

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
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YEARS ENDED DECEMBER 31, 2020 AND 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The Parent Project for Muscular  
Dystrophy Research, Inc.  
Hackensack, New Jersey

### **Report on the Financial Statements**

I have audited the accompanying financial statements of The Parent Project for Muscular Dystrophy Research, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **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**

My responsibility is to express an opinion on these financial statements based on my audits. 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. Those standards require that I plan and perform the audits 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parent Project for Muscular Dystrophy Research, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*James M. Wood, CPA*

September 28 , 2021  
Hillsborough, NJ

THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash	\$ 5,472,535	\$ 3,834,862
Pledges & accounts receivable	355,746	584,939
Investment securities	260,308	-
Total financial assets	<u>6,088,589</u>	<u>4,419,801</u>
Employee advances	16,444	6,837
Merchandise inventory	29,158	25,728
Prepaid expenses	105,167	204,312
Total current assets	<u>6,239,358</u>	<u>4,656,678</u>
Property & equipment		
Office equipment	132,959	127,188
Office furniture	37,810	37,810
Leasehold improvements	6,180	6,180
	<u>176,949</u>	<u>171,178</u>
Less accumulated depreciation	<u>(152,368)</u>	<u>(136,921)</u>
	24,581	34,257
Other assets		
Investment securities - other	849,880	-
Security deposit	22,607	22,607
	<u>872,487</u>	<u>22,607</u>
	<u>\$ 7,136,426</u>	<u>\$ 4,713,542</u>
<b>Liabilities &amp; Net Assets</b>		
Current liabilities		
Accounts payable & accrued expenses	\$ 115,946	\$ 195,776
Grants received in advance	-	25,000
Research grants payable	517,387	141,094
Loan payable	447,660	-
	<u>1,080,993</u>	<u>361,870</u>
Net assets		
Without donor restrictions	5,224,854	3,509,682
With donor restrictions	830,579	841,990
	<u>6,055,433</u>	<u>4,351,672</u>
	<u>\$ 7,136,426</u>	<u>\$ 4,713,542</u>

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Public Support</b>						
Contributions & grants	\$ 4,927,414	\$ 2,426,243	\$ 7,353,657	\$ 4,692,295	\$ 4,950,499	\$ 9,642,794
Conference income	329,350	-	329,350	420,660	-	420,660
Fees for service	73,920	-	73,920	265,711	-	265,711
Special events						
Gross income	1,536,341	-	1,536,341	1,419,626	-	1,419,626
Direct expense	(133,757)	-	(133,757)	(320,727)	-	(320,727)
	1,402,584	-	1,402,584	1,098,899	-	1,098,899
	6,733,268	2,426,243	9,159,511	6,477,565	4,950,499	11,428,064
<b>Investment Income</b>						
Interest & dividends	203	-	203	883	-	883
Gain on sale of donated securities	1,577	-	1,577	1,349	-	1,349
Unrealized gain on investments	10,309	-	10,309	-	-	-
	12,089	-	12,089	2,232	-	2,232
<b>Other income</b>						
Recovery of previously awarded grant	364,130	-	364,130	-	-	-
Other	33,669	-	33,669	5,371	-	5,371
	397,799	-	397,799	5,371	-	5,371
	7,143,156	2,426,243	9,569,399	6,485,168	4,950,499	11,435,667
Assets released from restriction	2,437,654	(2,437,654)	-	4,108,509	(4,108,509)	-
Total income	9,580,810	(11,411)	9,569,399	10,593,677	841,990	11,435,667
<b>Functional Expenses</b>						
Program services						
Research	5,341,667	-	5,341,667	7,647,985	-	7,647,985
Education	873,169	-	873,169	1,407,262	-	1,407,262
Advocacy	364,011	-	364,011	420,166	-	420,166
	6,578,847	-	6,578,847	9,475,413	-	9,475,413
Supporting services						
Management & general	566,080	-	566,080	597,133	-	597,133
Fund raising	720,711	-	720,711	780,442	-	780,442
	1,286,791	-	1,286,791	1,377,575	-	1,377,575
Total expenses	7,865,638	-	7,865,638	10,852,988	-	10,852,988
Increase (decrease) in net assets	1,715,172	(11,411)	1,703,761	(259,311)	841,990	582,679
Net assets, beginning of year	3,509,682	841,990	4,351,672	3,768,993	-	3,768,993
Net assets, end of year	5,224,854	\$ 830,579	\$ 6,055,433	\$ 3,509,682	\$ 841,990	\$ 4,351,672

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019**

	2020					2019	
	Program Services			Supporting Services		Total	Total
	Research	Education	Advocacy	Management & General	Fund Raising	Total Expenses	Total
Salaries	\$ 1,089,713	\$ 475,674	\$ 94,908	\$ 287,097	\$ 407,797	\$ 2,355,189	\$ 2,639,128
Payroll tax & fringe benefits	177,875	77,645	15,492	46,863	66,565	384,440	488,390
	<u>1,267,588</u>	<u>553,319</u>	<u>110,400</u>	<u>333,960</u>	<u>474,362</u>	<u>2,739,629</u>	<u>3,127,518</u>
Grants	2,669,159	-	20,000	-	-	2,689,159	4,455,275
Accounting fees	-	-	-	17,225	-	17,225	10,506
Conferences & meetings	73,167	54,666	23,618	242	258	151,951	440,381
Legal counsel	51,020	-	-	30,850	-	81,870	85,284
Bank charges	174	81	14	269	-	53,911	52,496
Fees & permits	28,352	138	6,089	3,288	7,052	44,919	66,816
Insurance	9,182	5,056	778	2,986	3,711	21,713	16,764
Office expenses & supplies	31,939	6,768	1,622	11,315	6,116	57,760	84,330
Technology	352,791	43,455	3,741	34,155	89,700	523,842	768,832
Rent	31,040	47,107	9,662	27,259	32,475	147,543	167,126
Postage & shipping	10,620	6,769	611	2,032	3,473	23,505	30,509
Printing & publications	34,779	14,899	112	1,015	2,520	53,325	81,065
Consulting expense	516,478	123,777	104,380	32,775	38,457	815,867	603,601
Telephone	8,737	4,934	795	2,866	3,774	21,106	24,812
Utilities	2,913	5,596	668	3,751	4,094	17,022	19,735
Merchandise	20,451	2,054	42	2,767	5,177	30,491	7,185
Travel	102,323	-	24,460	1,874	5,601	134,258	421,842
Meals	124,118	1,066	56,491	5,387	2,757	189,819	373,001
Bad debt expense	-	-	-	35,007	-	35,007	-
	<u>5,334,831</u>	<u>869,685</u>	<u>363,483</u>	<u>563,968</u>	<u>718,224</u>	<u>7,850,191</u>	<u>10,837,078</u>
Depreciation	6,836	3,484	528	2,112	2,487	15,447	15,910
Total functional expenses	<u>\$ 5,341,667</u>	<u>\$ 873,169</u>	<u>\$ 364,011</u>	<u>\$ 566,080</u>	<u>\$ 720,711</u>	<u>\$ 7,865,638</u>	<u>\$ 10,852,988</u>

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	2019				Supporting Services			Total Expenses
	Program Services				Management & General	Fund Raising	Total	
	Research	Education	Advocacy	Total				
Salaries	\$ 1,181,128	\$ 594,953	\$ 90,988	\$ 1,867,069	\$ 347,281	\$ 424,778	\$ 772,059	\$ 2,639,128
Payroll tax & fringe benefits	220,740	111,349	17,236	349,325	60,210	78,855	139,065	488,390
	<u>1,401,868</u>	<u>706,302</u>	<u>108,224</u>	<u>2,216,394</u>	<u>407,491</u>	<u>503,633</u>	<u>911,124</u>	<u>3,127,518</u>
Grants	4,455,275	-	-	4,455,275	-	-	-	4,455,275
Accounting fees	-	-	-	-	10,506	-	10,506	10,506
Conferences & meetings	117,408	266,044	55,417	438,869	1,298	214	1,512	440,381
Legal counsel	77,579	-	-	77,579	7,705	-	7,705	85,284
Bank charges	-	-	-	-	21,545	30,951	52,496	52,496
Fees & permits	43,457	4,051	8,120	55,628	1,892	9,296	11,188	66,816
Insurance	5,385	3,992	543	9,920	4,456	2,388	6,844	16,764
Office expenses & supplies	28,160	24,680	2,033	54,873	20,603	8,854	29,457	84,330
Technology	505,456	96,755	2,894	605,105	38,085	125,642	163,727	768,832
Rent	41,433	50,403	21,588	113,424	18,350	35,352	53,702	167,126
Postage & shipping	11,633	6,290	897	18,820	3,433	8,256	11,689	30,509
Printing & publications	37,178	10,604	1,724	49,506	12,965	18,594	31,559	81,065
Consulting expense	459,716	4,888	117,628	582,232	20,115	1,254	21,369	603,601
Telephone	11,151	6,481	1,494	19,126	1,906	3,780	5,686	24,812
Utilities	4,199	5,440	545	10,184	4,864	4,687	9,551	19,735
Merchandise	-	4,046	-	4,046	3,139	-	3,139	7,185
Travel	299,128	41,338	47,670	388,136	10,802	22,904	33,706	421,842
Meals	141,020	172,488	50,864	364,372	6,462	2,167	8,629	373,001
	<u>7,640,046</u>	<u>1,403,802</u>	<u>419,641</u>	<u>9,463,489</u>	<u>595,617</u>	<u>777,972</u>	<u>1,373,589</u>	<u>10,837,078</u>
Depreciation	7,939	3,460	525	11,924	1,516	2,470	3,986	15,910
Total functional expenses	\$ <u>7,647,985</u>	\$ <u>1,407,262</u>	\$ <u>420,166</u>	\$ <u>9,475,413</u>	\$ <u>597,133</u>	\$ <u>780,442</u>	\$ <u>1,377,575</u>	\$ <u>10,852,988</u>

See accompanying notes to financial statements.



**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 1,703,761	\$ 582,679
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,447	15,910
Gain on sale of investment securities	(11,886)	(1,349)
Investment securities received as contributions	(515,028)	(779,260)
(Increase) decrease in:		
Grants receivable	-	283,578
Pledges & accounts receivable	229,193	(80,258)
Employee advances	(9,607)	(3,669)
Merchandise inventory	(3,430)	(13,276)
Prepaid expenses	99,145	(80,309)
Increase (decrease) in:		
Accounts payable & accrued expenses	(79,830)	45,395
Grants received in advance	(25,000)	(1,522,974)
Research grants payable	376,293	(124,327)
	<u>1,779,058</u>	<u>(1,677,860)</u>
<b>Cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(5,771)	(15,957)
Proceeds from sale of investment securities	266,606	780,609
Acquisition of investment securities - other	(849,880)	-
	<u>(589,045)</u>	<u>764,652</u>
<b>Cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from loan payable	447,660	-
	<u>447,660</u>	<u>-</u>
<b>Cash provided by financial activities</b>		
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<u>1,637,673</u>	<u>(913,208)</u>
<b>Cash</b>		
Beginning of year	<u>3,834,862</u>	<u>4,748,070</u>
End of year	<u>\$ 5,472,535</u>	<u>\$ 3,834,862</u>

See accompanying notes to financial statements.

THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(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*

Certain investment securities are stated at fair value in the statement of financial position. All interest, dividends, realized gains (losses) and unrealized gains (losses) are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment securities received as donations are liquidated as soon as practical.

The Parent Project also has an investment in a debt security of a non-publicly traded organization and as such has recorded the investment under the cost method as it is not practicable to estimate its fair value.

*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.

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

*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.

*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.

*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 \$517,387 and \$141,094 were recognized according to the outstanding research grant agreements at December 31, 2020 and 2019, 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, 2020 and 2019.

*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 FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
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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, 2017 through 2020 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.

*New accounting pronouncements*

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance, lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

**(3) Investment Securities**

Investment securities as of December 31, 2020 are as follows:

Investment security measured at fair value:

Real estate investment trust, received as contribution	<u>\$260,308</u>
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Investment security measured at cost:

Convertible note	<u>\$849,880</u>
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Investment securities received as donations are recorded at the estimated fair value on the date of receipt. Upon sale, a gain or loss is recorded based on actual proceeds.

The Parent Project's investment security measured at cost consists of a convertible promissory note in Satellos Bioscience, Inc., an organization conducting medical research on Duchenne Muscular Dystrophy. The note bears interest at 8% annually and is convertible to common stock if Satellos conducts an initial public offering.

**THE PARENT PROJECT FOR MUSCULAR  
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NOTES TO FINANCIAL STATEMENTS  
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**(4) Fair Value Measurement**

Certain financial instruments are carried at fair value which is defined as 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. Fair value is determined using three levels of inputs:

Level 1 Valuations based on quoted prices in active markets for identical assets.

Level 2 Valuations based on one or more quoted price for investments that are not exchange traded but for which all significant inputs are observable.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

During the years ended December 31, 2020 and 2019, there were no changes to the Parent Project's valuation techniques that had, or are expected to have, a material impact on its financial position or change in net assets.

The following valuation methodologies are used for assets measured at fair value:

*Real estate investment trust* - There exists no active market for the real estate investment trust which was received as a contribution. Accordingly, it is classified as a Level 3 fair value. The investment was liquidated on the first day of business in 2021, and it is carried at the amount net proceeds received which approximates its fair value on December 31, 2020.

Assets measured at fair value on a recurring basis as of December 31, 2020 are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Real estate investment trust	\$ _____-	\$ _____-	<u>\$260,308</u>	<u>\$260,308</u>

**(5) Operating Lease Commitments**

The Parent Project is obligated under the terms of leases for premises and certain equipment as follows:

Year ending December 31

2021	\$ 91,276
2022	<u>9,379</u>
	<u>\$100,655</u>

Rent expense totaled \$147,543 and \$167,126 for the years ended December 31, 2020 and 2019, respectively.

**(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, 2020 and 2019, contributions to the plan totaled \$107,343 and \$118,812, respectively.

**THE PARENT PROJECT FOR MUSCULAR  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**(7) Special Events**

During the years ended December 31, 2020 and 2019, the Parent Project held various events with the following results:

	<u>2020</u>	<u>2019</u>
Gross revenue	\$904,707	\$1,419,626
Direct expense	<u>(133,757)</u>	<u>( 320,727)</u>
	<u>\$770,950</u>	<u>\$1,098,899</u>

**(8) Line of credit**

The Parent Project has an available \$250,000 line of credit with a bank with no maturity date. Interest on the outstanding balance accrues at the rate of 7.25%. The Parent Project had no outstanding balance on the line of credit as of December 31, 2020 and 2019.

**(9) Loan Payable**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which spread throughout the United States. In response to the pandemic, the United States Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES) which provides direct economic assistance and loans to business entities. In April 2020 The Parent Project received a loan of \$447,660 under the Paycheck Protection Program (PPP) which is a component of the CARES Act. If certain criteria are met, all or a portion of the loan may be forgiven. As of December 31, 2020 the loan remains outstanding, repayable over 5 years at a rate of 1%. In April 2021, The Parent Project met the forgiveness criteria for the full amount of the loan; \$447,660 will be recognized as income during the year ending December 31, 2021.

**THE PARENT PROJECT FOR MUSCULAR  
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

**(10) 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Duchenne Registry Initiative	\$148,449	\$423,257
Cardiac Initiative	90,366	85,366
Cardiac/Gene Therapy Initiative	59,168	333,367
Biomarket Initiative	117,020	-
Steroid Study	23,535	-
Newborn Screening	<u>392,041</u>	<u>-</u>
	<u>\$830,579</u>	<u>\$841,990</u>

Net assets released from restriction are as follows for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Duchenne Registry Initiative	\$ 724,808	\$ 686,144
Care Initiative	-	221,000
Research Initiative	903,422	3,201,365
Steroid Study	51,465	-
Newborn Screening	<u>757,959</u>	<u>-</u>
	<u>\$2,437,654</u>	<u>\$4,108,509</u>

**(11) 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$5,472,535	\$3,834,862
Pledges and accounts receivable	355,746	584,939
Investment Securities	<u>260,308</u>	<u>-</u>
Financial Assets	6,088,589	4,419,801
Less:		
Donor Restrictions	<u>830,579</u>	<u>841,990</u>
Financial assets available for general expenditure	<u>\$5,258,010</u>	<u>\$3,577,811</u>

As part of the Parent Project's liquidity management plan, cash in excess of daily requirements is invested in interest-bearing demand deposits. The Parent Project also has an available line of credit in the amount of \$250,000 to assist with cash flow requirements.

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**(12) Risks and Uncertainties**

Coronavirus

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which has spread throughout the United States. On March 21, 2020, the governor of New Jersey declared a health emergency and issued an order to close all nonessential businesses and activities until further notice. The Parent Project is open as of the date of these financial statements, observing social distancing guidelines issued by the federal Centers for Disease Control and Prevention. This health emergency could impact donors' ability to make donations to the Parent Project and negatively affect income generated from special events. The overall impact on the Parent Project's operations, earnings, cash flows and financial position in 2021 and beyond cannot be reasonably estimated as of the date of these financial statements.

**(13) Subsequent Events**

The Parent Project met the forgiveness criteria for its initial PPP loan in April 2021. That loan of \$447,660 will be taken into income during 2021 (See Note 9). The Parent Project received a second PPP loan of \$425,852 in March 2021 with similar terms and conditions of the first PPP loan. Management will apply for forgiveness of principal during the year ending December 31, 2021.

The Parent Project has evaluated the need for adjustments resulting from subsequent events through September 28, 2021, 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, 2020.