

Cure Duchenne & Subsidiaries
A California Not-for-Profit Organization
Consolidated Financial Statements
For the Year Ended December 31, 2023

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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, 2023, 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, 2023, 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.

Breard & Associates, LLP
Breard & Associates, LLP
Certified Public Accountants

Northridge, California
August 6, 2024

Cure Duchenne & Subsidiaries
Consolidated Statement of Financial Position
December 31, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,539,794
Total current assets	2,539,794

Furniture, fixtures and equipment, net	9,732
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Other Assets

Investments in securities, at market value	16,483,240
Investments in private companies	5,816,432
Investments in promissory notes receivable	1,850,382
Other receivables	23,477
Deposits	36,274
Prepaid expenses	327,020
Right of use asset	1,299,043
Total other assets	25,835,868

Total assets	\$ 28,385,394
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 137,002
Pension payable	76,964
Deferred income	42,469
Lease liabilities	298,233
Total current liabilities	554,668

Long-Term Liabilities

Lease liabilities, net of current	1,270,317
Total long-term liabilities	1,270,317

Total liabilities	1,824,985
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Without donor restrictions	26,560,409
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With donor restrictions	-
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Total net assets	26,560,409
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Total liabilities and net assets	\$ 28,385,394
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The accompanying notes are an integral part of these financial statements.

Cure Duchenne & Subsidiaries
Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenue</u>			
Contributions	\$ 4,359,187	\$ -	\$ 4,359,187
Special events revenue	4,862,180	-	4,862,180
Total revenue	<u>9,221,367</u>	<u>-</u>	<u>9,221,367</u>
Less: Special events direct costs	<u>(2,794,166)</u>	<u>-</u>	<u>(2,794,166)</u>
Total revenue, net of direct costs	6,427,201	-	6,427,201
Unrealized and realized investment returns	1,564,146	-	1,564,146
Interest income	363,250	-	363,250
Other income	<u>622,588</u>	<u>-</u>	<u>622,588</u>
Total support and revenue	8,977,185	-	8,977,185
<u>Expenses</u>			
Awareness	2,057,254	-	2,057,254
Patient care	2,166,348	-	2,166,348
Research	4,393,559	-	4,393,559
Management and general	775,736	-	775,736
Fundraising	<u>1,123,764</u>	<u>-</u>	<u>1,123,764</u>
Total expenses	<u>10,516,661</u>	<u>-</u>	<u>10,516,661</u>
Increase (Decrease) in Net Assets	(1,539,476)	-	(1,539,476)
Net Assets, Beginning of Year	<u>28,099,885</u>	<u>-</u>	<u>28,099,885</u>
Net Assets, End of Year	<u>\$ 26,560,409</u>	<u>\$ -</u>	<u>\$ 26,560,409</u>

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

Cure Duchenne & Subsidiaries
Consolidated Statement of Functional Expense
December 31, 2023

	Program Activities			Support Activities		Total
	Awareness	Patient Care	Research	Management and General	Fundraising	
Bank and merchant charges	\$ -	\$ 1,098	\$ -	\$ 4,225	\$ 15,414	\$ 20,737
Charitable donations	-	-	-	-	-	-
Community education	-	5,617	-	-	-	5,617
Database and IT maintenance	33,956	59,161	30,781	20,874	11,003	155,775
Depreciation expense	-	-	-	6,488	-	6,488
Dues and subscriptions	6,409	849	23,706	16,066	25,260	72,290
Employee benefits	86,089	47,562	78,488	2,681	53,247	268,067
Grants and allocations	-	-	-	-	-	-
Insurance	2,077	3,116	358	2,039	1,558	9,148
Legal and professional fees	45,249	199,571	107,005	19,947	74,801	446,573
Licenses and permit	-	-	-	4,755	-	4,755
Meals and entertainment	12,833	39,477	7,946	23,809	41,871	125,936
Office supplies and expense	4,446	52,110	27,943	160,412	23,632	268,543
Other administrative expenses	-	-	-	542	-	542
Outside services	17,365	15,093	2,304,452	67,886	2,353	2,407,149
Payroll taxes	78,884	57,593	101,045	19,252	54,421	311,195
Postage and delivery	3,190	11,999	358	6,215	6,109	27,871
Printing and reproduction	11,691	34,661	169	5,199	61,642	113,362
Promotional materials	53,717	22,195	3,329	125	5,606	84,972
Public relations	460,691	4,075	-	-	-	464,766
Rent	102,025	153,028	153,028	8,338	28,982	445,401
Research	-	300,000	325,007	-	-	625,007
Salaries and wages	1,094,018	998,112	1,143,603	327,764	540,152	4,103,649
Telephone and internet	1,803	889	2,560	990	2,300	8,542
Travel	42,811	160,142	83,781	78,129	175,413	540,276
Total Expenses	\$ 2,057,254	\$ 2,166,348	\$ 4,393,559	\$ 775,736	\$ 1,123,764	\$ 10,516,661

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

Cure Duchenne & Subsidiaries
Consolidated Statement of Cash Flows
December 31, 2023

Cash flow from operating activities:

Increase (Decrease) in Net Assets	\$ (1,539,476)
Adjustments to reconcile decrease in net assets to net	
Cash and cash equivalents provided by (used in) operating activities	
Depreciation expense	\$ 6,488
Net losses in securities, at market value	(1,500,875)
Net losses in investments in private companies	(63,271)
Amortization of right of use asset	318,133
 (Increase) decrease in assets:	
Prepaid expenses	(118,392)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	100,894
Deferred income	(24,339)
Investments, sold short	
Pension payable	69,376
Total adjustments	<u>(1,211,986)</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>(2,751,462)</u>

Cash flow from investing activities:

Investments in securities	(5,385,653)
Investments in private companies	(3,000,051)
Proceeds from sale of securities	5,849,008
Investment in promissory note receivable	<u>(390,816)</u>
 Net cash and cash equivalents provided by (used in) investing activities	 (2,927,512)

Cash flow from financing activities:

Payments on lease liabilities	<u>(192,153)</u>
 Net cash and cash equivalents provided by (used in) financing activities	 <u>(192,153)</u>
 Net increase (decrease) in cash and cash equivalents	 (5,871,127)
 Cash and cash equivalents at beginning of year	 <u>8,410,921</u>
 Cash and cash equivalents at end of year	 <u><u>\$ 2,539,794</u></u>

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

Cure Duchenne & Subsidiaries
Consolidated Statement of Cash Flows
December 31, 2023

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$	-
Income taxes	\$	4,180

Supplemental disclosures of non-cash transactions:

The Organization amortized its right of use asset for \$318,133.

The Organization reclassified \$298,233 from long-term lease to current liability.

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

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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. 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.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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

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.

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, 2023 the Organization received \$0 in contributed professional services.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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

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.

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.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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

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, 2023, the organization expensed \$523,737, 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.

Other income

Other income total is \$622,588. The Employee Retention Credit total was \$241,434 and the Datasets income was \$233,500. The remaining \$147,654 consists of various streams of income.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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

Leases

The Company's accounting and reporting of its leases complies with FASB ASC 842, Leases. The Company evaluated its existing vendor agreements, including its service office agreements for the recognition criteria under this guidance. It was determined that during the year ended December 31, 2023, the Company had agreements that would be classified as operating leases under the lease recognition guidance.

The Company is a lessee in noncancelable operating leases for office spaces subject to ASC 842, as disclosed in Note 9.

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.

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 \$16,483,241, as of December 31, 2023. As discussed in Note 1, these investments are carried at fair value based on quoted market prices. The mark to market accounting for these investments is included in unrealized and realized 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, 2023, these investments are carried at their fair market value of \$5,816,482 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.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 3: INVESTMENTS IN PRIVATE COMPANIES
(Continued)

The net realized and unrealized gains or losses from these investments are included in unrealized and realized 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, 2023, the Organization did not receive any milestone payments.

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, 2023, the face value and carrying amount of accrued interest approximates fair market value for these investments at \$1,850,382 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 \$90,023 from these investments is included in Interest income under Without Donor Restrictions on the Consolidated Statement of Activities.

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	\$ 22,508	5-10
Equipment and computer	<u>14,828</u>	5-10
	37,336	
Less: accumulated depreciation	<u>(27,604)</u>	
Furniture, fixtures and equipment, net	<u>\$ 9,732</u>	

Depreciation expense for the year ended December 31, 2023 was \$6,488. The depreciation policies followed by the Organization are described in Note 1.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 6: 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, 2023, the IRS has not proposed any adjustment to the Organization's tax position.

Note 7: 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.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 7: FAIR VALUE MEASUREMENT
(Continued)

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, 2023:

Assets	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments in securities	\$ 16,483,240	\$ 16,483,240	\$ -	\$ -
Investment in private companies	5,816,432	-	-	5,816,432
Investment in promissory notes	<u>1,850,382</u>	<u>-</u>	<u>-</u>	<u>1,850,382</u>
	<u>\$ 24,150,054</u>	<u>\$ 16,483,240</u>	<u>\$ -</u>	<u>\$ 7,666,814</u>
Liabilities				
Investments, sold short	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ -</u>	<u>\$ -</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, 2023:

	<u>Amounts</u>
Beginning balance at December 31, 2023	\$ 4,212,676
Unrealized gains and (losses)	63,271
Accrued interest	90,023
Purchases, issuances and settlements	3,000,051
Sales proceeds	-
Increase in loan receivable	300,793
Transfers to Level 1	<u>-</u>
Ending balance at December 31, 2023	<u>\$ 7,666,814</u>

Note 8: LIQUIDITY

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

Cash	\$ 2,539,794
Other receivable	23,477
Investments securities, at market value	<u>16,483,240</u>
Total	<u>\$ 19,046,511</u>

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 8: LIQUIDITY
(Continued)

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 9: COMMITMENTS AND CONTINGENCIES

Leases

The Company has obligations as a lessee for office space with initial noncancelable terms in excess of one year. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for certain of the Company's leases, variable payments. The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The components of lease cost for the year ended December 31, 2023 are as follows:

Operating lease costs	\$ 318,133
Short-term lease costs	<u>127,811</u>
Total lease expenses	<u>\$ 445,944</u>

Amounts reported in the balance sheet as of December 31, 2023 are as follows:

Right of use asset	\$ 1,299,043
Lease liabilities	\$ 1,568,550

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 9: COMMITMENTS AND CONTINGENCIES
(Continued)

Maturities of lease liabilities under noncancelable operating leases as of December 31, 2023 are:

2024	\$ 298,233
2025	287,899
2026	277,923
2027	268,293
2028	<u>238,049</u>
Total undiscounted lease payments	1,370,397
Less imputed interest	<u>198,153</u>
Total lease liabilities	<u>\$1,568,550</u>

Contingencies

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, 2023, 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 10: 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, 2023, was \$0.

Note 11: DONOR RESTRICTIONS ON NET ASSETS

There were no net assets with donor restrictions as of December 31, 2023.

Cure Duchenne & Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

Note 12: 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, 2023, the Organization adopted ASC 842 Leases. The Organization opted for the effective date method, recognizing all impacts of the adoption on January 1, 2022, without adjusting prior years financial statements.

The Organization has either evaluated or is currently evaluating the implications, if any, of other pronouncements and the possible impact they may have on the Organization's financial statements. In most cases, management has determined that the pronouncements have 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, except for ASC 842.