Financial Statements of

THE JESSE DAVIDSON FOUNDATION

(PREVIOUSLY KNOWN AS THE FOUNDATION FOR GENE & CELL THERAPY)

And Independent Auditor's Report thereon

Year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Jesse Davidson Foundation

Qualified Opinion

We have audited the financial statements of The Jesse Davidson Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements").

In our opinion, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the fund balances reported in the statements of financial position as at December 31, 2024 and December 31, 2023
- the donation revenue, excess of revenue over expenses, and fund balances, at the beginning and end of year, reported in the statements of operations and changes in fund balances for the years ended December 31, 2024 and December 31, 2023
- the excess of revenue over expenses reported in statements of cash flows for the years ended December 31, 2024 and December 31, 2023

Our opinion on the financial statements for the year ended December 31, 2023 was qualified accordingly because of the possible effects of this limitation in scope.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 26, 2025

THE JESSE DAVIDSON FOUNDATION

(PREVIOUSLY KNOWN AS THE FOUNDATION FOR GENE & CELL THERAPY)
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	General Fund	Research Fund	Jesse Davidson Endowment Fund	2024 Total	2023 Total
Assets					
Current assets:					
Cash	$ 272,740	$ -	$ -	$ 272,740	$ 348,942
HST receivable	23,406	-	-	23,406	33,061
Other receivables	26,945	-	-	26,945	-
Prepaid expenses	19,714	-	-	19,714	19,110
	342,805	-	-	342,805	401,113
Investments (note 2)	119,378	2,204,720	9,931,498	12,255,596	11,789,731
Computer equipment and office furniture (note 3)	3,738	-	-	3,738	3,009
	$ 465,921	$ 2,204,720	$ 9,931,498	$ 12,602,139	$ 12,193,853
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 4)	$ 52,989	$ -	$ -	$ 52,989	$ 104,340
Deferred revenue	-	-	-	-	19,862
	52,989	-	-	52,989	124,202
Fund balances:					
Unrestricted	412,932	-	-	412,932	442,306
Internally restricted	-	2,204,720	-	2,204,720	1,970,288
Externally restricted	-	-	9,931,498	9,931,498	9,657,057
	412,932	2,204,720	9,931,498	12,549,150	12,069,651
	$ 465,921	$ 2,204,720	$ 9,931,498	$ 12,602,139	$ 12,193,853

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

THE JESSE DAVIDSON FOUNDATION

(PREVIOUSLY KNOWN AS THE FOUNDATION FOR GENE & CELL THERAPY)
Statement of Operations and Changes in Fund Balances

Year ended December 31, 2024, with comparative information for 2023

	General Fund	Research Fund	Jesse Davidson Endowment Fund	2024 Total	2023 Total
Revenue:					
Donations	$ 654,203	$ 150,469	$ 63,517	$ 868,189	$ 929,441
Gain (loss) on sale of investments	(5,014)	66,303	-	61,289	24,641
Investment income	-	1,072,238	-	1,072,238	700,719
	649,189	1,289,010	63,517	2,001,716	1,654,801
Expenses:					
Salaries and benefits	404,944	97,227	-	502,171	390,374
Education and advocacy	86,147	-	-	86,147	130,186
Fundraising	42,390	-	-	42,390	94,803
Investment fees	-	65,402	-	65,402	63,162
Professional fees	31,250	-	-	31,250	50,365
Office expenses	55,587	-	-	55,587	30,441
Rent	24,956	-	-	24,956	26,097
Database management	18,262	-	-	18,262	20,175
Memberships	5,433	-	-	5,433	10,989
Grant management	-	11,499	-	11,499	9,923
Board expenses	2,828	-	-	2,828	5,439
Interest and bank charges	4,162	-	-	4,162	4,580
Scholarships and bursaries	1,500	-	-	1,500	1,500
Amortization	1,105	-	-	1,105	1,122
	678,564	174,128	-	852,692	839,156
Excess (deficiency) of revenue over expenses before the undernoted items	(29,375)	1,114,882	63,517	1,149,024	815,645
Other income (expense):					
Unrealized gain on investments	-	-	210,924	210,924	497,043
Research grants	-	(880,449)	-	(880,449)	(829,657)
	-	(880,449)	210,924	(669,525)	(332,614)
Excess (deficiency) of revenue over expenses	(29,375)	234,433	274,441	479,499	483,031
Fund balances, beginning of year	442,307	1,970,287	9,657,057	12,069,651	11,586,620
Fund balances, end of year	$ 412,932	$ 2,204,720	$ 9,931,498	$ 12,549,150	$ 12,069,651

See accompanying notes to financial statements.

THE JESSE DAVIDSON FOUNDATION

(PREVIOUSLY KNOWN AS THE FOUNDATION FOR GENE & CELL THERAPY)
Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	General Fund	Research Fund	Jesse Davidson Endowment Fund	2024 Total	2023 Total
Cash provided by (used in):					
Operations:					
Excess (deficiency) of revenue over expenses	$ (29,375)	$ 234,433	$ 274,441	$ 479,499	$ 483,031
Items not involving cash:					
Amortization	1,105	-	-	1,105	1,122
Unrealized gain on investments	-	-	(210,924)	(210,924)	(497,043)
HST receivable	9,655	-	-	9,655	(1,359)
Other receivables	(26,945)	-	-	(26,945)	-
Prepaid expenses	(604)	-	-	(604)	(6,878)
Accounts payable and accrued liabilities	(51,352)	-	-	(51,352)	40,621
Deferred revenue	(19,862)	-	-	(19,862)	19,862
	(117,378)	234,433	63,517	180,572	39,356
Financing:					
Repayment of loan payable	-	-	-	-	(40,000)
Investing:					
Purchase of capital assets	(1,832)	-	-	(1,832)	-
Net change in investments	43,008	(234,433)	(63,517)	(254,942)	169,502
Increase (decrease) in cash	(76,202)	-	-	(76,202)	168,858
Cash, beginning of year	348,942	-	-	348,942	180,084
Cash, end of year	$ 272,740	$ -	$ -	$ 272,740	$ 348,942

See accompanying notes to financial statements.

Nature of operations:

The Jesse Davidson Foundation (the "Foundation") is incorporated under the provisions of the Canada Corporations Act as a corporation without share capital. The Foundation, also known as Jesse's Journey or Defeat Duchenne Canada, was established in 1994 and supports research into gene and cell therapy. The Foundation is a registered charity (Registration No. 89509 7756 RR 0001) and was granted designation as a public foundation on November 1, 1996, under Section 149.1(6.3) of the Income Tax Act (Canada) (the "Act"). Under the provisions of the Act, the Foundation is exempt from taxes on income. In order to maintain its status as a public foundation under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies:

The financial statements of the Foundation have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook - Accounting. The significant accounting policies adopted by the Foundation are summarized below:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. The principles of fund accounting are used to ensure observance of limitations and restrictions placed on the use of resources and to appropriately match expenditures with related revenues. Resources are classified into funds that are in accordance with specified activities or objectives and these have been summarized under the following groups:

(i) The General Fund accounts for revenue and expenditures involved in general fundraising and administrative activity of the Foundation. Unrestricted donations available for immediate purposes are allocated to the General Fund.

(ii) The Research Fund accounts for receipt of donations and bequests which have been restricted by donors for research purposes. It also reports investment income earned on resources of the Jesse Davidson Endowment Fund, which is internally restricted for research purposes, and investment and research expenditures incurred.

(iii) The Jesse Davidson Endowment Fund accounts for receipt of donations and bequests which have been endowed by the donor to support research. Revenue of the Endowment Fund is limited to amounts that have been restricted for endowment purposes by the external donor. Investment income earned on resources of the Jesse Davidson Endowment Fund is reported in the Research Fund.

1. Significant accounting policies (continued):

(b) Revenue recognition:

Unrestricted donations are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Jesse Davidson Endowment Fund.

Investment income earned on Jesse Davidson Endowment Fund resources that must be spent on research activities is recognized as revenue of the Research Fund. Other investment income is recognized as revenue of the General Fund when earned. The change in unrealized gain (loss) on investments is recognized in the Jesse Davidson Endowment Fund.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

It is management's opinion that there is no exposure to significant amounts of credit, interest or foreign exchange risks.

1. Significant accounting policies (continued):

(d) Contributed services:

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its fundraising activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(e) Research grants:

Research grants are recorded when paid in the Research Fund.

(f) Computer equipment and office furniture:

Computer equipment and office furniture are recorded at cost. Amortization is provided using the following basis and estimated useful lives:

Asset	Basis	Rate
Computer hardware	Declining balance	33%
Furniture and fixtures	Declining balance	20%

(g) Use of estimates:

The preparation of the financial statements 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 revenues and expenses during the year. Actual results could differ from those estimates.

(h) Government funding:

Government funding is recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the funding occur, performance criteria are met, and a reasonable estimate of the amount can be made. Government funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed.

2. Investments:

	December 31, 2024		December 31, 2023	
	Fair market value	Cost	Fair market value	Cost
Long-term investments:				
Mawer Pooled:				
Balanced Pooled Fund	$ 12,255,596	$ 11,797,974	$ 11,789,731	$ 11,543,033

3. Computer equipment and office furniture:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	$ 69,026	$ 66,511	$ 2,515	$ 1,480
Furniture and fixtures	13,876	12,653	1,223	1,529
	$ 82,902	$ 79,164	$ 3,738	$ 3,009

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $9,578 (2023 - $11,992), which includes amounts payable for payroll related taxes.

5. Commitments:

The directors have approved further research grants for the Duchenne Research Initiative, at a minimum of $1,021,166 for 2025 and $902,490 for 2026.

6. Capital management:

In managing capital, the Foundation focuses on liquid resources available for operations. The Foundation's objective is to have sufficient liquid resources to continue operating and funding grant commitments despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As of December 31, 2024, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

7. Financial risk:

Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Foundation’s financial instruments are carried at fair value with fair value changes recognized in the statement of operations and changes in fund balances, all changes in market conditions will directly affect the financial position of the Foundation. Market price risk is managed by the investment manager through construction of a diversified portfolio of instruments traded on various markets and across various industries, in accordance with the Foundation’s investment policy. There has been no significant change to the risk exposure from 2023.