Emerging Growth Company Practice

Financial statements for life sciences startups

2025

February 1, 2025

To our Clients and Extended Network in the Life Sciences Startup Community:

We are pleased to present *Financial statements for life sciences startups*, which provides illustrative examples for use by CFOs, controllers, and others on the accounting and finance team who are entrusted with the preparation of the Company's financial statements. These examples are designed for private companies in the Life Sciences industry that are preparing for the first audit of their financial statements prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). **Companies whose US GAAP financial statements are required to meet Securities and Exchange Commission report requirements should not use these illustrative examples.**

We hope you find this template beneficial as you prepare your financial statements, and we invite you to learn more about Deloitte's Emerging Growth Company Practice and our services for high-growth companies considering an initial public offering.

To stay current on accounting and financial reporting developments that could affect your business, make sure to subscribe to our Roadmap Series as well as our Heads Up newsletter.

Sincerely,
Heather Gates
Audit & Assurance Managing Director
Emerging Growth Company Practice Leader
Deloitte & Touche LLP

This publication presents sample annual financial reports of a fictional, private, emerging growth company, Company, Inc. It illustrates the financial reporting requirements that may apply to such a company under US GAAP as of December 31, 2024.

The illustrative financial statements contain general information and are not intended to be a substitute for reading the legislation or accounting standards themselves, or for professional judgment as to the adequacy of disclosures and fairness of presentation. The illustrative financial statements do not encompass all possible disclosures required by US GAAP. Depending on the circumstances, further information may be required in order for the fair presentation of the financial statements and compliance with laws and accounting standards. Additionally, disclosures, such as Accounting Standards Codification 42-20, *Leases*, may need to be tailored accordingly for the type of leases, i.e., finance and operating.

It is management’s responsibility to ensure the financial statements and related footnotes are complete and accurate.

Company, Inc.

Financial Statements as of and for the
Years Ended December 31, 2024, and 2023, and
Independent Auditor's Report

COMPANY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the [Board of Directors/Audit Committee] of
Company, Inc.
Address

___________, 202X

COMPANY, INC.

BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:	$	$
Cash and cash equivalents		
Prepaid and other current assets		
Total current assets		
PROPERTY AND EQUIPMENT—Net		
ROU assets—Operating leases		
ROU assets—Finance leases		
TOTAL ASSETS	$	$
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$	$
Lease liability—operating lease (current)		
Lease liability—finance lease (current)		
Accrued expenses		
Total current liabilities		
Lease liability—operating lease (noncurrent)		
Lease liability—finance lease (noncurrent)		
NONCURRENT LIABILITIES		
Commitments and contingencies (Note 7)		
Total noncurrent liabilities		
Series X convertible preferred stock, $0.0001 par value; __________ shares authorized and outstanding		
STOCKHOLDERS' DEFICIT:		
Convertible preferred stock		
Common stock, $0.0001 par value; ___________ shares authorized, ___________ shares issued and outstanding		
Additional paid-in capital		
Accumulated other comprehensive loss		
Accumulated deficit		
Total stockholders' deficit		
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT		
	$	$

See notes to accompanying financial statements.

COMPANY, INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING EXPENSES:		
Research and development	$	$
General and administrative		
Total operating expenses		
NET LOSS FROM OPERATIONS		
OTHER INCOME (EXPENSE)—Change in fair value of preferred warrants		
INCOME (LOSS) BEFORE BENEFIT (PROVISION FOR) INCOME TAXES		
BENEFIT (PROVISION FOR) INCOME TAXES		
NET LOSS	$	$
OTHER COMPREHENSIVE INCOME (EXPENSE)—Other comprehensive loss	$	$
COMPREHENSIVE INCOME (LOSS)	$	$

See notes to accompanying financial statements.

COMPANY, INC.

STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Series Seed Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
BALANCE—January 1, 2023		$		$	$	$	$
Issuance of Series Seed convertible preferred stock—net of issuance costs of $__________							
Stock-based compensation							
Stock options exercised							
Other comprehensive loss							
Net loss							
BALANCE—December 31, 2023							
Issuance of Series Seed convertible preferred stock—net of issuance costs of $__________							
Stock-based compensation							
Stock options exercised							
Other comprehensive loss							
Net loss							
BALANCE—December 31, 2024		$		$	$	$	$

See notes to accompanying financial statements.

COMPANY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	$
Adjustments to reconcile net loss to net cash used in operating activities:		
Noncash lease expense—operating leases		
Depreciation expense		
Amortization of ROU Asset—finance leases		
Stock-based compensation		
Change in fair value of preferred stock warrants		
Loss on disposal of property and equipment		
Changes in operating assets and liabilities:		
Prepaid expenses and other		
Accounts payable		
Lease liability—operating leases		
Accrued expenses		
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES—Purchase of property and equipment		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal paid—finance leases		
Proceeds from issuance of common stock		
Proceeds from issuance of preferred stock		
Preferred stock issuance costs		
Net cash (used in) provided by financing activities		
INCREASE IN CASH		
CASH—Beginning of year		
CASH—End of year	$	$
SUPPLEMENTAL NONCASH INFORMATION—		
Purchases of PPE in accounts payable	$	$

See notes to accompanying financial statements.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Company, Inc. (the "Company" or "COMPANY") was incorporated in [state] in 20XX, under the name __________ and is located in __________, __________. The Company is an emerging biotechnology company that focuses on the development of __________ therapy for __________ condition [***Guidance Note:*** Refer to Accounting Standards Codification (ASC) 275, *Risks and Uncertainties*, for further guidance on the required disclosures for the Company's Description of Business.].

The Company is subject to risks common to other companies in the development stage, including, but not limited to, uncertainty of new product development and commercialization, limited marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and the ability to raise additional financing. There can be no assurance that these efforts will be successful.

Liquidity—The Company has incurred significant losses and negative cash flows from operations since its inception. As of December 31, 2024 and 2023, the Company had cash and cash equivalents of $__________ million and $__________ million, respectively, and its accumulated deficit was $__________ million and $__________ million, respectively. The Company has historically financed its operations through the sale of equity securities [***Guidance Note*****:** Due to the several ways and means a company can secure funding, tailor this disclosure accordingly]. The Company has not generated any revenues to date from the sale of its product candidates and does not anticipate generating any revenues from the sale of its product candidates, unless and until it successfully completes development and obtains regulatory approval to market its product candidates. [Include a statement that the company currently expects that its existing cash and cash equivalents as of December 31, 2024 and 2023, will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next 12 months from the date the financial statements are issued, or a discussion regarding management's plans and evaluation of going concern.] [***Guidance Note*****:** Refer to ASC 205-40, *Presentation of Financial Statements*, if the Company believes there may be substantial doubt about its ability to continue as a going concern, for additional required disclosures which require the Company to state management concluded that there is substantial doubt about its ability to continue as a going concern. Consult with your advisors regarding this disclosure.]

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates—The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. These estimates include, but are not limited to, stock-based compensation; the fair value of common stock and preferred stock; accounting for income taxes; recognition of research and development (R&D) accruals, prepaid clinical research expense; fair value of preferred stock warrants;

and useful lives of property, plant, and equipment (PPE). Actual results could differ from those estimates.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2024, and 2023, cash consists of cash deposited within banks in checking and money market accounts.

Prepaid and Other Current Assets—Prepaid and other current assets consist of service fees, prepaid R&D costs, other miscellaneous payments, and deposits.

Property and Equipment—Property and equipment are presented at cost, less accumulated depreciation.

The Company provides for depreciation of fixed assets using a straight-line method based on the estimated useful life of each class of depreciable asset, as follows:

Furniture	
Lab equipment	
Computer software and hardware	

Convertible Preferred Stock [*To Update Terms Accordingly*]—The Company's Series [X] convertible preferred stock is classified as temporary equity in accordance with authoritative guidance for the classification and measurement of potentially redeemable securities, as the shares could be redeemable upon certain change in control events that are outside the Company's control, including liquidation, sale, or transfer of control of the Company. Upon such change in control events, holders of the Series [X] convertible preferred stock could cause such securities to be redeemed.

General and Administrative Expenses (G&A)—G&A expenses consist of compensation, employee benefits, and stock-based compensation of employees, as well as travel, trade show sponsorships and events, and conferences.

Research and Development (R&D)—R&D costs that do not meet the criteria for capitalization are expensed as incurred. R&D costs consist primarily of costs associated with developing pharmaceutical product candidates using the Company's technologies and include:

- payroll, stock-based compensation, and other related costs of personnel engaged in R&D activities;
- external expenses incurred under agreements with contract research organizations, investigative sites, and consultants to conduct clinical trials and preclinical and nonclinical studies;
- costs related to manufacturing raw materials and clinical supplies for product candidates, including fees paid to third-party contract development and manufacturing organizations;
- write-offs of capitalized inventory determined to no longer be realizable;
- regulatory compliance requirements; and
- facility-related costs, laboratory supplies, equipment, and depreciation.

R&D advance payments are deferred and expensed as the related services are performed, or the goods are received. At the end of each reporting period, the Company compares the payments made to each vendor to the estimated progress toward completion of the related project. Factors that the Company considers in preparing these estimates include milestones achieved, periodic vendor confirmation, and other criteria related to the level of effort expended. These estimates are subject to change as additional information becomes available. Depending on the timing of payments to vendors and estimated services and goods provided, the Company will record prepaid or accrued R&D expenses related to these costs.

Payments made to acquire individual R&D assets, including those made under licensing agreements, that are deemed to have an alternative future use or related to proven products, are capitalized as intangible assets. Payments to acquire individual R&D assets that do not have an alternative future use are expensed as R&D costs.

Acquisitions— **[*Guidance Note:*** This disclosure will need to be tailored based on facts and circumstances. It is common for early-stage companies to license or acquire intellectual property via licensing arrangements that require evaluation and disclosure under ASC 805/810 based upon your specific facts and circumstances regarding your transaction as applicable]. The Company evaluates each of its acquisitions under the accounting framework in ASC Topic 805, *Business Combinations*, to determine whether the transaction is a business combination or an asset acquisition. In determining whether an acquisition should be accounted for as a business combination or an asset acquisition, the Company first performs a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the acquired set is not deemed to be a business and is instead accounted for as an asset acquisition. If this is not the case, the Company then further evaluates whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, the Company concludes that the acquired set is a business. During the years ended December 31, 2024, and 2023, the Company did not have any acquisitions that were accounted for as business combinations.]

Stock-Based Compensation—Stock-based compensation expense related to awards to employees is measured at the grant date based on the fair value of the award. The fair value of the award that is ultimately expected to vest is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. Forfeitures of awards are recognized as a component of compensation cost as they occur.

The Company uses the Black-Scholes-Merton valuation model as the method for determining the estimated fair value of stock-based awards.

Refer to Note 5 for more information on assumptions used in estimated stock-based compensation expense.

The Company records compensation expense related to stock options issued to nonemployees, including consultants based on the fair value of the stock options calculated using the Black-Scholes option-pricing model over the service performance period as the equity instruments vest.

Income Taxes—The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes net deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If management determines that the Company would be able to realize its deferred tax assets in the future in excess of its net recorded amount, management would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. See Note 6 for additional information on income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby (1) management determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet more likely than not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

Fair Value Measurements—The Company's financial instruments consist principally of cash, prepaid and other current assets, accounts payable, accrued expense, and the preferred stock tranche liability. The Company records its financial assets and liabilities at fair value, in accordance with the framework for measuring fair value in US GAAP. This framework establishes a fair value hierarchy that prioritizes the input used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. See Note 9 for additional information on fair value measurements.

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances due to the financial position of the depository institution in which those deposits are held.

Convertible Preferred Stock Warrant Liability—Freestanding warrants to purchase convertible preferred stock are accounted for as liability awards and recorded at fair value on their initial issuance date and adjusted to fair value at each balance sheets date, with the change in fair value being recorded as a component of other income and expense, which is included within other noncurrent liabilities in the accompanying balance sheets.

[*Guidance Note*: Early-stage biotechnology companies can be funded in several ways, including, but not limited to, term loans, government or other agency grants, collaboration agreements, preferred stock sales, and preferred stock warrants. These transactions are typically unique to the Company, and we suggest working with your advisors when drafting accounting policies to make sure these policies are reflective of the facts and circumstances of your transactions.]

Lessee Arrangements [*Reflects the required qualitative policy disclosures*]: The Company leases certain equipment, vehicles, furniture, office space, and property yards under various operating and finance leases. The Company determines if an arrangement is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Leases with initial term of 12 months or less are not recorded in the balance sheets.

At the lease commencement date, the Company recognizes a lease liability and a right-of-use (ROU) asset representing its right to use the underlying asset over the lease term. The initial measurement of the lease liability is calculated on the basis of the present value of the remaining lease payments and the ROU asset is measured on the basis of this liability, adjusted by prepaid and accrued rent, lease incentives, and initial direct costs. The subsequent measurement of a lease is dependent on whether the lease is classified as an operating lease or a finance lease. Operating lease cost is recognized on a straight-line basis over the lease term, with the cost presented as a component of the equipment rental and G&A expenses line items in the statements of operations. Finance lease cost is composed of a separate interest component and amortization component and is presented as a component of the depreciation and amortization and interest expense line items in the statements of operations.

The Company's leases require other payments such as costs related to service components, real estate taxes, common area maintenance, and insurance. These costs are generally variable in nature and based on the actual costs incurred and required by the lease. As the Company has elected to not separate lease and nonlease components for all classes of underlying asset, all variable costs associated with the lease are expensed in the period incurred and presented and disclosed as variable lease costs. The Company's lease agreements do not contain any material residual value guarantees or material restrictive financial covenants. The Company does not have any leases that have not yet commenced that create significant rights and obligations for the lessee.

The Company's leases have remaining terms ranging from 1 year to __ years, with some of those leases, including options that grant the Company the ability to renew or extend the lease term. When determining the lease term, the Company does not include renewal options, unless the renewals are deemed to be reasonably certain of being exercised at the lease commencement date.

Topic 842 requires that a lessee use the rate implicit in the lease when measuring the lease liability and ROU asset, unless that rate is not readily determinable. Alternatively, the Company is permitted to use its incremental borrowing rate (IBR), which is defined as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Since the rate implicit in the lease is not readily determinable, the Company uses its IBR when measuring its leases. The IBR is calculated by utilizing the daily treasury yield curve rates, as published by the US Department of the Treasury, adjusted with a risk base spread. The Company updates the rate quarterly and utilizes the treasury rate yields as of the first business day of each quarter for all new leases entered during that quarter. Rates are in one year increments up to 10 years. All leases in excess of 10 years utilize the 10-year rate.

The Company has included additional disclosures about its operating and finance leases in Note 8.

Recent Accounting Pronouncements, Adopted—Tailor accordingly; note that this template assumes the adoption of Accounting Standards Update (ASU) No. 2016-02 as it is effective for all companies on January 1, 2024.

Recent Accounting Pronouncements, Not Yet Adopted—Tailor accordingly.

3. BALANCE SHEETS DETAILS

Property, Plant, and Equipment—Property and equipment as of December 31, 2024, and 2023, consisted of the following:

	2024	2023
Furniture	$ -	$ -
Lab equipment		
Computer hardware and software		
Less accumulated depreciation		
Property and equipment—net	$ -	$ -

Depreciation expense for the years ended December 31, 2024, and 2023, was $__________ and $__________, respectively.

Prepaid and Other Current Assets—Prepaid and other current assets as of December 31, 2024, and 2023, consisted of the following:

	2024	2023
Lease deposit	$ -	$ -
Other receivables		
Prepaid expenses		
	$ -	$ -

Accrued Expenses—Accrued expenses as of December 31, 2024, and 2023, consisted of the following:

	2024	2023
Accrued payroll and bonus	$ -	$ -
Accrued research & development		
Preferred stock warranted liability		
Other accrued expenses		
	$ -	$ -

4. CONVERTIBLE PREFERRED STOCK

The Company's convertible preferred stock has been classified as temporary equity in the accompanying balance sheets in accordance with authoritative guidance for the classification and measurement of potentially redeemable securities whose redemption is based upon certain change in control events outside of the Company's control, including liquidation, sale, or transfer of control of the Company. The Company has determined not to adjust the carrying values of the convertible preferred stock/units to the liquidation preferences of such shares because of the uncertainty of whether or when such events would occur.

Convertible preferred stock as of December 31, 2024, and 2023, consisted of the following:

	2024				
	Shares Authorized	**Shares Issued and Outstanding**	**Original Issuance Price**	**Aggregate Liquidation Amount**	**Carrying Value**
Series X	-	-	$ -	$ -	$ -
Series Y					
Series Z					
Total	-	-	$ -	$ -	$ -

	2023				
	Shares Authorized	**Shares Issued and Outstanding**	**Original Issuance Price**	**Aggregate Liquidation Amount**	**Carrying Value**
Series X	-	-	$ -	$ -	$ -
Series Y					
Series Z					
Total	-	-	$ -	$ -	$ -

Series X Convertible Preferred Stock Issuance—On ___________, 20XX, the Company entered into a Series X preferred stock purchase agreement with certain new and existing investors whereby the Company issued ___________ shares of Series X convertible preferred stock at a purchase price of $___________ per share. This resulted in net proceeds of $___________ million.

Rights and Privileges

Dividend Provisions—The holders of the Series X, Series Y, and Series Z convertible preferred stock are entitled to receive noncumulative cash dividends in an amount equal to $___________ per share for Series X, $___________ per share for Series Y, $___________ per share for Series Z of respective preferred shares when, as, and if declared by the Company's board of directors (the "Board of Directors").

In terms of dividend payment rights, holders of convertible preferred shares have preference over holders of common stock.

Voting Rights—Each holder of shares of preferred stock is entitled to that number of votes equal to the whole number of shares of common stock into which such holder's aggregate number of shares of preferred stock are convertible.

The preferred stockholders shall vote together with common stock as a single class.

Liquidation Rights—In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Company, the holders of the preferred shares are entitled to be paid out of the assets of the Company, prior and in preference to any distribution or payment of any of the assets or surplus funds of the Company to the holders of common stock, an amount to the greater of:

(i) equal to the original purchase price, plus all declared, but unpaid dividends or

(ii) amount per share as would have been payable, if all shares of preferred stock been converted into common stock immediately prior to liquidation

Conversion Rights—The holders of the preferred stock have certain conversion rights of such preferred stock into shares of common stock of the Company. Each share of preferred stock is convertible at the option of the holder at any time into the number of shares of common stock determined by dividing the original issuance price by the conversion price as shown below:

	Issuance Price	**Price**	**Rate**
Series X	$ -	$ -	$ -
Series Y			
Series Z			

Each share of preferred stock will automatically convert into shares of common stock at its then-effective conversion rate immediately upon the closing of an initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of common stock in which (i) the price per common share price is at least $__________ (adjusted for any stock dividends, combinations, splits, recapitalizations, and the like) and (ii) the aggregate offering price of the common stock in the offering (after deducting any underwriting or similar commissions, compensation, or concessions paid or allowed by the Company in connection with such offering and any expenses payable by the Company in connection with the offering) is at least $__________ million or (iii) upon written consent by majority of the preferred stock to convert into ordinary shares. The Company has elected to present the preferred stock as mezzanine equity in accordance with Accounting Series Release 268, *Presentation in Financial Statements of Redeemable Preferred Stocks*.

5. COMMON STOCK

The Company's Certificate of Incorporation, as amended in __________, authorizes the Company to issue up to __________ shares of common stock. Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the priority rights of holders of all series of preferred stock outstanding. There were __________ shares and __________ shares of the Company's common stock outstanding as of December 31, 2024, and 2023, respectively.

Stock Option Plan—On Month Day, Year, the Company's Board of Directors approved the adoption of the __________ equity incentive plan (the "Plan"), which initially authorized __________ shares of common stock to be issued. Subsequently, the Plan was amended to increase the number of shares of common stock authorized to be issued under the Plan. As of December 31, 2024, and 2023, __________ shares and __________ shares, respectively, of common stock have been authorized for issuance under the Plan. The Plan provides for the grant of incentive and nonstatutory stock options, restricted stock, and stock bonuses to employees, nonemployee directors, and consultants of the Company. As of December 31, 2024, and 2023, only incentive and nonstatutory stock options have been awarded under the Plan. Options granted under the Plan generally become exercisable at any time following the date of grant and expire 10 years from the date of grant. When certain options are early exercised and are subject to a repurchase right, the Company may buy back any unvested shares at their original exercise price in the event of an employee's termination of employment prior to full vesting.

There were __________ shares and __________ shares granted to nonemployees in 2024 and 2023, respectively. The Company recorded stock-based compensation expense of $__________ and $__________ during the years ended December 31, 2024, and 2023, respectively, for nonemployee options.

Information with respect to total employee and nonemployee options available and outstanding is as follows:

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (In Years)
Outstanding as of January 1, 2023		$ -	-
Options granted			
Options exercised			
Options forfeited			
Outstanding as of December 31, 2023	-	-	-
Options exercised			
Options forfeited			
Outstanding as of December 31, 2024	-	-	-
December 31, 2024			
Exercisable as of December 31, 2024			

The weighted-average grant date fair value of options granted during 2024 and 2023, was $__________ and $__________, respectively.

As of December 31, 2024 and 2023, there was approximately $__________ and $__________, respectively, of total unrecognized compensation cost related to nonvested options granted, which is expected to be recognized over the weighted-average period of _____ years. The aggregate intrinsic value of options exercised during 2024 and 2023, was $__________ and $__________, respectively, and cash received from exercised options was $__________ and $__________, respectively.

During 2024 and 2023, the Company modified one award to accelerate vesting upon termination and extend the post-termination exercise period to December 31, 2024 and 2023, resulting in incremental expense of $__________ and $__________, respectively, recorded within R&D costs.

The Company has recorded aggregate stock-based compensation expense related to the issuance of stock option awards to employees and nonemployees in the statements of operations as follows:

	2024	2023
Research and development	$ -	$ -
General and administrative		
Total	$ -	$ -

The calculated fair value of option grants for employees and nonemployees [***Guidance Note*]: ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, provided for certain changes to the accounting methods for nonemployee awards. This template assumes terms and conditions are consistent between employee and nonemployee awards. This disclosure may require tailoring based upon your company's specific facts and circumstances regarding the types of awards granted.] was estimated using the Black-Scholes-Merton model with the following weighted-average assumptions:

	2024	2023
Weighted-average grant-date fair value	$ -	$ -
Expected dividend yield		
Risk-free interest rate	%	%
Expected volatility		
Expected life (in years)		

The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. Due to the Company's limited historical data, the estimated volatility incorporates the historical and implied volatility of comparable companies whose share prices are publicly available. The risk-free interest rate assumption was based on the US Treasury's rates for US Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The weighted-average expected life of options was estimated using the average of the contractual term and the weighted-average vesting term of the options. The expected term is calculated using the Simplified Method.

6. INCOME TAXES

The Company is subject to taxation in the United States, state, and any foreign locations. Tax years since __________ remain open to examination by the major taxing jurisdictions to which the Company is subject. The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are presented below as of the years ended December 31, 2024, and 2023:

	2024	2023
Deferred tax assets:		
Net operating loss	$ -	$ -
R&D credit carryforwards		
Other deferred tax assets		
Total deferred tax assets before valuation allowance	-	-
Valuation allowance		
Net deferred tax assets		
Depreciation		
Total deferred tax liabilities		
Total deferred tax assets (liabilities)	$ -	$ -

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Generally, the ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has not completed an analysis of the limitations on future use of the Company's net operating losses (NOLs) and credit carryforwards generated prior to these ownership changes pursuant to Internal Revenue Code (IRC) Section 382. As a result, the amount of remaining tax attribute carryforwards available to offset future taxable income and income tax expense in future years may be significantly restricted or eliminated. Further, the Company's deferred tax assets associated with such tax attributes could be significantly reduced upon realization of an ownership change within the meaning of IRC Section 382 that has occurred or may occur in the future. Any adjustment to the Company's tax attributes as a result of such ownership changes will result in a corresponding decrease to the valuation allowance recorded against the Company's deferred tax assets. Based on historical performance and future expectations, management has determined that a valuation allowance is needed in respect to its ending deferred tax assets. As of December 31, 2024, and 2023, the valuation allowances against deferred tax assets totaled $__________ and $__________, respectively.

The amount of federal NOL carryforward that is available for use in years subsequent to December 31, 2024, and 2023, is $__________ and $__________, respectively, which can be carried forward indefinitely. The R&D credit as of December 31, 2024, and 2023, is $__________ and $__________, respectively, and this credit would expire beginning in 2041.

7. COMMITMENTS AND CONTINGENCIES[a]

Legal Matters—The Company is subject to potential liabilities under various claims and legal actions that are pending or may be asserted. These matters arise in the ordinary course and conduct of the business. The Company intends to continue to defend itself vigorously in such matters. The Company regularly assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. An estimated loss contingency is accrued in its financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on the Company's assessment, it currently does not have any amount accrued as it is not a defendant in any claims or legal actions.

8. LEASES[b]

The Company lease certain real estate, equipment, vehicles, furniture, and property yards under various third-party operating and finance lease agreements. The leases are noncancelable and expire on various terms through 20__. The amounts in the tables below do not reflect payments for leases that have not yet commenced in the amount of $__________. In addition, the Company has a number of related-party leases (see Note ___ for additional discussion of such arrangements). The Company does not have any leases that impose restrictions or covenants [customize if restrictions or covenants exist]. The Company maintains security deposits totaling $__________ and $__________ as of December 31, 2024, and 2023, respectively, in conjunction with its current leases.

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[a] Life sciences companies commonly acquire intellectual property via licenses, additional disclosure may be required depending on licensing arrangements, contractual terms, or other Company-specific transactions.

[b] This disclosure assumes that the Company is servicing in the role as a lessee. Additional disclosure is required when a lessee serves in the role of a lessor. This disclosure also includes disclosures for finance leases and should be tailored accordingly based upon the Company's lease agreements.

The following table presents the components of our lease cost and the classification of such costs in our statements of operations for the year ended December 31, 2024:

	Statements of Operations Line Item(s)		
Component of Lease Cost			**2024**
Operating lease cost	[describe line item]		$ -
Finance lease expense:			
Amortization of leased assets	[describe line item]		-
Interest on lease liabilities	[describe line item]		-
Variable lease cost	[describe line item]		-
Short-term lease cost	[describe line item]		-
Sublease income	[describe line item]		-
Total lease expense			$ -

The following table discloses the supplemental cash flow information related to leases for the year ended December 31, 2024, as follows:

	2024
Operating cash flows from operating leases	$ -
Operating cash flows from finance leases	-
Financing cash flows from finance leases	-
Total	$ -

The following table includes a summary of the ROU assets obtained in exchange for lease liabilities for the year ended December 31, 2024, as follows (in thousands):

	2024
Operating leases	$ -
Finance leases	-
Total	$ -

The following table includes the weighted-average lease terms and discount rates for operating and finance leases as of December 31, 2024:

Weighted-average remaining lease term:	
Operating leases	___ years
Finance leases	___ years

Weighted-average discount rate:	
Operating leases	___%
Finance leases	___%

The following table includes the future maturities of lease payments for operating leases and finance leases for periods subsequent to December 31, 2024:

Year Ended December 31,	**Operating Lease**	**Finance Lease**	**Total**
2025	$ -	$ -	$ -
2026			
2027			
2028			
2029			
Thereafter			
Total lease payments			
Less liability accretion/imputed interest			
Total lease liabilities			
Less current lease liabilities			
Total long-term lease liabilities	$ -	$ -	$ -

The following table includes the future maturities of minimum rental payments that are required to be paid under all noncancelable operating leases and capital leases obligations for periods subsequent to December 31, 2023, prior to the adoption of Topic 842:

Year ended December 31,	Operating Lease	Capital Lease
2024	$ -	$ -
2025		
2026		
2027		
2028		
Thereafter		
Total minimal rental payments	$ -	-
Less amount representing interest		
Subtotal		-
Current portion		
Long-term portion		$ -

Rental expense under operating leases, including short-term leases, was $_________ in the year ended December 31, 2023. Included in rental expense was sublease income of $_________, which was recorded as [a reduction of rental expense] [other revenue].

9. FAIR VALUE

Cash, prepaid and other current assets, accounts payable, and accrued liabilities measured at fair value as of December 31, 2024, and 2023, are all classified within the Level 1 designation as defined in Note 2, whereby book value approximates fair value.

[***Guidance Note***: Disclosures regarding the modeling techniques used, as well as significant assumptions used in valuing instruments at fair value and recurring fair value measurements will need to be disclosed in accordance with ASC 820-10-50. This disclosure will need to be tailored accordingly based upon those methods and assumptions and your company's specific facts and circumstances.]

The Company's preferred stock warrant measured at fair value on a recurring basis as of December 31, 2024, and 2023, is as follows:

	2024		
Current Liabilities	**Level 1**	**Level 2**	**Level 3**
Convertible preferred stock warrants	$	$	$
Total	$	$	$
	2023		
Current Liabilities	**Level 1**	**Level 2**	**Level 3**
Convertible preferred stock warrants	$	$	$
Total	$	$	$

Other Noncurrent Liabilities	
Balance at January 1, 2023	$
Issuance of preferred stock warrant	
Changes in fair value	
Balance at December 31, 2023	
Issuance of preferred stock warrant	
Changes in fair value	
Balance at December 31, 2024	$

10. SUBSEQUENT EVENTS

The Company has evaluated the effects of subsequent events in its financial statements through ___________, 202X, which is the date the financial statements were available to be issued.

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