

Cure Duchenne & Subsidiaries
A California Not-for-Profit Organization
Consolidated Financial Statements
For the Year Ended December 31, 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	<i>i-ii</i>
Financial statements:	
Consolidated Statement of Financial Position	1
Consolidated Statement of Activities	2
Consolidated Statement of Functional Expenses	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	6



ALVAREZ & ASSOCIATES, INC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Cure Duchenne & Subsidiaries:

Report on the Financial Statements

We have audited the accompanying Consolidated Statement of Financial Position of Cure Duchenne & Subsidiaries (the "Organization") as of December 31, 2021, and the related consolidated statements of activities, functional expenses, cash flows, and the related notes to the consolidated financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cure Duchenne & Subsidiaries as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Alvarez & Associates, Inc.
Certified Public Accountants

Northridge, California
November 15, 2022

Cure Duchenne & Subsidiaries
Consolidated Statement of Financial Position
December 31, 2021

ASSETS

<u>Current Assets</u>	
Cash and cash equivalents	\$ 13,432,108
Total current assets	13,432,108
Furniture, fixtures and equipment, net	-
<u>Other Assets</u>	
Investments in securities, at market value	13,646,640
Investments in private companies	4,534,011
Investments in promissory notes receivable	1,374,774
Other receivables	36,510
Deposits	38,306
Prepaid expenses	92,563
Total assets	<u>\$ 33,154,912</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accounts payable and accrued expenses	\$ 59,950
Deferred income	15,177
Investments, sold short	234,531
Total current liabilities	309,658
<u>Net Assets</u>	
Without donor restrictions	32,845,254
With donor restrictions	-
Total net assets	<u>32,845,254</u>
Total liabilities and net assets	<u>\$ 33,154,912</u>

The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Consolidated Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 1,804,005	\$ -	\$ 1,804,005
Special events revenue	3,155,930	-	3,155,930
Total revenue	4,959,935	-	4,959,935
Less: Special events direct costs	(1,135,593)	-	(1,135,593)
Total revenue, net of direct costs	3,824,342	-	3,824,342
Unrealized investment returns	(5,449,727)	-	(5,449,727)
Investment income	294,885	-	294,885
Interest income	216,037	-	216,037
PPP loan forgiveness	806,955	-	806,955
Other income	483,560	-	483,560
Total support and revenue	176,052	-	176,052
<u>Expenses</u>			
Awareness	994,149	-	994,149
Patient care	1,593,573	-	1,593,573
Research	3,555,523	-	3,555,523
Management and general	624,786	-	624,786
Fundraising	1,020,915	-	1,020,915
Total expenses	7,788,946	-	7,788,946
Increase (Decrease) in Net Assets	(7,612,894)	-	(7,612,894)
Net Assets, Beginning of Year	40,458,148	-	40,458,148
Net Assets, End of Year	<u>\$ 32,845,254</u>	<u>\$ -</u>	<u>\$32,845,254</u>

The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Consolidated Statement of Functional Expenses
December 31, 2021

	Program Activities			Support Activities		Total
	Awareness	Patient Care	Research	Management and General	Fundraising	
Bank and merchant charges	\$ -	\$ 1,621	\$ 102	\$ 2,963	\$ 21,933	\$ 26,619
Charitable donations	-	-	-	10,000	-	10,000
Community education	-	16,000	-	-	-	16,000
Database and IT maintenance	11,280	315,659	12,767	42,779	6,578	389,063
Dues and subscriptions	1,824	2,630	30,240	4,842	7,429	46,965
Employee benefits	41,776	33,445	62,240	-	36,939	174,400
Grants and allocations	-	-	-	-	-	-
Insurance	3,612	9,295	25,433	327	12,585	51,252
Legal and professional fees	4,880	16,036	74,618	96,293	3,503	195,330
Licenses and permits	-	-	1,334	7,965	-	9,299
Meals and entertainment	118	2,410	1,292	7,876	23,485	35,181
Office supplies and expense	21,403	25,544	16,072	49,347	46,020	158,386
Outside services	15,850	284,820	2,062,008	20,337	771	2,383,786
Payroll taxes	42,279	58,110	61,230	20,750	46,282	228,651
Postage and delivery	167	7,860	985	807	3,759	13,578
Printing and reproduction	-	3,543	2,812	671	27,828	34,854
Promotional materials	209,596	36,302	22,097	7,277	171,568	446,840
Public relations	130,055	33,520	-	-	3,635	167,210
Rent	32,847	51,055	58,548	8,212	24,636	175,298
Research	-	-	403,068	-	-	403,068
Salaries and wages	477,091	675,833	701,645	327,352	537,845	2,719,766
Telephone and internet	557	830	1,425	1,648	1,413	5,873
Travel	814	19,060	17,607	15,340	44,706	97,527
Total Expenses	\$ 994,149	\$ 1,593,573	\$ 3,555,523	\$ 624,786	\$ 1,020,915	\$ 7,788,946

The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flow from operating activities:

Increase (Decrease) in Net Assets	\$ (7,612,894)
Adjustments to reconcile decrease in net assets to net	
Cash and cash equivalents provided by (used in) operating activities:	
PPP loans forgiven	\$ (806,955)
Net unrealized gain on investment in promissory notes receivable	(79,867)
Net losses in securities, at market value	5,583,330
Net losses on investments in private companies	870,937
(Increase) decrease in assets:	
Other receivables	8,839
Deposits	(36,274)
Prepaid expenses	67,602
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(5,060)
Deferred income	9,626
Investments, sold short	234,531
Total adjustments	<u>5,846,709</u>
Net cash and cash equivalents provided by (used in) operating activities	(1,766,185)

Cash flow from investing activities:

Investments in securities	(2,652,386)
Investments in private companies	(3,722,197)
Proceeds from sale of private company investments	19,729
Proceeds from sale of securities	<u>3,388,275</u>
Net cash and cash equivalents provided by (used in) investing activities	(2,966,579)

Cash flow from financing activities:

Proceeds from PPP Loan Payable	<u>435,367</u>
Net cash and cash equivalents provided by (used in) financing activities	<u>435,367</u>
Net increase (decrease) in cash and cash equivalents	(4,297,397)
Cash and cash equivalents at beginning of year	<u>17,729,505</u>
Cash and cash equivalents at end of year	<u>\$ 13,432,108</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ -
Income taxes	\$ 18,206

The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

Supplemental disclosures of non-cash transactions:

The Organization received a \$371,588 Paycheck Protection Program loan in the prior year and a second draw of \$435,367 in the current year, a total loan balance of \$806,955 that was forgiven during the current year.

During the year, the Organization reclassified \$697,690 of investments in private companies to investments in securities, at market value.

The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Cure Duchenne and Subsidiaries ("the Organization") was incorporated on October 6, 2003 as a California Nonprofit Public Benefit Corporation. The Organization is exempt from federal income tax under Internal Revenue Code, Section 501(c)(3) and from state income tax under the related California Revenue and Taxation Code section, and is not organized for the private gain of any person.

The Organization is dedicated to finding a cure for Duchenne Muscular Dystrophy ("DMD") by determining the most viable research projects, accelerating the clinical trial process, and bringing potential life-saving drugs to this generation of Duchenne boys. The Organization is also dedicated to creating public awareness for DMD and connecting patients and scientists through technology.

The accompanying consolidated financial statements include the accounts of Cure Duchenne (the "Parent") and its wholly-owned subsidiaries Cure Duchenne Ventures, LLC and Pro200, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting. 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 reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Certain prior year balances have been reclassified to conform to with the current presentation of the financial statements. These adjustments had no affect on the Organization's consolidated statement of activities or its net assets.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants ("AICPA") "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions : Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. During the year ended December 31, 2021 the Organization received \$0 in contributed professional services.

Consistent with generally accepted accounting principles for not-for-profit organizations, the value of contributed time by unpaid volunteers is not reflected on these statements because the services received did not enhance non-financial assets and the organization would not pay for the services if they were not donated.

Cash and Cash Equivalents

The Organization considers all money market funds and investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents, also include cash held on margin, from the sale of securities sold short.

Valuation of Investments in Securities

Investments in marketable securities that have a readily determinable fair value are stated at their market value based on quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of realized and unrealized gains and losses on those investments is shown in the statement of activities.

Valuation of Investments in Private Companies

Investments in Private Companies are valued at fair value as determined by the Organization's management. The estimated value does not necessarily represent the amount that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Valuation of Investments in Promissory Notes Receivable

Promissory notes receivable are valued at fair value as determined by the Organization's management. The estimated value does not necessarily represent the amount that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Furniture, Fixtures and Equipment, Net

Furniture, fixtures and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

The Organization capitalizes fixed asset purchases in excess of \$200 and depreciation of fixed assets is provided for over an estimated useful life ranging from five (5) to ten (10) years.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as supplies and payroll, have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2021, the Organization expensed \$614,049, in advertising costs.

Income Taxes

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

Subsequent Events

The Organization has evaluated events subsequent to the statement of financial position date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Organization has determined that there were no events which took place that would have a material impact on its financial statements.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 2: INVESTMENTS IN SECURITIES, AT MARKET VALUE

The Organization has invested in various publicly held companies whose purpose aligns with the Organization's mission. Investments in publicly held companies totaled \$13,646,640 as of December 31, 2021. As discussed in Note 1, these investments are carried at fair value based on quoted market prices. The net realized gain of \$45,461 from these investments is classified as Investment income under Without Donor Restrictions on the Consolidated Statement of Activities. The net unrealized loss of \$5,628,791 from these investments is classified as Unrealized investment returns under Without Donor Restrictions on the Consolidated Statement of Activities.

Note 3: INVESTMENTS IN PRIVATE COMPANIES

As discussed in Note 1, investments in private companies are recorded at fair value as determined by the Organization's management. As of December 31, 2021, these investments are carried at their fair market value of \$4,534,011 and are classified in Level 3 of the fair value hierarchy (See Note 8). The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be readily determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed.

The net realized loss of \$1,050,000 from these investments is classified as Investment income under Without Donor Restrictions on the Consolidated Statement of Activities. The net unrealized gain of \$179,063 from these investments is classified as Unrealized investment returns under Without Donor Restrictions on the Consolidated Statement of Activities.

Pursuant to a merger agreement with a private company investment disposed of in prior years, the Organization is entitled to additional consideration for the achievement of certain pharmaceutical trials and regulatory approval of DMD drugs ("Milestone payments"). Milestone payments do not represent any equity ownership in the private company, nor do they entitle the Organization to voting rights, dividend payments, or liquidation rights. During the year ended December 31, 2021, the Organization received milestone payments totaling \$1,299,424 classified as Investment income on the Consolidated Statement of Activities.

Note 4: INVESTMENTS IN PROMISSORY NOTES RECEIVABLE

As discussed in Note 1, investments in promissory note receivable is recorded at fair value as determined by the Organization's management. As of December 31, 2021, the face value and carrying amount of accrued interest approximates fair market value for these investments at \$1,374,774 and is classified in Level 3 of the fair value hierarchy (See Note 8). The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be readily determined.

The accrued interest income of \$79,867 from these investments is included in Interest income under Without Donor Restrictions on the Consolidated Statement of Activities.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 5: FURNITURE, FIXTURES AND EQUIPMENT, NET

Furniture, fixtures and equipment are recorded at cost and summarized by major classifications as follows:

		<u>Useful life</u>
Furniture and fixtures	\$ 2,234	5-10
Equipment and computers	<u>14,828</u>	5-10
	17,062	
Less: accumulated depreciation	<u>(17,062)</u>	
Furniture, fixtures and equipment, net	<u>\$ -</u>	

Depreciation expense for the year ended December 31, 2021 was \$0. The depreciation policies followed by the Organization are described in Note 1.

Note 6: BANK LOANS PAYABLE

In response to COVID-19, the Organization received a loan in the amount of \$371,588 during the year ended December 31, 2020 and a second draw in the amount of \$435,367, totaling \$806,955, under the SBA Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act . During the year ended December 31, 2021, the Organization applied for and has been notified that the Small Business Administration has forgiven the cumulative \$806,955 balance and it was recognized as PPP loan forgiveness on the consolidated statement of activities.

Note 7: INCOME TAXES

As discussed in Note 1, The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Organization is required to file exempt organization information returns in both federal and state tax jurisdictions. The Organization's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of December 31, 2021, the IRS has not proposed any adjustment to the Organization's tax position.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 8: FAIR VALUE MEASUREMENT

The Organization follows FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in an active market for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model derived prices whose inputs are observable or whose significant value drivers are observable;

Level 3 - Assets and liabilities whose significant value drivers are unobservable.

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investments in securities	\$ 13,646,640	\$ 13,646,640	\$ -	\$ -
Investments in private companies	4,534,011	-	-	4,534,011
Investment in promissory notes	1,374,774	-	-	1,374,774
	<u>\$ 19,555,425</u>	<u>\$ 13,646,640</u>	<u>\$ -</u>	<u>\$ 5,908,785</u>

<u>Liabilities</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investments, sold short	\$ 234,531	\$ 234,531	\$ -	\$ -
	<u>\$ 234,531</u>	<u>\$ 234,531</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2021:

	<u>Amounts</u>
Beginning balance at December 31, 2020	\$ 3,695,077
Unrealized gains and (losses)	258,930
Realized gains and (losses)	(1,050,000)
Purchases, issuances and settlements	3,722,197
Sales proceeds	(19,729)
Transfers to Level 1	(697,690)
Ending balance at December 31, 2021	<u>\$ 5,908,785</u>

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 9: LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash	\$ 13,432,108
Other receivable	36,510
Other assets	92,563
Total	<u>\$ 13,561,181</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in interest-bearing bank accounts. To help manage unanticipated liquidity needs, the Organization has marketable securities that it can readily liquidate, if necessary.

Note 10: COMMITMENTS AND CONTINGENCIES

The Organization leases office space for its operation under a lease through May 31, 2024. Rent expense under this lease was \$175,298 for the year ended December 31, 2021. Future minimum lease payments under this lease for the years ending December 31, are:

2022	\$ 135,518
2023	140,502
2024	59,652
Total	<u>\$ 335,672</u>

The Organization signed a new lease in August of 2021, whose terms expressed that the lease would not commence until the earlier of when business began on the premises, or when the landlord has completed the build out of the Organization's desired improvements of the premises. This lease had not commenced as of December 31, 2021.

The Organization maintains several bank accounts at financial institutions. These accounts are insured by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000. At times during the year ended December 31, 2021, cash balances held at these financial institutions were in excess of the FDIC insured limits. The Organization has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

The worldwide outbreak of coronavirus (COVID-19) may lead to an adverse impact on the financial markets and the overall economy. In the event such an impact was to occur and last for a sustained period, the operations and financial performance of the Organization may be adversely affected. At this point, however, the severity of such an event is highly uncertain and cannot be predicted.

Note 11: INTANGIBLE ASSETS

Intangible assets with an original cost of \$750 are trademarks that have been fully amortized using the straight-line method over 10 years. Amortization cost for the year ended December 31, 2021, was \$0.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 12: DONOR RESTRICTIONS ON NET ASSETS

There were no net assets with donor restrictions as of December 31, 2021.

Note 13: RECENTLY ISSUED ACCOUNTING STANDARDS

The FASB has established the ASC (or “Codification”) as the authoritative source of generally accepted accounting principles (“GAAP”) recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates (“ASU’s”).

For the year ending December 31, 2021, various ASU's issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended.

The Organization has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Organization's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Organization and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.