

Relmada Therapeutics, Inc.
Notes to Unaudited Consolidated Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, “Leases” (Topic 842), whereby lessees will be required to recognize for all leases at the commencement date a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The new standard is effective for us on July 1, 2019, with early adoption permitted. We expect to adopt the new standard on its effective date. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. We expect to adopt the new standard on July 1, 2019 and use the effective date as our date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before July 1, 2019.

In July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share* (Topic 260); *Distinguishing Liabilities from Equity* (Topic 480); *Derivatives and Hedging* (Topic 815): (Part I) *Accounting for Certain Financial Instruments with Down Round Features*. These amendments simplify the accounting for certain financial instruments with down round features. The amendments require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. This ASU is effective for the Company beginning July 1, 2019 and early adoption is permitted. The Company elected to early adopt ASU 2017-11 effective October 1, 2018.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, which simplifies the accounting for share-based payments made to non-employees so the accounting for such payments is substantially the same as those made to employees. Under this ASU, share based awards to non-employees will be measured at fair value on the grant date of the awards, entities will need to assess the probability of satisfying performance conditions if any are present, and awards will continue to be classified according to ASC 718 upon vesting which eliminates the need to reassess classification upon vesting, consistent with awards granted to employees. This ASU is effective for the Company beginning July 1, 2019 and early adoption is permitted. The Company elected to early adopt ASU 2018-07 effective October 1, 2018 and will apply the guidance to any future equity-classified share based awards to nonemployees.

NOTE 3 – PREPAID EXPENSES

Prepaid expenses consisted of the following (rounded to nearest \$00):

	December 31, 2018	June 30, 2018
Rent	\$ -	\$ 9,200
Research and development	230,700	20,800
Insurance	216,000	345,700
Taxes	6,000	-
Legal	18,300	10,000
Other	66,700	41,200
Total	<u>\$ 537,700</u>	<u>\$ 426,900</u>

NOTE 4 – FIXED ASSETS

Fixed assets, net of accumulated depreciation, consisted of the following (rounded to nearest \$00):

	Useful lives	December 31, 2018	June 30, 2018
Computer and software	3 years	\$ 16,700	\$ 16,700
Less: accumulated depreciation		(7,300)	(4,600)
Fixed assets		<u>\$ 9,400</u>	<u>\$ 12,100</u>