



Sonnenberg & Company, CPAs

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Leonard C. Sonnenberg, CPA

**P.R.I.S.M.S., Inc.
Parents and Researchers
Interested in Smith-Magenis Syndrome
Audited Financial Statements
Year Ended December 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
P.R.I.S.M.S., Inc.

Opinion

We have audited the accompanying financial statements of P.R.I.S.M.S., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, cash flows, and functional expenses for the year 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 P.R.I.S.M.S., Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 P.R.I.S.M.S., Inc. 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 P.R.I.S.M.S., 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 P.R.I.S.M.S., 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 P.R.I.S.M.S., 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.

Report on Summarized Comparative Information

We have previously audited P.R.I.S.M.S., Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 31, 2026

Sonnenberg & Co. CPAs

P.R.I.S.M.S., Inc.
Statement of Financial Position
December 31, 2025
(With Comparative Financial Information as of December 31, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 226,505	\$ 155,550
Contributions receivable	5,507	7,459
Inventory	6,854	4,526
Prepaid expenses	8,718	8,901
Investments	442,189	413,245
Cash surrender value of donor life insurance policy	20,380	18,716
TOTAL ASSETS	\$ 710,153	\$ 608,397
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,040	\$ 10,428
Total Liabilities	7,040	10,428
Net Assets		
Without donor restrictions	597,769	572,769
With donor restrictions	105,344	25,200
Total net assets	703,113	597,969
TOTAL LIABILITIES AND NET ASSETS	\$ 710,153	\$ 608,397

The accompanying notes are an integral part of these financial statements

P.R.I.S.M.S., Inc.
Statement of Activities
For The Year Ended December 31, 2025
(With Summarized Comparative Financial Information for the Year Ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
SUPPORT & REVENUE				
Contributions	\$ 88,428	\$ 156,467	\$ 244,895	\$ 264,932
Conference & symposium registrations	2,750		2,750	69,500
Special events revenue & contributions	151,273		151,273	91,520
Less: cost of direct benefits to donors	(8,071)		(8,071)	(11,985)
Contributed nonfinancial assets	12,340		12,340	32,764
Books & promotional items sales (net)	7,223		7,223	2,084
Other income-COVID payroll tax credit	7,000		7,000	-
Net investment return	32,770		32,770	33,721
Net assets released from restrictions	76,323	(76,323)	-	-
Total support & revenue	<u>370,036</u>	<u>80,144</u>	<u>450,180</u>	<u>482,536</u>
EXPENSES				
Program services	218,712		218,712	427,283
Management & general	99,976		99,976	90,177
Fundraising	26,348		26,348	36,852
Total expenses	<u>345,036</u>	<u></u>	<u>345,036</u>	<u>554,312</u>
Change in net assets	25,000	80,144	105,144	(71,776)
Net assets, beginning of year	<u>572,769</u>	<u>25,200</u>	<u>597,969</u>	<u>669,745</u>
Net assets, end of year	<u><u>\$ 597,769</u></u>	<u><u>\$ 105,344</u></u>	<u><u>\$ 703,113</u></u>	<u><u>\$ 597,969</u></u>

The accompanying notes are an integral part of these financial statements

P.R.I.S.M.S., Inc.
Statement of Cash Flows
For The Year Ended December 31, 2025
(With Comparative Financial Information for the Year Ended December 31, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 105,144	\$ (71,776)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(11,023)	(4,481)
Change in cash surrender value of donor life insurance policy	(1,664)	(3,133)
(Increase) decrease in:		
Contributions receivable	1,952	(4,709)
Inventory	(2,328)	(3,554)
Prepaid expenses	183	(1,040)
Increase (decrease) in:		
Accounts payable	(3,388)	7,569
Grants payable	-	(18,750)
Net cash provided by (used in) operating activities	<u>88,876</u>	<u>(99,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	50,000
Reinvestment of investment income	<u>(17,921)</u>	<u>(25,411)</u>
Net cash provided by (used in) investing activities	<u>(17,921)</u>	<u>24,589</u>
Net increase (decrease) in cash	70,955	(75,285)
Cash, beginning of year	<u>155,550</u>	<u>230,835</u>
Cash, end of year	<u>\$ 226,505</u>	<u>\$ 155,550</u>

The accompanying notes are an integral part of these financial statements

P.R.I.S.M.S., Inc.
Statement Of Functional Expenses
For The Year Ended December 31, 2025
(With Summarized Comparative Financial Information for the Year Ended December 31, 2024)

	Program Services	Management & General	Fund Raising	2025 Total	2024 Total
EXPENSES:					
Accounting & audit	\$	\$ 20,151	\$	\$ 20,151	\$ 19,949
Bank service charges		51	2,822	2,873	9,880
Conference				-	287,176
Consultants	36,375			36,375	3,875
Contract labor-administrative	20,043	27,234		47,277	25,620
Cost of direct benefits to donors			8,071	8,071	11,985
Contributed assets	504		11,836	12,340	16,491
Dues & subscriptions	1,818	4,152	5,166	11,136	9,869
Insurance		3,701		3,701	3,671
Miscellaneous	1,863	2,606		4,469	6,013
Research grants	13,842			13,842	20,938
Salary & related-Executive Director	83,216	22,191	5,548	110,955	103,494
Scholarships	15,028			15,028	-
Supplies	345	411		756	11,944
Postage & delivery	678	1,268	25	1,971	6,299
Printing & reproduction	3,755	2,011		5,766	7,851
Technology	20,831	4,519		25,350	7,460
Travel	20,414	11,681	951	33,046	13,782
Total expenses by function	\$ 218,712	\$ 99,976	\$ 34,419	\$ 353,107	\$ 566,297
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors			(8,071)	(8,071)	(11,985)
Total expenses included in the expense section on the statement of activities	\$ 218,712	\$ 99,976	\$ 26,348	\$ 345,036	\$ 554,312

The accompanying notes are an integral part of these financial statements

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 1. Organization:

P.R.I.S.M.S., Inc., an acronym for Parents and Researchers Interested in Smith-Magenis Syndrome, is a nonprofit organization incorporated in February 1993 in the Commonwealth of Virginia. P.R.I.S.M.S., Inc. is dedicated to providing information and support to families of persons with Smith-Magenis Syndrome (SMS), sponsoring research and fostering partnerships with professionals to increase awareness and understanding of SMS.

SMS is a rare chromosome deletion syndrome estimated to occur in one out of every 15,000 births. While only a small number of individuals have been identified, improved molecular cytogenetic techniques and improved awareness causes the number of persons identified every year to grow.

P.R.I.S.M.S., Inc. serves as a central clearinghouse of information about SMS, providing a range of services: telephone support, counseling, database of registered families, newsletters, and information packets for caregivers and medical professionals. P.R.I.S.M.S., Inc. engages individuals with medical and scientific expertise to serve on its Professional Advisory Board and funds research. An international conference is planned for every two-three years. P.R.I.S.M.S., Inc. is supported by contributions and conference registration fees.

Note 2. Significant Accounting Policies:

Basis of Financial Presentation: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At that point in time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 2. Significant Accounting Policies (continued):

Revenue and Revenue Recognition: P.R.I.S.M.S., Inc. recognizes conference and research symposium registration fees when the event has occurred. Contributions are recognized when the donor makes a promise to give to P.R.I.S.M.S., Inc. that is in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents: P.R.I.S.M.S., Inc. has defined cash and cash equivalents as cash in banks and highly liquid investments with an initial maturity of three months or less, except for those amounts held by P.R.I.S.M.S., Inc.'s investment managers as part of a long-term strategy. P.R.I.S.M.S., Inc. had no cash equivalents as of December 31, 2025.

Contributions receivable: Contributions receivable are unconditional promises to make future gifts. P.R.I.S.M.S., Inc. recognizes a receivable and contribution revenue at the time the promise is made by the donor if it is verifiable, measurable, and probable of collection. Conditional promises to give, which depend on the occurrence of specified future events, are recognized when the conditions are met. The allowance for uncollectable contributions receivable, if any, is established based on factors such as historical experience and the age of the account balances. All outstanding balances at year end are analyzed for collectability through a review of specific accounts. Based on that analysis, management has determined that no allowance for uncollectable contributions receivable should be established as of December 31, 2025.

Inventory: Inventory consists of *On the Road to Success with SMS* books available for resale and promotional items. Inventory is stated at cost.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements: P.R.I.S.M.S., Inc. measures fair value at the price that would be received upon sale of an asset in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 2. Significant Accounting Policies (continued):

Level 3: Significant unobservable inputs for the asset. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets.

The valuation of P.R.I.S.M.S., Inc.'s investments according to the fair value hierarchy is Level 1.

Contributed Nonfinancial Assets: The estimated fair value of contributed goods and professional services is recorded in the financial statements. Contributed goods are recorded at fair value at the date of donation. Contributed professional services are recognized in the financial statements if the services create nonfinancial assets, require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

P.R.I.S.M.S., Inc. receives donated volunteer services which have not been reflected in the accompanying financial statements because such services do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses: The costs of providing various services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of P.R.I.S.M.S., Inc. Certain categories of expenses are attributed to more than one program or supporting function, requiring allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of estimates of time and effort.

Compensated Absences: Compensated absences for vacation and personal time off have not been accrued. P.R.I.S.M.S., Inc.'s policy is to recognize these costs when actually paid.

Comparative Financial Information: The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with P.R.I.S.M.S., Inc.'s audited financial statements for the year ended December 31, 2024, from which the summarized information was derived. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 2. Significant Accounting Policies (continued):

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates under different assumptions or conditions.

Note 3. Income Tax Status:

P.R.I.S.M.S., Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a 501(c)(3) corporation, P.R.I.S.M.S., Inc. is automatically exempt from the state of Virginia corporate income tax. P.R.I.S.M.S., Inc. qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). P.R.I.S.M.S., Inc. is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that P.R.I.S.M.S., Inc. is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 2025. Management of P.R.I.S.M.S., Inc. has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

Note 4. Liquidity and Availability of Financial Assets:

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

Financial assets at year end:

Cash	\$ 226,505
Contributions receivable	5,507
Investments	442,189
Total financial assets	<u>674,201</u>
Funds subject to donor-imposed restrictions	(105,344)
Financial assets available to meet general expenditures within one year	<u>\$ 568,857</u>

P.R.I.S.M.S., Inc. receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. P.R.I.S.M.S., Inc. must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of P.R.I.S.M.S., Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. P.R.I.S.M.S., Inc. invests cash in excess of daily requirements in fixed income and equity securities.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 5. Concentrations:

Financial instruments that potentially subject P.R.I.S.M.S., Inc. to credit risk consist of cash deposits and contributions receivable. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. At various times during the year there were balances in the bank over the FDIC limit. At December 31, 2025, P.R.I.S.M.S., Inc.'s cash balance is fully insured.

Concentration of credit risk with respect to contributions receivable is limited due to the large number of contributors comprising P.R.I.S.M.S., Inc.'s donor base and their dispersion across different geographic areas. The balances were collected subsequent to year end.

For the year ended December 31, 2025, 14% of P.R.I.S.M.S., Inc.'s contribution revenue came from one donor.

Note 6. Investments:

Investments are held in Vanguard LifeStrategy Income Fund. Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Management believes the exposure of the Fund is not significant and is in accordance with the guidelines established by the Board of Directors.

As of December 31, 2025, investments consist of the following:

Stocks	\$ 43,407
Fixed income	155,941
Short-term reserves	242,794
Other	47
Total	\$ <u>442,189</u>

Note 7. Cash Surrender Value of Donor Life Insurance Policy:

P.R.I.S.M.S., Inc. is the owner and beneficiary of a donated life insurance policy on the life of a supporter. The insured individual donates the cost of the premiums of the policy, which is recognized as contribution revenue. P.R.I.S.M.S., Inc. pays the premiums to the insurance company. The cash surrender value of the policy has been recorded in the statement of financial position in the amount of \$20,380 as of December 31, 2025.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 8. Net Assets With Donor Restrictions:

Net assets with donor restrictions as of December 31, 2025 are as follows:

	Jan. 1, 2025	Additions	Released	Dec. 31, 2025
Subject to expenditure for specified purpose:				
Conference scholarships	\$	\$ 29,061	\$	\$ 29,061
Conference sponsorships		13,904		13,904
SMS Meet-ups	1,306		(350)	956
Summer Scholar Program		15,986	(12,028)	3,958
Awareness & Education-Vanda Pharmaceuticals		32,500	(6,492)	26,008
Symposium		31,823	(25,176)	6,647
Research		2,728	(2,728)	-
Website		19,090	(19,090)	-
Brian Pereira Memorial				
Educational Scholarships to Siblings	16,435	5,868	(3,000)	19,303
Subject to the passage of time:				
Time restrictions-contributions receivable	7,459	5,507	(7,459)	5,507
Total	<u>\$ 25,200</u>	<u>\$ 156,467</u>	<u>\$ (76,323)</u>	<u>\$ 105,344</u>

Note 9. Contributed Nonfinancial Assets:

For the year ended December 31, 2025, P.R.I.S.M.S., Inc. received contributions of nonfinancial assets as follows:

	Revenue recognized	Utilization in programs/activities	Valuation techniques & inputs
Event venue and services	\$ 1,700	Fundraising	Fair value based on cost of similar services
Donated items	10,070	Fundraising	Fair value based on cost of similar products
Unreimbursed expenses	570	Program-conference	Airline tickets, travel receipts
	<u>\$ 12,340</u>		

Contributed nonfinancial assets did not have donor-imposed restrictions.

Note 10. Contract Commitments:

On May 28, 2024, P.R.I.S.M.S., Inc. entered into a contract for hotel room, banquet food and beverage services for the July 2026 international conference. The contract was amended on February 3, 2025. In accordance with the contract, cancelation fees range from \$47,439 if the contract is cancelled prior to May 26, 2025 to \$189,755 if the contract is cancelled after March 24, 2026.

P.R.I.S.M.S., Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 10. Contract Commitments (continued):

On August 14, 2024, P.R.I.S.M.S., Inc. entered into a contract for childcare and youth services during the July 2026 international conference. The fee for services based on the minimum number of participants is \$21,166 with additional fees for increasing the program size. In accordance with the contract, cancelation fees range from \$0 if the contract is cancelled up until eight weeks prior to the event to 100% of program fee if the contract is cancelled within two weeks prior to the event.

Note 11. Date of Management Review:

P.R.I.S.M.S., Inc.'s management has evaluated subsequent events through May 31, 2026, the date the financial statements were available to be issued. Management is not aware of any such subsequent events that would require adjustment to, or disclosures in, the financial statements.