

CurePSP, Inc

Audited Financial Statements

June 30, 2023

CurePSP, Inc.

Audited Financial Statements

June 30, 2023

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15

Independent Auditor's Report

Board of Trustees
CurePSP, Inc.

Opinion

We have audited the financial statements of CurePSP, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Organization'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 Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS 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 are considered material if there is substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are 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 we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
May 13, 2024

CurePSP, Inc.

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 954,190	\$ 1,872,863
Investments	5,999,625	5,307,184
Pledges receivable	69,771	56,899
Prepaid expenses and other assets	163,233	144,499
Inventory	106,261	120,054
Security deposit	11,764	7,000
Property and equipment, net	85,648	3,650
Investments held for endowment	386,757	351,053
TOTAL ASSETS	<u>\$ 7,777,249</u>	<u>\$ 7,863,202</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 207,089	\$ 205,592
Deferred revenue	223,513	223,513
Grant payable	973,896	676,670
Total liabilities	<u>1,404,498</u>	<u>1,105,775</u>
NET ASSETS		
Without donor restrictions	5,218,158	5,663,353
With donor restrictions	1,154,593	1,094,074
Total net assets	<u>6,372,751</u>	<u>6,757,427</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,777,249</u>	<u>\$ 7,863,202</u>

The attached notes and auditor's report are an integral part of these financial statements.

CurePSP, Inc.

Statement of Activities

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/23</u>	<u>Total 6/30/22</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 2,819,958	\$ 81,397	\$ 2,901,355	\$ 3,198,112
Fundraising event income	304,052	31,954	336,006	387,433
Investment return	572,088	32,546	604,634	(881,797)
Other revenue	18,460	-	18,460	3,984
Net asset released from restriction	85,378	(85,378)	-	-
Total public support and revenues	<u>3,799,936</u>	<u>60,519</u>	<u>3,860,455</u>	<u>2,707,732</u>
FUNCTIONAL EXPENSES				
Program services	3,419,739	-	3,419,739	2,766,372
Supporting services:				
General and administrative	463,835	-	463,835	427,735
Fundraising	<u>361,557</u>	<u>-</u>	<u>361,557</u>	<u>254,343</u>
Total supporting services	<u>825,392</u>	<u>-</u>	<u>825,392</u>	<u>682,078</u>
Total functional expenses	<u>4,245,131</u>	<u>-</u>	<u>4,245,131</u>	<u>3,448,450</u>
Change in net assets	(445,195)	60,519	(384,676)	(740,718)
NET ASSETS, <i>beginning of year</i>	<u>5,663,353</u>	<u>1,094,074</u>	<u>6,757,427</u>	<u>7,498,145</u>
NET ASSETS, <i>end of year</i>	<u>\$ 5,218,158</u>	<u>\$ 1,154,593</u>	<u>\$ 6,372,751</u>	<u>\$ 6,757,427</u>

The attached notes and auditor's report are an integral part of these financial statements.

CurePSP, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Program Services				Supporting Services				Total 6/30/22
	Care	Consciousness	Cure	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total 6/30/23	
Salaries	\$ 345,696	\$ 309,034	\$ 236,931	\$ 891,661	\$ 94,655	\$ 104,396	\$ 199,051	\$ 1,090,712	\$ 899,393
Payroll taxes and benefits	86,979	77,754	59,613	224,346	20,320	26,266	46,586	270,932	222,662
Consultants and professional fees	33,785	20,530	27,309	81,624	201,811	5,600	207,411	289,035	342,835
Occupancy	20,418	18,253	14,377	53,048	4,751	6,166	10,917	63,965	66,686
Research grants	-	50,325	757,573	807,898	-	-	-	807,898	696,089
Brain tissue grants	-	-	304,716	304,716	-	-	-	304,716	129,350
Respite fund grants	45,222	-	-	45,222	-	-	-	45,222	30,624
Patient care	86,000	-	-	86,000	-	-	-	86,000	135,000
Research symposium production costs	-	-	257,452	257,452	-	-	-	257,452	-
Direct mail	25,700	25,700	-	51,400	-	51,400	51,400	102,800	364,357
Recruiting and marketing	57,211	150,940	64,441	272,592	3,611	127,563	131,174	403,766	167,203
Meeting and conferences	-	37,897	6,410	44,307	6,714	1,102	7,816	52,123	5,372
Materials and supplies	1,967	1,840	1,616	5,423	458	594	1,052	6,475	20,252
Equipment rental	-	-	-	-	1,902	-	1,902	1,902	1,789
Travel	12,902	25,368	76,356	114,626	29,869	18,352	48,221	162,847	93,313
Postage and shipping	10,030	12,374	6,171	28,575	1,936	4,373	6,309	34,884	23,353
Insurance	-	-	-	-	12,655	1,541	14,196	14,196	15,382
Technology expenses	34,124	53,568	26,025	113,717	7,428	9,842	17,270	130,987	153,229
Photography and videography	-	3,305	1,473	4,778	500	-	500	5,278	125
Other expenses	7,963	8,028	7,305	23,296	76,409	3,300	79,709	103,005	78,098
Depreciation	3,512	3,139	2,407	9,058	816	1,062	1,878	10,936	3,338
Total expenses	\$ 771,509	\$ 798,055	\$ 1,850,175	\$ 3,419,739	\$ 463,835	\$ 361,557	\$ 825,392	\$ 4,245,131	\$ 3,448,450

The attached notes and auditor's report are an integral part of these financial statements.

CurePSP, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (384,676)	\$ (740,718)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	10,936	3,338
Net unrealized and realized (gain)/loss on investments	(426,487)	1,105,848
Changes in assets and liabilities:		
Pledges receivable	(12,872)	25,975
Prepaid expenses and other assets	(18,734)	(14,206)
Inventory	13,793	4,572
Security deposit	(4,764)	-
Accounts payable and accrued expenses	1,497	55,001
Grants payable	297,226	134,250
Total adjustments	(139,405)	1,314,778
Net cash (used for)/provided by operating activities	(524,081)	574,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(324,940)	(4,084,554)
Proceeds from sale of investments	23,282	92,391
Purchase of fixed assets	(92,934)	(2,587)
Net cash used for investing activities	(394,592)	(3,994,750)
Net decrease in cash and cash equivalents	(918,673)	(3,420,690)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,872,863	5,293,553
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 954,190	\$ 1,872,863
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

The attached notes and auditor's report are an integral part of these financial statements.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Organization

CurePSP, Inc. ("CurePSP"), formerly The Foundation for PSP | CBD and Related Brain Diseases, is a not-for-profit organization formed to promote and fund research with the purpose of finding the cause and cure as well as treatment and prevention for progressive supranuclear palsy ("PSP") and corticobasal degeneration ("CBD") and other related diseases. CurePSP provides information, education, support, and advocacy to persons with these disorders, their families, caregivers, and the general public. CurePSP awards research grants to scientists and educates physicians and other health professionals on PSP and CBD, and other related diseases and how to improve patient care. A majority of the revenue and support CurePSP receives is from individual, corporate, and foundation donors as well as from special events held throughout the year.

CurePSP formed Patient Engagement Program, LLC ("PEP") as a Maryland limited liability company which became fully operational in October 2015. CurePSP is the sole member of PEP, whose mission is to partner with pharmaceutical companies and contract research organizations to facilitate human clinical trials with the purpose of advancing science and bringing new drugs to the market for rare diseases. PEP offers educational programs, patient recruitment services, and development of in-print and online publications. During the year ended June 30, 2022, PEP was dissolved. As a result, there were no assets, liabilities or net assets at June 30, 2023 and 2022.

CurePSP has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined under Section 509(a)(1) of the Internal Revenue Code.

The primary sources of revenue are contributions, investment income and other miscellaneous income.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents all activity without donor-imposed restrictions. The Board of Directors have established several board designated funds. See Note 7.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition

The Organization follows the requirements of the FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Organization records promises to give as revenue in the period they become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk-free discount rate, when deemed material. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2023, all pledges receivables were due within one year.

Bequests are recorded as income at the time there is a legal right to such bequest and the amount is measurable.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under FASB ASC 606. The amount paid by third parties that is above the value of the goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

Historically there have been no significant bad debt losses. Management evaluates the need for doubtful accounts based on past experience and considers the age of the receivable. Based on this evaluation, it has been determined that no allowance for doubtful accounts is necessary. Receivables will be written-off directly to expense when all reasonable collection efforts have been exhausted.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash accounts and investments. These have all been placed with financial institutions that management deems to be creditworthy. At times, the balances at year end may exceed federally insured limits. Investments are subject to market fluctuations and principal is not guaranteed. The Organization has not sustained any losses due to the failure of any financial institution.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

f. Investment and Investment Return

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities.

g. Property and Equipment

Capital items purchased that have a useful life of more than one year and exceed \$2,500; whereby, the Organization has title to, are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets as follows:

Website development - 3 years
Software - 5 years
Computers - 5 -7 years
Furniture and fixtures - 5-7 years

h. Management Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated using time and effort as the basis:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Meeting and conferences
- Materials and supplies
- Equipment rental
- Travel
- Postage and shipping
- Technology expenses
- Depreciation
- Other expenses

All other expenses have been charged directly to the applicable program or supporting services.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

j. Advertising Costs

Advertising costs are expensed as incurred.

k. Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. Such reclassifications did not have a material effect on the Organization's financial condition, or results of operations as previously reported.

l. Leases

On July 1, 2022, FASB ASU 2016-02, *Leases*, became effective, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. This standard requires lessees to recognize leases on the statement of financial position as right-of-use ("ROU") assets and lease liabilities based on the value of the discounted future lease payments. The Organization leases an office space on a month to month basis. The Organization adopted an accounting policy to not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Therefore, as it was determined that no leases extended beyond 12 months, the adoption of this ASU results in no changes to the financial statements.

m. Donated Services

Donated marketable securities and other noncash donations are recognized as contributions at their estimated fair values at the date of donation. Contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills, and would typically have been purchased if they had not been donated are also recognized at fair value.

Many individuals volunteer their time and perform a variety of services to assist with specific assistance programs, campaign solicitation, and various committee assignments. No amounts have been reflected in the financial statements for these types of donated services because they do not meet the criteria for recognition as outlined above.

n. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

o. Prior Year summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

p. Recently Issued Accounting Pronouncement

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. ASU 2016-13 is effective for the Organization for the year ending June 30, 2024. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

Note 3 - Investments and Fair Value Measurements

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1- Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2- Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

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

The following summarizes the composition of investments:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash	\$ 828,816	\$ -	\$ -	\$ 828,816
Mutual funds:				
Global fixed income	44,068	-	-	44,068
Short-term U.S. government	71,846	-	-	71,846
Emerging markets equity	198,729	-	-	198,729
International equity	1,085,533	-	-	1,085,533
U.S. equity	3,960,001	-	-	3,960,001
Large blend	148,955	-	-	148,955
Exchange-traded funds:				
International equity	8,860	-	-	8,860
U.S equity	12,256	-	-	12,256
Short term U.S treasury	5,767	-	-	5,767
U.S. real estate	21,391	-	-	21,391
Alternative investments	-	160	-	160
Total	<u>\$ 6,386,222</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 6,386,382</u>

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 3 - Investments and Fair Value Measurements - Continued

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash	\$ 20,710	\$ -	\$ -	\$ 20,710
Mutual funds:				
Global fixed income	44,155	-	-	44,155
Short-term U.S. government	71,991	-	-	71,991
Short-term bond	461,538	-	-	461,538
Intermediate core bond	1,119,983	-	-	1,119,983
Emerging markets equity	207,074	-	-	207,074
International equity	1,062,424	-	-	1,062,424
U.S. equity	2,345,872	-	-	2,345,872
Large blend	286,809	-	-	286,809
Exchange-traded funds:				
U.S equity	5,528	-	-	5,528
Short term U.S treasury	8,461	-	-	8,461
U.S. real estate	23,324	-	-	23,324
Alternative investments	-	368	-	368
Total	<u>\$ 5,657,869</u>	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ 5,658,237</u>

Investment return consisted of the following:

	June 30,	
	2023	2022
Interest and dividend	\$ 189,592	\$ 237,008
Investments fees	(11,445)	(12,957)
Realized loss on investments	(136,466)	(19,626)
Unrealized gain/(loss) on investments	562,953	(1,086,222)
Total	<u>\$ 604,634</u>	<u>\$ (881,797)</u>

Note 4 - Property and Equipment

Property and Equipment consists of the following:

	June 30,	
	2023	2022
Website development	258,496	179,496
Software	5,906	5,906
Computers	34,293	20,359
Furniture and fixtures	544	544
Total	<u>299,239</u>	<u>206,305</u>
Less accumulated depreciation	213,591	202,655
Net property and equipment	<u>\$ 85,648</u>	<u>\$ 3,650</u>

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 5 - Net Assets with Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	June 30,	
	2023	2022
Programs:		
Cure	\$ 686,395	\$ 632,669
Care	104,271	104,024
Consciousness	6,328	6,328
Total program	<u>796,994</u>	<u>743,021</u>
Restricted for endowment:		
Endowment funds - corpus	258,368	258,368
Endowment funds - accumulated earnings	99,231	92,685
Total restricted for endowment	<u>357,599</u>	<u>351,053</u>
Total	<u>\$ 1,154,593</u>	<u>\$ 1,094,074</u>

Note 6 - Net assets with Donor Restrictions - Endowment Funds

CurePSP's endowment includes a specific donor restricted fund to be held in perpetuity to fund students involved in researching a cause and a remedy for progressive supranuclear palsy, and thereafter in medically appropriate research.

Interpretation of Relevant Law

CurePSP follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors of CurePSP has interpreted UPMIFA as requiring certain amounts to be retained indefinitely. Absent explicit donor stipulations to the contrary, CurePSP will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, CurePSP has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by UPMIFA.

As a result of this interpretation, CurePSP classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, less (d) appropriations in accordance with donor directives.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures; therefore, they have been classified in the class of net assets with donor restrictions.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 6 - Net assets with Donor Restrictions - Endowment Funds - Continued

Spending Policies

In accordance with UPMIFA, CurePSP considers the following factors in determining amounts to be appropriated for expenditure:

- (1) The duration and preservation of the fund;
- (2) The purposes of CurePSP and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of CurePSP;
- (7) The investment policies of CurePSP;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on CurePSP.

Changes in endowment net assets were as follows:

	June 30, 2023		
	Endowment Earnings	Endowment Corpus	Total
Endowment, beginning of year	\$ 92,685	\$ 258,368	\$ 351,053
Board appropriations	(26,000)	-	(26,000)
Net investment income	32,546	-	32,546
Endowment, end of year	<u>\$ 99,231</u>	<u>\$ 258,368</u>	<u>\$ 357,599</u>
	June 30, 2022		
	Endowment Earnings	Endowment Corpus	Total
Endowment, beginning of year	\$ 138,710	\$ 258,368	\$ 397,078
Board appropriations	(3,000)	-	(3,000)
Net investment loss	(43,025)	-	(43,025)
Endowment, end of year	<u>\$ 92,685</u>	<u>\$ 258,368</u>	<u>\$ 351,053</u>

Endowment Investment Policies

CurePSP has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends, and other market value gains for future appropriation.

CurePSP, Inc.

Notes to Financial Statements

June 30, 2023

Note 7 - Board Designated Net Assets

Board designated net assets consisted of the following:

	June 30,	
	2023	2022
Operating reserve	\$ 1,200,000	\$ 1,200,000
Reserve for long-term purposes	94,938	94,938
Genetics	60,023	60,023
Patient profile	7,299	7,299
Total	<u>\$ 1,362,260</u>	<u>\$ 1,362,260</u>

Board designated net assets consisted of investments at June 30, 2023 and 2022.

Note 8 - Liquidity and Availability of Financial Resources

The Organization monitors liquidity and strives to maintain cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. In addition, a board designated operating reserve fund has been internally established by the board to provide an internal source of funds if deemed necessary.

As part of its liquidity management, the Organization relies on contributions, sponsorships, research roundtable, investment income and other revenue to fund its operations.

The following reflects the Organization's financial assets at June 30, 2023 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$ 954,190	
Investment	5,999,625	
Pledges receivable	69,771	
Total financial assets		\$ 7,023,586
Less amounts not available for general expenditure:		
Contributions with purpose restrictions	(796,994)	
Board designated fund	(1,362,260)	
Total amounts not available for general expenditures		<u>(2,159,254)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 4,864,332</u>

Note 9 - Subsequent Events

Subsequent events have been evaluated through May 13, 2024, the date the financial statements were available to be issued.

On March 13, 2024, the Organization entered into a two-year lease agreement which commences on June 1, 2024 and expires on May 31, 2026 with monthly payments of \$3,050.