



EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

***REPORT ON AUDITS OF CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION***

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022



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EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

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FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
EB Research Partnership, Inc. and Affiliate
244 Madison Avenue, Suite 104
New York, New York 10016

Opinion

We have audited the consolidated financial statements of EB Research Partnership, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of EB Research Partnership, Inc. and Affiliate as of December 31, 2023 and 2022, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of EB Research Partnership, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EB Research Partnership, Inc. and Affiliate's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EB Research Partnership, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EB Research Partnership, Inc. and Affiliate'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position as of December 31, 2023 and 2022, and the consolidating statements of activities for the years then ended are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Corin E. Associates LLP

June 10, 2024
Bohemia, New York

EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

2023

2022

ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 8,157,979	\$ 9,788,916
Contributions receivable.....	1,760,756	320,996
Other assets.....	611,331	401,021
	TOTAL CURRENT ASSETS	10,530,066
Investments.....	9,370,293	8,520,293
Notes receivable.....	3,577,000	3,577,000
Contributions receivable, net of present value discount.....	1,180,076	-
Fixed assets, net of accumulated depreciation.....	1,578	3,378
Trademarks.....	15,231	15,231
	TOTAL ASSETS	\$ 24,674,244
		\$ 22,626,835
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable.....	\$ 133,940	\$ 124,626
Grants payable.....	6,774,846	4,507,902
Other liabilities.....	-	7,170
	TOTAL LIABILITIES	6,908,786
		4,639,698
Net Assets:		
Without donor restrictions:		
Board designated net assets.....	1,520,355	2,370,355
Undesignated net assets.....	13,327,527	15,000,782
	TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	14,847,882
		17,371,137
With donor restrictions.....	2,917,576	616,000
	TOTAL NET ASSETS	17,765,458
		17,987,137
	TOTAL LIABILITIES AND NET ASSETS	\$ 24,674,244
		\$ 22,626,835

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

EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 2,199,980	\$ -	\$ 2,199,980
Fundraising events.....	3,348,603	2,450,000	5,798,603
Less direct expenses of fundraising events.....	(1,052,711)	-	(1,052,711)
Investment gain, net.....	554,227	-	554,227
In-kind contributions.....	111,221	-	111,221
Other	-	-	-
Net assets released from restriction	148,424	(148,424)	-
TOTAL SUPPORT AND REVENUE	5,309,744	2,301,576	7,611,320
EXPENSES			
Program and research.....	5,945,806	-	5,945,806
Management and general.....	522,157	-	522,157
Fundraising.....	1,352,923	-	1,352,923
TOTAL EXPENSES	7,820,886	-	7,820,886
OTHER ITEM			
Foreign currency translation loss.....	(12,113)	-	(12,113)
CHANGE IN NET ASSETS	(2,523,255)	2,301,576	(221,679)
Net assets, beginning of year.....	17,371,137	616,000	17,987,137
Net assets, end of year.....	<u>\$ 14,847,882</u>	<u>\$ 2,917,576</u>	<u>\$ 17,765,458</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 3,248,943	\$ 1,500,000	\$ 4,748,943
Fundraising events.....	1,807,887	-	1,807,887
Less direct expenses of fundraising events.....	(246,771)	-	(246,771)
Investment gain, net.....	284,074	-	284,074
In-kind contributions.....	300,303	-	300,303
Other	1,686	-	1,686
Net assets released from restriction	2,025,244	(2,025,244)	-
TOTAL SUPPORT AND REVENUE	7,421,366	(525,244)	6,896,122
EXPENSES			
Program and research.....	5,904,388	-	5,904,388
Management and general.....	357,208	-	357,208
Fundraising.....	1,183,923	-	1,183,923
TOTAL EXPENSES	7,445,519	-	7,445,519
OTHER ITEM			
Foreign currency translation loss.....	(21,985)	-	(21,985)
CHANGE IN NET ASSETS	(46,138)	(525,244)	(571,382)
Net assets, beginning of year.....	17,417,275	1,141,244	18,558,519
Net assets, end of year.....	<u>\$ 17,371,137</u>	<u>\$ 616,000</u>	<u>\$ 17,987,137</u>

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program and Research</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants.....	\$ 5,456,354	\$ -	\$ -	\$ 5,456,354
Salaries and benefits.....	163,080	22,201	796,385	981,666
Payroll taxes.....	8,593	842	43,245	52,680
Professional fees.....	141,254	280,888	76,425	498,567
Office expense.....	139,491	36,617	185,921	362,029
Bad debt	-	81,000	-	81,000
Payment processor fees.....	-	-	52,299	52,299
Information technology.....	-	5,874	17,485	23,359
Insurance	-	3,880	2,586	6,466
Travel and meetings.....	15,981	9,224	74,871	100,076
Occupancy.....	16,053	3,010	103,706	122,769
Donated professional fees.....	5,000	78,621	-	83,621
TOTAL EXPENSES	\$ 5,945,806	\$ 522,157	\$ 1,352,923	\$ 7,820,886

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program and Research</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants.....	\$ 5,371,260	\$ -	\$ -	\$ 5,371,260
Salaries and benefits.....	54,326	25,797	678,988	759,111
Payroll taxes.....	3,016	1,697	35,081	39,794
Professional fees.....	64,211	162,972	73,906	301,089
Office expense.....	167,222	28,852	174,123	370,197
Bad debt	-	48,000	-	48,000
Payment processor fees.....	-	-	61,672	61,672
Information technology.....	-	-	18,128	18,128
Insurance	-	3,627	1,219	4,846
Travel and meetings.....	13,658	472	52,022	66,152
Occupancy.....	9,588	6,595	88,784	104,967
Donated professional fees.....	221,107	79,196	-	300,303
TOTAL EXPENSES	\$ 5,904,388	\$ 357,208	\$ 1,183,923	\$ 7,445,519

EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$ (221,679)	\$ (571,382)
<u>Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:</u>		
Bad debt expense.....	81,000	48,000
Depreciation and amortization.....	1,800	1,667
Change in amortization of contributions receivable discount.....	57,424	(423)
<u>Changes in operating assets and liabilities:</u>		
Contributions receivable.....	(2,758,260)	1,427,504
Other assets.....	(210,310)	(244,589)
Notes receivable.....	-	(1,000,000)
Accounts payable.....	9,314	71,163
Grants payable.....	2,266,944	2,251,562
Other liabilities.....	(7,170)	(3,226)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(780,937)	1,980,276
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments.....	(850,000)	(272,309)
Purchases of property and equipment	-	(2,389)
CASH USED IN INVESTING ACTIVITIES	(850,000)	(274,698)
Net change in cash and cash equivalents.....	(1,630,937)	1,705,578
Cash and cash equivalents, beginning of year.....	9,788,916	8,083,338
Cash and cash equivalents, end of year.....	\$ 8,157,979	\$ 9,788,916

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

EB Research Partnership, Inc. ("EBRP") is a New York not-for-profit corporation. EBRP's mission is curing and treating Epidermolysis Bullosa ("EB") a devastating and rare genetic disease. All funds raised go towards funding research to cure EB. EBRP provides research funding to accelerate research focused on curing and treating EB.

EBRP holds fundraisers in the forms of local events, receptions, and an annual gala, Ventures Into Cures. EBRP also raises funds via online contributions and participation in various charitable athletic events such as marathons and half-marathons.

EBRP employs a venture philanthropy model with all of its research grant making. EBRP retains legal and beneficial rights to intellectual property developed under certain research grants and will share in that revenue stream when the investment becomes commercially viable.

In 2020, EBRP, based in New York, and EB Research Partnership (Australia) Limited ("EBRPAL") have united to become the largest global organization focused on funding research to discover treatments and cures for EB.

As the two leading organizations funding EB research across the globe, EBRP and EBRPAL have formalized their funding partnership in 2020, which began in 2018, with EBRPAL coming under the EBRP banner as "EB Research Partnership Australia." They will leverage EBRP's competitive grant approval process, renowned Scientific Advisory Board, and innovative venture philanthropy business model to compound the impact of research funds. Together, the organizations will work around the clock to propel life-saving therapies into the hands of patients and families.

Effective July 1, 2020 (the Acquisition Date), EBRP became the sole member of EBRPAL in a strategic affiliation which would allow both EBRP and EBRPAL to better achieve their missions by leveraging resources, achieving efficiencies in operations and benefit from synergies between programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of EBRP and EBRPAL (hereinafter collectively "the Organization"), as defined above, is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the consolidated financial statements.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of EBRP and EBRPAL. Accordingly, all intercompany transactions and accounts have been eliminated in consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncements

Effective for the year ended December 31, 2022, the Organization was required to adopt ASU 2020-07, *Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this accounting pronouncement, the Organization presents contributed nonfinancial assets as a separate line item in the accompanying consolidated statements of activities and provides additional disclosures about contributions of nonfinancial assets. These additional disclosures include qualitative information about whether contributed nonfinancial assets were either monetized or utilized during the reporting period, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, and a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition.

Effective for the year ended December 31, 2023, the Organization was required to adopt ASC 326, *Measurement of Credit Losses on Financial Instruments*, for all assets held at amortized cost basis. Under this accounting standard, the pronouncement requires organizations to record an estimate of all expected future credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected.

Consolidated Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. Board-designated net assets include net assets without donor restrictions that have been designated by the board for specific purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donors may stipulate that 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 consolidated statements of activities.

Income Tax Status

EBRP is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to EBRP within the requirements of the Internal Revenue Code.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

EBRP files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. EBRP has determined that it has registered in all states where it is required to be registered.

EBRPAL is a company limited by guarantee, incorporated and domiciled in Australia. No provision for income tax has been raised as EBRPAL is exempt from income tax in Australia under Division 50 of the *Income Tax Assessment Act 1997*.

The Organization evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions for 2023 and 2022.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Investments

Investments includes marketable securities in private company stock and equity securities without readily determinable fair values. Investments in marketable securities are recorded on the trade date and are carried at fair value. Realized and unrealized gains and losses are included in the investment income (loss) on the consolidated statements of activities. Investment income (loss) is reported net of investment expenses. Investments acquired by gift are recorded at their fair values at the date of the gift.

In accordance with the FASB Accounting Standards Update (ASU) 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, equity securities without readily determinable fair value are recorded at their cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. As of each reporting period (December 31st), the Organization performs a qualitative assessment considering impairment indicators to evaluate whether these investments are impaired. There was no impairment loss for the years ended December 31, 2023 and 2022.

Fixed Assets

Office furniture, equipment and software are carried at cost if purchased, or if acquired in in-kind, at their fair value at the date of the gift. Any expenditure over \$1,000 individually, in these categories is capitalized. Costs incurred for repairs and maintenance are charged to expense as incurred. Fixed assets are depreciated using the straight-line basis over the following estimated useful lives:

Office equipment.....	5 years
Software.....	3 years
Computers and equipment.....	3 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair Value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Organization must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets and liabilities), Level 2 (valued based on observable market based inputs or unobservable inputs that are corroborated by market data) or Level 3 (valued based on unobservable inputs that are not corroborated by market data) measurements within the fair value hierarchy.

Revenue Recognition

Contributions: All contributions are considered available for the Organization's general programs unless specifically restricted by donors. Contributions including unconditional promises to give (pledges) are recognized as revenues in the period received. Conditional promises to give contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation and are recognized when they become unconditional, that is, when the conditions on which they depend are substantially met.

Special Events: The Organization holds special events to provide additional support for its operations. Revenue from special events is recognized when performance obligations are satisfied, which is at the time the events take place. Costs incurred for which donors receive a direct benefit, exchange transactions, have been offset against the revenue in the consolidated statements of activities. Other costs related to the events for which the donor does not receive a direct benefit are included within fundraising costs in the consolidated statements of functional expenses.

In-Kind Contributions and Contributed Services

The Organization recognizes the fair value of in-kind contributions and contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from Board members and a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but do not meet the criteria for financial statement recognition. See Note 11.

Contributions Receivable

Unconditional promises to give by donors (contributions receivable) are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allowance for Doubtful Accounts

Management must make estimates of the collectability of contributions receivable. Management considers past payment experience and historical trends when assessing the adequacy of allowance for doubtful accounts. Management has determined that allowance for doubtful accounts is not considered necessary as of December 31, 2023 and 2022.

Research Grants and Grants Payable

The Organization awards medical/scientific grants. Grants payable represent unconditional obligations of the Organization to provide funds in connection with research grant agreements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, salaries and benefits, a portion of office expense, and occupancy have been allocated among the programs and supporting services benefited. Salary and benefits are allocated based on time and effort. A portion of office expense and occupancy have been allocated based on full time equivalency. The remaining expenses are directly charged.

Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

The assets and liabilities of EBRPAL, which are stated in Australian dollars, are translated to U.S. dollars ("USD") using the exchange rate in effect at the date of the consolidated statements of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements.

Measurement of Operations

The Organization uses an operating measure that includes all operating revenues and expenses that are an integral part of its programs and supporting activities to support operating expenditures. The measure of operations excludes foreign currency translation loss defined as an other item.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Events Occurring After the Report Date

The Organization has evaluated events and transactions that occurred between January 1, 2024 and June 10, 2024, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, EBRPAL granted EBRP \$208,666 and \$358,107 to further life-saving research for EB, respectively. These amounts were eliminated upon consolidation in the accompanying consolidated statements of activities.

Notes receivable at December 31, 2023 and 2022 are from Phoenicis Therapeutics, Inc., a privately held company, where the board chairman also served as the board chairman of EBRP for the year ended December 31, 2021. During the year ended December 31, 2022, the board chairman stepped down to the role of emeritus chairman. See Note 5.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported at fair value using a risk-adjusted discount rate that is appropriate for the expected collection period. Contributions receivable, net, are summarized as follows as of December 31,:

	2023	2022
Amounts due in:		
One year or less.....	\$ 1,760,756	\$ 320,996
Two to five years	1,237,500	-
Gross contributions receivable	2,998,256	320,996
Less present value adjustment	(57,424)	-
Contributions receivable, net.....	\$ 2,940,832	\$ 320,996
Discount rate.....	4.23%	N/A

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 5 - NOTES RECEIVABLE

During the year ended December 31, 2021 EBRP entered into two convertible term promissory notes with Phoenicis Therapeutics, Inc. During the year ended December 31, 2022, EBRP entered into another convertible term promissory note with Phoenicis Therapeutics, Inc. The notes total \$3,577,000 and accrue interest at 7% per annum. Interest accrued on the balance during the years ended December 31, 2023 and 2022 totaled \$250,390 and \$198,609, respectively. The principal, together with any unpaid and accrued interest are due and payable on August 31, 2024. In the event the principal balance and accrued interest is not paid at the maturity date, the notes will be converted into fully paid and nonassessable shares of the same series of preferred stock or common stock of Phoenicis Therapeutics, Inc., depending on the conversion method at time of maturity.

NOTE 6 - INVESTMENTS

A summary of investments held is as follows as of December 31,:

Marketable securities:	<u>2023</u>	<u>2022</u>
Privately held stock.....	\$ 38,882	\$ 38,882
Equity securities without readily determinable fair values (a)	9,331,411	8,481,411
Total	<u>\$ 9,370,293</u>	<u>\$ 8,520,293</u>

(a) Investments in equity securities without readily determinable fair values represent programmatic investments, which consisted of preferred stock and common stock in six privately held companies. During February 2021, three of the six privately held companies merged with Phoenicis Therapeutics, Inc. resulting in a dilution of shares of approximately 32%. Voting rights in the three privately held companies range from approximately 5% - 16%. The Organization does not have the ability to exercise significant influence over operating and financial policies of these companies.

Investments are presented in the consolidated statements of financial position at fair value. A fair value hierarchy has been established based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value levels:

- Level 1 - quoted prices for identical instruments in active markets;
- Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs for which are observable; and
- Level 3 - instruments the significant inputs for which are unobservable.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 6 - INVESTMENTS (continued)

For the private company stock, the fair value has been estimated using the market approach under the precedent transaction method by considering the sale price of shares in a recent financing.

Assets measured at fair value on a recurring basis include marketable securities are considered Level 2 investments.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment holdings could occur in the near term and that change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

EBRP's philanthropic investments are in privately held biotech companies. During 2022, in conjunction with the overall increase in the investment markets, companies in the biotech industry experienced significant declines in valuation due to rising interest rates and inflation, economic conditions, and general market volatility. Management believes that the underlying financial indicators of the held investments remain strong, the biotech market will rebound, and the decline in market value of their closely held portfolio is temporary in nature. Although market conditions changed, there has not been a change in the companies' price per share for new and existing investors in 2023. As such, no impairment has been recorded on EBRP's investments for the years ended December 31, 2023 and 2022.

NOTE 7 - GRANTS PAYABLE

The Organization awards grants to research institutions to find treatments and a cure for EB. Grants awarded but unpaid were \$6,774,846 and \$4,507,902 as of December 31, 2023 and 2022, respectively.

NOTE 8 - BOARD DESIGNATED NET ASSETS

The composition of board-designated net assets as of both December 31, 2023 and 2022 includes \$1,520,355 and \$2,370,355, respectively, of designated funds for philanthropic investments.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 net assets with donor restrictions totaled \$2,917,576, of which \$2,417,576 were restricted for time and \$500,000 were purpose restricted. As of December 31, 2022, net assets with donor restrictions totaled \$616,000, of which \$116,000 were restricted for time and \$500,000 were purpose restricted. During the years ended December 31, 2023 and 2022, \$148,424 and \$2,025,244 of net assets were released from restrictions, respectively.

EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 10 - CONCENTRATIONS

The Organization maintains cash in bank accounts with what it believes to be quality financial institutions that are insured by the Federal Deposit Insurance Corporation. The Organization maintains a cash account that is not covered under Federal Deposit Insurance Corporation. The Organization has not incurred any losses in such accounts to date.

As of December 31, 2023, approximately 90% of total contributions receivable was due from four donors. The largest contributions receivable balance was from a board member and represented 67% of the total balance. For the year ended December 31, 2023, approximately 70% of total revenues was from five separate donors, each representing greater than 2% of total revenues. Both of the top two donors were board members. One of the top donors represented 39% of the total revenues and the second largest donor represented 18% of total revenues.

As of December 31, 2022, approximately 69% of total contributions receivable was due from four donors. For the year ended December 31, 2022, approximately 44% of total revenues was from five separate donors, each representing greater than 5% of total revenues. The top donor was a board member and represented 14% of total revenues.

NOTE 11 - IN-KIND CONTRIBUTIONS

The Organization benefited from in-kind contributions for the years ended December 31, 2023 and 2022. The following represents the value of such services for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Special events expenses	\$ 27,600	\$ -
Legal and professional.....	83,621	300,303
Total.....	<u>\$ 111,221</u>	<u>\$ 300,303</u>

Contributed philanthropic investments are recorded as in-kind donation revenue with a corresponding increase to investments and are valued based on the fair value of the preferred and common stock of the privately held company stock (see Note 6). Contributed special event expenses and legal and professional fees are recorded as in-kind donation revenue with a corresponding increase to special events expense and professional fees expense. The fair value of donated professional fees is based on the fair value of services provided. The fair value of special event expenses is based on the fair value of products and services provided for special events. There were no donor-imposed restrictions on the in-kind contributions.

EB RESEARCH PARTNERSHIP, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2023:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents.....	\$ 8,157,979	\$ 9,788,916
Contributions receivable, net	2,940,832	320,996
Less amounts not available to be used within one year:		
Board-designated assets.....	(1,520,355)	(2,370,355)
Long-term portion of contributions receivable, net	(1,180,076)	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,398,380</u>	<u>\$ 7,739,557</u>

The Organization's policy is to maintain \$1,150,000 of financial assets available within a ninety-day period of time.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS	EB Research Partnership, Inc.	EB Research Partnership (Australia) Limited	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents.....	\$ 7,950,525	\$ 207,454	\$ -	\$ 8,157,979
Contributions receivable.....	1,760,756	-	-	1,760,756
Other assets.....	610,840	491	-	611,331
TOTAL CURRENT ASSETS	10,322,121	207,945	-	10,530,066
Investments.....	9,370,293	-	-	9,370,293
Notes receivable.....	3,577,000	-	-	3,577,000
Contributions receivable, net of present value discount.....	1,180,076	-	-	1,180,076
Fixed assets, net of accumulated depreciation.....	1,578	-	-	1,578
Trademarks.....	15,231	-	-	15,231
Interest in net assets of affiliate.....	201,720	-	(201,720)	-
TOTAL ASSETS	\$ 24,668,019	\$ 207,945	\$ (201,720)	\$ 24,674,244
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable.....	\$ 127,715	\$ 6,225	\$ -	\$ 133,940
Grants payable.....	6,774,846	-	-	6,774,846
Other liabilities.....	-	-	-	-
TOTAL LIABILITIES	6,902,561	6,225	-	6,908,786
Net Assets:				
Without donor restrictions:				
Board designated net assets.....	1,520,355	-	-	1,520,355
Undesignated net assets.....	13,327,527	201,720	(201,720)	13,327,527
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	14,847,882	201,720	(201,720)	14,847,882
With donor restrictions.....	2,917,576	-	-	2,917,576
TOTAL NET ASSETS	17,765,458	201,720	(201,720)	17,765,458
TOTAL LIABILITIES AND NET ASSETS	\$ 24,668,019	\$ 207,945	\$ (201,720)	\$ 24,674,244

See Independent Auditors' Report on Consolidated Financial Statements and Supplementary Information.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS	EB Research Partnership, Inc.	EB Research Partnership (Australia) Limited	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents.....	\$ 9,348,298	\$ 440,618	\$ -	\$ 9,788,916
Contributions receivable.....	313,500	7,496	-	320,996
Other assets.....	399,159	1,862	-	401,021
TOTAL CURRENT ASSETS	10,060,957	449,976	-	10,510,933
Investments.....	8,520,293	-	-	8,520,293
Notes receivable.....	3,577,000	-	-	3,577,000
Contributions receivable, net of present value discount.....	-	-	-	-
Fixed assets, net of accumulated depreciation.....	3,378	-	-	3,378
Trademarks.....	15,231	-	-	15,231
Interest in net assets of affiliate.....	408,843	-	(408,843)	-
TOTAL ASSETS	\$ 22,585,702	\$ 449,976	\$ (408,843)	\$ 22,626,835
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable.....	\$ 90,663	\$ 33,963	\$ -	\$ 124,626
Grants payable.....	4,507,902	-	-	4,507,902
Other liabilities.....	-	7,170	-	7,170
TOTAL LIABILITIES	4,598,565	41,133	-	4,639,698
Net Assets:				
Without donor restrictions:				
Board designated net assets.....	2,370,355	-	-	2,370,355
Undesignated net assets.....	15,000,782	408,843	(408,843)	15,000,782
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	17,371,137	408,843	(408,843)	17,371,137
With donor restrictions.....	616,000	-	-	616,000
TOTAL NET ASSETS	17,987,137	408,843	(408,843)	17,987,137
TOTAL LIABILITIES AND NET ASSETS	\$ 22,585,702	\$ 449,976	\$ (408,843)	\$ 22,626,835

See Independent Auditors' Report on Consolidated Financial Statements and Supplementary Information.

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

SUPPORT AND REVENUE	EB Research Partnership, Inc.			EB Research Partnership Australia (Limited)	Total Before Eliminations	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions			
Contributions.....	\$ 2,363,707	\$ -	\$ 2,363,707	\$ 44,939	\$ 2,408,646	\$ (208,666)	\$ 2,199,980
Fundraising events.....	3,237,199	2,450,000	5,687,199	111,404	5,798,603	-	5,798,603
Less direct expenses of fundraising events.....	(993,091)	-	(993,091)	(59,620)	(1,052,711)	-	(1,052,711)
Investment gain, net.....	552,333	-	552,333	1,894	554,227	-	554,227
In-kind contributions.....	111,221	-	111,221	-	111,221	-	111,221
Other	-	-	-	-	-	-	-
Loss to affiliate.....	(207,123)	-	(207,123)	-	(207,123)	207,123	-
Net assets released from restriction	148,424	(148,424)	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	5,212,670	2,301,576	7,514,246	98,617	7,612,863	(1,543)	7,611,320
EXPENSES							
Program and research.....	5,945,806	-	5,945,806	208,666	6,154,472	(208,666)	5,945,806
Management and general.....	522,157	-	522,157	-	522,157	-	522,157
Fundraising.....	1,267,962	-	1,267,962	84,961	1,352,923	-	1,352,923
TOTAL EXPENSES	7,735,925	-	7,735,925	293,627	8,029,552	(208,666)	7,820,886
OTHER ITEM							
Foreign currency translation loss.....	-	-	-	(12,113)	(12,113)	-	(12,113)
CHANGE IN NET ASSETS	(2,523,255)	2,301,576	(221,679)	(207,123)	(428,802)	207,123	(221,679)
Net assets, beginning of year.....	17,371,137	616,000	17,987,137	408,843	18,395,980	(408,843)	17,987,137
Net assets, end of year.....	\$ 14,847,882	\$ 2,917,576	\$ 17,765,458	\$ 201,720	\$ 17,967,178	\$ (201,720)	\$ 17,765,458

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

SUPPORT AND REVENUE	EB Research Partnership, Inc.			EB Research Partnership Australia (Limited)	Total Before Eliminations	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions			
Contributions.....	\$ 3,235,529	\$ 1,500,000	\$ 4,735,529	\$ 371,521	\$ 5,107,050	\$ (358,107)	\$ 4,748,943
Fundraising events.....	1,370,609	-	1,370,609	437,278	1,807,887	-	1,807,887
Less direct expenses of fundraising events.....	(210,789)	-	(210,789)	(35,982)	(246,771)	-	(246,771)
Investment gain, net.....	283,333	-	283,333	741	284,074	-	284,074
In-kind contributions.....	300,303	-	300,303	-	300,303	-	300,303
Other	1,686	-	1,686	-	1,686	-	1,686
Earnings to affiliate.....	270,077	-	270,077	-	270,077	(270,077)	-
Net assets released from restriction	2,025,244	(2,025,244)	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	7,275,992	(525,244)	6,750,748	773,558	7,524,306	(628,184)	6,896,122
EXPENSES							
Program and research.....	5,904,388	-	5,904,388	358,107	6,262,495	(358,107)	5,904,388
Management and general.....	357,208	-	357,208	-	357,208	-	357,208
Fundraising.....	1,060,534	-	1,060,534	123,389	1,183,923	-	1,183,923
TOTAL EXPENSES	7,322,130	-	7,322,130	481,496	7,803,626	(358,107)	7,445,519
OTHER ITEM							
Foreign currency translation loss.....	-	-	-	(21,985)	(21,985)	-	(21,985)
CHANGE IN NET ASSETS	(46,138)	(525,244)	(571,382)	270,077	(301,305)	(270,077)	(571,382)
Net assets, beginning of year.....	17,417,275	1,141,244	18,558,519	138,766	18,697,285	(138,766)	18,558,519
Net assets, end of year.....	\$ 17,371,137	\$ 616,000	\$ 17,987,137	\$ 408,843	\$ 18,395,980	\$ (408,843)	\$ 17,987,137