

BRAINUP, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023

BRAINUP, INC.

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McHenry, Dixon & Nisevich, Ltd.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Brainup, Inc.

Opinion

We have audited the accompanying financial statements of Brainup, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Brainup, Inc. as of December 31, 2023, and the results of its operations 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 Brainup, 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 Brainup, 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, 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.

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 Brainup 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 Brainup, 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.

McHenry, Dixon & Nisevich Ltd

McHENRY, DIXON & NISEVICH, LTD.

May 29, 2024

BRAINUP, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

ASSETS:	
Cash	\$ 944,610
Marketable securities	11,092
Accounts receivable	5,845
Property and equipment (Note 2)	<u>1,276</u>
Total Assets	<u>\$ 962,823</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 3,125
Grants payable	<u>415,580</u>
Total Liabilities	\$ 418,705
NET ASSETS:	
Without donor restrictions:	
Unrestricted	<u>\$ 544,118</u>
Total Liabilities and Net Assets	<u>\$ 962,823</u>

The accompanying notes are an integral part
of these financial statements

BRAINUP, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Unrestricted</u>
SUPPORT AND REVENUE:	
Contributions	\$ 61,431
Special Events Income-net	379,387
Return on Investments	<u>12,066</u>
Total Support and Revenue	\$ 452,884
EXPENSES:	
Program	\$ 503,000
Management and General	<u>10,188</u>
Total Expenses	\$ <u>513,188</u>
CHANGE IN NET ASSETS	\$ (60,304)
NET ASSETS - BEGINNING OF YEAR	<u>604,422</u>
NET ASSETS - END OF YEAR	<u>\$ 544,118</u>

The accompanying notes are an integral part
of these financial statements

BRAINUP, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Contributions to Research Projects	\$503,000	\$ -	\$503,000
Depreciation	-	465	465
Meals	-	377	377
Meetings	-	1,929	1,929
Office Expense	-	1,804	1,804
Professional Fees	-	2,750	2,750
Travel	-	93	93
Website/Internet	-	<u>2,770</u>	<u>2,770</u>
Total Expenses	<u>\$503,000</u>	<u>\$ 10,188</u>	<u>\$513,188</u>

The accompanying notes are an integral part
of these financial statements

BRAINUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (60,304)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	465
Unrealized gain of marketable securities	(5,732)
Noncash contributions	(5,360)
Change in assets-(increase)decrease:	
Accounts receivable	(5,845)
Change in liabilities-increase(decrease):	
Accounts payable	3,125
Grants payable	<u>236,503</u>
Net cash provided (used) by operating activities	\$ <u>162,852</u>
Net increase in cash	\$ 162,852
Cash and cash equivalents, beginning of year	<u>781,758</u>
Cash and cash equivalents, end of year	<u>\$ 944,610</u>

The accompanying notes are an integral part
of these financial statements

BRAINUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1. Nature of Activities and Significant Accounting Policies

Brainup, Inc. is a Delaware not-for-profit organization whose purpose is to bring public awareness to brain cancer, provide reassurance to patients and family members that they are not alone, and raise money for cancer research.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents - For purpose of the Statement of Cash Flow, the Organization considers all highly liquid temporary cash investments with maturities of three months or less to be cash equivalents.

Investments - Investments in marketable securities with readily determinable fair values are valued at their fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

The Organization's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.

Contributions - Contributions, including unconditional promises to give (pledges), are recognized as revenue upon receipt and are considered to be without donor restrictions unless they are received with donor stipulations that limit their use to a future period through either purpose or time restrictions. Contributions with donor stipulations that limit their use to a future period or activity are recognized in net assets with donor restrictions until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled.

Upon the expiration of donor stipulations, net assets with donor restrictions would be reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient promises to give are not recognized until they become unconditional, that is when the barriers in the agreement are overcome.

BRAINUP, INC.
NOTES TO FINANCIAL STATEMENTS
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Contributed Goods and Services - Contributed services are recognized as revenue and expense if the services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue or expenses and are not reported in the accompanying consolidated financial statements.

Functional Expenses - The Organization allocated its expenses on a functional basis among its various programs and supporting activities. Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

Property and Equipment - The Organization capitalizes property and equipment over \$500. Lesser amounts are expenses. Property and equipment is stated at cost or, if donated, at the approximate fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets - normally 5 years.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2023, the Organization had \$212,844 in excess of the FDIC insured limit.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Estimates - In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Pledges to Give - A major purpose of the Organization is fund raising for cancer research. When the Organization makes a pledge to fund a project, it is recorded at the time the pledge is made.

Note 2. Property and Equipment

Property and equipment consists of the following as of December 31, 2023:

Office equipment - at cost	\$ 2,321
Accumulated Depreciation	<u>(1,045)</u>
Net	<u>\$ 1,246</u>

Note 3. Investments

Investments are carried at fair market value and consist of the following:

	<u>Fair Market Value</u>
Publicly traded stock	\$11,092

Total investment return consisted of the following for year ended December 31, 2023:

Interest and dividends	\$ 6,334
Unrealized appreciation of investments	<u>5,732</u>
	<u>\$ 12,066</u>

The Organization has adopted fair value accounting guidance issued by the FASB. Fair Value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. The hierarchy is measured in three levels based on the reliability inputs:

- * Level 1 - Valuations based on quoted prices in active markets for identical assets as of the reporting date.
- * Level 2 - Valuations based on pricing units that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

BRAINUP, INC.
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- * Level 3 - Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The Organization's investment balance of \$11,092 as of December 31, 2023 was comprised of equity securities at the Level 1 input.

Note 4. Special Events

The major fund raiser for the Organization is its annual 5k run/walk. Special events income is stated net of \$159,558 of direct expenses related to the events.

Note 5. Availability of Financial Events

The Organization has no contractual or donor-imposed restrictions as of December 31, 2023 that would reduce the financial assets available for general use within one year.

Note 6. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through May 29, 2024, the date which the financial statements were available to be issued.