

Pediatric Dermatology Research Alliance Inc

**Financial Statements
Together with Independent Auditor's Report**

For the Years Ended December 31, 2024 and 2023



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Donovan CPAs

Independent Auditor's Report

To the Board of Directors
Pediatric Dermatology Research Alliance Inc
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Pediatric Dermatology Research Alliance Inc, (PeDRA), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 positions of PeDRA as of December 31, 2024 and 2023, and the statements of activities and changes in net assets, cash flows, and functional expenses 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 PeDRA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 PeDRA'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 PeDRA'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 PeDRA'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.

A handwritten signature in dark ink, appearing to read "DONOVAN". The signature is stylized with a large, looped "D" and the name "DONOVAN" in all caps.

Donovan CPAs
Indianapolis, Indiana

April 4, 2025

Pediatric Dermatology Research Alliance Inc
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash	\$ 336,307	\$ 371,400
Accounts receivable	282,851	296,370
Prepaid expenses	4,620	-
Total current assets	<u>623,778</u>	<u>667,770</u>
Long-term assets		
Investments	1,013,678	732,256
Total long-term assets	<u>1,013,678</u>	<u>732,256</u>
Total Assets	<u><u>\$ 1,637,456</u></u>	<u><u>\$ 1,400,026</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,681	\$ 8,170
Accrued payroll	75,241	64,499
Accrued payroll-related expenses	3,827	4,567
Accrued grants payable	226,488	312,926
Deferred revenue	174,400	59,950
Total Liabilities	<u>487,637</u>	<u>450,112</u>
Net Assets		
Without donor restrictions	992,031	684,271
With donor restrictions	157,788	265,643
Total net assets	<u>1,149,819</u>	<u>949,914</u>
Total Liabilities and Net Assets	<u><u>\$ 1,637,456</u></u>	<u><u>\$ 1,400,026</u></u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Member dues	\$ 34,389	\$ -	\$ 34,389
Grants and awards	66,023	445,787	511,810
Sponsorships	1,144,358	-	1,144,358
Event registrations	29,440	-	29,440
Contributions	50,695	9,259	59,954
Advertising	1,530	-	1,530
Interest and dividends	35,766	-	35,766
Other income	2,163	-	2,163
Net assets released from restrictions	562,901	(562,901)	-
Total operating revenue	<u>1,927,265</u>	<u>(107,855)</u>	<u>1,819,410</u>
Operating Expenses			
Program services			
Conference	456,997	-	456,997
Outreach and education	326,852	-	326,852
Research	<u>569,725</u>	<u>-</u>	<u>569,725</u>
Total research programs	1,353,574	-	1,353,574
Management and general	<u>311,587</u>	<u>-</u>	<u>311,587</u>
Total operating expenses	<u>1,665,161</u>	<u>-</u>	<u>1,665,161</u>
Non-Operating Income (Expenses)			
Gains (losses) on investments	<u>45,656</u>	<u>-</u>	<u>45,656</u>
Total non-operating income (expenses)	<u>45,656</u>	<u>-</u>	<u>45,656</u>
Net Change in Net Assets	307,760	(107,855)	199,905
Net Assets, Beginning of Year	<u>684,271</u>	<u>265,643</u>	<u>949,914</u>
Net Assets, End of Year	<u>\$ 992,031</u>	<u>\$ 157,788</u>	<u>\$ 1,149,819</u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Member dues	\$ 30,345	\$ -	\$ 30,345
Grants and awards	1,449	536,193	537,642
Sponsorships	966,550	-	966,550
Event registrations	31,696	-	31,696
Contributions	42,517	2,275	44,792
Advertising	2,000	-	2,000
Interest and dividends	26,805	-	26,805
Other income	36	-	36
Net assets released from restrictions	331,885	(331,885)	-
Total operating revenue	<u>1,433,283</u>	<u>206,583</u>	<u>1,639,866</u>
Operating Expenses			
Program services			
Conference	396,820	-	396,820
Outreach and education	300,396	-	300,396
Research	<u>587,396</u>	<u>-</u>	<u>587,396</u>
Total research programs	1,284,612	-	1,284,612
Management and general	<u>347,347</u>	<u>-</u>	<u>347,347</u>
Total operating expenses	<u>1,631,959</u>	<u>-</u>	<u>1,631,959</u>
Non-Operating Income (Expenses)			
Gains (losses) on investments	<u>47,714</u>	<u>-</u>	<u>47,714</u>
Total non-operating revenue (expenses)	<u>47,714</u>	<u>-</u>	<u>47,714</u>
Net Change in Net Assets	(150,962)	206,583	55,621
Net Assets, Beginning of Year	<u>835,233</u>	<u>59,060</u>	<u>894,293</u>
Net Assets, End of Year	<u>\$ 684,271</u>	<u>\$ 265,643</u>	<u>\$ 949,914</u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Conference	Outreach and Education	Research	Total Research Program	Management and General	2024 Totals
Salary and wages	\$ 43,487	\$ 159,633	\$ 128,268	\$ 331,388	\$ 159,736	\$ 491,124
Payroll taxes	3,500	11,375	14,000	28,875	14,875	43,750
Employee benefits	3,457	11,236	13,829	28,522	14,693	43,215
Retirement	1,058	3,439	4,233	8,730	4,498	13,228
Professional fees						
Legal	-	-	-	-	79	79
Accounting	-	-	-	-	29,388	29,388
Honorarium and stipend	33,628	30,662	-	64,290	13,500	77,790
Advertising	4,050	1,794	391	6,235	3,636	9,871
Office	9,722	56,140	18,448	84,310	38,929	123,239
Informational technology	38,616	44,054	6,687	89,357	6,210	95,567
Meetings and travel	17,431	8,519	6,051	32,001	15,242	47,243
Conference and meetings	286,836	-	2,536	289,372	7,879	297,251
Insurance	1,527	-	-	1,527	2,922	4,449
Direct research support	13,685	-	375,282	388,967	-	388,967
Total operating expenses	<u>\$ 456,997</u>	<u>\$ 326,852</u>	<u>\$ 569,725</u>	<u>\$1,353,574</u>	<u>\$ 311,587</u>	<u>\$1,665,161</u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Conference	Outreach and Education	Research	Total Research Program	Management and General	2023 Totals
Salary and wages	\$ 54,849	\$ 166,442	\$ 88,680	\$ 309,971	\$ 194,652	\$ 504,623
Payroll taxes	4,778	14,806	7,933	27,517	17,307	44,824
Employee benefits	5,237	15,696	8,234	29,167	14,392	43,559
Retirement	1,994	5,846	3,023	10,863	5,360	16,223
Professional fees				-		
Legal	-	-	-	-	1,298	1,298
Accounting	-	-	-	-	25,383	25,383
Honorarium and stipend	10,071	9,480	-	19,551	17,000	36,551
Advertising	11,158	2,458	1,500	15,116	6,914	22,030
Office	12,241	56,092	2,801	71,134	35,568	106,702
Informational technology	40,800	8,333	6,055	55,188	7,929	63,117
Meetings and travel	21,278	6,767	9,050	37,095	18,684	55,779
Conference and meetings	192,590	14,476	-	207,066	-	207,066
Insurance	974	-	-	974	2,860	3,834
Direct research support	40,850	-	460,120	500,970	-	500,970
Total operating expenses	<u>\$ 396,820</u>	<u>\$ 300,396</u>	<u>\$ 587,396</u>	<u>\$1,284,612</u>	<u>\$ 347,347</u>	<u>\$1,631,959</u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Statement of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 199,905	\$ 55,621
Adjustments to reconcile changes in net assets to net change in cash from operating activities		
(Gains) loss on investments	(45,656)	(47,714)
Changes in certain assets and liabilities:		
Accounts receivable	13,519	(248,999)
Prepaid expenses	(4,620)	15,963
Accounts payable	(489)	(4,803)
Accrued payroll	10,742	(3,345)
Payroll taxes	(740)	(667)
Accrued grants	(86,438)	44,538
Deferred revenue	114,450	(70,600)
Net change in cash from operating activities	<u>200,673</u>	<u>(260,006)</u>
Investing Activities		
Purchases of investments	(235,766)	(26,804)
Net change in cash from investing activities	<u>(235,766)</u>	<u>(26,804)</u>
Net Change in Cash and Cash Equivalents	(35,093)	(286,810)
Cash and Cash Equivalents, Beginning of Year	<u>371,400</u>	<u>658,210</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 336,307</u></u>	<u><u>\$ 371,400</u></u>

See independent auditor's report and notes to financial statements

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 1 – Nature of Activities

Background

Pediatric Dermatology Research Alliance Inc (PeDRA) is an Indiana non-profit organization with its primary place of business in Portland, Oregon founded in June 2019. PeDRA is a collaborative direct research network, providing a platform from which pediatric dermatologists organize studies and collaborate, while also supporting individuals embarking on early-stage direct research that may or may not benefit from collaboration in future. Pooling resources and linking investigators together multiplies the power of each individual clinician scientist many-fold.

Mission Statement

PeDRA's mission statement is to create, inspire, and sustain direct research to prevent, treat, and cure childhood skin disease.

Vision

Changing lives and healing children with skin disease through collaboration and discovery.

Programs:

PeDRA's major programs are:

- Annual Conference - PeDRA's annual conference welcomes dedicated scientists, partners from industry and government, patients, and advocates to learn, share, and advance direct research that improves the lives of children and families facing the burden of pediatric skin diseases.
- Outreach and Education - PeDRA provides direct research-related education and outreach to those who treat childhood skin disease, patients, parents, and scientists.
- Direct Research - PeDRA is dedicated to accelerating the pace of direct research and equipping health care providers with treatment options that improve patients' lives on a meaningful timeline. PeDRA provides resources to researchers interested in improving the lives of children with skin disease and also provides funding in support of studies, investigators, and important initiatives.

Note 2 – Significant Accounting Policies

Accounting Method

PeDRA's financial statements are prepared on the accrual basis of accounting.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes during the reporting period. Actual results could differ from those estimates.

Subsequent Events

PeDRA evaluated subsequent events through April 4, 2025, which is the date the financial statements were available to be issued. This evaluation determined that there are no subsequent events that necessitated further disclosure in and/or adjustments to the accompanying financial statements.

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 2 – Significant Accounting Policies (continued)

Cash

For the purpose of the statements of cash flows, PeDRA considers all highly liquid instruments with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximates fair value due to the type of investments and the maturity dates. There are no cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount PeDRA's management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to the valuation allowance based on its assessment of the current status of individual student accounts, historical trends, and other pertinent information. At December 31, 2024 and 2023, allowance for bad debt is \$0 and \$0, respectively. For the years ended December 31, 2024 and 2023, bad debt expense is \$0 and \$0, respectively.

Accrued Grants Payable

PeDRA's accrued grants payable are awards that have been approved and not paid at December 31, 2024.

Deferred Revenue

PeDRA's deferred revenue is revenue received for a particular purpose before those services are performed. When associated expenses are incurred, the deferred revenue is released into revenue. Should PeDRA not fulfill the stipulations, the entire amount would be due back. Deferred revenue consists of the following at December 31, 2024:

	<u>2024</u>	<u>2023</u>
Dues	\$ 14,400	\$ 9,950
Sponsorship	160,000	50,000
	<u>\$ 174,400</u>	<u>\$ 59,950</u>

Net Assets

The financial statements are prepared in accordance with Financial Statements of Not-for-Profit Organizations. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are classified as either without or with donor restrictions. The following class of net assets and a brief description is as follows:

Net Assets Without Donor Restrictions – These amounts are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of PeDRA. These amounts also include previously restricted assets where restrictions are met or expire. The net assets without donor restrictions may be used freely at the direction of management to support PeDRA's purpose and operations.

Net Assets With Donor Restrictions – These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expires, the amount is reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Member Dues

Membership dues are recognized as revenue on a straight-line amortized basis over the applicable membership period. The membership year coincides with PeDRA's year end. Amounts received prior to year end are reported as deferred revenue in the statements of financial position.

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 2 – Significant Accounting Policies (continued)

Grants and Awards

Grants and awards are conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when PeDRA has incurred expenditures in compliance with specific grant or award provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Event Registrations

Event registration fees are recognized as revenue when the event occurs. Amounts received prior to events are reported as deferred revenue in the statements of financial position.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of the donor restrictions. Contributions are recorded when the unconditional promise to give is made. PeDRA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Expense Allocation

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services that benefit.

Advertising Expense

PeDRA expenses advertising costs as they incur. Advertising expense for the years ended December 31, 2024 and 2023 is \$9,871 and \$22,030, respectively.

Income Taxes

PeDRA is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is made in the financial statements. PeDRA is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Generally accepted accounting principles in the United States require PeDRA to examine its tax positions for uncertain positions. PeDRA is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities.

PeDRA's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, which totals \$0 for the years ended December 31, 2024 and 2023. PeDRA's federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Reclassification

Certain accounts in the 2023 financial statements are reclassified for comparative purposes to conform with the presentation in the 2024 financial statements. Total assets, liabilities, net assets, and changes in net assets are unchanged due to these reclassifications.

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 3 – Investments and Fair Value

PeDRA adopted the provisions of Fair Value Measurements (Fair Value) for measurement of investments that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair Value is defined as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Interest earned is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sales of investments are determined using the specific-identification method. Realized and unrealized gains and losses on investments are included in the statement of activities.

Fair Value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PeDRA has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

PeDRA does not have any Level 2 or 3 investments for the year ended December 31, 2024. A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

- Short-term financial instruments – The fair value of short-term financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximates their carrying value due to the short-term nature of these instruments. PeDRA's investments primarily consist of money market funds, stocks, and mutual funds. The investments are carried at fair value on quoted prices in active markets (all Level 1 measurements) and traded in active exchange markets, such as the New York Stock Exchange.

PeDRA's investments consist of the following as of December 31st:

December 31, 2024			
	Costs or Donated Value	Market Value	Unrealized Gain (Loss)
Money Market Funds	\$ 661,052	\$ 661,052	\$ -
Stocks	300,435	352,625	52,190
	<u>\$ 961,487</u>	<u>\$ 1,013,677</u>	<u>\$ 52,190</u>
December 31, 2023			
	Costs or Donated Value	Market Value	Unrealized Gain (Loss)
Money Market Funds	\$ 431,821	\$ 431,821	\$ -
Stocks	241,471	300,435	58,964
	<u>\$ 673,292</u>	<u>\$ 732,256</u>	<u>\$ 58,964</u>

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 3 – Investments and Fair Value (Continued)

Included in gains (losses) on investments on the statements of activities and changes net assets are the following gains and losses for the year ended December 31st:

	<u>2024</u>	<u>2023</u>
Unrealized gains (Loss)	\$ 45,656	\$ 47,714
Realized gains (Loss)	-	-
	<u>\$ 45,656</u>	<u>\$ 47,714</u>

Note 4 – Net Assets With Donor Restrictions

The net asset with donor restrictions class includes assets related to donor-imposed restrictions that have not been met, whether for a specified purpose or for later periods of time, or after specified dates. These net assets with donor restrictions are comprised of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Subject for specific purpose		
Specified restrictions	\$ 30,326	\$ 14,012
Fellowship	-	78,613
Research	4,250	-
Mentorship	67,500	50,000
Annual support	55,712	123,018
Total Net Assets With Donor Restrictions	<u>\$ 157,788</u>	<u>\$ 265,643</u>

Net assets that were released from donor restrictions by satisfying the purpose or time restrictions specified by the donors is as follows at December 31st:

	<u>2024</u>	<u>2023</u>
Subject for specific purpose		
Specified restrictions	\$ 177,995	\$ 189,283
Fellowship	188,613	73,283
Research	-	4,319
Mentorship	12,499	-
Annual support	183,794	65,000
Total Net Assets With Donor Restrictions Released		
From Restrictions	<u>\$ 562,901</u>	<u>\$ 331,885</u>

Pediatric Dermatology Research Alliance Inc
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

Note 5 – Liquidity Management

PeDRA's liquidity management consists of the following quantitative and qualitative measurements:

Quantitative Measurement - PeDRA's resources available for general use within one year at December 31, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Financial assets	\$ 1,637,456	\$ 1,400,026
Not available within one year (prepaid expenses)	<u>(4,620)</u>	<u>-</u>
Total financial assets at year end	1,632,836	1,400,026
Less current obligations	(487,637)	(450,112)
Less restricted net assets	<u>(157,788)</u>	<u>(265,643)</u>
Financial assets available for general use within one year	<u><u>\$ 987,411</u></u>	<u><u>\$ 684,271</u></u>

Qualitative Measurement - PeDRA receives a significant amount of its support through grants. Because these grants require resources to be used in a particular manner or in a future period, PeDRA must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year. In the course of business, management structures PeDRA's financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal to approximately six months of operating expenses. Should PeDRA have operating shortfalls, investments are available.

Note 6 – Retirement Plan

PeDRA established a 401(k) plan. Full-time employees become eligible for enrollment in the plan on the first day of the calendar month following the completion of 12 months of continuous employment. Other terms of the plan are contained in the plan documents. PeDRA matches the employee's contribution up to the first 3%, then matches 50% to the employee's additional 2% contribution per paycheck. There are no vesting requirements for the plan and normal IRA withdrawal rules apply. For the years ended December 31, 2024 and 2023, PeDRA's 401(k) matching contribution expense is \$13,228 and \$16,223, respectively.

Note 7 – Concentration In Credit Risk

PeDRA maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for those accounts that earn interest and unlimited coverage on those accounts that are non-interest bearing. The total uninsured balances in these accounts as of December 31, 2024 and 2023 are \$86,307 and \$121,400, respectively.

Pediatric Dermatology Research Alliance Inc
Schedule of Lead Auditor
For the Years Ended December 31, 2024 and 2023

Auditor Information: Donovan CPAs
9292 N. Meridian Street, Suite 150
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