

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
TABLE OF CONTENTS
DECEMBER 31, 2018**

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT	1 – 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4 – 5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 – 15



HEGRE, McMAHON & SCHIMMEL, LLC
Certified Public Accountants • Consultants to Business

600 ENTERPRISE DRIVE
SUITE 109
OAK BROOK, IL 60523

PHONE 312.345.6200
FAX 312.345.6210

518 EAST 86TH AVENUE
MERRILLVILLE, IN 46410

PHONE 219.769.6000
FAX 219.769.6036

INDEPENDENT AUDITOR'S REPORT

To the Officers and Directors
Foundation for Angelman Syndrome Therapeutics
Downers Grove, IL

Report on the Financial Statements

We have audited the accompanying financial statements of the Foundation for Angelman Syndrome Therapeutics (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

This report does not include the activity of GeneTx Biotherapeutics LLC, an entity in which the Foundation has an ownership interest.

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 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. 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 Foundation for Angelman Syndrome Therapeutics as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hegre, McMahon & Schimmel, LLC

Oak Brook, Illinois
December 13, 2019

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Operating assets		
Cash and cash equivalents	\$ 1,623,071	\$ 6,045,307
Investments	7,278,795	1,664,696
Loan receivable	-	3,000
TOTAL ASSETS	\$ 8,901,866	\$ 7,713,003
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 154,001	\$ 2,700
Grants payable	1,174,132	2,462,895
TOTAL LIABILITIES	\$ 1,328,133	\$ 2,465,595
 Net Assets		
Without donor restrictions	\$ 7,558,143	\$ 5,231,818
With donor restrictions	15,590	15,590
TOTAL NET ASSETS	\$ 7,573,733	\$ 5,247,408
 TOTAL LIABILITIES AND NET ASSETS	\$ 8,901,866	\$ 7,713,003

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
General donations	\$ 1,064,874	\$ 21,351	\$ 1,086,225
Event revenues and donation:	4,235,989	-	4,235,989
Realized gain / (loss) on investment	(6,439)	-	(6,439)
Net assets released from restrictior	21,351	(21,351)	-
Total Revenues and Other Support	5,315,775	-	5,315,775
EXPENSES			
Program expenses			
Director travel	\$ 12,000	-	12,000
Community outreach	-	-	-
Education and awareness	1,205	-	1,205
Research funding	2,260,991	-	2,260,991
Total Program expenses	2,274,196	-	2,274,196
Supporting services			
Management and genera			
Bank and merchant account fees	658	-	658
Computer and software expenses	11,657	-	11,657
Filing fees and registrations	8,400	-	8,400
Insurance	5,229	-	5,229
Office supplies	2,030	-	2,030
Payroll and payroll taxes	62,046	-	62,046
Postage and delivery	1,370	-	1,370
Professional fees	125,248	-	125,248
Telephone and telecommunication	5,583	-	5,583
Travel	3,905	-	3,905
Fundraising expenses	569,578	-	569,578
Total Support services	795,704	-	795,704
Total Expenses	3,069,900	-	3,069,900
Change in net assets from operations	2,245,875	-	2,245,875
Nonoperating activities			
Investment income, ne	80,450	-	80,450
Change in net assets	2,326,325	-	2,326,325
NET ASSETS, beginning of year	5,231,818	15,590	5,247,408
NET ASSETS, end of year	<u>\$ 7,558,143</u>	<u>\$ 15,590</u>	<u>\$ 7,573,733</u>

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
General donations	\$ 837,656	\$ 3,849,270	\$ 4,686,926
Event revenues and donation:	4,177,826	-	4,177,826
Realized gain / (loss) on investment	(30,602)	-	(30,602)
Net assets released from restrictior	3,849,270	(3,849,270)	-
Total Revenues and Other Support	8,834,150	-	8,834,150
EXPENSES			
Program expenses			
Director travel	-	-	-
Community outreach	150,411	-	150,411
Education and awareness	82,175	-	82,175
Research funding	5,218,272	-	5,218,272
Total Program expenses	5,450,858	-	5,450,858
Supporting services			
Management and genera			
Bank and merchant account fees	13,606	-	13,606
Computer and software expenses	-	-	-
Filing fees and registrations	835	-	835
Insurance	-	-	-
Office supplies	1,534	-	1,534
Payroll and payroll taxes	30,490	-	30,490
Postage and delivery	379	-	379
Professional fees	43,403	-	43,403
Telephone and telecommunication	5,305	-	5,305
Travel	2,454	-	2,454
Fundraising expenses	191,049	-	191,049
Total Support services	289,055	-	289,055
Total Expenses	5,739,913	-	5,739,913
Change in net assets from operations	3,094,237	-	3,094,237
Nonoperating activities			
Investment income, ne	11,632	-	11,632
Change in net assets	3,105,869	-	3,105,869
NET ASSETS, beginning of year	2,125,949	15,590	2,141,539
NET ASSETS, end of year	<u>\$ 5,231,818</u>	<u>\$ 15,590</u>	<u>\$ 5,247,408</u>

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,326,325	\$ 3,105,869
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities		
Net realized and unrealized losses on investments	6,439	30,602
Accrued expenses	151,301	2,700
Grants payable	(1,288,763)	2,382,895
Net cash provided by / (used in) operating activities	1,195,302	5,522,066
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,671,697)	(1,481,161)
Proceeds from sale of investments	51,159	713,579
Net change in loan receivables	3,000	(3,000)
Net cash provided by / (used in) investing activities	(5,617,538)	(770,582)
 CHANGE IN CASH AND CASH EQUIVALENTS	(4,422,236)	4,751,484
Cash and cash equivalents, beginning of year	6,045,307	1,293,823
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,623,071	\$ 6,045,307

See accompanying notes and independent accountant's audit report.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES

The Foundation for Angelman Syndrome Therapeutics (“Foundation”) was incorporated under the laws of the state of California on August 19, 2008, as a not-for-profit corporation for educational and other purposes and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Over the years, the Foundation has endowed several medical grants and research programs targeted at finding treatments and a cure to the neurological disorder of Angelman Syndrome.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation’s ongoing medical grants and research programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Foundation’s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 - Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets / liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset / liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Donations

Several volunteers have made significant contributions of their time in furtherance of the Foundation's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among ongoing medical grants and research programs benefited as well as fundraising activities. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Full time equivalent
Salaries and related expenses	Time and effort
Education and awareness	Full time equivalent
Professional fees	Time and effort
Bank and merchant account fees	Full time equivalent
Computer and software expenses	Full time equivalent
Filing fees and registrations	Full time equivalent
Insurance	Full time equivalent
Marketing expenses	Full time equivalent
Office supplies, printing and production	Full time equivalent
Postage and delivery	Full time equivalent
Telephone and telecommunications expenses	Full time equivalent
Travel expenses	Full time equivalent

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Payable

Grants authorized but unpaid at year end are reported as liabilities in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Grants to be paid in more than one year are discounted using the long term federal rate applicable on the date of the grant.

Use of Accounting Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recent Accounting Guidance

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Foundation’s financial assets at December 31, 2018 and 2017:

Financial assets at year-end:	2018	2017
Cash and cash equivalents	\$ 1,623,071	\$ 6,045,307
Investments	7,278,795	1,664,696
Loan receivables	0	3,000
Total financial assets	8,901,866	7,713,003

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

	2018	2017
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 15,590	\$ 15,590
Accrued expenses	154,001	2,700
Board designated funds for future use	1,174,132	2,462,895
	1,343,723	2,481,185
Financial assets available to meet general expenditures over the next twelve months	\$ 7,558,143	\$ 5,231,818

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$100,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

4. INVESTMENTS AND FAIR VALUE

The following table summarizes the investments as of December 31, 2018:

	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 7,278,795	\$	\$	\$	\$ 7,278,795
Investment in GeneTx					
Total	\$ 7,278,795	\$ 0	\$ 0	\$ 0	\$ 7,278,795

The following table summarizes the investments as of December 31, 2017:

	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 1,199,340	\$	\$	\$	\$ 1,199,340
Investment in GeneTx			465,356		465,356
Total	\$ 1,199,340	\$ 0	\$ 465,356	\$ 0	\$ 1,664,696

During 2018, the investment in GeneTx increased for tax purposes as a result of investments from outside parties and a step-up in the tax basis due to the outside investments. The tax loss generated from the investment in GeneTx during 2018 exceeded the initial investment. As a result, the investment in GeneTx has been written down to zero as of December 31, 2018 as management does not feel that it is appropriate to reflect a negative investment in the financial statements as of December 31, 2018.

5. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Specific Purpose		
Clinical Trial Travel	\$ 15,590	\$ 15,590

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

5. NET ASSETS (continued)

Net assets without donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 6,230,010	\$ 2,766,223
Board-designated net assets	<u>1,328,133</u>	<u>2,465,595</u>
	<u>\$ 7,558,143</u>	<u>\$ 5,231,818</u>

The Board has designated funds to be set aside for accrued expenses and grants payable.

Net assets released from net assets with donor restrictions are as follows:

	<u>2018</u>	<u>2017</u>
Satisfaction of Purpose Restrictions		
Grants	<u>\$ 21,351</u>	<u>\$ 3,849,270</u>

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 13, 2019, the date that the financial statements were available to be issued.

7. GRANTS AND GRANTS PAYABLE

In 2016, the Foundation pledged a Post Doctorate RFA Grant of \$30,000 for a stipend, travel expenses and research costs payable over one year to Terri Jo Bischell at the University of Vanderbilt. \$27,500 of the pledged amount has been paid out as of the end of 2017. This grant was fully funded previous to the end of 2018.

In 2013, the Foundation pledged a Grant of \$635,979 for research costs payable over one year to the University of South Florida for the identification and characterization of novel therapeutics for Angelman Syndrome. All amounts for the pledge have been paid out as of the end of 2013. In 2014, the Foundation pledged an additional \$797,468 toward this grant. All amounts for the additional pledge have been paid out as of the end of 2014. In 2015, the Foundation pledged an additional \$971,284 toward this grant. All amounts for the additional pledge have been paid out as of the end of 2015. In 2016, the Foundation pledged an additional \$2,209,231 toward this grant. All amounts for the additional pledge have been paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$2,041,953 toward this grant. \$1,579,751 of the pledged amount has been paid out as of the end of 2017. In 2018, the Foundation paid out the remaining grant payable from 2017. In 2018, The Foundation pledged an additional \$165,000 toward this grant. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

7. GRANTS AND GRANTS PAYABLE (continued)

In 2014, the Foundation pledged a Grant of \$150,000 for the production of a pig model and research items to Texas A&M. As of December 31, 2014, the balance remained outstanding. All amounts for the pledge were paid out as of the end of 2015. In 2016, the Foundation pledged an additional \$220,704 toward this grant. All amounts for the additional pledge have been paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$1,261,240 toward this grant. None of the pledged amount was paid out as of the end of 2017. In 2018, the Foundation paid out the remaining grant payable from 2017. In 2018, The Foundation pledged an additional \$810,407 toward this grant. This grant has been fully funded prior to the end of 2018.

In 2016, the Foundation pledged a Grant of \$479,252 for an imaging equipment upgrade and for the analysis of therapeutic proteins to the University of California Davis. All amounts for the pledge were paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$297,390 toward this grant. \$287,397 of the pledged amount has been paid out as of the end of 2017. In 2018, the Foundation paid out the remaining grant payable from 2017. In 2018, The Foundation received a refund of the grant in the amount of \$32,096.

In 2016, the Foundation pledged a Grant of \$100,000 for a humanized mouse model to the Baylor College of Medicine. \$50,000 of this pledge was paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$10,000 toward this grant. All amounts for the original pledge and the additional pledge have been paid out as of the end of 2017.

In 2017, the Foundation pledged a Grant of \$1,492,200 for clinical candidate development to the University of Pennsylvania. \$765,240 of this pledge was paid out as of the end of 2017. In 2018, the Foundation paid out an additional \$436,176 toward this grant. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2017, the Foundation pledged a Grant of \$94,600 for a clinical study to identify mechanisms to New York University. All amounts for the pledge have been paid out as of the end of 2017.

In 2017, the Foundation pledged a Grant of \$20,889 for a pilot study using a modified Bayley's and testing in patients to Boston Children's Hospital. All amounts for the pledge have been paid out as of the end of 2017.

In 2018, the Foundation pledged a Grant of \$352,292 for a gene therapy study using mice to the University of California Davis. \$202,292 of this pledge was paid out as of the end of 2018. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2018, the Foundation pledged a Grant of \$397,040 for a ketone supplement human clinical trial to the Vanderbilt University Medical Center. All amounts for the pledge have been paid out as of the end of 2018.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

7. GRANTS AND GRANTS PAYABLE (continued)

In 2018, the Foundation pledged a Grant of \$212,730 for a ketone supplement human clinical trial to the Baylor College of Medicine. None of this pledge was paid out as of the end of 2018. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2018, the Foundation pledged a Grant of \$355,618 for an outcome measure study to Duke University. None of this pledge was paid out as of the end of 2018. This grant is to be paid out over a two-year period of time. As such, this pledge has been discounted accordingly to the present value amount.

The Grant for the identification and characterization of novel therapeutics (University of South Florida), the Grant for the production of a pig model (Texas A&M), the Grant for the gene therapy approach to the therapeutic treatment of Angelman Syndrome (University of South Florida), the grant for the equipment upgrade and analysis of therapeutic proteins (University of California Davis), the grant for the humanized mouse model (Baylor College of Medicine), the grant for clinical candidate development (University of Pennsylvania), the pilot study using a modified Bayley's (Boston Children's Hospital), the gene therapy study using mice (University of California Davis), the ketone supplement human clinical trials (Vanderbilt University Medical Center and Baylor College of Medicine), and the outcome measure study (Duke University) are combined for presentation purposes in the chart below as "Research".

The grants payable are accounted for as follows:

	<u>RFA</u>	<u>Research</u>
Grants payable as of 12.31.2016	\$ 30,000	\$ 50,000
Grants authorized in 2017	\$ 0	\$ 5,218,272
Less: Grants paid in 2017	<u>(27,500)</u>	<u>(2,807,877)</u>
Remaining grants as of 12.31.2017	2,500	2,460,395
Less: Discount to present value	<u>0</u>	<u>0</u>
Grants payable as of 12.31.2017	<u>\$ 2,500</u>	<u>\$ 2,460,395</u>
Grants authorized in 2018	\$ 0	\$ 2,336,318
Grants refunded in 2018	0	(32,096)
Less: Grants paid in 2018	<u>(2,500)</u>	<u>(3,581,850)</u>
Remaining grants as of 12.31.2018	0	1,182,767
Less: Discount to present value	<u>0</u>	<u>(8,635)</u>
Grants payable as of 12.31.2018	<u>\$ 0</u>	<u>\$ 1,174,132</u>

8. PROPERTY AND EQUIPMENT

The Foundation capitalizes all expenditures for property and equipment in excess of \$2,500. As of December 31, 2018, the Foundation has not capitalized any property and equipment. Any future capitalizations will be depreciated using the straight-line method over five years.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

9. SUBSEQUENT EVENTS

During 2019, the investment in GeneTx increased for tax purposes as a result of an investment from an outside party and a step-up in the tax basis due to the outside investment.

The Foundation evaluated its September 30, 2019, financial statements for subsequent events through December 15, 2019, the date the financial statements were available to be issued, and is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.