

MAKING HEADWAY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

SACCO CPA PLLC

MAKING HEADWAY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Making Headway Foundation, Inc.
Chappaqua, New York

Opinion

We have audited the financial statements of Making Headway Foundation, Inc. (a New York State non-profit organization), which comprise the statements 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 to above present fairly, in all material respects, the financial position of Making Headway Foundation, Inc. as of December 31, 2025, and the changes in its net assets and their 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 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 Making Headway Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Making Headway Foundation, 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 Making Headway Foundation, 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 Making Headway Foundation, 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.

Sacco CPA PLLC

Armonk, New York
August 14, 2026

MAKING HEADWAY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 401,996
Prepaid expenses	12,935
Total Current Assets	<u>414,931</u>

Noncurrent Assets

Investments	3,071,605
Promises to give, net of present value discount	698,995
Security deposits	1,000
Total Noncurrent Assets	<u>3,771,600</u>

TOTAL ASSETS	\$ <u>4,186,531</u>
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LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	1,850
Grants payable	41,252
Total Current Liabilities	<u>43,102</u>

Net Assets

Without donor restrictions	4,032,170
With donor restricted	111,259
Total Net Assets	<u>4,143,429</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,186,531</u>
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See independent auditor's report and notes to the financial statements.

MAKING HEADWAY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions and grants	\$ 621,307	\$ 76,725	\$ 698,032
Donated marketable securities	6,553		6,553
Special events (Less expenses of \$47,295)	602,716	-	602,716
Refund of program expenses	15,926		15,926
Investment income, net	177,615	-	177,615
	<u>1,424,117</u>	<u>76,725</u>	<u>1,500,842</u>
Net assets released from restrictions	65,159	(65,159)	-
	<u>1,489,276</u>	<u>11,566</u>	<u>1,500,842</u>
Total Operating Revenue and Support			
	<u>1,489,276</u>	<u>11,566</u>	<u>1,500,842</u>
Operating Expenses:			
Program services	993,358		993,358
General and administrative	125,190		125,190
Fundraising	61,367	-	61,367
	<u>1,179,915</u>	<u></u>	<u>1,179,915</u>
Total operating expenses			
	<u>1,179,915</u>	<u></u>	<u>1,179,915</u>
INCREASE IN NET ASSETS	<u>309,361</u>	<u>11,566</u>	<u>320,927</u>
NET ASSETS AT BEGINNING OF YEAR	<u>3,722,809</u>	<u>99,693</u>	<u>3,822,502</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,032,170</u>	<u>\$ 111,259</u>	<u>\$ 4,143,429</u>

See independent auditor's report and notes to the financial statements.

MAKING HEADWAY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Programs, direct services and grants	345,996	-	-	345,996
Individual consulting, psycho/ social support	277,508	-	-	277,508
Salaries	246,655	64,370	24,804	335,829
Payroll taxes	20,925	7,040	1,697	29,662
401K expense	19,285	5,223	2,017	26,525
Marketing	20,820	1,175	21,114	43,109
Outside services	16,455	6,424	9,179	32,058
Rent and utilities	18,068	5,421	2,323	25,812
Dues and memberships	19,959	832	-	20,791
State fees, licenses & audit fees	2,540	16,131	-	18,671
Insurance	-	16,030	-	16,030
Office supplies and expenses	1,814	1,853	233	3,900
Travel and meetings	3,333	416	-	3,749
Licenses and fees	-	275	-	275
Total Expenses	<u>\$ 993,358</u>	<u>\$ 125,190</u>	<u>\$ 61,367</u>	<u>\$ 1,179,915</u>

See independent auditor's report and notes to the financial statements.

MAKING HEADWAY FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 320,927
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Donated marketable securities	(6,553)
Net realized (gain) on investments	(6,356)
Net unrealized (gain) on investments	(30,367)
(Increase) Decrease in assets:	
Prepaid Expenses	500
Promises to Give	173,817
Decrease (Increase) in liabilities:	
Accounts payable and accrued expenses	(11,095)
Grants payable	(51,766)
Net Cash from operating activities	<u>389,107</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(3,797,442)
Proceeds from sale of investments	3,331,219
Net cash from investing activities	<u>(466,223)</u>

Net Increase in cash	(77,116)
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Cash and cash equivalents, beginning of the year	<u>479,112</u>
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Cash and cash equivalents, end of year	<u><u>\$ 401,996</u></u>
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Supplemental disclosures of cash flow information:	
Donated marketable securities	<u><u>\$ 6,553</u></u>

See independent auditor's report and notes to the financial statements.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE - 1 SUMMARY OF ORGANIZATION AND NATURE OF BUSINESS ACTIVITIES

Organization:

Making Headway Foundation, Inc. (the "Foundation") was incorporated on September 3, 1996 under Section 1304 of the Not-for-Profit Corporation Law of the State of New York.

The mission of the Foundation is to provide support for the care and comfort of children with brain and spinal cord tumors and their families. In addition, the Foundation funds medical research geared toward better treatments and a cure. The Foundation is supported primarily by individuals and organizations through contributions, grants and special events.

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for not-for-profit organizations

Financial Statement Presentation

Making Headway Foundation, Inc., follows the accounting standards requirements under the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets, depending on the existence and or nature of any donor restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that generally result from contribution revenues generated from fundraising activities, and earnings on investments, reduced by expenses incurred in providing program services, organizing fundraising events, and performing administrative functions, which are not subject to restrictions.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets to be held in perpetuity or for a specified term, with investment return available for operations or specific purposes.

Use of Estimates

The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Foundation's 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 and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

MAKING HEADWAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

Effective January 1, 2025, the Foundation adopted Financial Accounting Standards Board Accounting Standards Codification Topic 326, *Financial Instruments—Credit Losses*, which requires entities to measure expected credit losses on certain financial assets measured at amortized cost and certain off-balance-sheet credit exposures.

As of December 31, 2025, the Foundation's investment consisted of a U.S. Treasury bill carried at fair value. The Foundation had no financial assets measured at amortized cost that required an allowance for credit losses under Topic 326, and adoption of this standard did not have a material effect on the Foundation's financial statements. No cumulative-effect adjustment to opening retained earnings was recorded upon adoption. If the Foundation classifies its U.S. Treasury bill as an available-for-sale debt security, any credit loss assessment is performed under the guidance in Subtopic 326-30; no allowance for credit losses was recorded as of December 31, 2025.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash in checking accounts, savings, and money market accounts as highly liquid investments maturing within 90 days of purchase.

Investments

Investments in mutual funds with readily determined fair values are reported at fair value with unrealized gains and losses included in the statement of activities and net assets.

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The Foundation impairs an investment and recognizes a loss if and when events or circumstances indicate there is impairment in the investment that is other than temporary. The Foundation evaluates investments in nonmarketable securities for impairment utilizing Level 3 fair value inputs.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Deferred Revenue

The Foundation has recorded deferred revenue for program fees that are associated with programs and events occurring in the next year.

MAKING HEADWAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Revenue Recognition

Contributions made to the Foundation are recognized as revenue upon the receipt of cash, other assets, or unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Organization's management or necessary events have taken place.

All other revenues are recognized when earned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. All costs are allocated to each functional category based on various formulas determined by the Board. Program services consist of costs expended to execute and fulfill the purpose of the Foundation. General and administrative expenses are those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Foundation and are allocated by formulas determined by the Board.

Lease and Right-of-Use Assets.

The Foundation determines if an arrangement is a lease or contains a lease at the inception of a contract and when the terms of the existing contract are changed. The Foundation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Foundation has elected the practical expedient not to separate lease and non-lease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable; or otherwise, the Foundation uses its incremental borrowing rate based on the information available at the commencement date for all leases to discount certain lease asset class obligations. The Foundation has also elected to exclude leases with terms of 12 months or less from right-of-use asset and operating lease obligation recognition.

Leases with terms greater than 12 months are recognized as right-of-use assets and lease liabilities at lease commencement. The Foundation has elected the short-term lease exemption for leases with terms of 12 months or less and does not recognize right-of-use assets or lease liabilities for those leases. Short-term lease payments are recognized as lease expense over the lease term.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions of Financial and Non-Financial Assets

Contributions, including unconditional promises to give, are recognized as support when received or pledged and are measured at fair value as of the date of contribution. Contributions are reported as increases in net assets without donor restrictions unless the donor has restricted the use of the contributed assets for a specific purpose or future period, in which case the contributions are reported as increases in net assets with donor restrictions. When a donor restriction is satisfied, 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.

Contributed financial assets, including marketable securities, are recorded at fair value on the date of contribution. Marketable securities with readily determinable fair values are valued based on quoted market prices or other observable market information as of the contribution date. If contributed securities are sold shortly after receipt, any realized gain or loss is recognized based on the difference between the sales proceeds and the fair value recorded on the date of contribution.

Contributed non-financial assets, if received, are recorded at fair value on the date of contribution and are reported as a separate component of contribution revenue in the statement of activities. Contributed non-financial assets may include donated goods, supplies, equipment, use of facilities, services, or other non-cash assets. The Foundation recognizes contributed services only when the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

The Foundation's policy is to use contributed non-financial assets in carrying out its programs and supporting activities when the assets are suitable for such use. Contributed nonfinancial assets may be monetized when the assets are not suitable for use by the Foundation, when sale is more beneficial to the Foundation's programs, or when donor restrictions or other circumstances indicate that monetization is appropriate. Contributed non-financial assets are reported as donor restricted when subject to donor-imposed restrictions. In the absence of donor-imposed restrictions, contributed nonfinancial assets are reported as net assets without donor restrictions.

Going Concern Evaluation

The Foundation's management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Subsequent Events

The Foundation's management has evaluated all other events and/or transactions occurring subsequent to the statement of financial position date for recognition and disclosures in the Foundation's financial statements through August 14, 2026 the date on which the financial statements were available for issue.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, cash equivalents, and investments. The Foundation maintains cash balances at financial institutions that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management monitors the financial institutions with which the Foundation maintains its cash balances and believes the Foundation is not exposed to significant credit risk with respect to these accounts.

The Foundation also maintains investment accounts with brokerage firms. Such accounts include money market funds classified as investments and measured at fair value. Investment balances held at brokerage firms are not insured by the Federal Deposit Insurance Corporation and are subject to custodial and investment credit risk. Management monitors the brokerage firms with which the Foundation maintains its investment accounts and believes the Foundation is not exposed to significant credit risk with respect to these financial instruments.

Risks and Uncertainties

The Foundation invests in marketable securities through managed investment portfolios. The concentration of risk associated with investments in marketable securities is mitigated by the overall diversification of those portfolios. Investment securities are exposed to various risks, including interest rate risk and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statement of Financial Position.

The Foundation receives a significant portion of its contributions from donors located in Westchester County and the surrounding New York metropolitan area. Accordingly, contributions may be affected by changes in economic conditions in that region.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 – PROMISES TO GIVE

In 2014, the Foundation received a promise to give from a charitable remainder trust in the amount of \$3,000,000, payable over a period of fifteen years. As of December 31, 2025, the Foundation has received payments totaling \$2,250,000. The remaining promise to give is recorded in 2025 net present value of \$698,995, after applying a 3% discount rate over the remaining periods.

NOTE 4 – EQUIPMENT

At December 31, equipment is as follows:

Equipment	33,706
Less: Accumulated depreciation	(33,706)
	<u>\$ -</u>

The Foundation's equipment is fully depreciated and has no netbook value

NOTE 5 – DONATED MARKETABLE SECURITIES

Marketable securities donated to the Foundation are recorded as contributions at their fair value at the time of the donation. For the year ended December 31, 2025, donated marketable securities was \$6,553.

NOTE 6 INVESTMENTS

Investments carried at fair value on December 31, 2025 are as follows:

	Fair Value	Cost
Money Market Funds	\$ 2,291,052	\$ 2,291,052
U.S. Treasury Bills	404,843	399,718
Stock and Equity Funds	375,710	208,045
Total	<u>\$ 3,071,605</u>	<u>\$ 2,898,815</u>

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 INVESTMENTS (continued)

Investment income consisted of the following for the year ended December 31:

Interest and dividend income	\$ 140,892
Net realized gains	6,356
Net unrealized gains (loss)	30,367
	<u>\$ 177,615</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

The *Financial Accounting Standards Board ASB Codification Topic 820* provides the framework for measuring fair value. That framework 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).

Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

The three Levels of the fair value hierarchy under FASB Topic 820 are described below:

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

Level 2 Inputs to the valuation methodology include:

- 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
- Inputs that are derived principally from or corroborated by observable market data by correlation of 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.

MAKING HEADWAY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Foundation's own estimate of assumptions market participants would use in pricing the asset or liability. Valuation techniques include the use of discounted cash flows, option pricing models and similar techniques.

The fair value measurement level for an asset or liability is determined based on the lowest level of significant input used in the valuation. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth the Foundation's investments, by Level, within the fair value hierarchy, at fair value as of December 31, 2025, are as follows:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,291,052	\$ -	\$ -	\$2,291,052
U.S. Treasury Bills	404,843	-	-	404,843
Stock and Equity Funds	375,710	-	-	375,710
Total	<u>\$ 3,071,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,071,605</u>

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

Mutual funds:

The Foundation's mutual funds are valued at quoted market prices or published net asset value in active markets and are classified as Level 1 within the fair value hierarchy. There were no transfers between levels during the year ended December 31, 2025.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE – 8 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Foundation structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. As of December 31, 2025, the Organization had cash and cash equivalents of \$401,996, total current assets of \$414,931, total current liabilities of \$43,102, and working capital of \$371,829. The Foundation manages liquidity by monitoring cash and expected expenditures and maintaining financial assets available for general expenditures within one year.

The following table reflects the Organization's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date:

Financial Assets:	
End of year	
Cash	\$ 401,996
Total	<u>401,996</u>
Less those unavailable for general expenditures within one year	(111,259)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 290,737</u>

NOTE 9 - PENSION BENEFITS

The Foundation sponsors a Defined Contribution Plan 401(k). All employees regardless of age or length of service are eligible to participate.

The Foundation contributes 5% of the employees' annual wages. Pension expense for the year ended December 31, 2025 was \$26,525.

NOTE-10 LEASES

The Foundation leases office space under lease arrangements with terms of 12 months or less. The Foundation has elected the short-term lease recognition exemption under ASC 842 for its office lease and, accordingly, does not recognize a right-of-use asset or lease liability for leases that qualify for this election. Lease payments are recognized as rent expenses on a straight-line basis over the term of the lease. For the year ended December 31, 2025, short term lease costs was \$20,848. As of December 31, 2025, management determined it was not reasonably certain that the Foundation would renew the office lease beyond August 31, 2026, accordingly the renewal option was not included in the lease term.

MAKING HEADWAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE -11 INCOME TAX STATUS AND ACCOUNTING FOR UNCERTAINTIES FOR INCOME TAXES

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Foundation is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2022.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability or asset if the Foundation has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Board of Directors has evaluated the Foundation's tax positions and concluded that, as of December 31, 2025, there are no uncertain tax positions taken or expected to be taken that require recognition of a liability or asset or disclosure in the financial statements.