



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

CUREPSP, Inc.

Consolidated Audited Financial Statements

June 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
CurePSP, Inc. and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cure PSP, Inc. ("CurePSP") and its affiliate, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

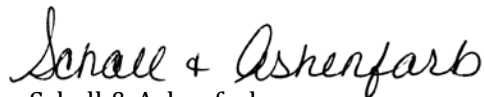
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cure PSP, Inc. and its affiliate as of June 30, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Cure PSP, Inc., and its affiliate's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities on pages 16-17 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied to the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.


Schall & Ashenfarb
Certified Public Accountants, LLC

February 20, 2021

CUREPSP, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19*</u>
Assets		
Cash and cash equivalents	\$3,069,409	\$1,876,041
Investments (Note 3)	1,598,135	2,001,195
Pledges receivable	108,000	25,500
Prepaid expenses and other assets	132,506	75,742
Inventory	116,476	5,745
Security deposit	7,000	7,000
Investments held for endowment (Notes 3 and 7)	316,620	332,916
Fixed assets, net (Note 4)	<u>10,055</u>	<u>23,325</u>
 Total assets	 <u><u>\$5,358,201</u></u>	 <u><u>\$4,347,464</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$114,914	\$94,812
Deferred revenue	178,807	184,091
Paycheck Protection Program loan (Note 5)	134,035	0
Grants payable	356,532	458,113
Total liabilities	<u>784,288</u>	<u>737,016</u>
Net assets:		
Without donor restrictions	3,326,160	2,538,372
With donor restrictions (Notes 6 and 7)	<u>1,247,753</u>	<u>1,072,076</u>
Total net assets	<u>4,573,913</u>	<u>3,610,448</u>
 Total liabilities and net assets	 <u><u>\$5,358,201</u></u>	 <u><u>\$4,347,464</u></u>

*Reclassified for comparative purposes

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

CUREPSP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/20	Total 6/30/19
Public support and revenue:				
Contributions	\$2,977,962	\$329,709	\$3,307,671	\$2,704,623
Fundraising event income, net	68,071	43,426	111,497	140,621
Sponsorships			0	129,798
Research roundtable revenue			0	75,569
Investment income (Note 3)	59,725	(1,296)	58,429	32,224
Other revenue	22,737		22,737	16,637
Net assets released from restriction	196,162	(196,162)	0	0
Total public support and revenue	<u>3,324,657</u>	<u>175,677</u>	<u>3,500,334</u>	<u>3,099,472</u>
Expenses:				
Program services	2,004,847		2,004,847	1,804,897
Supporting services:				
Management and general	414,673		414,673	395,203
Fundraising	213,221		213,221	194,017
Total supporting services	<u>627,894</u>	<u>0</u>	<u>627,894</u>	<u>589,220</u>
Total expenses	<u>2,632,741</u>	<u>0</u>	<u>2,632,741</u>	<u>2,394,117</u>
Change in net assets from operations	691,916	175,677	867,593	705,355
Non-operating activities:				
Grants refunded to CurePSP	95,872	0	95,872	0
Change in net assets	787,788	175,677	963,465	705,355
Net assets - beginning of year	<u>2,538,372</u>	<u>1,072,076</u>	<u>3,610,448</u>	<u>2,905,093</u>
Net assets - end of year	<u><u>\$3,326,160</u></u>	<u><u>\$1,247,753</u></u>	<u><u>\$4,573,913</u></u>	<u><u>\$3,610,448</u></u>

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

CUREPSP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services			Total 6/30/20	Total 6/30/19*	
	Research	Outreach and Education	Communications and Awareness	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$81,077	\$311,808	\$200,547	\$593,432	\$119,707	\$43,389	\$163,096	\$756,528	\$729,928
Payroll taxes and benefits	17,934	68,972	44,361	131,267	22,891	9,598	32,489	163,756	105,766
Consultants and professional fees	22,847	44,632	12,548	80,027	137,583	300	137,883	217,910	161,599
Occupancy	10,538	40,527	26,066	77,131	14,544	5,639	20,183	97,314	102,465
Research grants	430,232	2,500		432,732			0	432,732	319,633
Brain tissue grants	122,158			122,158			0	122,158	32,451
Respite fund grants		30,420		30,420			0	30,420	46,623
Respite fund patient care				0			0	0	15,196
Research symposium				0			0	0	86,508
Direct mail		72,064	107,862	179,926		26,955	26,955	206,881	172,745
Recruiting and marketing	27,217	71,812	56,615	155,644	20,054	53,511	73,565	229,209	156,867
Meeting and conferences	1,584	23,847	6,486	31,917	735	1,097	1,832	33,749	67,203
Materials and supplies	484	1,976	1,197	3,657	621	259	880	4,537	20,337
Equipment rental				0	606		606	606	16,527
Travel	25,038	18,098	4,964	48,100	14,390	2,943	17,333	65,433	38,286
Postage and shipping	10	4,932	2,890	7,832	11,519	49,736	61,255	69,087	38,911
Insurance		276		276	11,981		11,981	12,257	26,857
Technology expenses	8,608	32,493	24,716	65,817	17,541	16,117	33,658	99,475	92,731
Photography and videography		9,025	4,100	13,125			0	13,125	23,011
Depreciation	2,449	9,418	6,058	17,925	3,142	1,311	4,453	22,378	65,036
Other expenses	2,184	8,142	3,135	13,461	39,359	2,366	41,725	55,186	80,189
Total expenses	752,360	750,942	501,545	2,004,847	414,673	213,221	627,894	2,632,741	2,398,869
Less: direct special event expenses netted with revenue				0			0	0	(4,752)
Total expenses for statement of activities	\$752,360	\$750,942	\$501,545	\$2,004,847	\$414,673	\$213,221	\$627,894	\$2,632,741	\$2,394,117

*Reclassified for comparative purposes

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

CUREPSP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19*</u>
Cash flows from operating activities:		
Change in net assets	\$963,465	\$705,355
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,378	65,036
Unrealized loss on investments	21,809	15,965
Realized gain on investments	(3,679)	(20,998)
Changes in assets and liabilities:		
Pledges receivable	(82,500)	(23,850)
Prepaid expenses and other assets	(56,764)	44,188
Inventory	(110,731)	(5,475)
Accounts payable and accrued expenses	20,102	(25,174)
Deferred revenue	(5,284)	24,432
Paycheck Protection Program loan	134,035	0
Grants payable	(101,581)	(73,474)
Total adjustments	<u>(162,215)</u>	<u>10,345</u>
Net cash provided by operating activities	<u>801,250</u>	<u>715,700</u>
Cash flows from investing activities:		
Purchases of investments	(5,092,811)	(2,508,274)
Proceeds from sales of investments	5,494,037	631,846
Purchases of fixed assets	(9,108)	(1,331)
Net cash provided by/(used for) investing activities	<u>392,118</u>	<u>(1,877,759)</u>
Net increase/(decrease) in cash and cash equivalents	1,193,368	(1,162,059)
Cash and cash equivalents - beginning of year	<u>1,876,041</u>	<u>3,038,100</u>
Cash and cash equivalents - end of year	<u>\$3,069,409</u>	<u>\$1,876,041</u>
Supplemental disclosure:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

*Reclassified for comparative purposes

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

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

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. PEP is managed by CurePSP and was developed with the mission of partnering 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.

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 attached consolidated financial statements and related notes reflect the activity of CurePSP and PEP. All intercompany transactions have been eliminated.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The consolidated financial statements of CurePSP 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.

Effective July 1, 2019, CurePSP adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, CurePSP adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, CurePSP evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, CurePSP applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

CurePSP evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way CurePSP recognizes revenue.

b. Basis of Presentation

CurePSP is required to report information regarding its financial position and activities according to the following 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 8.
- *Net Assets With Donor Restrictions* – represents those resources, the use of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity.

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge 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.

CurePSP 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 an interest-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, 2020, 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.

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

CurePSP 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 CurePSP to 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 and at year-end balances may exceed federally insured limits. Investments are subject to market fluctuations and principal is not guaranteed. CurePSP has not sustained any losses due to failure of any financial institution.

f. Investments and Investment Income

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. Fixed Assets

Capital items purchased that have a useful life of more than one year and exceed \$500; whereby, CurePSP 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 consolidated 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. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated 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

j. 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 tasks to assist with specific assistance programs, campaign solicitation, and various committee assignments. No amounts have been reflected in the consolidated financial statements for these types of donated services because they do not meet the criteria for recognition as outlined above.

k. Measure of Operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CurePSP's ongoing operations. Non-operating activities include grants refunded to CurePSP.

l. Accounting for Uncertainty of Income Taxes

CurePSP does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the consolidated statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the consolidated statement of financial position.

CurePSP is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. That would include data obtained from sources independent of CurePSP.

The fair value hierarchy is categorized into three levels based on these inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CurePSP 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.

All investments were measured using Level 1 inputs. The following summarizes the composition of investments:

	<u>6/30/20</u>	<u>6/30/19</u>
U.S. treasury bills	\$1,598,135	\$2,001,195
Cash	1,710	0
Mutual funds:		
Global fixed income	27,728	27,806
Short-term U.S. government	76,791	81,699
Emerging markets equity	19,294	21,629
International equity	38,786	42,849
U.S. equity	120,006	131,903
Exchange-traded funds:		
International equity	3,205	0
U.S. Equity	4,246	0
Short-term U.S. treasury	4,750	4,655
U.S. real estate	<u>20,104</u>	<u>22,375</u>
Total	<u>\$1,914,755</u>	<u>\$2,334,111</u>

Investment income consisted of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Interest and dividends	\$76,559	\$27,191
Realized gain on investments	3,679	20,998
Unrealized loss on investments	<u>(21,809)</u>	<u>(15,965)</u>
Total	<u>\$58,429</u>	<u>\$32,224</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Website development	\$179,496	\$176,846
Software	5,906	5,906
Computers	17,772	11,314
Furniture and fixtures	<u>544</u>	<u>544</u>
	203,718	194,610
Less: accumulated depreciation	<u>(193,663)</u>	<u>(171,285)</u>
Total fixed assets, net	<u>\$10,055</u>	<u>\$23,325</u>

Note 5 - Paycheck Protection Program Loan

During the year ended June 30, 2020, CurePSP obtained a loan from the SBA through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a ten-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these consolidated financial statements.

CurePSP expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution and will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

Note 6 - Net Assets With Donor Restrictions

Net assets were released from restriction as funds were spent as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
Programs:		
Research	\$165,742	\$169,049
Respite care	<u>30,420</u>	<u>15,196</u>
Total	<u>\$196,162</u>	<u>\$184,245</u>

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

	<u>6/30/20</u>	<u>6/30/19</u>
Programs:		
Research	\$899,004	\$719,902
Respite Care	<u>32,129</u>	<u>19,258</u>
Total program	<u>931,133</u>	<u>739,160</u>
Restricted for endowment (See Note 7):		
Endowment funds - corpus	258,368	258,368
Endowment funds - accumulated earnings	<u>58,252</u>	<u>74,548</u>
Total restricted for endowment	<u>316,620</u>	<u>332,916</u>
Total	<u>\$1,247,753</u>	<u>\$1,072,076</u>

Note 7 - 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.

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:

	<u>June 30, 2020</u>		
	Endowment <u>Earnings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment, beginning of year	\$74,548	\$258,368	\$332,916
Board appropriations	(15,000)	0	(15,000)
Net investment loss	<u>(1,296)</u>	<u>0</u>	<u>(1,296)</u>
Endowment, end of year	<u>\$58,252</u>	<u>\$258,368</u>	<u>\$316,620</u>
	<u>June 30, 2019</u>		
	Endowment <u>Earnings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment, beginning of year - restated	\$65,432	\$258,368	\$323,800
Investment income	<u>9,116</u>	<u>0</u>	<u>9,116</u>
Endowment, end of year	<u>\$74,548</u>	<u>\$258,368</u>	<u>\$332,916</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.

Note 8 - Board Designated Net Assets

Board designated net assets consisted of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Operating reserve	\$800,000	\$600,000
Endowment	94,938	94,938
Genetics	60,023	60,023
Patient profile	<u>7,299</u>	<u>7,299</u>
Total	<u>\$962,260</u>	<u>\$762,260</u>

During the year ended June 30, 2020, the Board of Directors approved an increase of \$200,000 to the operating reserve.

Note 9 - Commitments and Contingencies

CurePSP has office space in New York that is on a month-to-month basis.

CurePSP leases office equipment with terms running through June 30, 2021. The Minimum rental amount of \$6,918 is due during the year ending June 30, 2021.

Note 10 - Liquidity and Availability of Financial Resources

CurePSP 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, CurePSP relies on contributions, sponsorships, research roundtable, investment income and other revenue to fund its operations. The following reflects CurePSP's financial assets at June 30, 2020 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$3,069,409	
Investments	1,598,135	
Pledges receivable	<u>108,000</u>	
Total financial assets		\$4,775,544
Less amounts not available for general expenditure:		
Contributions with purpose restrictions	(931,133)	
Board designated fund	<u>(962,260)</u>	
Total amounts not available for general expenditures		<u>(1,893,393)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$2,882,151</u>

Note 11- Subsequent Events

Management has evaluated the impact of all subsequent events through February 20, 2021, which is the date that the consolidated financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the Consolidated financial statements have been made.

Note 12- Other Matters

On January 30, 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which CurePSP operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these consolidated financial statements, the potential impact cannot be quantified.

CUREPSP, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AT JUNE 30, 2020

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$3,009,900	\$59,509		\$3,069,409
Investments	1,598,135			1,598,135
Pledges receivable	108,000			108,000
Due from affiliate	247,008		(\$247,008)	0
Prepaid expenses and other assets	132,506			132,506
Inventory	116,476			116,476
Security deposit	7,000			7,000
Investments held for endowment	316,620			316,620
Fixed assets, net	10,055			10,055
	<u>\$5,545,700</u>	<u>\$59,509</u>	<u>(\$247,008)</u>	<u>\$5,358,201</u>
Total assets	<u>\$5,545,700</u>	<u>\$59,509</u>	<u>(\$247,008)</u>	<u>\$5,358,201</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$114,914			\$114,914
Due to affiliate		\$247,008	(\$247,008)	0
Deferred revenue	178,807			178,807
Paycheck Protection Program loan	134,035			134,035
Grants payable	356,532			356,532
Total liabilities	<u>784,288</u>	<u>247,008</u>	<u>(\$247,008)</u>	<u>784,288</u>
Net assets:				
Without donor restrictions	3,513,659	(187,499)		3,326,160
With donor restrictions	1,247,753			1,247,753
Total net assets	<u>4,761,412</u>	<u>(187,499)</u>	<u>0</u>	<u>4,573,913</u>
Total liabilities and net assets	<u>\$5,545,700</u>	<u>\$59,509</u>	<u>(\$247,008)</u>	<u>\$5,358,201</u>

See accompanying independent auditor's report

CUREPSP, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>CurePSP</u>	<u>PEP</u>	<u>Total before Elimination</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue:					
Contributions	\$3,307,671		\$3,307,671		\$3,307,671
Fundraising event income, net	111,497		111,497		111,497
Investment income	58,429		58,429		58,429
Other revenue	22,737		22,737		22,737
Total public support and revenue	<u>3,500,334</u>	<u>0</u>	<u>3,500,334</u>	<u>0</u>	<u>3,500,334</u>
Expenses:					
Program services	2,004,847		2,004,847		2,004,847
Supporting services:					
Management and general	414,635	38	414,673	(38)	414,635
Fundraising	213,221		213,221		213,221
Total supporting services	<u>627,856</u>	<u>38</u>	<u>627,894</u>	<u>0</u>	<u>627,856</u>
Total expenses	<u>2,632,703</u>	<u>38</u>	<u>2,632,741</u>	<u>0</u>	<u>2,632,703</u>
Change in net assets from operations	867,631	(38)	867,593		867,593
Non-operating activities:					
Grants refunded to CurePSP	<u>95,872</u>	<u>0</u>	<u>95,872</u>	<u>0</u>	<u>95,872</u>
Change in net assets	963,503	(38)	963,465	0	963,465
Net assets - beginning of year	<u>3,797,909</u>	<u>(187,461)</u>	<u>3,610,448</u>	<u>0</u>	<u>3,610,448</u>
Net assets - end of year	<u><u>\$4,761,412</u></u>	<u><u>(\$187,499)</u></u>	<u><u>\$4,573,913</u></u>	<u><u>\$0</u></u>	<u><u>\$4,573,913</u></u>

See accompanying independent auditor's report