

**THE PARENT PROJECT FOR MUSCULAR
DYSTROPHY RESEARCH, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**THE PARENT PROJECT FOR MUSCULAR
DYSTROPHY RESEARCH, INC.
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Raritan Headwaters Association

Opinion

I have audited the accompanying financial statements of Raritan Headwaters Association (RHA) (a nonprofit organization) which comprise the statements of financial position 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Raritan Headwaters Association as of December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of RHA and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 RHA'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 Responsibility for the Audit of the Financial Statements

My 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 my 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

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In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 the 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 Parent Project'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parent Project's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Janus M. Wood, CPA

May 29, 2024
Hillsborough, NJ

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash	\$ 4,804,466	\$ 3,194,727
Pledges & accounts receivable	1,565,673	1,782,425
Investment securities	2,396,078	2,349,399
Total financial assets	<u>8,766,217</u>	<u>7,326,551</u>
Employee advances	15,414	336
Merchandise inventory	65,513	87,750
Prepaid expenses	367,666	197,973
Total current assets	<u>9,214,810</u>	<u>7,612,610</u>
Property & equipment		
Office equipment	95,666	88,006
Office furniture	16,019	16,019
	<u>111,685</u>	<u>104,025</u>
Less accumulated depreciation	<u>(91,324)</u>	<u>(77,550)</u>
	20,361	26,475
Promissory notes receivable	252,548	-
Operating lease right-of-use assets	96,764	153,152
Other assets		
Investments at cost	850,479	850,479
Security deposit	5,938	5,938
	<u>856,417</u>	<u>856,417</u>
	<u>\$ 10,440,900</u>	<u>\$ 8,648,654</u>
Liabilities & Net Assets		
Liabilities		
Accounts payable & accrued expenses	\$ 435,449	\$ 463,474
Grant received with conditions	-	87,200
Research grants payable	102,502	62,917
Operating lease liabilities	96,764	154,825
	<u>634,715</u>	<u>768,416</u>
Net assets		
Without donor restrictions	7,453,058	6,152,121
With donor restrictions	2,353,127	1,728,117
	<u>9,806,185</u>	<u>7,880,238</u>
	<u>\$ 10,440,900</u>	<u>\$ 8,648,654</u>

See accompanying notes to financial statements.

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Public Support						
Contributions & grants	\$ 7,395,420	\$ 2,631,327	\$ 10,026,747	\$ 3,449,255	\$ 3,161,298	\$ 6,610,553
Conference income	587,511	-	587,511	483,304	-	483,304
Other meetings and conferences	20,000	-	20,000	-	-	-
Fees for service	603,458	-	603,458	315,171	-	315,171
Special events						
Gross income	2,775,933	-	2,775,933	2,923,010	-	2,923,010
Direct expense	(272,298)	-	(272,298)	(222,172)	-	(222,172)
	<u>2,503,635</u>	<u>-</u>	<u>2,503,635</u>	<u>2,700,838</u>	<u>-</u>	<u>2,700,838</u>
	11,110,024	2,631,327	13,741,351	6,948,568	3,161,298	10,109,866
Investment Income						
Interest & dividends	88,182	-	88,182	9,584	-	9,584
Gain on sale of donated securities	387	-	387	32,112	-	32,112
Unrealized gain (loss) on investments	157,348	-	157,348	(534,607)	-	(534,607)
	<u>245,917</u>	<u>-</u>	<u>245,917</u>	<u>(492,911)</u>	<u>-</u>	<u>(492,911)</u>
Other income						
Recovery of previously awarded grant	40,823	-	40,823	25,769	149,831	175,600
Other	10,342	-	10,342	-	-	-
Paycheck Protection Program	-	-	-	425,852	-	425,852
	<u>51,165</u>	<u>-</u>	<u>51,165</u>	<u>451,621</u>	<u>149,831</u>	<u>601,452</u>
	11,407,106	2,631,327	14,038,433	6,907,278	3,311,129	10,218,407
Assets released from restriction	<u>2,006,317</u>	<u>(2,006,317)</u>	<u>-</u>	<u>2,383,253</u>	<u>(2,383,253)</u>	<u>-</u>
Total income	13,413,423	625,010	14,038,433	9,290,531	927,876	10,218,407
Functional Expenses						
Program services						
Research	7,116,727	-	7,116,727	6,532,965	-	6,532,965
Education	1,933,388	-	1,933,388	2,168,132	-	2,168,132
Advocacy	1,137,597	-	1,137,597	910,780	-	910,780
	<u>10,187,712</u>	<u>-</u>	<u>10,187,712</u>	<u>9,611,877</u>	<u>-</u>	<u>9,611,877</u>
Supporting services						
Management & general	1,372,227	-	1,372,227	879,136	-	879,136
Fund raising	552,547	-	552,547	546,628	-	546,628
	<u>1,924,774</u>	<u>-</u>	<u>1,924,774</u>	<u>1,425,764</u>	<u>-</u>	<u>1,425,764</u>
Total expenses	<u>12,112,486</u>	<u>-</u>	<u>12,112,486</u>	<u>11,037,641</u>	<u>-</u>	<u>11,037,641</u>
Increase (decrease) in net assets	1,300,937	625,010	1,925,947	(1,747,110)	927,876	(819,234)
Net assets, beginning of year	6,152,121	1,728,117	7,880,238	7,899,231	800,241	8,699,472
Net assets, end of year	<u>\$ 7,453,058</u>	<u>\$ 2,353,127</u>	<u>\$ 9,806,185</u>	<u>\$ 6,152,121</u>	<u>\$ 1,728,117</u>	<u>\$ 7,880,238</u>

See accompanying notes to financial statements.

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023							Total Expenses	2022 Total (See page 6)
	Program Services				Supporting Services				
	Research	Education	Advocacy	Total	Management & General	Fund Raising	Total		
Salaries	\$ 1,659,948	\$ 551,313	\$ 380,656	\$ 2,591,917	\$ 179,627	\$ 303,392	\$ 483,019	\$ 3,074,936	\$ 2,731,245
Payroll tax & fringe benefits	337,202	111,994	77,327	526,523	36,490	61,631	98,121	624,644	510,071
	<u>1,997,150</u>	<u>663,307</u>	<u>457,983</u>	<u>3,118,440</u>	<u>216,117</u>	<u>365,023</u>	<u>581,140</u>	<u>3,699,580</u>	<u>3,241,316</u>
Grants	2,560,127	-	-	2,560,127	3,770	-	3,770	2,563,897	2,629,658
Accounting fees	-	-	-	-	20,800	-	20,800	20,800	19,009
Annual conference	-	959,687	-	959,687	-	-	-	959,687	1,161,282
Conferences & meetings	82,522	14,928	759	98,209	100	50	150	98,359	420,554
Legal counsel	42,187	-	-	42,187	449,734	-	449,734	491,921	229,806
Bank charges	923	6,320	-	7,243	44,101	43,962	88,063	95,306	94,031
Fees & permits	1,369	-	-	1,369	21,396	2,032	23,428	24,797	7,088
Meeting fees & registrations	118,462	195	5,600	124,257	3,599	4,919	8,518	132,775	35,865
Contributions & sponsorships	213,241	-	-	213,241	1,105	-	1,105	214,346	24,807
Insurance	10,153	3,378	2,344	15,875	3,808	1,855	5,663	21,538	16,147
Office expenses & supplies	4,443	177	957	5,577	41,198	404	41,602	47,179	54,154
Technology	42,602	29,684	10,312	82,598	215,204	61,863	277,067	359,665	395,075
Advertising and promotion	21,929	26,241	4,200	52,370	-	42	42	52,412	27,613
A/V and Production	177,886	-	18,916	196,802	-	-	-	196,802	15,336
Rent	45,645	4,140	18,214	67,999	16,429	2,278	18,707	86,706	88,893
Postage & shipping	7,645	9,149	462	17,256	636	4,390	5,026	22,282	24,269
Printing & publications	13,868	11,691	1,323	26,882	574	12,161	12,735	39,617	25,699
Consulting expense	228,864	124,842	465,298	819,004	294,365	21,000	315,365	1,134,369	926,644
Telephone	10,467	3,379	2,361	16,207	5,816	1,845	7,661	23,868	22,651
Utilities	192	-	-	192	6,907	-	6,907	7,099	4,799
Merchandise	-	-	-	-	-	6,236	6,236	6,236	12,212
Travel	453,504	17,514	30,914	501,932	4,464	20,343	24,807	526,739	345,097
Meals	442,425	16,282	107,179	565,886	7,758	2,264	10,022	575,908	33,473
Program supplies	633,687	40,004	9,070	682,761	13,509	520	14,029	696,790	1,166,079
Excise tax/loss	-	-	-	-	33	1	34	34	20
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	2,366
	<u>7,109,291</u>	<u>1,930,918</u>	<u>1,135,892</u>	<u>10,176,101</u>	<u>1,371,423</u>	<u>551,188</u>	<u>1,922,611</u>	<u>12,098,712</u>	<u>11,023,943</u>
Depreciation	7,436	2,470	1,705	11,611	804	1,359	2,163	13,774	13,698
Total functional expenses	\$ <u>7,116,727</u>	\$ <u>1,933,388</u>	\$ <u>1,137,597</u>	\$ <u>10,187,712</u>	\$ <u>1,372,227</u>	\$ <u>552,547</u>	\$ <u>1,924,774</u>	\$ <u>12,112,486</u>	\$ <u>11,037,641</u>

See accompanying notes to financial statements.

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			Total Expenses
	Research	Education	Advocacy	Total	Management & General	Fund Raising	Total	
Salaries	\$ 1,404,740	\$ 583,020	\$ 362,163	\$ 2,349,923	\$ 121,374	\$ 259,948	\$ 381,322	\$ 2,731,245
Payroll tax & fringe benefits	262,341	108,881	67,635	438,857	22,667	48,547	71,214	510,071
	<u>1,667,081</u>	<u>691,901</u>	<u>429,798</u>	<u>2,788,780</u>	<u>144,041</u>	<u>308,495</u>	<u>452,536</u>	<u>3,241,316</u>
Grants	2,629,658	-	-	2,629,658	-	-	-	2,629,658
Accounting fees	-	-	-	-	19,009	-	19,009	19,009
Annual conference	-	1,161,282	-	1,161,282	-	-	-	1,161,282
Conferences & meetings	357,118	48,224	-	405,342	15,212	-	15,212	420,554
Legal counsel	23,198	24,012	-	47,210	182,596	-	182,596	229,806
Bank charges	23	8	-	31	92,000	2,000	94,000	94,031
Fees & permits	2,038	-	-	2,038	5,050	-	5,050	7,088
Meeting fees and registrations	8,756	1,450	7,450	17,656	5,199	13,010	18,209	35,865
Contributions and Sponsorships	10,551	-	649	11,200	1,570	12,037	13,607	24,807
Insurance	6,159	2,361	1,775	10,295	4,412	1,440	5,852	16,147
Office expenses & supplies	19,836	11,249	4,195	35,280	11,028	7,846	18,874	54,154
Technology	42,392	75,319	9,908	127,619	150,840	116,616	267,456	395,075
Advertising and promotion	4,082	22,975	-	27,057	-	556	556	27,613
A/V and Production	15,336	-	-	15,336	-	-	-	15,336
Rent	51,395	4,957	21,408	77,760	8,402	2,731	11,133	88,893
Postage & shipping	9,447	6,903	-	16,350	1,494	6,425	7,919	24,269
Printing & publications	9,144	7,491	375	17,010	213	8,476	8,689	25,699
Consulting expense	226,872	57,200	401,234	685,306	213,076	28,262	241,338	926,644
Telephone	10,542	3,531	1,914	15,987	2,992	3,672	6,664	22,651
Utilities	-	-	-	-	4,799	-	4,799	4,799
Merchandise	3,200	21	-	3,221	-	8,991	8,991	12,212
Travel	285,171	9,930	18,484	313,585	10,063	21,449	31,512	345,097
Meals	18,228	7,247	535	26,010	4,145	3,318	7,463	33,473
Program supplies	1,125,693	29,147	11,239	1,166,079	-	-	-	1,166,079
Excise tax/loss	-	-	-	-	20	-	20	20
Loss on disposal of fixed assets	-	-	-	-	2,366	-	2,366	2,366
	<u>6,525,920</u>	<u>2,165,208</u>	<u>908,964</u>	<u>9,600,092</u>	<u>878,527</u>	<u>545,324</u>	<u>1,423,851</u>	<u>11,023,943</u>
Depreciation	7,045	2,924	1,816	11,785	609	1,304	1,913	13,698
Total functional expenses	\$ <u>6,532,965</u>	\$ <u>2,168,132</u>	\$ <u>910,780</u>	\$ <u>9,611,877</u>	\$ <u>879,136</u>	\$ <u>546,628</u>	\$ <u>1,425,764</u>	\$ <u>11,037,641</u>

See accompanying notes to financial statements.

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 1,925,947	\$ (819,234)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,774	13,698
(Gain) loss on sale of investment securities	(157,735)	502,495
Investment securities received as contributions	(707,196)	(999,554)
Loss on disposal of fixed assets	-	2,366
Small Business Administration loan recognized as income	-	(425,852)
(Increase) decrease in:		
Grants receivable	-	37,500
Pledges & accounts receivable	216,752	(989,136)
Employee advances	(15,078)	11,191
Merchandise inventory	22,237	(35,709)
Prepaid expenses	(169,693)	19,888
Operating lease right-of-use assets	56,388	(153,152)
Increase (decrease) in:		
Accounts payable & accrued expenses	(28,025)	66,691
Grants received in advance	(87,200)	(62,800)
Research grants payable	39,585	(468,836)
Operating lease liabilities	(58,061)	154,825
	<u>1,051,695</u>	<u>(3,145,619)</u>
Cash provided by (used in) operating activities	1,051,695	(3,145,619)
Cash flows from investing activities		
Acquisition of fixed assets	(7,660)	(15,333)
Promissory note receivable	(252,548)	-
Proceeds from fixed income redemption	2,786,750	-
Proceeds from sale of investment securities	808,245	1,031,120
Acquisition of investment securities - other	(2,776,743)	(2,456,165)
	<u>558,044</u>	<u>(1,440,378)</u>
Cash provided by (used in) investing activities	558,044	(1,440,378)
Net increase (decrease) in cash & cash equivalents	1,609,739	(4,585,997)
Cash		
Beginning of year	<u>3,194,727</u>	<u>7,780,724</u>
End of year	\$ <u><u>4,804,466</u></u>	\$ <u><u>3,194,727</u></u>

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR
DYSTROPHY RESEARCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

(1) Nature of Organization

The Parent Project for Muscular Dystrophy Research, Inc. (the Parent Project) raises funds for research programs to find a viable treatment and cure specifically for children afflicted with Duchenne and Becker Muscular Dystrophy. The Parent Project also educates parents, health care providers, and the general public about Muscular Dystrophy through conferences, pamphlets, and brochures. In addition, a legislative conference is sponsored for the purpose of educational advocacy and the Parent Project indirectly influences the National Institutes of Health (NIH) implementation of the MD Care Act through outside consultants. The Parent Project operates throughout the United States, but collaborates with organizations around the world.

(2) Summary of Significant Accounting Policies

Financial statement presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The Parent Project reports its statements of financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The latter is subject to donor-imposed restrictions that may or will be met by the passage of time or specifically for a purpose. When a restriction expires, net assets are reclassified to net assets without donor restrictions as a satisfaction of a purpose or time restriction in the statement of activities as a release from restrictions.

Cash

The financial statement item "cash" consists of demand deposits in depository financial institutions.

Investment securities

Investments in securities are carried at fair value. The Parent Project values its investments using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity; unobservable inputs reflect the entity's own assumptions about how market participants would value an asset based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The following describes this hierarchy and the primary valuation methodologies used by the Parent Project for financial instruments measured at fair value on a recurring basis:

Level 1: Quoted prices in active markets for identical assets. Market-price data are generally obtained from relevant exchanges or dealer markets.

Level 2: Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially all of the same terms of assets. Inputs are obtained from various sources, including market participants, dealers, and brokers.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets.

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YEARS ENDED DECEMBER 31, 2023 AND 2022**

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input significant to the fair value measurement. In the event that changes in the inputs used in the fair value measurement of an asset result in a transfer of the fair value measurement to a different categorization, such transfers between fair value categories are recognized at the end of the reporting period. The categorization of an investment is based upon its pricing transparency and liquidity and does not necessarily correspond to the Parent Project's perceived risk of that investment. As a practical expedient permitted under GAAP, the reported net asset value (NAV) of investments with external managers is used to estimate their fair value. Investments that use NAV as a practical expedient for valuation purposes are shown separately from the valuation hierarchy.

Following is a description of the valuation techniques used for Level 1, 2 and 3 assets measured at fair value:

Equity securities - Investments in equity securities are measured at fair value using the quoted market prices and are classified as Level 1.

U.S. Treasury bonds - Investments in U.S. Treasury bonds are measured at fair value using quoted market prices and are classified as Level 1.

Real estate investment trust - At different times, the Parent Project has received an interest in a private real estate investment trust which is measured and recorded at fair value upon receipt. The valuations of the real estate investment trust use net asset valuations (NAV) provided by the underlying alternative investments funds and/or their administrators as a "practical expedient" for estimating fair value. The interest has been liquidated within three months of receipt; the proceeds exceed the net asset value.

Investments at cost

The Parent Project invests in certain private companies in order to foster and promote pharmaceutical research for Duchenne and Becker Muscular Dystrophy. The investments consist of debt instruments and future equity agreements, and are recorded at cost.

Contributions

Contributions received are recognized as revenue when pledged. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed conditions.

Grants

Grants received from foundations and corporations are treated as contributions and are recorded as without or with donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

Fees for service

Fees from professional services are recognized when the related services are rendered.

Grants, pledges and accounts receivable

Receivables are considered to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

**THE PARENT PROJECT FOR MUSCULAR
DYSTROPHY RESEARCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Premises & equipment

Acquisitions of premises and equipment with estimated useful lives in excess of one year are capitalized and depreciated over the estimated useful life of each asset. Leasehold improvements are amortized over the life of the asset or the length of the lease, whichever is shorter.

Functional expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenses not directly chargeable are allocated to programs and supporting services based on applicable rates determined by management.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform with current year presentation.

Use of estimates

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

Concentrations of credit and funding risk

Financial instruments that potentially expose the Parent Project to concentrations of credit and market risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Parent Project has not experienced any losses on its cash or cash equivalents.

Research grants

The Parent Project recognizes the liability for research grants when grants are awarded as stipulated under the research grant agreements. Liabilities of \$102,502 and \$62,917 were recognized according to the outstanding research grant agreements at December 31, 2023 and 2022, respectively. In certain instances, the Parent Project will make grant payments in advance of research being performed, which results in prepaid grants being recorded as an asset. There were no prepaid grants as of December 31, 2023 and 2022.

Merchandise inventory

Merchandise inventory is stated at lower-of-cost or market, determined by specific identification.

Income taxes

The Parent Project qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for income taxes. All applicable returns for the exempt organization are filed in a timely manner. The Parent Project is liable for payment of payroll taxes as an employer; all such amounts are paid in a timely manner as required by state and federal regulations

The Parent Project's accounting policy is to disclose contingencies relating to uncertain tax positions when a liability is probable and estimable. The Parent Project is not aware of any violation of tax status or exposure to uncertain tax positions that could require disclosure or which could affect its liquidity or future cash flows. The Parent Project's exempt organization filings for the years ended December 31, 2020 through 2023 are subject to examination by the Internal Revenue Service. Further, the Internal Revenue Service may examine the Parent Project's financial activities for income and unrelated business income tax for those years.

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Adoption of New Accounting Standards

Management is of the opinion that none of the newly enacted accounting pronouncements will have a material effect on the Parent Project.

(3) Investment Securities

The Parent Project has investment securities measured at fair value and investments measured at cost. They are as follows:

	<u>2023</u>	<u>2022</u>
Investment securities at fair value		
Real estate investment trust	\$ 137,951	\$ 250,000
Equity securities	282,716	138,898
U.S. Treasury bonds	<u>1,975,411</u>	<u>1,960,501</u>
	<u>\$2,396,078</u>	<u>\$2,349,399</u>

The real estate investment trust was received as two separate contributions in December 2023 and 2022, and was recorded at net asset value on the date of receipt. The equity securities were acquired as a convertible note during the year ended December 31, 2020 and converted to common stock during the year ended December 31, 2021.

Investments at cost

Agreement for future equity	<u>\$850,479</u>	<u>\$850,479</u>
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The agreement for future equity is an investment in a privately-held pharmaceutical company which will be converted to an equity holding if the company issues stock or receive priority liquidation rights if the company is acquired. The convertible note as of December 31, 2020 was converted to common stock during the year ended December 31, 2021 as part of a public stock offering.

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(4) Fair Value Measurement

The Parent Project has provided fair value disclosure information for relevant assets in these financial statements. The following tables summarize assets which have been accounted for at fair value on a recurring basis as of December 31, 2023 and 2022, grouped by the valuation hierarchy as defined in Note 1:

	Quoted Prices in Active Markets (Level 1)	Net Asset Value as Practical Expedient (NAV)	Total
December 31, 2023			
Real estate investment trust	\$ -	\$ 137,951	\$ 137,951
Equity securities	282,716	-	282,716
U.S. Treasury bonds	<u>1,975,411</u>	-	<u>1,975,411</u>
	<u>\$2,258,127</u>	<u>\$137,951</u>	<u>\$2,396,078</u>
December 31, 2022			
Real estate investment trust	\$ -	\$250,000	\$ 250,000
Equity securities	138,898	-	138,898
U.S. Treasury bonds	<u>1,960,501</u>	-	<u>1,960,501</u>
	<u>\$2,099,399</u>	<u>\$250,000</u>	<u>\$2,349,399</u>

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(5) Leases

The Parent Project has an obligation as a lessee for office space with initial noncancellable terms in excess of one year. The leases are classified as operating.

Lease expense for office space totaled \$79,281 and \$88,743 for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, amounts reported in the statement of financial position are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	\$96,764	\$153,152
Operating lease liabilities	96,764	154,825

Other information related to leases as of December 31, 2023 is as follows:

Supplemental cash flow information:

Cash paid for operating lease expense	\$79,281	\$88,743
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Weighted average remaining operating lease term	2 years
Risk-free rate of return	4%

Maturity of the lease liability under its noncancellable operating lease as of December 31, 2023 is as follows:

For the year ending December 31,

2024	\$81,681
2025	<u>17,695</u>
Total undiscounted lease payments	99,376
Less imputed interest	<u>(2,612)</u>
Total lease liability	<u>\$96,764</u>

(6) Retirement Plan

The Parent Project sponsors a 401(k) profit sharing plan covering substantially all employees. The Parent Project contributes a base amount of 3% of eligible compensation and matches up to an additional 2% of employee elective deferrals. Employees are eligible to participate on their first day of employment. For the years ended December 31, 2023 and 2022, contributions to the plan totaled \$134,941 and \$120,484, respectively.

(7) Loan Payable to Small Business Administration

The Parent Project received a second loan in the amount of \$425,852 under the extended Paycheck Protection Plan, as component of the Economic Aid to Hard-hit Small Businesses, Nonprofits and Venues Act in March 2021. In January 2022, The Parent Project met the forgiveness criteria for the full amount of the loan and the balance of \$425,852 was recognized at that time.

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(8) Net Assets With Donor Restrictions

The nature of net assets with donor restrictions, subject to expenditure for specified purpose, is as follows as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Duchenne Registry Initiative	\$ 394,940	\$ 265,064
Cardiac Initiative	-	191,030
Steroid Study	-	1,211
Newborn Screening	336,030	351,883
Family Camp	12,000	-
Time restricted	137,951	250,000
Diversity, Equity and Inclusion	94,138	69,138
Venture Philanthropy	1,103,068	599,791
State Advocacy	<u>275,000</u>	<u>-</u>
	<u>\$2,353,127</u>	<u>\$1,728,117</u>

Net assets released from restriction are as follows for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Duchenne Registry Initiative	\$ 420,124	\$ 501,626
Biomarker Initiative	-	15,261
Cardiac Initiative	374,737	514,727
Research Initiative	536,499	411,748
Steroid Study	1,211	11,166
Newborn Screening	265,853	144,494
Family Camp	1,000	3,370
Time restricted	112,049	250,000
Diversity, Equity and Inclusion	-	30,862
Venture Philanthropy	269,844	499,999
State Advocacy	<u>25,000</u>	<u>-</u>
	<u>\$2,006,317</u>	<u>\$2,383,253</u>

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(9) 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, are comprised of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$4,804,466	\$3,194,727
Pledges and accounts receivable	1,565,673	1,782,425
Investment Securities	<u>2,396,078</u>	<u>2,349,399</u>
Financial Assets	8,766,217	7,326,551
Less:		
Donor Restrictions	<u>2,353,127</u>	<u>1,728,117</u>
Financial assets available for general expenditure	<u>\$6,413,090</u>	<u>\$5,598,434</u>

As part of the Parent Project's liquidity management plan, cash in excess of daily requirements is invested in interest-bearing demand deposits.

Through October 2022, the Parent Project had an available line of credit to assist with cash flow requirements. That line was closed; there were no outstanding advances.

(10) Insured Deposits

As of December 31, 2023 and 2022, cash exceeding federally insured limits in one depository institution totaled \$4,544,999 and \$2,939,214, respectively.

(11) Subsequent Events

The Parent Project has evaluated the need for adjustments resulting from subsequent events through May 29, 2024, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of December 31, 2023.