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CUREPSP, INC.

Consolidated Audited Financial Statements

June 30, 2021

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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 CurePSP, Inc. and its affiliate, which comprise the consolidated statement of financial position as of June 30, 2021, 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

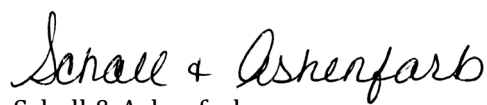
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CurePSP, Inc. and its affiliate as of June 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CurePSP, Inc., and its affiliate's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 19, 2022

CUREPSP, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021

(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$5,293,553	\$3,069,409
Investments (Note 3)	2,374,844	1,598,135
Pledges receivable	82,874	108,000
Prepaid expenses and other assets	130,293	132,506
Inventory	124,626	116,476
Security deposit	7,000	7,000
Fixed assets, net (Note 4)	4,401	10,055
Investments held for endowment (Notes 3 and 7)	397,078	316,620
	<u> </u>	<u> </u>
Total assets	<u><u>\$8,414,669</u></u>	<u><u>\$5,358,201</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$150,591	\$114,914
Deferred revenue	223,513	178,807
Paycheck Protection Program loan (Note 5)	0	134,035
Grants payable	542,420	356,532
Total liabilities	<u>916,524</u>	<u>784,288</u>
Net assets:		
Without donor restrictions	6,394,463	3,326,160
With donor restrictions (Notes 6 and 7)	1,103,682	1,247,753
Total net assets	<u>7,498,145</u>	<u>4,573,913</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$8,414,669</u></u>	<u><u>\$5,358,201</u></u>

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

CUREPSP, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for the year ended June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/21</u>	<u>Total 6/30/20</u>
Public support and revenue:				
Contributions	\$5,731,584	\$202,452	\$5,934,036	\$3,307,671
Fundraising event income	206,955	15,882	222,837	111,497
Investment income (Note 3)	17,536	80,458	97,994	58,429
Government grant - Paycheck Protection Program (Note 5)	134,035		134,035	0
Other revenue	20,693	3,000	23,693	22,737
Net assets released from restriction	445,863	(445,863)	0	0
Total public support and revenue	<u>6,556,666</u>	<u>(144,071)</u>	<u>6,412,595</u>	<u>3,500,334</u>
Expenses:				
Program services	2,793,292		2,793,292	2,004,847
Supporting services:				
Management and general	406,825		406,825	414,673
Fundraising	288,246		288,246	213,221
Total supporting services	<u>695,071</u>	<u>0</u>	<u>695,071</u>	<u>627,894</u>
Total expenses	<u>3,488,363</u>	<u>0</u>	<u>3,488,363</u>	<u>2,632,741</u>
Change in net assets from operations	3,068,303	(144,071)	2,924,232	867,593
Non-operating activities:				
Grants refunded to CurePSP			0	95,872
Change in net assets	3,068,303	(144,071)	2,924,232	963,465
Net assets - beginning of year	<u>3,326,160</u>	<u>1,247,753</u>	<u>4,573,913</u>	<u>3,610,448</u>
Net assets - end of year	<u>\$6,394,463</u>	<u>\$1,103,682</u>	<u>\$7,498,145</u>	<u>\$4,573,913</u>

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

CUREPSP, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Program Services			Supporting Services			Total 6/30/21	Total 6/30/20	
	Research	Outreach and Education	Communications and Awareness	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$176,855	\$375,664	\$220,598	\$773,117	\$108,853	\$46,879	\$155,732	\$928,849	\$756,528
Payroll taxes and benefits	40,814	86,695	50,909	178,418	20,747	10,819	31,566	209,984	163,756
Consultants and professional fees	24,300	35,930	36,746	96,976	142,641	91,081	233,722	330,698	217,910
Occupancy	14,070	29,886	17,549	61,505	7,196	3,729	10,925	72,430	97,314
Research grants	708,547	10,000	31,620	750,167			0	750,167	432,732
Brain tissue grants	231,015			231,015			0	231,015	122,158
Respite fund grants		25,213		25,213			0	25,213	30,420
Research symposium production costs	72,570			72,570			0	72,570	0
Direct mail		147,428	147,321	294,749		41,612	41,612	336,361	206,881
Recruiting and marketing	5,900	47,361	63,641	116,902	7,261	24,574	31,835	148,737	229,209
Meeting and conferences	615	3,175		3,790		250	250	4,040	33,749
Materials and supplies	484	2,013	1,197	3,694	6,347	334	6,681	10,375	4,537
Equipment rental	1,092	2,320	1,362	4,774	558	290	848	5,622	606
Travel	4,514	1,415	539	6,468	6,277		6,277	12,745	65,433
Postage and shipping	221	18,518	19,028	37,767	12,829	29,198	42,027	79,794	69,087
Insurance				0	18,288		18,288	18,288	12,257
Technology expenses	22,028	41,520	36,946	100,494	19,226	37,280	56,506	157,000	99,475
Photography and videography		8,779		8,779	324		324	9,103	13,125
Depreciation	1,098	2,334	1,371	4,803	560	291	851	5,654	22,378
Other expenses	6,404	11,408	4,279	22,091	55,718	1,909	57,627	79,718	55,186
Total expenses	\$1,310,527	\$849,659	\$633,106	\$2,793,292	\$406,825	\$288,246	\$695,071	\$3,488,363	\$2,632,741

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

CUREPSP, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$2,924,232	\$963,465
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,654	22,378
Unrealized (gain)/loss on investments	(70,556)	21,809
Realized gain on investments	(8,448)	(3,679)
Changes in assets and liabilities:		
Pledges receivable	25,126	(82,500)
Prepaid expenses and other assets	2,213	(56,764)
Inventory	(8,150)	(110,731)
Accounts payable and accrued expenses	35,677	20,102
Deferred revenue	44,706	(5,284)
Paycheck Protection Program loan	(134,035)	134,035
Grants payable	185,888	(101,581)
Total adjustments	<u>78,075</u>	<u>(162,215)</u>
Net cash provided by operating activities	<u>3,002,307</u>	<u>801,250</u>
Cash flows from investing activities:		
Purchases of investments	(8,334,597)	(5,092,811)
Proceeds from sales of investments	7,556,434	5,494,037
Purchases of fixed assets	0	(9,108)
Net cash (used for)/provided by investing activities	<u>(778,163)</u>	<u>392,118</u>
Net increase in cash and cash equivalents	2,224,144	1,193,368
Cash and cash equivalents - beginning of year	<u>3,069,409</u>	<u>1,876,041</u>
Cash and cash equivalents - end of year	<u>\$5,293,553</u>	<u>\$3,069,409</u>
Supplemental disclosure:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

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

CUREPSP, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 consolidated financial statements and related notes reflect the activity of CurePSP and PEP, collectively, “the Organization.” All intercompany transactions have been eliminated.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The consolidated 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 Organization 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

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which 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.

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 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, 2021, 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

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 and at year-end balances 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.

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 consolidated statement of activities.

g. Fixed Assets

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 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. Functional Allocation of Expenses

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

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

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 the Organization's ongoing operations. Non-operating activities include grants refunded to the Organization.

l. Accounting for Uncertainty of Income Taxes

The Organization does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

m. 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 consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

n. New Accounting Pronouncements

FASB issued Accounting Standards Update ("ASU") No. 2021-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year. 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.

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

Note 3 - Investments

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:

	<u>6/30/21</u>	<u>6/30/20</u>
Level 1 investments:		
U.S. treasury bills	\$0	\$1,598,135
Cash	5,688	1,710
U.S. equities	3,219	0
Mutual funds:		
Global fixed income	47,886	27,728
Short-term U.S. government	76,354	76,791
Short-term bond	500,000	0
Intermediate core bond	420,000	0
Emerging markets equity	111,881	19,294
International equity	494,190	38,786
U.S. equity	1,065,117	120,006
Large blend	2,830	0
Exchange-traded funds:		
International equity	0	3,205
U.S. Equity	6,308	4,246
Short-term U.S. treasury	8,810	4,750
U.S. real estate	<u>26,058</u>	<u>20,104</u>
	2,768,341	1,914,755
Level 2 investments:		
Alternative investments	<u>3,581</u>	<u>0</u>
Total	<u>\$2,771,922</u>	<u>\$1,914,755</u>

Investment income consisted of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Interest and dividends	\$18,990	\$76,559
Realized gain on investments	8,448	3,679
Unrealized gain/(loss) on investments	<u>70,556</u>	<u>(21,809)</u>
Total	<u>\$97,994</u>	<u>\$58,429</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Website development	\$179,496	\$179,496
Software	5,906	5,906
Computers	17,772	17,772
Furniture and fixtures	<u>544</u>	<u>544</u>
	203,718	203,718
Less: accumulated depreciation	<u>(199,317)</u>	<u>(193,663)</u>
Total fixed assets, net	<u>\$4,401</u>	<u>\$10,055</u>

Note 5 - Paycheck Protection Program Loan

During the year ended June 30, 2020, CurePSP obtained a loan from the Small Business Administration (“SBA”) in the amount of \$134,035 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

CurePSP accounted for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605. During the year ended June 30, 2021, CurePSP met all of the conditions and recognized the full amount as revenue. On April 13, 2021, CurePSP was notified that the loan was fully forgiven by the SBA.

Note 6 - Net Assets With Donor Restrictions

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

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
Research	\$380,180	\$165,742
Respite care	30,391	30,420
Awareness & outreach	<u>35,292</u>	<u>0</u>
Total	<u>\$445,863</u>	<u>\$196,162</u>

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

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
Research	\$610,991	\$899,004
Respite care	89,063	32,129
Awareness & outreach	<u>6,550</u>	<u>0</u>
Total program	<u>706,604</u>	<u>931,133</u>
Restricted for endowment (See Note 7):		
Endowment funds - corpus	258,368	258,368
Endowment funds - accumulated earnings	<u>138,710</u>	<u>58,252</u>
Total restricted for endowment	<u>397,078</u>	<u>316,620</u>
Total	<u>\$1,103,682</u>	<u>\$1,247,753</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, 2021</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment, beginning of year	\$58,252	\$258,368	\$316,620
Net investment gain	<u>80,458</u>	<u>0</u>	<u>80,458</u>
Endowment, end of year	<u>\$138,710</u>	<u>\$258,368</u>	<u>\$397,078</u>
	<u>June 30, 2020</u>		
	<u>Endowment Earnings</u>	<u>Endowment 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>

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>6/30/21</u>	<u>6/30/20</u>
Operating reserve	\$1,200,000	\$800,000
Reserve for long-term purposes	94,938	94,938
Genetics	60,023	60,023
Patient profile	<u>7,299</u>	<u>7,299</u>
Total	<u>\$1,362,260</u>	<u>\$962,260</u>

During the years ended June 30, 2021 and 2020, the Board of Directors approved increases of \$400,000 and \$200,000, respectively to the operating reserve.

Note 9 - Commitments and Contingencies

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

Note 10 - 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, 2021 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$5,293,553	
Investments	2,374,844	
Pledges receivable	<u>82,874</u>	
Total financial assets		\$7,751,271
Less amounts not available for general expenditure:		
Contributions with purpose restrictions	(706,604)	
Board designated fund	<u>(1,362,260)</u>	
Total amounts not available for general expenditures		<u>(2,068,864)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$5,682,407</u>

Note 11- Subsequent Events

Subsequent events have been evaluated through February 19, 2022, the date the consolidated financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the consolidated financial statements.

Note 12- Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus 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 impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these consolidated financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these consolidated financial statements, the potential impact cannot be quantified.

CUREPSP, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AT JUNE 30, 2021

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$5,284,164	\$9,389		\$5,293,553
Investments	2,374,844			2,374,844
Pledges receivable	82,874			82,874
Due from affiliate	197,008		(\$197,008)	0
Prepaid expenses and other assets	130,293			130,293
Inventory	124,626			124,626
Security deposit	7,000			7,000
Fixed assets, net	4,401			4,401
Investments held for endowment	397,078			397,078
	<u>\$8,602,288</u>	<u>\$9,389</u>	<u>(\$197,008)</u>	<u>\$8,414,669</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$150,591			\$150,591
Due to affiliate		\$197,008	(\$197,008)	0
Deferred revenue	223,513			223,513
Grants payable	542,420			542,420
Total liabilities	<u>916,524</u>	<u>197,008</u>	<u>(197,008)</u>	<u>916,524</u>
Net assets:				
Without donor restrictions	6,582,082	(187,619)		6,394,463
With donor restrictions	1,103,682			1,103,682
Total net assets	<u>7,685,764</u>	<u>(187,619)</u>	<u>0</u>	<u>7,498,145</u>
Total liabilities and net assets	<u>\$8,602,288</u>	<u>\$9,389</u>	<u>(\$197,008)</u>	<u>\$8,414,669</u>

See accompanying independent auditor's report.

CUREPSP, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>CurePSP</u>	<u>PEP</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue:					
Contributions	\$5,934,036		\$5,934,036		\$5,934,036
Fundraising event income	222,837		222,837		222,837
Investment income	97,994		97,994		97,994
Government grant - Paycheck Protection Program	134,035		134,035		134,035
Other revenue	23,693		23,693		23,693
Total public support and revenue	<u>6,412,595</u>	<u>0</u>	<u>6,412,595</u>	<u>0</u>	<u>6,412,595</u>
Expenses:					
Program services	2,793,292		2,793,292		2,793,292
Supporting services:					
Management and general	406,705	120	406,825		406,825
Fundraising	288,246		288,246		288,246
Total supporting services	<u>694,951</u>	<u>120</u>	<u>695,071</u>	<u>0</u>	<u>695,071</u>
Total expenses	<u>3,488,243</u>	<u>120</u>	<u>3,488,363</u>	<u>0</u>	<u>3,488,363</u>
Change in net assets	2,924,352	(120)	2,924,232	0	2,924,232
Net assets - beginning of year	<u>4,761,412</u>	<u>(187,499)</u>	<u>4,573,913</u>	<u>0</u>	<u>4,573,913</u>
Net assets - end of year	<u><u>\$7,685,764</u></u>	<u><u>(\$187,619)</u></u>	<u><u>\$7,498,145</u></u>	<u><u>\$0</u></u>	<u><u>\$7,498,145</u></u>

See accompanying independent auditor's report.