

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The Parent Project for Muscular  
Dystrophy Research, Inc.  
Washington, D.C.

### **Opinion**

I have audited the accompanying financial statements of The Parent Project for Muscular Dystrophy Research Inc. (the Parent Project) (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Parent Project for Muscular Dystrophy Research, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Parent Project and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parent Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parent Project's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

*James M. Wood, CPA*

October 3, 2022  
Hillsborough, NJ

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets		
Cash	\$ 7,780,724	\$ 5,472,535
Grants receivable	37,500	-
Pledges & accounts receivable	793,289	355,746
Investment securities	927,294	260,308
Total financial assets	9,538,807	6,088,589
Employee advances	11,527	16,444
Merchandise inventory	52,041	29,158
Prepaid expenses	217,861	105,167
Total current assets	9,820,236	6,239,358
Property & equipment		
Office equipment	75,879	132,959
Office furniture	16,019	37,810
Leasehold improvements	-	6,180
	91,898	176,949
Less accumulated depreciation	(64,692)	(152,368)
	27,206	24,581
Other assets		
Investments at cost	350,480	849,880
Security deposit	5,938	22,607
	356,418	872,487
	\$ 10,203,860	\$ 7,136,426
<b>Liabilities &amp; Net Assets</b>		
Current liabilities		
Accounts payable & accrued expenses	\$ 396,783	\$ 115,946
Grant received with conditions	150,000	-
Research grants payable	531,753	517,387
Loan payable to Small Business Administration	425,852	447,660
	1,504,388	1,080,993
Net assets		
Without donor restrictions	7,899,231	5,224,854
With donor restrictions	800,241	830,579
	8,699,472	6,055,433
	\$ 10,203,860	\$ 7,136,426

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Public Support</b>						
Contributions & grants	\$ 4,466,438	\$ 2,162,351	\$ 6,628,789	\$ 4,927,414	\$ 2,426,243	\$ 7,353,657
Conference income	313,650	-	313,650	329,350	-	329,350
Fees for service	172,339	-	172,339	73,920	-	73,920
Special events						
Gross income	2,050,953	-	2,050,953	1,536,341	-	1,536,341
Direct expense	(138,175)	-	(138,175)	(133,757)	-	(133,757)
	1,912,778	-	1,912,778	1,402,584	-	1,402,584
<b>Investment Income</b>	6,865,205	2,162,351	9,027,556	6,733,268	2,426,243	9,159,511
Interest & dividends	49,538	-	49,538	203	-	203
Gain on sale of donated securities	4,068	-	4,068	1,577	-	1,577
Unrealized gain (loss) on investments	(369,155)	-	(369,155)	10,309	-	10,309
	(315,549)	-	(315,549)	12,089	-	12,089
<b>Other income</b>						
Recovery of previously awarded grant	-	-	-	364,130	-	364,130
Other	410	-	410	33,669	-	33,669
Revenue sharing	997,500	-	997,500	-	-	-
Employee retention credit	329,826	-	329,826	-	-	-
Paycheck Protection Program	447,660	-	447,660	-	-	-
	1,775,396	-	1,775,396	397,799	-	397,799
	8,325,052	2,162,351	10,487,403	7,143,156	2,426,243	9,569,399
Assets released from restriction	2,192,689	(2,192,689)	-	2,437,654	(2,437,654)	-
<b>Total income</b>	10,517,741	(30,338)	10,487,403	9,580,810	(11,411)	9,569,399
<b>Functional Expenses</b>						
Program services						
Research	4,761,246	-	4,761,246	5,341,667	-	5,341,667
Education	861,049	-	861,049	873,169	-	873,169
Advocacy	770,492	-	770,492	364,011	-	364,011
	6,392,787	-	6,392,787	6,578,847	-	6,578,847
Supporting services						
Management & general	770,970	-	770,970	566,080	-	566,080
Fund raising	679,607	-	679,607	720,711	-	720,711
	1,450,577	-	1,450,577	1,286,791	-	1,286,791
<b>Total expenses</b>	7,843,364	-	7,843,364	7,865,638	-	7,865,638
Increase (decrease) in net assets	2,674,377	(30,338)	2,644,039	1,715,172	(11,411)	1,703,761
Net assets, beginning of year	5,224,854	830,579	6,055,433	3,509,682	841,990	4,351,672
Net assets, end of year	\$ 7,899,231	\$ 800,241	\$ 8,699,472	\$ 5,224,854	\$ 830,579	\$ 6,055,433

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020**

	2021				2020			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Research	Education	Advocacy	Total	Management & General	Fund Raising	Total	Total Expenses
Salaries	\$ 933,661	\$ 445,115	\$ 237,922	\$ 1,616,698	\$ 83,183	\$ 282,375	\$ 365,558	\$ 1,982,256
Payroll tax & fringe benefits	173,547	82,737	44,224	300,508	15,462	52,487	67,949	368,457
	<u>1,107,208</u>	<u>527,852</u>	<u>282,146</u>	<u>1,917,206</u>	<u>98,645</u>	<u>334,862</u>	<u>433,507</u>	<u>2,350,713</u>
Grants	2,504,187	-	5,000	2,509,187	-	-	-	2,509,187
Accounting fees	-	-	-	-	17,595	-	17,595	17,595
Conferences & meetings	90,790	7,363	56,540	154,693	-	245	245	154,938
Legal counsel	4,300	-	-	4,300	35,809	-	35,809	40,109
Bank charges	2	-	-	2	15,666	44,843	60,509	81,870
Fees & permits	30,157	5,241	5,514	40,912	23,734	2,874	26,608	54,180
Insurance	6,074	4,546	1,169	11,789	8,801	3,505	12,306	44,919
Office expenses & supplies	19,047	15,870	2,953	37,870	83,490	5,000	88,490	21,713
Technology	385,033	174,535	5,385	564,953	91,195	217,133	308,328	57,760
Rent	9,857	13,764	3,657	27,278	90,782	9,151	99,933	873,281
Postage & shipping	756	717	134	1,607	7,312	1,379	8,691	127,211
Printing & publications	9,383	-	-	9,383	-	-	-	10,298
Consulting expense	457,461	55,875	386,374	899,710	260,320	38,664	298,984	9,383
Telephone	4,722	2,969	634	8,325	12,758	2,322	15,080	1,198,694
Utilities	659	2,207	129	2,995	4,885	1,656	6,541	23,405
Merchandise	-	-	-	-	-	652	652	9,536
Travel	81,602	883	15,339	97,824	3,460	2,809	6,269	652
Meals	7,555	21	231	7,807	803	685	1,488	104,093
Program supplies	37,477	46,670	4,903	89,050	7,120	12,015	19,135	9,295
Bad debt expense	-	-	-	-	-	-	-	108,185
Loss on disposal of fixed assets	-	-	-	-	7,058	-	7,058	-
	<u>4,756,270</u>	<u>858,513</u>	<u>770,108</u>	<u>6,384,891</u>	<u>769,433</u>	<u>677,795</u>	<u>1,447,228</u>	<u>7,832,119</u>
Depreciation	4,976	2,536	384	7,896	1,537	1,812	3,349	11,245
Total functional expenses	\$ 4,761,246	\$ 861,049	\$ 770,492	\$ 6,392,787	\$ 770,970	\$ 679,607	\$ 1,450,577	\$ 7,843,364
								\$ 7,865,638

See accompanying notes to financial statements.

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

2020

	Program Services				Supporting Services			Total Expenses
	Research	Education	Advocacy	Total	Management & General	Fund Raising	Total	
Salaries	\$ 1,089,713	\$ 475,674	\$ 94,908	\$ 1,660,295	\$ 287,097	\$ 407,797	\$ 694,894	\$ 2,355,189
Payroll tax & fringe benefits	177,875	77,645	15,492	271,012	46,863	66,565	113,428	384,440
	<u>1,267,588</u>	<u>553,319</u>	<u>110,400</u>	<u>1,931,307</u>	<u>333,960</u>	<u>474,362</u>	<u>808,322</u>	<u>2,739,629</u>
Grants	2,669,159	-	20,000	2,689,159	-	-	-	2,689,159
Accounting fees	-	-	-	-	17,225	-	17,225	17,225
Conferences & meetings	73,167	54,666	23,618	151,451	242	258	500	151,951
Legal counsel	51,020	-	-	51,020	30,850	-	30,850	81,870
Bank charges	174	81	14	269	15,214	38,697	53,911	54,180
Fees & permits	28,352	138	6,089	34,579	3,288	7,052	10,340	44,919
Insurance	9,182	5,056	778	15,016	2,986	3,711	6,697	21,713
Office expenses & supplies	31,939	6,768	1,622	40,329	11,315	6,116	17,431	57,760
Technology	352,791	43,455	3,741	399,987	34,155	89,700	123,855	523,842
Rent	31,040	47,107	9,662	87,809	27,259	32,475	59,734	147,543
Postage & shipping	10,620	6,769	611	18,000	2,032	3,473	5,505	23,505
Printing & publications	34,779	14,899	112	49,790	1,015	2,520	3,535	53,325
Consulting expense	516,478	123,777	104,380	744,635	32,775	38,457	71,232	815,867
Telephone	8,737	4,934	795	14,466	2,866	3,774	6,640	21,106
Utilities	2,913	5,596	668	9,177	3,751	4,094	7,845	17,022
Merchandise	20,451	2,054	42	22,547	2,767	5,177	7,944	30,491
Travel	102,323	-	24,460	126,783	1,874	5,601	7,475	134,258
Meals	124,118	1,066	56,491	181,675	5,387	2,757	8,144	189,819
Bad debt expense	-	-	-	-	35,007	-	35,007	35,007
	<u>5,334,831</u>	<u>869,685</u>	<u>363,483</u>	<u>6,567,999</u>	<u>563,968</u>	<u>718,224</u>	<u>1,282,192</u>	<u>7,850,191</u>
Depreciation	6,836	3,484	528	10,848	2,112	2,487	4,599	15,447
Total functional expenses	\$ 5,341,667	\$ 873,169	\$ 364,011	\$ 6,578,847	\$ 566,080	\$ 720,711	\$ 1,286,791	\$ 7,865,638

See accompanying notes to financial statements.



**THE PARENT PROJECT FOR MUSCULAR DYSTROPHY RESEARCH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 2,644,039	\$ 1,703,761
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,245	15,447
(Gain) loss on sale of investment securities	365,087	(11,886)
Investment securities received as contributions	(721,240)	(515,028)
Loss on disposal of fixed assets	7,058	-
Small Business Administration loan recognized as income	(447,660)	-
(Increase) decrease in:		
Grants receivable	(37,500)	-
Pledges & accounts receivable	(437,543)	229,193
Employee advances	4,917	(9,607)
Merchandise inventory	(22,883)	(3,430)
Prepaid expenses	(112,694)	99,145
Security deposit	16,669	-
Increase (decrease) in:		
Accounts payable & accrued expenses	280,837	(79,830)
Grants received in advance	150,000	(25,000)
Research grants payable	14,366	376,293
	<u>1,714,698</u>	<u>1,779,058</u>
Cash provided by operating activities	1,714,698	1,779,058
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(20,928)	(5,771)
Proceeds from sale of investment securities	720,702	266,606
Acquisition of investment securities - other	(532,135)	(849,880)
	<u>167,639</u>	<u>(589,045)</u>
Cash provided by (used in) investing activities	167,639	(589,045)
<b>Cash flows from financing activities</b>		
Proceeds from Small Business Administration loan	425,852	447,660
	<u>425,852</u>	<u>447,660</u>
Cash provided by financial activities	425,852	447,660
Net increase in cash & cash equivalents	2,308,189	1,637,673
<b>Cash</b>		
Beginning of year	5,472,535	3,834,862
End of year	\$ <u>7,780,724</u>	\$ <u>5,472,535</u>

See accompanying notes to financial statements.

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(1) Nature of Organization**

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

**(2) Summary of Significant Accounting Policies**

*Financial statement presentation*

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

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

*Cash*

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

*Investment securities*

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

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

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

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

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

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

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

*Investments at cost*

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

*Contributions*

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

*Grants*

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

*Fees for service*

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

*Grants, pledges and accounts receivable*

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

*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.

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

*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 \$531,753 and \$517,387 were recognized according to the outstanding research grant agreements at December 31, 2021 and 2020, 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, 2021 and 2020.

*Merchandise inventory*

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

*Income taxes*

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

The Parent Project's accounting policy is to disclose contingencies relating to uncertain tax positions when a liability is probable and estimable. The Parent Project is not aware of any violation of tax status or exposure to uncertain tax positions that could require disclosure or which could affect its liquidity or future cash flows. The Parent Project's exempt organization filings for the years ended December 31, 2018 through 2021 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.

**THE PARENT PROJECT FOR MUSCULAR  
DYSTROPHY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(3) Investment Securities**

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

	<u>2021</u>	<u>2020</u>
Investment securities at fair value		
Real estate investment trust	\$250,000	\$260,308
Equity securities	<u>677,294</u>	<u>-</u>
	<u>\$927,294</u>	<u>\$260,308</u>

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

Investments at cost

Agreement for future equity	\$350,480	\$ -
Convertible note	<u>-</u>	<u>849,880</u>
	<u>\$350,480</u>	<u>\$849,880</u>

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

**(4) Fair Value Measurement**

The Parent Project has provided fair value disclosure information for relevant assets in these financial statements. The following tables summarize assets which have been accounted for at fair value on a recurring basis as of December 31, 2021 and 2020, grouped by the valuation hierarchy as defined in Note 1:

	Quoted Prices in Active Markets (Level 1)	Net Asset Value as Practical Expedient (NAV)	Total
December 31, 2021			
Real estate investment trust	\$ -	\$250,000	\$250,000
Equity securities	<u>677,294</u>	<u>-</u>	<u>677,294</u>
	<u>\$677,294</u>	<u>\$250,000</u>	<u>\$927,294</u>
December 31, 2020			
Real estate investment trust	<u>\$ -</u>	<u>\$260,308</u>	<u>\$260,308</u>

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**(5) Operating Lease Commitments**

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

<u>Year ending December 31</u>	
2022	\$60,756
2023	<u>17,219</u>
	<u>\$77,975</u>

Rent expense totaled \$127,211 and \$147,543 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, contributions to the plan totaled \$88,743 and \$107,343, respectively.

**(7) 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 8.00%. The Parent Project had no outstanding balance on the line of credit as of December 31, 2021 and 2020.

**(8) Loan Payable to Small Business Administration**

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. The Parent Project met the criteria for loan forgiveness, recognizing \$447,660 as income during the year ended December 31, 2021.

The Parent Project received a second loan in the amount of \$425,852 under the extended Paycheck Protection Plan, as component of the Economic Aid to Hard-hit Small Businesses, Nonprofits and Venues Act in March 2021. As of December 31, 2021, \$425,852 remains outstanding, repayable over five years at the rate of 1%. In January 2022, The Parent Project met the forgiveness criteria for the full amount of the loan; \$425,852 will be recognized as income during the year ending December 31, 2022.

**(9) Employee Retention Credit**

The Coronavirus Aid, Relief and Economic Security Act established the Employee Retention Credit (ERC) which was intended to help entities retain their workforces during the coronavirus pandemic. The ERC provides a per employee credit to eligible businesses, including nonprofit organizations, based on a percentage of qualified wages and health insurance benefits paid to employees. The ERC is a refundable payroll tax credit providing cash refunds. The Parent Project applied for and received Employee Retention Credits totaling \$329,826 for the first three quarters of 2021; it elected to recognize the credits as other income.

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**(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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Duchenne Registry Initiative	\$216,691	\$148,449
Cardiac Initiative	-	90,366
Cardiac/Gene Therapy Initiative	30,713	59,168
Biomarker Initiative	13,406	117,020
Steroid Study	12,377	23,535
Newborn Screening	274,164	392,041
Family Camp	2,890	-
Time restricted	<u>250,000</u>	<u>-</u>
	<u>\$800,241</u>	<u>\$830,579</u>

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

	<u>2021</u>	<u>2020</u>
Duchenne Registry Initiative	\$ 381,758	\$ 724,808
Biomarker Initiative	120,038	-
Cardiac Initiative	125,582	-
Research Initiative	762,466	903,422
Steroid Study	36,158	51,465
Newborn Screening	692,877	757,959
Adult Advisory Committee	64,000	-
Family Camp	<u>9,810</u>	<u>-</u>
	<u>\$2,192,689</u>	<u>\$2,437,654</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$7,780,724	\$5,472,535
Grants receivable	37,500	-
Pledges and accounts receivable	793,289	355,746
Investment Securities	<u>927,294</u>	<u>260,308</u>
Financial Assets	9,538,807	6,088,589
Less:		
Donor Restrictions	<u>800,241</u>	<u>830,579</u>
Financial assets available for general expenditure	<u>\$8,738,566</u>	<u>\$5,258,010</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) Insured Deposits**

As of December 31, 2021 and 2020, cash exceeding federally insured limits in one depository institution totaled \$7,518,470 and \$5,206,131, respectively.

**(13) Risks and Uncertainties**

The COVID-19 pandemic has created and may continue to create significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact the Parent Project's operations.

**(14) Subsequent Events**

The Parent Project met the forgiveness criteria for its second PPP loan in January 2022. That loan of \$425,852 will be recognized as income during 2022 (See Note 9).

The Parent Project has evaluated the need for adjustments resulting from subsequent events through October 3, 2022, 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, 2021.