CENTER FOR THE STUDY OF SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2025

CENTER FOR THE STUDY OF SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for the Study of Services
Washington, DC

Opinion

We have audited the financial statements of Center for the Study of Services (the Center), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred present fairly, in all material respects, the financial position of the Center for the Study of Services 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 (GAAS). 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 the Center 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.

Prior Period Financial Statements

The financial statements of the Center as of and for the year ended December 31, 2024 were audited by other auditors whose report, dated August 11, 2025, expressed an unmodified opinion on those financial statements.

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 the Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 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 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 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 the Center'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 the Center'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.

Calibre CPA Group, PLLC

Bethesda, MD
May 5, 2026

CENTER FOR THE STUDY OF SERVICES

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 3,063,291	$ 3,368,727
Investments, at fair value	9,563,381	8,042,412
Accounts and subscriptions receivables, net	5,575,892	6,360,984
Other receivables	61,252	226,416
Inventory	52,241	45,073
Prepaid expenses	307,282	418,824
Total current assets	18,623,339	18,462,436
Non-current assets		
Security deposit	21,587	21,587
Property and equipment	561,740	353,840
Right-of-use asset - operating lease	3,276,917	433,569
Total non-current assets	3,860,244	808,996
Total assets	$ 22,483,583	$ 19,271,432
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 282,582	$ 918,834
Accrued salaries and related expenses	1,037,725	986,637
Operating lease liability, current	3,433,335	532,094
Deferred revenue - subscription	1,084,363	1,315,706
Deferred revenue - healthcare research	1,018,767	779,644
Income taxes payable	1,285	89,585
Total current liabilities	6,858,057	4,622,500
Non-current liabilities		
Operating lease liability, non-current	154,285	-
Total liabilities	7,012,342	4,622,500
Net assets without donor restrictions	15,471,241	14,648,932
Total liabilities and net assets	$ 22,483,583	$ 19,271,432

See accompanying notes to financial statements.

CENTER FOR THE STUDY OF SERVICES

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenue		
Healthcare research	$ 21,929,080	$ 22,219,443
Health plan comparison tools	3,459,594	3,355,624
Subscriptions	1,523,171	1,310,425
Donations to checkbook	1,344,907	1,042,886
Rental income	-	22,627
Investment income, net	603,882	542,572
Other income	110,635	15,309
Total revenue	28,971,269	28,508,886
Expenses		
Program services		
Checkbook Magazine publishing	3,094,300	3,260,167
Health research group-related	15,564,266	15,542,956
Health research group-unrelated	1,657,695	1,608,496
Health information exchange	3,531,593	2,481,389
Supporting services		
Management and general	4,148,036	4,279,589
Fundraising	153,070	140,781
Total expenses	28,148,960	27,313,378
Change in net assets	822,309	1,195,508
Net assets without donor restrictions		
Beginning of year	14,648,932	13,453,424
End of year	$ 15,471,241	$ 14,648,932

See accompanying notes to financial statements.

CENTER FOR THE STUDY OF SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	December 31, 2025							
	Program Services					Support		
	Checkbook	Health Research Group-related	Health Research Group-unrelated	Health Information Exchange	Total Program Services	Management and General	Fundraising	Total Support	Total
Compensation	$ 2,144,556	$ 4,692,954	$ 505,848	$ 2,924,518	$ 10,267,876	$ 2,072,703	$ 54,658	$ 2,127,361	$ 12,395,237
Research and distribution	436,246	6,168,261	772,013	121,460	7,497,980	1,957	33,221	35,178	7,533,158
Postage	130,773	3,979,061	356,856	17	4,466,707	593	65,191	65,784	4,532,491
External vendor fees	-	463,165	-	-	463,165	-	-	-	463,165
Advertising and marketing expenses	59,840	15,265	1,645	2,194	78,944	12,177	-	12,177	91,121
Professional services	152,451	40,762	245	211,805	405,263	267,486	-	267,486	672,749
Software licensing and computer services	40,363	35,511	3,828	231,551	311,253	324,478	-	324,478	635,731
Travel, meals, and conferences	45,850	93,369	9,569	29,959	178,747	35,092	-	35,092	213,839
Rent expense	-	90	10	-	100	429,774	-	429,774	429,874
Depreciation expense	-	-	-	-	-	151,522	-	151,522	151,522
Other general and administrative expenses	81,053	75,828	7,681	10,089	174,651	396,182	-	396,182	570,833
Taxes	3,168	-	-	-	3,168	456,072	-	456,072	459,240
Total expenses	$ 3,094,300	$ 15,564,266	$ 1,657,695	$ 3,531,593	$ 23,847,854	$ 4,148,036	$ 153,070	$ 4,301,106	$ 28,148,960

	December 31, 2024							
	Program Services					Support		
	Checkbook	Health Research Group-related	Health Research Group-unrelated	Health Exchange	Total Program Services	Management and General	Fundraising	Total Support	Total
Compensation	$ 2,175,114	$ 4,889,547	$ 479,647	$ 2,138,431	$ 9,682,739	$ 1,849,878	$ 43,526	$ 1,893,404	$ 11,576,143
Research and distribution	605,459	6,206,446	751,967	130,607	7,694,479	68	38,755	38,823	7,733,302
Postage	180,123	3,828,193	360,388	500	4,369,204	-	55,497	55,497	4,424,701
External vendor fees	-	429,248	-	-	429,248	-	-	-	429,248
Advertising and marketing expenses	32,460	5,095	494	197	38,246	12,518	-	12,518	50,764
Professional services	128,796	74,727	4,863	81,705	290,091	493,062	-	493,062	783,153
Software licensing and computer services	29,830	20,651	2,002	105,454	157,937	316,327	2,560	318,887	476,824
Travel, meals, and conferences	29,917	21,482	2,024	14,302	67,725	38,989	-	38,989	106,714
Rent expense	-	-	-	-	-	445,789	-	445,789	445,789
Depreciation expense	-	-	-	-	-	32,240	-	32,240	32,240
Other general and administrative expenses	78,468	67,567	7,111	10,193	163,339	478,036	443	478,479	641,818
Taxes	-	-	-	-	-	612,682	-	612,682	612,682
Total expenses	$ 3,260,167	$ 15,542,956	$ 1,608,496	$ 2,481,389	$ 22,893,008	$ 4,279,589	$ 140,781	$ 4,420,370	$ 27,313,378

See accompanying notes to financial statements.

CENTER FOR THE STUDY OF SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 822,309	$ 1,195,508
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation and amortization	151,522	32,240
Amortization of operating lease right-of-use asset	279,364	427,416
Net appreciation in fair value on investments	(247,080)	(215,930)
Changes in assets and liabilities		
Accounts and subscriptions receivables, net	785,092	(1,190,914)
Other receivables	165,164	385,127
Inventory	(7,168)	(502)
Prepaid expenses	111,542	(240,098)
Deposit held	-	(4,000)
Income taxes payable	(88,300)	(142,748)
Accounts payable and accrued expenses	(636,252)	362,477
Accrued salaries and related expenses	51,088	156,051
Contract liability, subscription and health care research	7,780	78,904
Operating lease liability payments	(67,186)	(512,867)
Net cash provided by operating activities	1,327,875	330,664
Cash flows from investing activities		
Purchases of investments and reinvestments	(4,432,490)	(4,813,794)
Proceeds from sale of investments	3,125,272	3,899,904
Payment of investment advisory fees	33,329	28,157
Purchases of property and equipment	(359,422)	(300,698)
Net cash used for investing activities	(1,633,311)	(1,186,431)
Net change in cash and cash equivalents	(305,436)	(855,767)
Cash and cash equivalents at beginning of year	3,368,727	4,224,494
Cash and cash equivalents at end of year	$ 3,063,291	$ 3,368,727
Noncash investing activities		
Right-of-use asset	$ 3,520,433	$ -
Lease liability	(3,520,433)	-
	$ -	$ -

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Organization - Center For The Study of Services (the Center), is a non-profit center located in Washington, D.C., conducts and encourages studies of the kind and quality of consumer services available to the public and ways to improve these services, and conducts and encourages studies of other important consumer issues.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Center are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation - The Center follows the accounting requirements of the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Center is required to report information regarding its net assets and its activities according to two categories: 1) net assets without donor restrictions and 2) net assets with donor restrictions.

Net assets without donor restrictions - Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation.

Net assets with donor restrictions - Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts 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. The Center does not currently hold net assets with donor-imposed restrictions.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Center considers all money market funds (not held in the investment portfolio) as cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Adopted - During the year ended December 31, 2025, the Center adopted the provisions of Accounting Standards Update 2025-05, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets* (the Update). The Update provides (1) all entities with practical expedient and (2) entities other than public business entities (PBEs) with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC 606, *Revenue from Contracts with Customers*. The Center has elected to use the practical expedient to assume that current conditions as of the statement of financial position date do not change for the remaining life of the asset and the accounting policy election to consider subsequent collection activity after the statement of financial position date but before the Center's financial statements are available to be issued.

The effective date of the application of this standard is for annual reporting periods beginning December 15, 2025, but the Center adopted the new standard early, using prospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in additional disclosures

Investments - The investment balance consists of amounts held in mutual funds, money market funds, bank certificates of deposit, and fixed income securities which are reported at fair market value in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value are reflected in the statement of activities in the year of change. See Note 3 for a discussion of fair value measurements and investments.

Net investment income is reported on the statements of activities and consists of interest and dividends of $390,131 and $354,799, realized and unrealized capital gains of $247,080 and $215,931, less external and direct internal investment expenses of $33,329 and $28,158 for the years ended December 31, 2025 and 2024, respectively.

Financial Risk - The Center maintains demand deposits and money market funds with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Center. However, the Center has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Center invests in a professionally managed portfolio of fixed income and equity securities. Such investments are exposed to market and credit risks and may be subject to fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Subscriptions Receivables and Allowance for Credit Losses - Accounts receivable consist of amounts that are due from customers, which the Center has unconditional rights to receive payments. Accounts receivables are stated at the amount management expects to collect from outstanding balances.

Subscriptions to Checkbook Magazine are often made on a "bill me" basis and, as such, subscribers may cancel their subscription prior to payments. Accordingly, management accrues an estimate for credit losses based upon historical trends, current conditions and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for credit losses was $1,012 and $1,472 as of December 31, 2025 and 2024, respectively.

Inventory - The Center's merchandise inventory consists of copies of magazine issues and books in storage or on consignment. Inventory is recorded at the lower of cost (determined by the first-in, first-out method) or market value.

Property and Equipment - Property and equipment are stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of activities for the respective period. Depreciation of furniture and fixtures and equipment is computed by using the straight-line method based on an estimated useful life of five years. Leasehold improvements are amortized over the lease term. The Center capitalizes property and equipment with a minimum cost of $5,000.

The Center reviews its long-lived assets, including property and equipment and right-of-use assets, for impairment whenever an event or change in facts and circumstances indicates that their carrying amounts may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. If the carrying amount exceeds the undiscounted cash flows, the assets are determined to be Impaired and an impairment charge is recognized as the amount by which the carrying amount exceeds fair value. There were no impairment charges during the years ended December 31, 2025 and 2024.

Revenue Recognition - At the time new or renewal subscription payments are received, an account is created for contract liability - subscription to reflect that a portion of a subscription's value is owed until the full number of issues included in the subscription has been delivered. The contract liability is calculated as (an approximation of the average price of a subscription divided by the number of issues included in a subscription) times the number of issues still owed.

Revenue related to healthcare research is recognized based on the cost-to-cost measure of progress. Payments received in excess of the cost-to-cost measure are reported as contract liability - healthcare research.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Center recognizes revenue in accordance with the FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended.

Topic 606 outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognize revenue when (or as) the Center satisfies a performance obligation.

The Center generally recognizes revenue over time as contractual performance obligations are performed because of continuous transfer of control to the customer. The continuous transfer of control to the customer is supported by clauses in the contracts that allow the customer to unilaterally terminate the contract for convenience, pay the Center for costs incurred plus a reasonable profit and assume control of any work in process.

For firm-fixed-price contracts, the Center uses the cost-to-cost measure of progress for contracts as it best depicts the transfer of control to the customer, which occurs as costs are incurred on contracts. Under the cost-to-cost measure of progress, progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue, including estimated fees or profits, is recorded proportionally as costs are incurred.

Contract costs include all direct material and labor costs and allocable indirect costs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance, conditions, and estimated profitability, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

For most contracts, the Center provides a significant service of integrating a complex set of tasks and components into a single project. Hence, the entire contract is accounted for as one performance obligation. However, the Center may promise to provide distinct services within a contract, in which case the contract is separated into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised services underlying each performance obligation.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications are considered to exist when the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications typically are for services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if the modifications were part of that existing contract. The effect of a

contract modification on the transaction price and the measure of progress for the performance obligation to which it relates may be recognized as an adjustment to revenue.

The Center has an estimate of completion process in which management reviews the progress and execution of performance obligations. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule, identified risks and opportunities and the related changes in estimated revenues and costs.

Rental Income - Rental income is recognized on a straight-line basis over the rental period.

Leases - At contract inception, the Center determines if a contract is or contains a lease and whether the lease should be classified as an operating or finance lease. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities, and finance leases are included in finance lease ROU asset and finance lease liabilities on the accompanying statements of financial position. There were no finance leases for the years ended December 31, 2025 and 2024.

ROU assets represent the Center's right to use an underlying asset for the lease term and lease liabilities represent the Center's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for operating lease and finance lease payments is recognized on a straight-line basis over the lease term.

The Center elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Contract Balances - The Center's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. The Center's contract liabilities consist of deferred revenue and are presented in the statements of financial position.

	2025	2024	2023
Accounts receivable			
Billed	$ 3,757,606	$ 2,793,875	$ 2,612,644
Unbilled	1,817,966	3,566,745	2,555,149
	$ 5,575,572	$ 6,360,620	$ 5,167,793
Deferred revenue			
Deferred subscription revenue	$ 1,084,363	$ 1,315,706	$ 1,239,889
Health research contracts revenue	1,018,767	779,644	776,999
	$ 2,103,130	$ 2,095,350	$ 2,016,888

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based on labor dollars of the proportion of these costs applicable to each purpose. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of the Center and have been allocated to program services and to supporting services based upon management's best estimates.

Tax Status - The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code Section 501(c)(3) as a publicly supported center. However, income from certain activities not directly related to the Center's exempt purposes, net of deductions, is subject to taxation as unrelated business income. Unrelated business income taxes paid for the years ended December 31, 2025 and 2024 was $396,905 and $476,017, respectively.

U.S. GAAP requires management to evaluate tax positions taken by the Center and recognize an adjustment to net assets if the Center has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Management has evaluated the Center's tax positions and concluded that there are no uncertain tax positions taken or expected to be taken that would require an adjustment to net assets or disclosure in the financial statements. The Center is not under examination by any taxing authority.

Advertising Costs - Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2025 and 2024 were $63,894 and $19,722, respectively.

NOTE 3. FAIR VALUE MEASUREMENTS AND INVESTMENTS

Accounting standards provide the framework for measuring fair value which provides a fair value 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 unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy and their applicability to the Center's portfolio of investments are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

NOTE 3. FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used as of December 31, 2025 and 2024.

Mutual funds: Valued at the closing price as reported by the fund. Mutual funds held by the Center are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Center are deemed to be actively traded.

Exchange traded funds: Valued at the closing price as reported by the fund.

Money market funds: Valued at cost, which approximates fair value.

Fixed income securities: Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 3. FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Center's investments measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Money market funds	$ 3,789,893	$ 3,789,893	$ -	$ -
Fixed income security	1,052,480	1,052,480	-	-
Mutual funds	4,324,341	4,324,341	-	-
Exchange traded funds	396,667	396,667	-	-
	$ 9,563,381	$ 9,563,381	$ -	$ -

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Money market funds	$ 3,266,543	$ 3,266,543	$ -	$ -
Fixed income security	506,297	506,297	-	-
Mutual funds	3,902,414	3,902,414	-	-
Exchange traded funds	367,158	367,158	-	-
	$ 8,042,412	$ 8,042,412	$ -	$ -

NOTE 4. ACCOUNTS AND SUBSCRIPTIONS RECEIVABLES

Accounts and subscriptions receivable were comprised of the following at December 31, 2025 and 2024:

	2025	2024	2023
Billed	$ 3,757,606	$ 2,793,875	$ 2,612,644
Unbilled	1,817,966	3,566,745	2,555,149
Subscriptions	1,332	1,836	4,626
Less: allowance for credit losses	(1,012)	(1,472)	(2,349)
Accounts and subscriptions receivable, net	$ 5,575,892	$ 6,360,984	$ 5,170,070

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2025 and 2024:

	2025	2024
Furniture and fixtures	$ 308,515	$ -
Equipment	459,288	399,253
Leasehold improvements	-	262,108
	767,803	661,361
Less: accumulated depreciation	(206,063)	(307,521)
Property and equipment, net	$ 561,740	$ 353,840

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was $151,522 and $32,240, respectively.

NOTE 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following represents the Center's financial assets at December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 3,063,291	$ 3,368,727
Investments, at fair value	9,563,381	8,042,412
Accounts and subscriptions receivables, net	5,575,892	6,360,984
Other receivables	61,252	226,417
Financial assets available to meet general expenditures over the next twelve months	$ 18,263,816	$ 17,998,540

NOTE 7. LEASE COMMITMENTS

The Center entered into a lease agreement for an office space under an agreement that expires in June 30, 2036.

The lease agreement includes a 12-month rental abatement of approximately $433,000 and an escalation clause that adjusts the annual base rent. It also provides a soft cost allowance of up to $138,930 to reimburse the tenant for moving expenses, cabling costs, and the purchase and installation of furniture, fixtures, equipment, and audiovisual security systems.

In addition to this allowance, the contract offers the option to convert up to three months of the first year's rent abatement, valued at $103,040, into additional soft cost allowance. The Center exercised this option, converting the three months of rent abatement from the first lease year and recognizing a total of $241,970 as an addition to its furniture and fixtures.

NOTE 7. LEASE COMMITMENTS (CONTINUED)

Supplemental qualitative information related to the operating lease are as follows:

Right-of-use asset obtained in exchange for lease obligation	$3,520,516
Weighted-average remaining lease term (in years)	11 years
Weighted-average discount rate	4.57%

Total operating lease expense for the years ended December 31, 2025 and 2024 was $429,874 and $445,789, respectively.

Maturities of the lease liability are as follows for lease years ending December 31:

2026	$ 316,847
2027	324,768
2028	369,875
2029	417,034
2030	427,460
Thereafter	2,782,804
Undiscounted future cash flows	4,638,788
Less: effects of discounting	(1,051,168)
Lease liability recognized	$ 3,587,620

The Center subleases office space that renews annually. During the years ended December 31, 2025 and 2024, the Center received $-0- and $22,628, respectively, in rental income.

NOTE 8. PENSION PLAN

The Center contributes to a defined contribution pension plan covering substantially all of its employees. Contributions are generally made at the rate of 10% of eligible compensation. For the years ended December 31, 2025 and 2024, the Center contributed $791,667 and $731,575 to the plan, respectively.

NOTE 9. CONCENTRATIONS OF CREDIT RISK

The Center places its cash and cash equivalents in a number of financial institutions. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. At times, the deposits may exceed the FDIC insured limit, At December 31, 2025, the balances in the Center's cash accounts exceeded the amount insured by the FDIC by approximately $2,815,000. The Center does not believe these funds are exposed to any significant credit risk.

NOTE 10. CONTINGENCIES

Some of the Center's revenues have been derived from contracts with the U.S. Government. Consequently, the Center is subject to many levels of audit and investigation by various government agencies. Management does not expect the results of such actions to have a material effect on the Center's financial position or results of operations. Although management believes no material findings will result from these actions, these proceedings involve uncertainties that may cause actual results to vary from expectations.

NOTE 11. MAJOR CONTRACTS AND DISAGGREGATION OF REVENUE

The Center disaggregates revenue from contracts with customers by contract type. During 2025 and 2024, the Center had 100% of revenue from firm-fixed-price contracts.

A contract is considered major when the current year's revenue for the contract represents 10% or more of total current year revenue. There were no contracts that represented 10% or more of total current year contract revenue during the years ended December 31, 2025 and 2024. However, four customers accounted for 79% and four customers accounted for 83% of the Center's accounts receivable balance as of December 31, 2025 and 2024, respectively.

NOTE 12. COMPARATIVE FUNCTIONAL EXPENSES STATEMENT

Certain prior year amounts in the functional expenses schedule have been reclassified to conform to the current year presentation. These reclassifications had no impact on total expenses or net assets.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 5, 2026, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.