The Parent Project For Muscular Dystrophy Research, Inc.

Financial Statements
December 31, 2014 and 2013
with Independent Auditors' Report
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INDEPENDENT AUDITORS’ REPORT

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

We have audited the accompanying financial statements of The Parent Project for Muscular Dystrophy Research, Inc. (an Ohio not-for-profit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Parent Project for Muscular Dystrophy Research, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2015, on our consideration of The Parent Project for Muscular Dystrophy Research, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The Parent Project for Muscular Dystrophy Research, Inc's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
May 7, 2015
The Parent Project For Muscular Dystrophy Research, Inc.  
Statements of Financial Position  
December 31, 2014 and 2013

Assets

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<th>2013</th>
</tr>
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<td>Total current assets</td>
<td>1,858,581</td>
<td>2,934,837</td>
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| Property and equipment:   |           |           |
| Office equipment          | 53,920    | 58,338    |
| Office furniture          | 30,322    | 30,322    |
| Leasehold improvements    | 4,480     | 4,480     |
| Less accumulated depreciation |        |           |
|                           | 88,722    | 93,140    |
|                           | 70,337    | 69,404    |
| Total property and        | 18,385    | 23,736    |
| equipment                 |           |           |

| Deposits                  | 4,174     | 3,966     |

$1,881,140                  $2,962,539

Liabilities and Net Assets

| Current liabilities:      |           |           |
| Accounts payable and      | $85,719   | 158,671   |
| accrued expenses          |           |           |
| Research grants payable   | 267,975   | 854,428   |
|                           | 353,694   | 1,013,099 |

Net assets:

| Unrestricted              | 1,527,446 | 1,517,808 |
| Temporarily restricted    | -         | 431,632   |

$1,527,446                  $1,949,440

$1,881,140                  $2,962,539

See accompanying notes to financial statements
The Parent Project For Muscular Dystrophy Research, Inc.  
Statements of Activities  
Years Ended December 31, 2014 and 2013

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<thead>
<tr>
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<th>2014</th>
<th>2013</th>
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<td><strong>Unrestricted net assets</strong></td>
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<td></td>
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<td>Revenue and other support:</td>
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<td>Realized gain on sale of donated securities</td>
<td>36,695</td>
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<td>Interest and dividend income</td>
<td>904</td>
<td>1,984</td>
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<td>Fundraising proceeds, net of direct expenses of $192,695 and $343,210, respectively</td>
<td>647,823</td>
<td>1,270,119</td>
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<td><strong>Net assets released from restrictions</strong></td>
<td>431,632</td>
<td>805,853</td>
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<td></td>
<td>$6,374,840</td>
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<td><strong>Expenses:</strong></td>
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<td>Management and general expenses</td>
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<td>Net assets released from restrictions</td>
<td>(431,632)</td>
<td>(805,853)</td>
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<tr>
<td>Increase (decrease) in temporarily restricted net assets</td>
<td>(431,632)</td>
<td>(805,853)</td>
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<tr>
<td>Decrease in net assets</td>
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<td>(456,466)</td>
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<tr>
<td><strong>Net assets - end of period</strong></td>
<td>$1,527,446</td>
<td>1,949,440</td>
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See accompanying notes to financial statements
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<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and Fundraising</th>
<th>2014 Total</th>
<th>2013 Total</th>
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<td>29,896</td>
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<td>90,573</td>
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<td>30,473</td>
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<td>Translation and outreach</td>
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<td>-</td>
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<td>Total expenses before grants and depreciation</td>
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<td>5,009,390</td>
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See accompanying notes to financial statements
## Program Services

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<th>Research</th>
<th>Education</th>
<th>Advocacy</th>
<th>Total</th>
<th>Program</th>
<th>General</th>
<th>Fundraising</th>
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<td>32,415</td>
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<td>29,054</td>
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<td>600</td>
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<td>1,395</td>
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<td>-</td>
<td>1,395</td>
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<td><strong>320,912</strong></td>
<td><strong>4,859,267</strong></td>
<td><strong>504,012</strong></td>
<td><strong>724,570</strong></td>
<td><strong>6,087,849</strong></td>
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See accompanying notes to financial statements.
The Parent Project For Muscular Dystrophy Research, Inc.
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

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<th>2014</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (421,994)</td>
<td>(456,466)</td>
</tr>
<tr>
<td>Adjustment to reconcile change in net assets to net cash used by operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,849</td>
<td>15,716</td>
</tr>
<tr>
<td>Loss from disposal of fixed assets</td>
<td>632</td>
<td>589</td>
</tr>
<tr>
<td>Realized gain on sale of donated securities</td>
<td>(36,685)</td>
<td>(1,441)</td>
</tr>
<tr>
<td>Receipt of gifts of marketable securities</td>
<td>(191,658)</td>
<td>(307,858)</td>
</tr>
<tr>
<td>Changes in current assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants receivable and employee advances</td>
<td>(8,722)</td>
<td>106,994</td>
</tr>
<tr>
<td>Prepaid grants</td>
<td>(266,080)</td>
<td>267,194</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(15,014)</td>
<td>17,797</td>
</tr>
<tr>
<td>Deferred charges</td>
<td>370,498</td>
<td>(370,498)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(208)</td>
<td>-</td>
</tr>
<tr>
<td>Merchandise Inventory</td>
<td>(9,709)</td>
<td>4,190</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(72,952)</td>
<td>11,815</td>
</tr>
<tr>
<td>Research grants payable</td>
<td>(566,453)</td>
<td>522,031</td>
</tr>
<tr>
<td><strong>Net cash used by operations</strong></td>
<td><strong>(1,226,506)</strong></td>
<td><strong>(189,937)</strong></td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

| Purchases of equipment           | (7,129)   | (8,507) |
| Proceeds from sale of investments | 228,352   | 309,299 |
| **Net cash provided by investing activities** | **221,223** | **300,792** |

Increase (decrease) in cash

| (1,005,283) | 110,855 |

Cash - beginning of year

| 2,035,224 | 1,924,369 |

Cash - end of year

| $ 1,029,941 | 2,035,224 |

See accompanying notes to financial statements
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements.

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

Method of accounting
The Organization maintains its books and records using the accrual method of accounting.

Basis of presentation
The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which include operating and property and equipment; temporarily restricted net assets and permanently restricted net assets. The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be utilized at the discretion of the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization satisfying the purpose or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions, and if the Organization receives a temporarily restricted contribution and meets the stipulations in the same year this activity is reported as unrestricted. The Organization had no temporarily restricted net assets as of December 31, 2014.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the principal be maintained intact in perpetuity and that only the income from the investment thereof be expended either for the general purpose of the Organization or for purposes specified by the donor. There are no permanently restricted net assets at December 31, 2014 and 2013.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions
The Organization recognizes revenue on contributions and grants when it receives an unconditional promise to give from the donor. Contributions and grants whose restrictions are met in the same reporting period are reported as unrestricted support.
Research grants
The Organization recognizes the liability for research grants as stipulated under the research grant agreements. A liability of $267,975 and $854,428 was recognized according to the outstanding research grant agreements at December 31, 2014 and 2013. In certain instances the Organization will make grant payments in advance of research being performed, which results in prepaid grants being recorded as an asset. Prepaid grants were $385,234 and $119,154 at December 31, 2014 and 2013, respectively.

Research expense is recorded as research programs achieve the terms of their respective contractual agreements. When the Organization has made payments on such contracts in advance of achievement of their respective terms a deferred charge is recorded as an asset. Deferred charges were $0 and $370,498 at December 31, 2014 and 2013, respectively.

Future commitments for grants totaled $1,372,632 and $1,845,117 at December 31, 2014 and 2013, respectively.

Income taxes
The Organization is exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). The Organization does not currently conduct any activities, which would result in the imposition of the unrelated business income tax and believes it has not earned any unrelated business income and has estimated no tax is due based on current facts and circumstances. Thus, the Organization has determined that an accrual for taxes is not needed for the years ended December 31, 2014 or 2013.

The Organization's income tax filings are subject to audit by various taxing authorities. The years of filings open to these authorities and available for audit are 2011 - 2014. The Organization's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Organization's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Organization believes their estimates are appropriate based on the current facts and circumstances.

Contributed services
The Organization records contributed services as revenue in the period received only if the services received create or enhance nonfinancial assets, or require specialized skills, and would typically need to be purchased if not provided by donation. There were $5,562 and $945 of contributed legal and consulting services recognized for the years ended December 31, 2014 and 2013, respectively.

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

Property and equipment
Property and equipment are stated at cost for purchased assets or fair market value for donated assets. Depreciation is provided using both the straight-line and accelerated methods over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred. Significant renewals and betterments are capitalized.
Contributions and grants receivable
The Organization maintains its grants receivable at cost. On a periodic basis, the Organization evaluates these amounts based on current information and believes that all grants will be collectible. Contributions are periodically reviewed for collectability based on information known about donors. Contributions receivable have been adjusted for all known uncollectible amounts as of year end. Therefore, no allowance for doubtful amounts is considered necessary.

Marketable Securities
The Organization records its investments in marketable securities at market value. There were no marketable securities held at December 31, 2014 and 2013. The Organization holds 50,000 shares of Fired Up Inc., which is not a publicly traded security. Therefore, management of the Organization has elected to report this investment at $0 on the accompanying financial statements.

Concentration of credit risk
The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and contributions and grants receivable. The Organization places its cash and temporary cash investments with high-credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limit.

Estimates
The preparation of the Organization’s financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of contributions and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events
The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. Management has considered subsequent events for disclosure in the accompanying financial statements through May 7, 2015, which is also the date the financial statements were available for issuance.

2. LEASES:
During the years ended December 31, 2014 and 2013, the Organization leased office space in New Jersey and Ohio, and an apartment in New York. The Organization also rented several pieces of office equipment. Rent expense was $133,316 and $117,054 for the years ended December 31, 2014 and 2013, respectively.

Future minimum payments for all leases are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$119,292</td>
</tr>
<tr>
<td>2016</td>
<td>$22,981</td>
</tr>
</tbody>
</table>

$142,273

The Organization had an irrevocable standby letter of credit for the security deposit related to the leased office space in New Jersey in the amount of $18,408 that is set to expire on September 30, 2015.
3. **LINE OF CREDIT:**
During 2014, the Organization established a $250,000 line of credit with an interest rate at LIBOR plus 3.85% which is set to expire on July 1, 2015. The Organization had no outstanding borrowings as of December 31, 2014.

4. **DEFINED CONTRIBUTION PLAN:**
The Organization sponsors a SIMPLE Retirement plan for all eligible employees. The Organization made contributions to the plan in the amount of $39,523 and $32,415 as of December 31, 2014 and 2013, respectively.

5. **TEMPORARILY RESTRICTED NET ASSETS:**
Temporarily restricted net assets consisted of contributions for Transforming Duchenne Care totaling $431,632 as of December 31, 2013.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of The Parent Project for Muscular Dystrophy Research, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2015.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered The Parent Project for Muscular Dystrophy Research, Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Parent Project for Muscular Dystrophy Research, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether The Parent Project for Muscular Dystrophy Research, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
May 7, 2015