

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND
FOR-PROFIT SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT**

YEARS ENDED DECEMBER 31, 2021 AND 2020

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-
PROFIT SUBSIDIARY
TABLE OF CONTENTS**

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT	1 – 2
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4 – 5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6 - 7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8 - 9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10 – 24
SUPPLEMENTARY INFORMATION:	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	25
CONSOLIDATING STATEMENT OF ACTIVITIES	26
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES	27



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 Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Foundation for Angelman Syndrome Therapeutics (a nonprofit organization) and a for-profit subsidiary formed as a limited liability company which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of the Foundation for Angelman Syndrome Therapeutics and its for-profit subsidiary as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with audited standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Foundation for Angelman Syndrome Therapeutics, and its for-profit subsidiary (the Organizations') and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of the Organizations' to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding amount other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The consolidating information pages 25-27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hegre, McMahon & Schimmel, LLC

Oak Brook, Illinois
November 12, 2022

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 (CONSOLIDATED) AND 2020 (STAND ALONE)

		STAND- ALONE
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,369,488	\$ 2,752,276
Contributions receivable	1,330,000	25,050
Receivables for pending investment transactions	24,687	27,868
Investments at fair value	7,165,247	6,837,392
Derivative contracts at fair market value	169,500	487,250
	<u>10,058,922</u>	<u>10,129,836</u>
Property and Equipment:		
Website development	43,753	-
Less: Accumulated depreciation	(14,584)	-
Total property and equipment	<u>29,169</u>	<u>-</u>
Noncurrent assets:		
Contributions receivable	335,000	-
Convertible note receivable	1,100,000	-
Interest receivable on note	15,732	-
Investment in GeneTx Biotherapeutics, LLC (Equity Method)	6,211,171	8,164,942
Website development costs in process	-	43,753
	<u>7,661,903</u>	<u>8,208,695</u>
TOTAL ASSETS	<u><u>\$ 17,749,994</u></u>	<u><u>\$ 18,338,531</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Derivative contracts sold short at fair market value	\$ 8,000	\$ 24,180
Accounts payable	140,148	29,675
Payroll tax liabilities	13,070	-
Due to related party	362,541	-
Grants payable, net of discounted rate to present value of \$40,725 and \$30,327 for 2021 and 2020, respectively	2,165,630	1,631,398
Total current liabilities	2,689,389	1,685,253
Grants payable, net of discounted rate to present value of \$19,208 and \$19,923 for 2021 and 2020, respectively	1,028,044	734,670
TOTAL LIABILITIES	<u>3,717,433</u>	<u>2,419,923</u>
Net Assets		
Without donor restrictions	13,627,828	14,872,918
Without donor restrictions - board designated	389,276	1,000,000
Total net assets without donor restrictions	14,017,104	15,872,918
With donor restrictions	15,457	45,690
TOTAL NET ASSETS	<u>14,032,561</u>	<u>15,918,608</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,749,994</u></u>	<u><u>\$ 18,338,531</u></u>

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

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
General contributions	\$ 4,725,424	\$ -	\$ 4,725,424
PPP debt forgiveness	55,104	-	55,104
Special event revenues	441,249	-	441,249
Community fundraisers	942,324	-	942,324
Licensing revenue	4,011	-	4,011
Dividends and interest, net of investment investment advisory fees of \$53,211	62,687	-	62,687
Realized losses on derivative contracts	(1,541,249)	-	(1,541,249)
Realized gains on investments	1,244,295	-	1,244,295
Unrealized gains on investments	438,739	-	438,739
Unrealized losses on derivative contracts	(104,367)	-	(104,367)
Stock donations in kind at fair market value	57,686	-	57,686
Other income	1,611	-	1,611
Net assets released from restrictions	30,233	(30,233)	-
Total support and revenue	6,357,747	(30,233)	6,327,514
EXPENSES			
Program expenses	5,518,222	-	5,518,222
Supporting Services			
Management and general	405,643	-	405,643
Fundraising	335,925	-	335,925
Total supporting services	741,568	-	741,568
Total expenses	6,259,790	-	6,259,790
Change in net assets from operations	97,957	(30,233)	67,724
Nonoperating activities			
Net change in value of Genetx investment	(1,953,771)	-	(1,953,771)
Change in net assets	(1,855,814)	(30,233)	(1,886,047)
NET ASSETS, beginning of year	15,872,918	45,690	15,918,608
NET ASSETS, end of year	<u>\$ 14,017,104</u>	<u>\$ 15,457</u>	<u>\$ 14,032,561</u>

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF ACTIVITIES - STAND ALONE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
General contributions	\$ 2,615,150	\$ 30,100	\$ 2,645,250
Special event revenues	355,990	-	355,990
Community fundraisers	718,922		718,922
Licensing revenue	8,096	-	8,096
Dividends and interest, net of investment investment advisory fees of \$14,307	51,307	-	51,307
Realized losses on derivative contracts	(502,311)	-	(502,311)
Unrealized gains on investments	838,457	-	838,457
Unrealized gains on derivative contracts	23,855	-	23,855
Other income	27,543	-	27,543
Net assets released from restrictions	-	-	-
Total support and revenue	4,137,009	30,100	4,167,109
EXPENSES			
Program expenses	2,823,595	-	2,823,595
Supporting Services			
Management and general	197,073	-	197,073
Fundraising	175,248	-	175,248
Total supporting services	372,321	-	372,321
Total expenses	3,195,916	-	3,195,916
Change in net assets from operations	941,093	30,100	971,193
Nonoperating activities			
Net change in value of Genetx investment	6,196,378	-	6,196,378
Change in net assets	7,137,471	-	7,137,471
NET ASSETS , beginning of year	8,735,447	15,590	8,751,037
NET ASSETS , end of year	\$ 15,872,918	\$ 45,690	\$ 15,888,508

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
EXPENSES				
Salaries and payroll taxes	\$ 540,233	\$ 282,259	\$ 66,251	\$ 888,743
Direct benefits to donors	-	-	115,096	115,096
Professional fees	142,688	91,634	-	234,322
Licensing fees	51,646	-	-	51,646
Video and production	22,820	-	-	22,820
Advertising and marketing	97,009	-	24,000	121,009
Travel scholarships	14,312	-	-	14,312
Education and awareness	460,055	-	-	460,055
Community outreach	230,190	-	-	230,190
Research funding	3,910,364	-	-	3,910,364
Travel	1,661	262	1,508	3,431
Computer and software	1,067	19,307	56,171	76,545
Office supplies	270	5,557	-	5,827
Insurance	-	4,351	-	4,351
Interest	12,730	-	-	12,730
Licenses and permits	7,990	-	-	7,990
Bank and merchant account fees	138	236	34,547	34,921
Postage	-	2,037	-	2,037
Telephone	5,027	-	-	5,027
CAN expenses	-	-	21,564	21,564
Local fundraising expenses	-	-	16,788	16,788
Depreciation	14,584	-	-	14,584
Other	5,438	-	-	5,438
TOTAL EXPENSES	<u>\$ 5,518,222</u>	<u>\$ 405,643</u>	<u>\$ 335,925</u>	<u>\$ 6,259,790</u>

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENT OF FUNCTIONAL EXPENSES - STAND ALONE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
EXPENSES				
Salaries and payroll taxes	\$ 176,098	\$ 120,030	\$ -	\$ 296,128
Direct benefits to donors	157,828	-	-	157,828
Professional fees	21,520	43,847	-	65,367
Video and production	52,209	-	-	52,209
Advertising and marketing	11,636	-	51,408	63,044
Travel scholarships	1,427	-	-	1,427
Education and awareness	900	-	-	900
Research funding	2,401,977	-	-	2,401,977
Travel	-	-	90	90
Computer and software	-	20,321	-	20,321
Office supplies	-	926	-	926
Insurance	-	2,371	-	2,371
Bank and merchant account fees	-	470	40,744	41,214
Postage	-	689	-	689
Telephone	-	8,419	-	8,419
CAN Expenses	-	-	75,605	75,605
Local fundraising expenses	-	-	838	838
Other	-	-	6,563	6,563
TOTAL EXPENSES	\$ 2,823,595	\$ 197,073	\$ 175,248	\$ 3,195,916

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

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

		STAND ALONE
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,855,814)	\$ 7,137,471
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	14,584	-
Gain on debt forgiveness - PPP loan	(55,104)	-
Realized losses on derivative contracts	1,541,249	502,311
Unrealized losses on derivative contracts	104,367	(23,855)
Net realized and unrealized gains on investments	(1,683,034)	(838,457)
(Income) loss from investee	1,953,771	(6,196,378)
In-kind stock donations	(57,686)	(14,483)
Increase in assets:		
Contributions receivable	(1,639,950)	(25,050)
Increase (decrease) in liabilities		
Accounts payable	110,473	(12,507)
Accrued expenses	-	(14,875)
Payroll liabilities	13,070	-
Due to related party	362,541	-
Grants payable	827,606	571,723
Net cash provided by (used in) operating activities	<u>(363,927)</u>	<u>1,085,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receivables for pending investment transactions	3,181	(27,868)
Proceeds from sale of derivative contracts	19,913,784	10,297,126
Purchases of derivative contracts	(19,146,963)	(5,014,376)
Purchases of investments	(3,643,022)	(5,611,488)
Proceeds from sale of investments	2,986,070	-
Derivative contracts sold short at fair market value	(16,180)	24,180
Cash advanced on convertible note receivable	(1,100,000)	-
Interest receivable on convertible note	(15,732)	-
Costs for website development	<u>-</u>	<u>(43,753)</u>
Net cash used in investing activities	<u>(1,018,862)</u>	<u>(376,179)</u>

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

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

CHANGE IN CASH AND CASH EQUIVALENTS	(1,382,789)	709,721
Cash and cash equivalents, beginning of year	<u>2,752,276</u>	<u>2,042,555</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,369,488</u></u>	<u><u>\$ 2,752,276</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Debt forgiveness of Payroll Protection Program Loan	<u><u>\$ 55,104</u></u>	<u><u>\$ -</u></u>

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

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

1. NATURE OF ACTIVITIES

The Foundation for Angelman Syndrome Therapeutics (“FAST”) 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. Their main sources of revenue come from contributions from individuals, foundations, and corporations as well as from ticket sales and sponsorships for FAST’s annual gala.

FAST formed a Delaware Limited Liability Company in November 2021. The biotechnology company is singularly focused on developing and commercializing a safe and effective therapy for the treatment of Angelman Syndrome. The Company is currently conducting research and development activities related to their focus area. The Company was launched as a for-profit subsidiary of the Foundation for Angelman Syndrome Therapeutics, a patient non-profit advocacy organization and the largest non-governmental funder of Angelman Syndrome research.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidated and Presentation

The consolidated financial statements include accounts of FAST as well as a for-profit subsidiary. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. For the year ended December 31, 2021, there was no intercompany activity between the two entities.

FAST owns approximately 92% of the for-profit subsidiary and has common control with all three members of the subsidiaries’ board being board members of FAST.

Financial Statement Presentation

The consolidated financial statements of FAST and the for-profit subsidiary have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

GAAP requires FAST to report informational 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 FAST’s management and the board of directors. The governing board has designated, from net assets without donor restrictions, a board designated reserve.

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

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

met by actions of FAST or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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. Contributions that are donor-restricted for which the restriction is satisfied in the same reporting period are classified as without donor restrictions.

The Foundation has no net assets with donor restrictions that are perpetual in nature.

Cash and Cash Equivalents

FAST'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. The for-profit subsidiary does not have an operating bank account and relies on another for-profit entity to support the Company (see note 8).

Concentrations of Credit Risk

Financial instruments that potentially subject FAST to concentrations of credit risk consist principally of cash and cash equivalents and investments. FAST 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. FAST has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if any, is included in contribution revenue. All outstanding contributions receivable as of December 31, 2021 and 2020, respectively were expected to be collected, as such, no allowance was established.

Convertible Notes Receivable

On October 5, 2021, the Foundation entered into a convertible promissory note with a for-profit biotechnology company that is singularly focused on developing and commercializing a safe and effective therapy for the treatment of Angelman Syndrome. The convertible note receivable was recorded at the principal face amount of \$1,100,000 plus accrued interest of \$15,732 at December 31, 2021. The note bears interest at 6% per annum and matures December 31, 2023 in which all unpaid interest and principal shall be due and payable upon request. The note is issued in part of a series of notes with an aggregate principal amount not

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to exceed \$4,000,000. In the event the Company issues and sells its equity securities to investors while the note remains outstanding in an equity financing with total proceeds to the Company of not less than \$1,000,000 then the outstanding principal amount of the notes and any unpaid accrued interest shall automatically convert in whole at a conversion price equal to the cash price paid per share for equity securities by the investors in the qualified financing. FAST expects the note to convert to equity rather than be repaid.

On January 21, 2022, the Foundation provided an additional \$500,000 in the form of a second convertible promissory note under the same terms.

Investments

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

Option Writing

When an option is written, an amount equal to the premium received by FAST is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by FAST on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether FAST has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by FAST. FAST, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

Included on the consolidated statement of financial position are call options written with a fair value of \$169,500 and \$487,250 and call options sold sort with a fair value of \$8,000 and \$24,180 as of December 31, 2021 and 2020, respectively. Call options give the buyer the right to purchase and put options give the buyer the right to sell to FAST the equity securities underlying the options at a stated price. Should the market price of the underlying security for any of the put options sold significantly decrease in market value the holder of the option may exercise their right and the Foundation will be required to purchase the underlying security at the stated price. Of the options written, the issuers of the underlying securities are based in the United States of America.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short Sales

FAST may sell a security it does not own in anticipation of a decline in the fair value of that security. When FAST sells a security short, its custodial broker/dealer must borrow the security sold short and deliver it to the broker/dealer through which it made the short sale. A gain, limited to the price at which FAST sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. FAST is also subject to the risk that it may be unable to reacquire the security to terminate the short position except at a price substantially in excess of the last quoted price. FAST is liable to pay any dividends declared during the period the short sale is open. These dividends are recorded as dividend expenses in the consolidated statement of activities. During 2021 and 2020, FAST has not incurred any dividend expenses.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables for pending investment transactions, accounts receivable, contributions receivable, accounts payable and payroll liabilities approximate fair value due to the short maturity of these 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. 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). FAST 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. The Foundation does not have any investments valued with level 2 inputs.
- Level 3 - Unobservable inputs that cannot be corroborated by observable market data. The Foundation does not have any investments valued with level 3 inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

or discounted cash flows and such investments are classified as Level 2. Level 2 investment valuations are based on quoted net asset value (NAV) of shares held at year-end.

Website Development Costs

It is FAST's policy to capitalize costs incurred in developing a new website over \$2,500. These costs are amortized over three years from the date the website was operational. The website was operational in 2021. All costs incurred in providing maintenance to the website are expensed as incurred. Depreciation expense was \$14,584 for the year ended December 31, 2021.

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.

Special Event Revenues

Special event revenues consist of the fair market value of ticket sales for FAST's one gala in December as well as sponsorships as related to the event. Special event revenues also consist of any income derived from the event such as silent auction funds and raffles.

The following revenue stream is included in the new revenue standard, Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606): Special event benefits (non-donation portion of ticket sales).

FAST records special event ticket sales at the time of admission. Tickets sold in advance are recorded as deferred revenue until performance obligations are met. All sales are nonrefundable. Ticket sales are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the fair market value of the ticket and the total price paid. All performance obligations were met as of December 31, 2021 and 2020; thus, no deferred revenue is recorded.

Payment terms and rights are identifiable on each purchase order. Performance obligations are satisfied when access is given to the annual gala which requires access with a ticket. There are no significant financing components. There are no multiple performance obligations.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For all special events, the transaction price is the fair market value of the tickets. The excess of the fair market value of the tickets purchased and the actual price paid for the ticket is treated as a contribution and recognized as revenue at the date of ticket purchase.

Community Fundraisers

FAST and associated individuals raise money through special fundraising events. Contributions from these events are recorded as income upon receipt.

In-Kind Contributions

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 GAAP.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and on a detailed basis on the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates made by management. Costs associated with a specific program or supporting service have been charged directly to that program or supporting service. Costs that benefit more than one program or supporting service have been allocated among the programs and supporting services benefited based on an equitable basis. Payroll and payroll taxes have been allocated based on time and effort. All other costs have been directly charged.

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 at December 31, 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

FAST 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. FAST 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. FAST has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements as of December 31, 2021 and 2020.

The for-profit subsidiary has elected to report as a partnership for federal and state income tax purposes, and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. The members of a partnership are taxed on their proportionate share of the Company's taxable income or receive the benefit of the Company's taxable losses based on allocations provided in the partnership agreement.

Significant Accounting Standard Applicable This Year

In September 2022, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the consolidated statement of activities apart for contributions of cash or other financial assets.

Significant Accounting Standard Applicable in Future Years

The Financial Accounting Standards Board (FASB) issued *ASU 2016-02, Leases (Topic 842)*, in February 2016. ASU 2016-02 will require lessees to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. ASU 2016-02 was effective for financial statements issued for fiscal years beginning after December 31, 2019. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates (ASU 2019-10)*. ASU 2019-10 finalizes various effective date delays for private companies and not-for-profits applying credit losses, leases, and hedging standards. As a result of ASU 2019-10, FAST and the for-profit subsidiaries' effective date of ASU 2016-02 is deferred. ASU 2016-02 is now effective for FAST and the for-profit subsidiaries' December 31, 2022 consolidated financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on FAST and the for-profit subsidiaries' consolidated financial statements.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents FAST's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,369,488	\$ 2,752,276
Contributions receivable	1,330,000	25,050
Receivables for pending investment transactions	24,687	27,868
Investments, at fair value	7,165,247	6,837,392
Derivative contracts at fair value	<u>169,500</u>	<u>487,250</u>
 Total Financial Assets	 10,058,922	 10,129,836
 Less amounts not available to be used within one year		
Board approved grants payable	2,165,630	2,165,630
Board designated reserve	389,276	1,000,000
Net assets with donor restrictions	<u>15,457</u>	<u>45,690</u>
	<u>2,570,363</u>	<u>3,211,320</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u><u>\$ 7,488,559</u></u>	 <u><u>\$ 6,918,516</u></u>

FAST's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$600,000). FAST has a goal to give out grants for research funding each year of \$4,000,000-\$5,000,000. As part of its liquidity plan, excess cash is invested in investments and derivatives and FAST keeps around \$500,000 in their operating account. The Investment in GeneTx Biotherapeutics, LLC is not included in the calculation as FAST does not have access to cash until the company is sold.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received as follows at December 31:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 1,330,000	\$ 25,050
Noncurrent contributions:		
2023	<u>335,000</u>	<u>-</u>
 Total contributions receivable	 <u><u>\$ 1,665,000</u></u>	 <u><u>\$ 25,050</u></u>

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

5. INVESTMENTS AT FAIR VALUE

FAST's investment portfolio consists of exchange-traded products and equities (derivative investments). The fair market value of the exchange-traded products is below.

The following table summarizes the investments as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Exchange Traded Products	\$ 7,165,247	\$ -	\$ -	\$ -	\$ 7,165,247

The following table summarizes the investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Exchange Traded Products	\$ 6,837,392	\$ -	\$ -	\$ -	\$ 6,837,392

6. DERIVATIVES

In the normal course of business, FAST utilizes derivative contracts in connection with its trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. FAST is subject to additional counterparty risk due to the potential inability of the FAST's counterparties to meet the terms of their contracts.

The following table presents the FAST's fair value of derivative contracts on the accompanying statements of financial position as of December 31, 2021 and 2020, according to fair value hierarchy:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity - Options	\$ 169,500	\$ -	\$ -	\$ 169,500
Equity – Options sold short	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>
Total Derivative Contracts	<u>\$ 161,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,500</u>

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity - Options	\$ 487,250	\$ -	\$ -	\$ 487,250
Equity – Options sold short	<u>(24,180)</u>	<u>-</u>	<u>-</u>	<u>(24,180)</u>
Total Derivative Contracts	<u>\$ 463,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,070</u>

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

7. INVESTMENT USING THE EQUITY METHOD

In 2017, FAST invested \$500,000 in GeneTx Biotherapeutics, LLC (GeneTx), a for-profit limited liability company. In 2018, the Foundation invested an additional \$1,264,239 in GeneTx. With these investments, FAST owns approximately 58% of the member units of GeneTx. Over 50% ownership in an LLC requires financial statements to be consolidated; however, FAST has elected to use the equity method to value the investment. The balance sheet and income statement, in aggregate, of GeneTx is presented below for the years ended December 31, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Total Assets	\$ 23,531,078	\$ 31,650,805
Total Liabilities	\$ 1,297,508	\$ 2,177,551
Net Loss	\$ 7,239,684	\$ 9,710,792

Under the equity method, the investment is initially recorded at cost then reduced by dividends and increased or decreased by FAST's proportionate share of the investee's net earnings or loss.

During 2018, the investment in GeneTx increased for tax purposes as a result of investments from outside parties and a step-up in the book basis due to the outside investments. The tax loss generated from the investment in GeneTx during 2018 exceeded its cumulative investments. 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.

During 2019, an unrelated third party entered into an option agreement with GeneTx to acquire all of the units of the company. Under the terms of the agreement, the unrelated third party made an upfront option payment in 2019 of \$20,000,000. This payment was paid directly to GeneTx but was deemed to have been paid to each unit holder and recontributed to GeneTx as a capital contribution. FAST's deemed contribution amount was \$11,865,527. No additional units of GeneTx were received as a result of this transaction. Losses allocated to the FAST for 2019 were \$9,896,963.

In February 2020, the unrelated third party made an additional \$25,000,000 payment to extend the option period. This payment was paid directly to GeneTx but was deemed to have been paid to each unit holder and recontributed to GeneTx as a capital contribution. No additional units of GeneTx were received as a result of this transaction. The value of the investment using the equity method was \$8,164,942 at December 31, 2020

In 2021, no additional units of GeneTx were received. Losses allocated to FAST were \$1,953,772. The value of the investment using the equity method was \$6,211,170 at December 31, 2022.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

7. INVESTMENT USING THE EQUITY METHOD (continued)

In 2022, GeneTx sold the all of the membership interests through a stock sale to an unrelated third party. As a result of the sale, FAST received approximately \$59 million for their member interests in the LLC. FAST expects to receive continued royalties as part of the purchase agreement based on certain financial metrics.

8. RELATED PARTIES

Board members

Two board members provided contributions totaling \$1,400,000 for the year ended December 31, 2021. \$1,000,000 of these contributions remain outstanding and are reported as contributions receivable as of December 31, 2021.

For-Profit Entity

FAST's for-profit subsidiary has an administrative agreement with another for-profit entity to provide shared expenses in exchange for reimbursement and an administrative fee. The amount owed to this for-profit entity as of December 31, 2021 was \$362,541.

9. NET ASSETS

Net assets with donor restrictions for December 31, 2021 and 2020 are available for the following purposes.

	<u>2021</u>	<u>2020</u>
Specific Purposes		
FAST- AU	\$ -	\$ 30,100
Clinical Trial Travel	<u>15,457</u>	<u>15,590</u>
Total net assets with donor restrictions	<u>\$ 15,457</u>	<u>\$ 45,690</u>

Net assets were released from donor restrictions of \$30,233 in 2021 by incurring expenses satisfying the restricted purposes.

No net assets with donor restrictions were released from restrictions during 2020.

10. BOARD DESIGNATED FUNDS

In November 2020, the Board voted to designate \$1,000,000 to invest in Angelman syndrome specific Endpoints and Biomarkers to support clinical trials. These amounts were earmarked to provide grants to specific third-party grantee applications. In 2021, the board approved \$610,724 of disbursements from the board designated fund. No additional funding has been committed to the fund. At December 31, 2021 and 2020, the amount of board designed funds was \$389,276 and \$1,000,000, respectively.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

11. GRANTS AND GRANTS PAYABLE

In 2019, FAST pledged a grant of \$1,111,112 for translation research in a pig model of Angelman Syndrome to Texas A&M University. None of this pledge was paid out as of the end of 2019. \$546,929 was paid out by the end of 2020. This remaining amount of this grant is to be paid out over a two-year period of time; therefore, this pledge was discounted accordingly to the present value amount using the U.S. Treasury long term adjusted rate at the time the pledge was authorized (1.59%) plus a risk free rate of .5% totaling 2.09%. For the years ended December 31, 2021 and 2020, the amount remaining to be paid was \$564,133 and \$564,183, respectively. Payment was not made in 2021 but paid in early 2022. The amount discounted was \$15,662 and \$12,071 for those years then ended.

In 2019, FAST pledged a grant of \$1,224,303 as an infrastructure grant to the University of California-Davis. None of this pledge was paid out as of the end of 2019. \$633,954 was paid out by the end of 2020. The original grant was to be paid over a two-year period of time; therefore, the pledge was discounted accordingly to the present value amount using the U.S. Treasury long term adjusted rate at the time the pledge was authorized (1.59%) plus a risk-free rate of .5% totaling 2.09%. The remaining amount was paid in full in 2021. For the year ended December 31, 2020, the amount remaining to be paid was \$590,349. The amount discounted was \$12,564 for the year then ended.

In 2020, FAST pledged a grant of \$868,455 for a project titled “A Biorepository of Angelman Syndrome iPSCs and Brain Organoids” to Yale University. \$521,950 of this grant was paid out as of the end of 2020. For the year ended December 31, 2020, \$346,505 was remaining to be paid out on this grant and was paid in 2021. As such, no discounting of this grant had been made to present this grant at a present value amount. An additional \$200,000 will be included in this grant conditional upon cells being deemed viable. In 2021, the cells were not deemed viable thus a conditional grant was not provided.

In 2020, FAST pledged a grant of \$299,321 for a project titled “A Human Platform to Efficiently Study Class 1 Deleted Genes” to North Carolina State University. \$149,682 of this grant was paid out as of the end of 2020. For the year ended December 31, 2020, \$149,639 remains to be paid out on this grant and was paid in 2021. As such, no discounting of this grant has been made to present this grant at a present value amount.

In 2020, FAST pledged a grant of \$886,894 for a study that involved the generation and characterization of a new AS mouse model to Yale University. \$233,299 and \$200,481 of this grant were paid out during 2021 and 2020, respectively. For the year ended December 31, 2021 and 2020, \$453,114 and \$684,413 are remaining to be paid out on this grant, respectively and is expected to be paid over a two year period through 2023; therefore, this pledge was discounted accordingly to the present value amount using the U.S. Treasury long term adjusted rate at the time the pledge was authorized (1.31%) plus a risk free rate of .5% totaling 1.81%. The amount discounted was \$13,073 and \$25,615 for 2021 and 2020, respectively.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

11. GRANTS AND GRANTS PAYABLE (continued)

In 2021, FAST pledged a grant of \$1,182,465 to create care protocols for the emergency and urgent management of individuals with Angelman Syndrome to the University of Colorado. \$383,163 was paid out by the end of 2021. This remaining amount of this grant is to be paid out over a three-year period of time; therefore, this pledge was discounted accordingly to the present value amount using the U.S. Treasury long term adjusted rate at the time the pledge was authorized (1.45%) plus a risk-free rate of .5% totaling 1.95%. For the year ended December 31, 2021, the amount remaining to be paid on the grant was \$799,302. The amount discounted was \$31,198 for the year then ended.

In 2021, FAST pledged a grant of \$334,786 to create care protocols for the emergency and urgent management of individuals with Angelman Syndrome to the University of Colorado. \$173,139 was paid out by the end of 2021. The remaining amount of this grant is to be paid out in 2022. As such, no discounting of this grant had been made to present this grant at a present value amount. For the year ended December 31, 2021, the amount remaining to be paid was \$161,647.

In 2021, FAST pledged a grant of \$1,071,695 for IND enabling studies requested by the FDA for HSC therapy in AS to the University of California, Davis. \$496,540 was paid out by the end of 2021. The remaining amount of this grant is to be paid out in 2022. As such, no discounting of this grant had been made to present this grant at a present value amount. For the year ended December 31, 2021, the amount remaining to be paid was \$575,155.

In 2021, FAST pledged a grant of \$378,767 for multiple projects related to AS to Research Triangle Institute. \$14,454 was paid out by the end of 2021. The remaining amount of this grant is to be paid out in 2022. As such, no discounting of this grant had been made to present this grant at a present value amount. For the year ended December 31, 2021, the amount remaining to be paid was \$364,313.

In 2021, FAST pledged a grant of \$154,082 for planning for a newborn screening of AS to Research Triangle Institute. Nothing was paid in 2021. The remaining amount of this grant is to be paid out in 2022. As such, no discounting of this grant had been made to present this grant at a present value amount. For the year ended December 31, 2021, the amount remaining to be paid was \$154,082.

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

11. GRANTS AND GRANTS PAYABLE (continued)

	<u>2021</u>	<u>2020</u>
Total grants payable	\$ 3,253,607	\$ 2,416,318
Less: Discount rate to present value	<u>59,933</u>	<u>50,250</u>
	3,193,674	2,366,068
Less: Grants payable within one year, net of a discount rate	<u>2,165,630</u>	<u>1,631,398</u>
Net Long-Term Grants Payable	<u>\$ 1,028,044</u>	<u>\$ 734,670</u>

Aggregate maturities of grants payable are as follows:

Year ending December 31:

2022	\$ 2,165,630
2023	765,951
2024	<u>262,093</u>
Total	<u>\$ 3,193,674</u>

In 2022, FAST pledged seven grants to other universities totaling \$1,807,630 expected to be paid in full no later than 2023.

12. PAYCHECK PROTECTION PROGRAM LOAN

On March 9, 2021, FAST received loan proceeds in the amount of \$55,104 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period of eight or twenty-four weeks, as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. FAST used the PPP loan proceeds for purposes consistent with PPP guidelines and received full forgiveness of the loan from the Small Business Administration. FAST treated the debt forgiveness as contribution revenue of \$55,104 on the consolidated

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS AND FOR-PROFIT
SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

statement of activities and as a gain on debt forgiveness of \$55,104 on the consolidated statement of cash flows for the year ended December 31, 2021.

13. CONCENTRATIONS

During the year ended December 31, 2021, three individuals accounted for 69% of the total general contributions provided to FAST. Contributions receivable from two of these donors totaled 100% of the total contributions receivable as of December 31, 2021.

During the year ended December 31, 2020, one individual accounted for 38% of the total general contributions provided to FAST. There were no contributions receivable as of December 31, 2020.

14. SUBSEQUENT EVENTS

FAST evaluated subsequent events through November 12, 2022, the date these financial statements were available to be issued. Management has determined that no events or transactions, except as noted below and in Note 7, Note 11 and below, have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.

FAST implemented a 401(k) retirement plan in September 2022. Employees are eligible to participate in the plan upon hiring. The plan has an automatic deferral percentage of 3% that increases each plan year by 1% not to exceed 6%. The employee can elect to opt-out or revise deferral percentages at any time. FAST will match 100% of the employee's deferrals up to the first four percent of plan compensation not exceeding six percent of compensation.

SUPPLEMENTARY INFORMATION

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	FAST	FOR-PROFIT SUBSIDIARY	ELIMINATIONS	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,369,488	\$ -	\$ -	\$ 1,369,488
Contributions receivable	1,330,000	-	-	1,330,000
Receivables for pending investment transactions	24,687	-	-	24,687
Investments at fair value	7,165,247	-	-	7,165,247
Derivative contracts at fair market value	169,500	-	-	169,500
Total current assets	10,058,922	-	-	10,058,922
Property and Equipment:				
Website development	43,753	-	-	43,753
Less: Accumulated depreciation	(14,584)	-	-	(14,584)
Total property and equipment	29,169	-	-	29,169
Noncurrent Assets:				
Contributions receivable	335,000	-	-	335,000
Convertible note receivable	1,100,000	-	-	1,100,000
Interest receivable on note	15,732	-	-	15,732
Investment in GeneTx Biotherapeutics, LLC (Equity Method)	6,211,171	-	-	6,211,171
Total noncurrent assets	7,661,903	-	-	7,661,903
TOTAL ASSETS	\$ 17,749,994	\$ -	\$ -	\$ 17,749,994
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Derivative contracts sold short at fair market value	\$ 8,000	\$ -	\$ -	\$ 8,000
Accounts payable	140,148	-	-	140,148
Payroll tax liabilities	13,070	-	-	13,070
Due to related party	-	362,541	-	362,541
Grants payable, net of discounted rate to present value of \$40,725 and \$30,327 for 2021 and 2020, respectively	2,165,630	-	-	2,165,630
Total current liabilities	2,326,848	362,541	-	2,689,389
Long-Term Liabilities:				
Grants payable, net of discounted rate to present value of \$19,208 and \$19,923 for 2021 and 2020, respectively	1,028,044	-	-	1,028,044
Total long-term liabilities	1,028,044	-	-	1,028,044
TOTAL LIABILITIES	3,354,892	362,541	-	3,717,433
Net Assets				
Without donor restrictions	13,990,369	(362,541)	-	13,627,828
Without donor restrictions - board designated	389,276	-	-	389,276
Total net assets without donor restrictions	14,379,645	(362,541)	-	14,017,104
With donor restrictions	15,457	-	-	15,457
TOTAL NET ASSETS	14,395,102	(362,541)	-	14,032,561
TOTAL LIABILITIES AND NET ASSETS	\$ 17,749,994	\$ -	\$ -	\$ 17,749,994

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

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	FAST			FOR-PROFIT SUBSIDIARY			CONSOLIDATED		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE									
General contributions	\$ 4,725,424	\$ -	\$ 4,725,424	\$ -	\$ -	\$ -	\$ 4,725,424	\$ -	\$ 4,725,424
PPP debt forgiveness	55,104	-	55,104	-	-	-	55,104	-	55,104
Special event revenues	441,249	-	441,249	-	-	-	441,249	-	441,249
Community fundraisers	942,324	-	942,324	-	-	-	942,324	-	942,324
Licensing revenue	4,011	-	4,011	-	-	-	4,011	-	4,011
Dividends and interest, net of investment investment advisory fees of \$53,211	62,687	-	62,687	-	-	-	62,687	-	62,687
Realized losses on derivative contracts	(1,541,249)	-	(1,541,249)	-	-	-	(1,541,249)	-	(1,541,249)
Realized gains on investments	1,244,295	-	1,244,295	-	-	-	1,244,295	-	1,244,295
Unrealized gains on investments	438,739	-	438,739	-	-	-	438,739	-	438,739
Unrealized losses on derivative contracts	(104,367)	-	(104,367)	-	-	-	(104,367)	-	(104,367)
Stock donations in-kind at fair market value	57,686	-	57,686	-	-	-	57,686	-	57,686
Other income	1,611	-	1,611	-	-	-	1,611	-	1,611
Net assets released from restrictions	30,233	(30,233)	-	-	-	-	30,233	(30,233)	-
Total support and revenue	6,357,747	(30,233)	6,327,514	-	-	-	6,357,747	(30,233)	6,327,514
EXPENSES									
Program expenses	5,155,681	-	5,155,681	362,541	-	362,541	5,518,222	-	5,518,222
Management and general	405,643	-	405,643	-	-	-	405,643	-	405,643
Fundraising	335,925	-	335,925	-	-	-	335,925	-	335,925
Total expenses	5,897,249	-	5,897,249	362,541	-	362,541	6,259,790	-	6,259,790
Change in net assets from operations	460,498	(30,233)	430,265	(362,541)	-	(362,541)	97,957	(30,233)	67,724
Nonoperating activities									
Net change in value of Genetx investment	(1,953,771)	-	(1,953,771)	-	-	-	(1,953,771)	-	(1,953,771)
Change in net assets	(1,493,273)	(30,233)	(1,523,506)	(362,541)	-	(362,541)	(1,855,814)	(30,233)	(1,886,047)
NET ASSETS, beginning of year	15,872,918	45,690	15,918,608	-	-	-	15,872,918	45,690	15,918,608
NET ASSETS, end of year	\$ 14,379,645	\$ 15,457	\$ 14,395,102	\$ (362,541)	\$ -	\$ (362,541)	\$ 14,017,104	\$ 15,457	\$ 14,032,561

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

FOUNDATION OF ANGELMAN SYNDROME THERAPEUTICS AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	FAST				FOR-PROFIT SUBSIDIARY				CONSOLIDATED			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total	Total Program Services	Total Management and General	Total Fundraising	Total
Salaries and payroll taxes	\$ 293,152	\$ 282,259	\$ 66,251	641,662	\$ 247,081	\$ -	\$ -	\$ 247,081	\$ 540,233	\$ 282,259	\$ 66,251	\$ 888,743
Direct benefits to donors	-	-	115,096	115,096	-	-	-	-	-	-	115,096	115,096
Professional fees	104,677	91,634	-	196,311	38,011	-	-	38,011	142,688	91,634	-	234,322
Licensing fees	-	-	-	-	51,646	-	-	51,646	51,646	-	-	51,646
Video and production	22,820	-	-	22,820	-	-	-	-	22,820	-	-	22,820
Advertising and marketing	97,009	-	24,000	121,009	-	-	-	-	97,009	-	24,000	121,009
Travel scholarships	14,312	-	-	14,312	-	-	-	-	14,312	-	-	14,312
Education and awareness	460,055	-	-	460,055	-	-	-	-	460,055	-	-	460,055
Community outreach	230,190	-	-	230,190	-	-	-	-	230,190	-	-	230,190
Research funding	3,910,364	-	-	3,910,364	-	-	-	-	3,910,364	-	-	3,910,364
Travel	-	262	1,508	1,770	1,661	-	-	1,661	1,661	262	1,508	3,431
Computer and software	-	19,307	56,171	75,478	1,067	-	-	1,067	1,067	19,307	56,171	76,545
Office supplies	-	5,557	-	5,557	270	-	-	270	270	5,557	-	5,827
Insurance	-	4,351	-	4,351	-	-	-	-	-	4,351	-	4,351
Interest	-	-	-	-	12,730	-	-	12,730	12,730	-	-	12,730
Licenses and permits	-	-	-	-	7,990	-	-	7,990	7,990	-	-	7,990
Bank and merchant account fees	-	236	34,547	34,783	138	-	-	138	138	236	34,547	34,921
Postage	-	2,037	-	2,037	-	-	-	-	-	2,037	-	2,037
Telephone	5,027	-	-	5,027	-	-	-	-	5,027	-	-	5,027
CAN expenses	-	-	21,564	21,564	-	-	-	-	-	-	21,564	21,564
Local fundraising expenses	-	-	16,788	16,788	-	-	-	-	-	-	16,788	16,788
Depreciation	14,584	-	-	14,584	-	-	-	-	14,584	-	-	14,584
Other	3,491	-	-	3,491	1,947	-	-	1,947	5,438	-	-	5,438
TOTAL EXPENSES	\$ 5,155,681	\$ 405,643	\$ 335,925	\$ 5,897,249	\$ 362,541	\$ -	\$ -	\$ 362,541	\$ 5,518,222	\$ 405,643	\$ 335,925	\$ 6,259,790

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