

PHOENIX BIOINFORMATICS  
CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED  
DECEMBER 31, 2025 AND 2024



**ATHERTON**  
& ASSOCIATES, LLP

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Tax • Assurance • Consulting

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INDEPENDENT AUDITOR'S REPORT

April 29, 2026

Audit Committee  
Phoenix Bioinformatics Corporation  
Fremont, California

**Opinion**

We have audited the financial statements of Phoenix Bioinformatics Corporation (the Corporation), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the Corporation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Corporation 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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 Corporation'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 Corporation'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.

*Atherton & Associates, LLP*

**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

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ASSETS

	<u>2025</u>	<u>2024</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 376,453	\$ 304,808
Restricted cash	69,872	110,682
Accounts receivable	41,079	22,263
Grants receivable	26,309	72,741
Prepaid expenses	28,346	12,709
Investments	<u>1,096,962</u>	<u>1,045,180</u>
Total current assets	<u>1,639,021</u>	<u>1,568,383</u>
 <b>EQUIPMENT</b>		
Database and software	2,568,048	2,429,847
Computers	<u>44,686</u>	<u>43,016</u>
	2,612,734	2,472,863
Less accumulated depreciation	<u>1,836,416</u>	<u>1,680,311</u>
Total equipment, net	<u>776,318</u>	<u>792,552</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 2,415,339</u></u>	 <u><u>\$ 2,360,935</u></u>

**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

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LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 25,054	\$ 52,053
Accrued vacation	112,874	132,910
Accrued liabilities	36,641	53,195
Funds held on behalf of others	69,872	110,682
Deferred revenue	<u>605,119</u>	<u>602,724</u>
Total current liabilities	<u>849,560</u>	<u>951,564</u>
LONG-TERM LIABILITIES, Deferred revenue	<u>110,764</u>	<u>79,796</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated funds	571,584	571,584
Undesignated funds	<u>883,431</u>	<u>757,991</u>
Total net assets	<u>1,455,015</u>	<u>1,329,575</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,415,339</u></u>	<u><u>\$ 2,360,935</u></u>

**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

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	<u>2025</u>	<u>2024</u>
<b>REVENUE AND SUPPORT</b>		
Subscription revenue	\$ 1,761,747	\$ 1,646,532
Consulting services	-	1,000
Grant revenue	434,081	441,311
Contributions	5,500	-
	<hr/>	<hr/>
Total revenue and support	2,201,328	2,088,843
	<hr/>	<hr/>
<b>OTHER REVENUE</b>		
Interest and dividend income	32,676	30,747
Other income	3,794	4,266
Net realized and unrealized gain on investments	66,028	54,821
	<hr/>	<hr/>
Total other revenue	102,498	89,834
	<hr/>	<hr/>
Total revenue, support and other revenue	2,303,826	2,178,677
	<hr/>	<hr/>
<b>EXPENSES</b>		
Program services	1,448,303	1,410,806
General and administrative	730,083	669,816
	<hr/>	<hr/>
Total expenses	2,178,386	2,080,622
	<hr/>	<hr/>
Change in net assets	125,440	98,055
	<hr/>	<hr/>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR</b>	<hr/> 1,329,575	<hr/> 1,231,520
	<hr/>	<hr/>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR</b>	<hr/> \$ 1,455,015	<hr/> \$ 1,329,575
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**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2025**

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	Program Services	General and Administrative	Total
Bank charges and fees	\$ 4,079	\$ 825	\$ 4,904
Conferences and meeting expenses	22,218	10,626	32,844
Depreciation	152,663	3,442	156,105
Dues and subscriptions	91,666	14,089	105,755
Employee benefits	122,077	94,031	216,108
Liability insurance	673	1,815	2,488
Outside contract services	25,142	-	25,142
Payroll taxes	71,974	40,649	112,623
Postage and delivery	196	450	646
Professional fees	59,125	16,413	75,538
Rent, parking, and utilities	368	277	645
Salaries and wages	862,011	541,788	1,403,799
Supplies	12,351	353	12,704
Telephones	334	235	569
Training	2,172	1,691	3,863
Travel	19,996	2,450	22,446
Workers compensation insurance	1,258	949	2,207
TOTAL EXPENSES	\$ 1,448,303	\$ 730,083	\$ 2,178,386

**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

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	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Bank charges and fees	\$ 6,098	\$ 389	\$ 6,487
Conferences and meeting expenses	25,482	5,388	30,870
Depreciation	169,294	4,828	174,122
Dues and subscriptions	74,033	13,887	87,920
Employee benefits	105,939	83,808	189,747
Liability insurance	1,112	1,638	2,750
Outside contract services	32,413	-	32,413
Payroll taxes	66,647	36,811	103,458
Postage and delivery	745	474	1,219
Professional fees	23,723	27,826	51,549
Rent, parking, and utilities	383	207	590
Salaries and wages	867,510	486,838	1,354,348
Supplies	5,279	933	6,212
Telephones	331	127	458
Training	114	208	322
Travel	29,748	5,401	35,149
Workers compensation insurance	1,955	1,053	3,008
	<u>\$ 1,410,806</u>	<u>\$ 669,816</u>	<u>\$ 2,080,622</u>

**PHOENIX BIOINFORMATICS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 125,440	\$ 98,055
Adjustment to reconcile changes in net assets to net cash and restricted cash provided by operating activities:		
Depreciation	156,105	174,122
Interest and dividends on investments	(32,676)	(30,747)
Net realized and unrealized gain on investments	(66,028)	(54,821)
(Increase) decrease in operating assets:		
Accounts receivable	(18,816)	(14,093)
Grants receivable	46,432	61,611
Prepaid expenses	(15,637)	14,627
Increase (decrease) in operating liabilities:		
Accounts payable	(26,999)	6,480
Accrued vacation	(20,036)	24,037
Accrued liabilities	(16,554)	912
Funds held on behalf of others	(40,810)	346
Deferred revenue	33,363	72,693
Net cash provided by operating activities	<u>123,784</u>	<u>353,222</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(139,871)	(347,795)
Purchase of investments	-	(44,961)
Proceeds from sales of investments	46,922	-
Net cash consumed by investing activities	<u>(92,949)</u>	<u>(392,756)</u>
<b>NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	30,835	(39,534)
<b>CASH AND RESTRICTED CASH AT BEGINNING OF THE YEAR</b>	<u>415,490</u>	<u>455,024</u>
<b>CASH AND RESTRICTED CASH AT END OF THE YEAR</b>	<u>\$ 446,325</u>	<u>\$ 415,490</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash as presented on the statements of financial position:		
Cash	\$ 376,453	\$ 304,808
RepBase restricted cash	69,872	77,934
CIPRES restricted cash	-	24,421
CyVerse restricted cash	-	8,327
	<u>\$ 446,325</u>	<u>\$ 415,490</u>

## **NOTES TO FINANCIAL STATEMENTS**

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 1 Summary of Significant Accounting Policies**

**Organization** Phoenix Bioinformatics Corporation (the Corporation) is a California non-profit corporation. The Corporation was founded in 2013 by the staff of The Arabidopsis Information Resource (TAIR), a curated database for plant genome information. After TAIR lost grant funding, the Corporation pioneered a new sustainable funding model that provides support for TAIR. The specific purpose for which the Corporation is organized is to make scientific data widely available and accessible to the public and scientific community, including scientists, students, and educators, in order to foster and promote scientific knowledge about the physical, chemical and biological parts and processes related to living things, and in furtherance of this purpose, to: (1) develop and maintain scientific databases for storing and organizing such knowledge, (2) develop and maintain software systems for storing, searching, and accessing such data, and (3) provide assistance and training to users regarding the use of such databases and software systems.

**RepBase Databases** Effective April 16, 2018, the Corporation entered into an agreement with Genetic Information Research Institute (GIRI), a California private nonprofit institution. The agreement provides that GIRI will develop the Repbase database of eukaryotic transposons and repetitive DNA sequences. The Corporation is responsible for providing services with respect to the databases. GIRI grants the Corporation the non-exclusive right to access the RepBase Databases and to provide access to the database to third parties. Both GIRI and the Corporation may grant licenses to the databases. The Corporation will earn 18% of the revenue for any licenses it sells for the databases. Therefore, when revenue is collected under this agreement a portion of it is to be remitted to GIRI. The amounts held on behalf of GIRI as of December 31, 2025 and 2024, were \$69,872 and \$77,934, respectively, and are included on the statements of financial position as restricted cash and a liability as funds held on behalf of others.

**CIPRES Database** Effective November 9, 2020, the Corporation entered into an agreement with the Regents of the University of California, on behalf of the San Diego Campus, a California State constitutional corporation (UCSD). The agreement provides that UCSD will develop, maintain, and support the CIPRES Science Gateway, a web service that provides browser-based point-and-click access to a login-protected work area that offers at least 21 popular phylogenetics codes that are run efficiently on high performance computers sponsored by the NSF XSEDE project. The Corporation is responsible for providing services with respect to the databases. UCSD monitors usage and controls access to CIPRES databases. The Corporation will earn 20% of the revenue for any licenses it sells for the databases. Therefore, when revenue is collected under this agreement a portion of it is to be remitted to UCSD. There was no amount held on behalf of UCSD as of December 31, 2025. The amount held on behalf of UCSD as of December 31, 2024, was \$24,421. These amounts are included on the statements of financial position as restricted cash and a liability as funds held on behalf of others. Effective September 30, 2025, the agreement with UCSD was terminated. Any funds due to UCSD were paid before December 31, 2025. As UCSD is responsible for maintaining and providing access to the database after the termination date, the Corporation ceased providing services under this agreement and recognized all related revenue during the year ended December 31, 2025.

**CyVerse Databases** Effective July 7, 2022, the Corporation entered into an agreement with the Arizona Board of Regents, University of Arizona (UArizona), an institution of higher education. The agreement provides that UArizona will develop CyVerse, an Open Science Workspace for Collaborative Data-driven Discovery. The Corporation is responsible for providing services with respect to the cyberinfrastructure platform. UArizona grants the Corporation the non-exclusive right to access the CyVerse cyberinfrastructure platform. UArizona monitors usage and controls access to the CyVerse cyberinfrastructure platform. The Corporation will earn 20% of the revenue for any licenses it sells for the databases. Therefore, when revenue is collected under this agreement a portion of it is to be remitted to UArizona. There was no amount held on behalf of UArizona as of

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 1 Summary of Significant Accounting Policies (Continued)**

**CyVerse Databases (Continued)** December 31, 2025. The amounts held on behalf of UArizona as of December 31, 2024, was \$8,327. These amounts are included on the statements of financial position as restricted cash and a liability as funds held on behalf of others. Effective September 30, 2025, the agreement with UArizona was terminated. Any funds due to UArizona were paid before December 31, 2025. As UArizona is responsible for maintaining and providing access to the database after the termination date, the Corporation ceased providing services under this agreement and recognized all related revenue during the year ended December 31, 2025.

**Basis of Accounting** The Corporation's 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 and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

- a) Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations or time. Net assets without donor restrictions may be designated by the Board for a certain purpose. As of December 31, 2025 and 2024, there was \$571,584 of board designated funds.
- b) Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or passage of time. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. As of December 31, 2025 and 2024, there were no net assets with donor restrictions.

**Restricted Cash** Restricted cash consists of cash collections held on behalf of unrelated parties.

**Account and Grant Receivables** Receivables consists primarily of accounts and grants receivable. Accounting principles generally accepted in the United States of America require that accounts and grants receivable be presented net of an allowance for uncollectible accounts. Due to the Corporation's history of relatively immaterial customer accounts being written off, the Corporation does not record any estimated reserves for collectability. Rather, the Corporation writes off a portion or the complete balance when a customer is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made on any accounts previously written off, they will be recognized in income or as an offset to bad debt expense in the year of recovery. The Corporation does not charge interest on past due accounts and grants receivable.

**Investments** The Corporation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market value in the statements of financial position. Realized and unrealized gains and losses are recognized in the statements of activities and changes in net assets. Total investments held at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Corporate stocks	\$ 424,537	\$ 364,684
Bond funds	672,425	634,866
Certificate of deposit	<u>          -</u>	<u>      45,630</u>
	<u>\$1,096,962</u>	<u>\$1,045,180</u>

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 1 Summary of Significant Accounting Policies (Continued)**

**Equipment** Acquisitions of equipment and expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. The Corporation capitalizes internally developed software that results in additional functionality. The accounting for upgrades and enhancements to internal-use software follows the same accounting model as other internal-use software costs (for example, qualifying costs are capitalized during the application development stage). Equipment is carried at cost or if donated at the approximate fair value at the date of donation. It is the Corporation's policy to capitalize equipment over \$2,000. Depreciation expensed using the straight-line method of depreciation with lives ranging from three to five years. Depreciation expense for the years ended December 31, 2025 and 2024 were \$156,105 and \$174,122, respectively.

**Impairment of Long-Lived Assets** On an ongoing basis, the Corporation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Corporation recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of December 31, 2025 and 2024, management believes that no impairments exist.

**Deferred Revenue** The Corporation has deferred revenue related to payments received for future subscriptions to their databases and accounting software. The income will be recognized by the Corporation on a monthly basis based on the time frame for future subscriptions.

**Commitments and Contingencies** The Corporation has received federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expense disallowances under terms of the grants, it is believed that any required reimbursements will not be material to these financial statements.

**Revenue Recognition** The Corporation has grants and contributions from various grantors. The Corporation has determined that the asset transfers are contributions as the resource provider does not receive commensurate value in exchange for the assets transferred. A contribution is considered to be conditional when one or more barriers exist and the right to receive or retain payment or delivery of the promised asset is conditioned on meeting those barriers. The awards are considered conditional contributions due to the limited discretion as a result of those specific requirements on how the assets may be spent. The majority of the Corporation's revenue is from services which are conditional upon certain performance requirements and/or the occurrence of allowable qualifying expenditures in compliance with specific contract or grant provisions. Conditional contributions are not recognized until the conditions on which they depend on have been met. Conditional contributions earned from these services totaled \$434,081 and \$441,311 for the years ended December 31, 2025 and 2024, respectively. Opening grants receivable as of January 1, 2024 was \$134,352.

The Corporation provides annual subscriptions to their databases and accounting software. The Corporation charges annual rates for individuals, for-profit corporations, and non-profit organizations. The Corporation recognizes subscription income on a monthly basis based on the time frame for subscriptions.

The Corporation assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Contracts generally are standardized and non-cancellable for the duration of the stated contract term. Additionally, each customer being served has its own customer contract for subscriptions.

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 1 Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)** Revenues are recognized over time as the customer consumes the benefits of the services for the length of the subscription term. Estimates of total service revenue and cost of services are monitored regularly during the term of the contract. Related fulfillment costs are expensed as incurred.

Certain contracts may include explicit options to renew services at a stated price. These options generally are priced in line with the standalone selling price and therefore do not provide a material right to the customers.

The transaction price is the amount of consideration to which the Corporation expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Corporation's contracts with customers have variable consideration. The Corporation estimates the amount of variable consideration at the expected value based on its assessment of legal enforceability, anticipated performance and a review of specific transactions, historical experience and market and economic conditions. The Corporation historically has not experienced any significant incidents affecting the defined levels of reliability and performance as required by the contracts.

The Corporation has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. The Corporation does not enter into contracts in which the period between payment by the customer and the transfer of the promised goods or services to the customer is greater than 12 months.

The Corporation records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. The Corporation does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset. If revenue has not yet been recognized, a contract liability (deferred revenue) is also recorded. Opening accounts receivable and deferred revenue balances as of January 1, 2024 was \$8,170 and \$609,827, respectively.

**Advertising** The Corporation expenses advertising costs in the period in which they are incurred.

**Income Tax Status** The Corporation operates as a non-profit corporation, other than a private foundation, exempt from income tax under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for federal or state income taxes.

Management has evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years ending December 31, 2020 and before.

**Functional Allocation of Expenses** The costs of providing services of the Corporation have been summarized on a functional basis in the statement of functional expenses. Some general and administrative expenses have been allocated among the programs based upon an estimation of personnel time for the related activities.

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 1 Summary of Significant Accounting Policies (Continued)**

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

**Risk and Uncertainties** The Corporation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect balances and the amounts reported in the statements of financial position. Furthermore, the Corporation receives grants and contributions from various grantors, including federal sources. The Corporation faces risks related to the potential for changes in federal grant funding levels, such as reduced funding, program termination, or delays in reimbursement from sources, as well as compliance with grant terms or conditions. These risks could significantly impact the Corporation's ability to meet its grant obligations; therefore, the Corporation continually monitors the risks to mitigate them.

**Fair Value of Financial Instruments** The carrying amounts of financial instruments, including cash, receivables, accounts payable, and accrued expenses, approximate fair value.

**Subsequent Events** In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 29, 2026, the date the financial statements were available to be issued.

**Note 2 Concentration of Credit Risk**

The Corporation maintains cash balances at various financial institutions, which at times may exceed federally insured limits. The Corporation had uninsured cash balances of \$130,520 as of December 31, 2025.

One grantor and one subscriber consists of 33% and 34% of total unrestricted revenue and support for the years ended December 31, 2025 and 2024, respectively. One grantor consists of 100% of grants receivable as of December 31, 2025 and 2024.

**Note 3 Liquidity and Availability**

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 at December 31, 2025:

Cash	\$ 376,453
Accounts receivable	41,079
Grants receivable	26,309
Investments	<u>1,096,962</u>
	<u>\$1,540,803</u>

As part of the liquidity management plan, the Corporation invests cash in excess of daily requirements in short-term investments.

**PHOENIX BIOINFORMATICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**Note 4 Employee Benefit Plan**

The Corporation sponsors a 401(k) retirement plan for the benefit of its employees. The Corporation can contribute a discretionary employer matching contribution as well as a discretionary profit-sharing contribution. An employee has to be at least 21 years of age and have one month of eligible service in order to be eligible to participate in the plan. Employer contributions were \$103,278 and \$104,982 for the years ended December 31, 2025 and 2024, respectively.

**Note 5 Fair Value Measurements**

The framework for measuring fair value 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). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described below:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation can access at the measurement date.

**Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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 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 that are unobservable inputs for the asset or liability.

The asset's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

**Corporate stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Bond funds:** Valued at the daily closing price as reported by the fund. Bond funds held by the Corporation are residential mortgage-backed securities and corporate bonds that are registered with the United States Securities

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**Note 5 Fair Value Measurements (Continued)**

and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The bond funds held by the Corporation are deemed to be actively traded.

**Certificate of deposit:** Valued at amortized cost, which approximates fair value.

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets measured on a nonrecurring basis at:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 424,537	\$ -	\$ -	\$ 424,537
Bond funds	<u>672,425</u>	<u>-</u>	<u>-</u>	<u>672,425</u>
Total assets required to be reported at fair value	<u>\$1,096,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,096,962</u>
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 364,684	\$ -	\$ -	\$ 364,684
Bond funds	634,866	-	-	634,866
Certificate of deposit	<u>45,630</u>	<u>-</u>	<u>-</u>	<u>45,630</u>
Total assets required to be reported at fair value	<u>\$1,045,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,045,180</u>

**Note 6 Subsequent Event**

Effective March 31, 2026, the agreement with GIRI was terminated. Any funds due to GIRI are to be paid before December 31, 2026. As GIRI will be responsible for maintaining and providing access to the database after the termination date, the Corporation will cease to provide services under this agreement and will recognize all related revenue during the year ending December 31, 2026.