has determined that an allowance for credit losses is not required for December 31, 2025 and 2024, respectively.

5. Inventory

D.E.B.R.A. receives various medical supplies (bandages, creams, ointments) from families affected with Epidermolysis Bullosa and various medical companies. The medical supplies represent items received by these families that are either no longer needed or incompatible with treating Epidermolysis Bullosa for the child. D.E.B.R.A. records these contributed supplies at their fair market value at the date of receipt based on published prices of major medical suppliers.

6. Revenue and Revenue Recognition

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend has been met.

Contributions receivable that are expected to be collected in more than one year are discounted to their present value. An allowance for uncollectible contributions receivable is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor, when deemed necessary.

D.E.B.R.A. reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Contributions received whose restrictions are met in the same period are recognized as net assets without donor restrictions.

D.E.B.R.A.s’ policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow D.E.B.R.A. to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind received by D.E.B.R.A. have been recognized in the financial statements and were considered to be without donor restrictions and able to be used by the organization as determined by its management.

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

Contributed services are recognized in the financial statements if they enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. While many individuals volunteer their time, and perform a variety of tasks that assist D.E.B.R.A., no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

7. Income Taxes

The Dystrophic Epidermolysis Bullosa Research Association of America, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. A ruling from the Internal Revenue Service has determined that D.E.B.R.A. will be treated as a publicly supported organization, and not a private foundation. This qualifies D.E.B.R.A. for the 50% charitable contribution deduction for individual donors. Consequently, the accompanying financial statements do not include any provision for income taxes.

D.E.B.R.A. recognizes the effect of tax positions only when they are more than likely than not of being sustained. Management has determined that D.E.B.R.A. had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. In the normal course of business, D.E.B.R.A.'s tax filings are subject to examination by federal and state authorities. The tax returns for the years ended December 31, 2022 and forward are subject to examination by taxing authorities.

8. Functional Expenses and Cost Allocation

D.E.B.R.A. allocates expenses on a functional basis among programs and support services. Expenses that can be specifically identified are charged directly to the related program or support service. Other expenses that are common to several functions are allocated based on estimates made by management.

9. Leases

D.E.B.R.A. determines if an arrangement is a lease at inception. An operating lease right-of-use ("ROU") assets represent D.E.B.R.A.'s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most leases do not provide an implicit rate, the U.S. Treasury rate is used in determining the present value of the lease payments. The implicit rate is used when readily determinable. Lease terms may include options to extend or terminate the lease when it's reasonably certain that the organization will exercise that option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. See NOTE 7 for a discussion of lease activity.

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

10. Subsequent Events

Management has evaluated events and transactions through March 31, 2026, the date the financial statements were available to be issued. There were no subsequent events that require disclosure.

Note 3 - Concentrations and Risks

Cash and Cash Equivalents – D.E.B.R.A. maintains its cash and cash equivalents in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation at each institution up to \$250,000. The balances may at times exceed the FDIC limit; however, D.E.B.R.A. does not believe that there is any significant credit risk due to the credit worthiness of the financial institution.

Contributions Receivable – Contributions receivable are generally from donors who have previously contributed to D.E.B.R.A., and, therefore, management considers the pledges to represent minimal credit risk. An allowance for uncollectible contributions receivable, if applicable, is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor.

Accounts receivable – Concentrations of credit risk with respect to receivables are generally diversified due to the number of organizations comprising D.E.B.R.A.’s accounts. D.E.B.R.A. performs ongoing credit evaluations and writes off uncollectible amounts as they become known.

Note 4 - Liquidity and Availability of Financial Assets

D.E.B.R.A.’s financial assets available within one-year of December 31 for general expenditures are as follows:

	2025	2024
Financial Assets at year-end:		
Cash and cash equivalents	\$ 910,839	\$ 959,967
Contributions receivable	101,485	16,671
Accounts receivable	-	2,500
Total Financial assets	1,012,324	979,138
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(478,911)	(556,986)
Financial assets available to meet general expenditures over the next twelve months	\$ 533,413	\$ 422,152

Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
Notes to the Financial Statements

Note 4 - Liquidity and Availability of Financial Assets (continued)

Liquidity Management

D.E.B.R.A. maintains a policy of structuring their financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, D.E.B.R.A. operates within a balanced budget and anticipates sufficient revenue to cover general expenditures.

Note 5 - Donated Inventory and Services

D.E.B.R.A. receives donated medical supply inventory and professional services to assist in achieving its mission. Total medical supplies and other in-kind contributions of services were \$611,989 and \$1,099,484 for the years ended December 31, 2025 and 2024, respectively. All non-cash contributions have been recorded at their fair market value at the date of donation.

Numerous volunteers have donated significant amounts of time to D.E.B.R.A.'s operations and program services, no amounts have been reflected in the financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Note 6 - Net Assets With Donor Restrictions

D.E.B.R.A. has received funds from Epidermolysis Bullosa support groups, corporations, and individuals who have designated their funds to a specific program or purpose. These funds are to be used for the education and outreach programs of local support groups, Family Crisis Fund, Wound Care, Nurse Assistance, New Family Advocate Program, Research, and the dissemination of information concerning the disease Epidermolysis Bullosa. Net assets with donor restrictions were as follows at December 31:

	<u>2025</u>	<u>2024</u>
Programs and E.B. Support Groups	\$ 478,911	\$ 556,986

Note 7 - Lease Activity

D.E.B.R.A. signed a 2-year lease for office space in Boulder, Colorado that terminated on November 30, 2025 and is now on a month-to-month arrangement. Therefore, since the lease is now less than 12 months in duration, it does not meet the criteria for accounting under the right-of-use lease standard. D.E.B.R.A. also rents office equipment on a month-to-month arrangement. Rent and storage expense was \$68,181 and \$59,346, for the years ended December 31, 2025 and 2024, respectively. Equipment rental expense was \$7,059 and \$7,651, for the years ended December 31, 2025 and 2024, respectively.