

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT

YEARS ENDED DECEMBER 31, 2020 AND 2019

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
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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, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility (Continued)

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 except as noted below, 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, 2020 and 2019, 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.

Other Matter

As disclosed in Note 6 of the financial statements, accounting principles generally accepted in the United States of America require that Not-For-Profit Organization's that have investments in which they have significant control and a majority ownership over fifty percent prepare consolidated financial statements. The accompanying financial statements only report the activity of the Foundation of Angelman Syndrome Therapeutics. The investment is recorded using the equity method of accounting.

Hegre, McMahon & Schimmel, LLC

Oak Brook, Illinois
July 5, 2021

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,752,276	\$ 2,042,555
Contributions receivable	25,050	-
Receivables for pending investment transactions	27,868	-
Investments at fair value	6,837,392	7,994,350
Derivative contracts at fair market value	487,250	-
	10,129,836	10,036,905
OTHER ASSETS		
Investment in GeneTx Biotherapeutics, LLC (Equity Method)	8,164,942	1,968,564
Website development costs in process	43,753	-
	8,208,695	1,968,564
TOTAL ASSETS	\$ 18,338,531	\$ 12,005,469
LIABILITIES AND NET ASSETS		
Current Liabilities		
Derivative contracts sold short at fair market value	\$ 24,180	\$ -
Accounts payable	29,675	42,182
Accrued expenses	-	14,875
Grants payable, net of discounted rate to present value of \$30,327 and \$26,244 for 2020 and 2019, respectively	1,631,398	1,794,345
Total current liabilities	1,685,253	1,851,402
Grants payable, net of discounted rate to present value of \$19,923 and \$49,674 for 2020 and 2019, respectively	734,670	1,403,030
TOTAL LIABILITIES	2,419,923	3,254,432
Net Assets		
Without donor restrictions	14,872,918	8,735,447
Without donor restrictions - board designated	1,000,000	-
Total net assets without donor restrictions	15,872,918	8,735,447
With donor restrictions	45,690	15,590
TOTAL NET ASSETS	15,918,608	8,751,037
TOTAL LIABILITIES AND NET ASSETS	\$ 18,338,531	\$ 12,005,469

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, 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 revenues	8,096	-	8,096
Dividends and interest, net of investment investment advisory fees of \$14,307	51,307	-	51,307
Realized losses on derivative contract	(502,311)	-	(502,311)
Unrealized gains on investment	838,457	-	838,457
Unrealized gains on derivative contract	23,855	-	23,855
Other income	27,543	-	27,543
Net assets released from restriction	-	-	-
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	30,100	7,167,571
NET ASSETS, beginning of year	8,735,447	15,590	8,751,037
NET ASSETS, end of year	\$ 15,872,918	\$ 45,690	\$ 15,918,608

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General contributions	\$ 2,926,153	\$ -	\$ 2,926,153
Special event revenues	385,874	-	385,874
Community fundraisers	882,127	-	882,127
Investment income	135,974	-	135,974
Realized gain on investments	5	-	5
Other income	6,739	-	6,739
Net assets released from restriction	-	-	-
Total support and revenue	<u>4,336,872</u>	<u>-</u>	<u>4,336,872</u>
EXPENSES			
Program expenses	4,861,137	-	4,861,137
Supporting Services			
Management and general	83,938	-	83,938
Fundraising	183,057	-	183,057
Total supporting services	<u>266,995</u>	<u>-</u>	<u>266,995</u>
Total expenses	<u>5,128,132</u>	<u>-</u>	<u>5,128,132</u>
Change in net assets from operations	(791,260)	-	(791,260)
Nonoperating activities			
Net change in value of Genetx investment	<u>1,968,564</u>	<u>-</u>	<u>1,968,564</u>
Change in net assets	<u>1,177,304</u>	<u>-</u>	<u>1,177,304</u>
NET ASSETS, beginning of year	<u>7,558,143</u>	<u>15,590</u>	<u>7,573,733</u>
NET ASSETS, end of year	<u><u>\$ 8,735,447</u></u>	<u><u>\$ 15,590</u></u>	<u><u>\$ 8,751,037</u></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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,137,471	\$ 1,177,304
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized losses on derivative contracts	502,311	-
Unrealized gains on derivative contracts	(23,855)	-
Net realized and unrealized (gains) losses on investments	(838,457)	(5)
Income from investee	(6,196,378)	(1,968,564)
In-kind stock donations	(14,483)	(9,140)
Increase in assets:		
Contributions receivable	(25,050)	-
Increase (decrease) in liabilities		
Accounts payable	(12,507)	(111,819)
Accrued expenses	(14,875)	14,875
Grants payable	571,723	2,023,243
	<u>1,085,900</u>	<u>1,125,894</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Receivables for pending investment transactions	(27,868)	-
Proceeds from sale of derivative contracts	10,297,126	-
Purchase of derivative contracts	(5,014,376)	-
Purchases of investments	(5,611,488)	(720,224)
Proceeds from sale of investments	-	13,814
Derivative contracts sold short at fair market value	24,180	-
Costs for website development in process	(43,753)	-
	<u>(376,179)</u>	<u>(706,410)</u>
Net cash used in investing activities		
CHANGE IN CASH AND CASH EQUIVALENTS	709,721	419,484
Cash and cash equivalents, beginning of year	<u>2,042,555</u>	<u>1,623,071</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,752,276</u>	<u>\$ 2,042,555</u>

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. NATURE OF ACTIVITIES

The Foundation for Angelman Syndrome Therapeutics (“the 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. Their main sources of revenue come from Contributions from individuals, foundations, and corporations and ticket sales and sponsorships for the Foundation’s annual gala.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“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. 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 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. 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

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.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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, 2020 were expected to be collected, as such, no allowance was established. There Foundation did not have any contributions receivable as of December 31, 2019.

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.

Option Writing

When an option is written, an amount equal to the premium received by the Foundation 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 the Foundation 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 the Foundation has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Foundation. The Foundation, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Option Writing (continued)

Included on the statement of financial position are call options written with a fair value of \$487,250 and call options sold sort with a fair value of \$24,180 as of December 31, 2020. The Foundation did not have any call options written or call options sold sort as of December 31, 2019. Call options give the buyer the right to purchase and put options give the buyer the right to sell to the Foundation 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.

Short Sales

The Foundation may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Foundation 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 the Foundation sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. The Foundation 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. The Foundation is liable to pay any dividends declared during the period the short sale is open. These dividends are recorded as dividend expense in the statement of activities. During 2020 or 2019, the Foundation has not incurred any dividend expenses.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables for pending investment transactions, contributions receivable, accounts payable and accrued expenses 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). 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.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 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

Costs incurred in developing a new website are capitalized and shown as other assets on the statement of financial position. These costs are amortized over three years when upon completion of the website. As of December 31, 2020, the website has yet to be completed.

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 the Foundation'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).

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation 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, 2020 and 2019; 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.

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

The Foundation 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 statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates made by management. Accordingly, 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. (See Note 11)

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, 2020 and 2019, respectively.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 as of December 31, 2020 and 2019.

Reclassifications

Certain amounts as previously reported in the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Recent Accounting Guidance

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958) *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU No. 2020-07). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021, however, early adoption is permitted. Management is currently evaluating the impact of adopting the provisions of this ASU to the financial statements.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Foundation's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,752,276	\$ 2,042,555
Contributions receivable	25,050	-
Receivables for pending investment transactions	27,868	-
Investments, at fair value	6,837,392	7,994,350
Derivative contracts at fair value	<u>487,250</u>	<u> </u>
 Total Financial Assets	 10,129,836	 10,036,905
 Less amounts not available to be used within one year		
Board approved grants payable	2,366,068	1,794,345
Board designated reserve	1,000,000	-
Net assets with donor restrictions	<u>45,690</u>	<u>15,590</u>
	<u>3,411,758</u>	<u>1,809,935</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 6,718,078</u>	 <u>\$ 8,226,970</u>

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$200,000). The Foundation has a goal to give out grants for research funding each year of \$4,000,000. As part of its liquidity plan, excess cash is invested in investments and derivatives and the Foundation keeps around \$500,000 in their operating account. The Investment in GeneTx Biotherapeutics, LLC is not included in the calculation as the Foundation does not have access to cash from the investment nor is there a plan to sell their shares by the end of 2021.

4. INVESTMENTS AT FAIR VALUE

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

In 2019, the Foundation was only invested in fixed income securities.

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following table summarizes the investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Fixed Income	\$ 7,994,350	\$ -	\$ -	\$ -	\$ 7,994,350

5. DERIVATIVES

In the normal course of business, the Foundation 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. The Foundation is subject to additional counterparty risk due to the potential inability of the Foundation's counterparties to meet the terms of their contracts.

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

	<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>

The Foundation did not have any derivative contracts in 2019.

6. INVESTMENT USING THE EQUITY METHOD

In 2017, the Foundation 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, the Foundation owns approximately 58% of the member units of GeneTx. Over 50% ownership in an LLC requires financial statements to be consolidated; however, the Foundation has elected to use to 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, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Total Assets	\$ 31,650,805	\$ 18,477,121
Total Liabilities	\$ 2,177,551	\$ 4,293,075
Net Loss	\$ 9,710,792	\$ 9,138,804

**FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

6. INVESTMENT USING THE EQUITY METHOD (continued)

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

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. The Foundation'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 Foundation for 2019 were \$9,896,963. For the year ended December 31, 2019, the value of the investment using the equity method was \$1,968,564.

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.

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.

7. NET ASSETS

Net assets with donor restrictions for December 31, 2020 and 2019 are available for the following purposes.

	<u>2020</u>	<u>2019</u>
Specific Purposes		
FAST- AU	\$ 30,100	\$ -
Clinical Trial Travel	<u>15,590</u>	<u>15,590</u>
Total net assets with donor restrictions	<u>\$ 45,690</u>	<u>\$ 15,590</u>

No net assets with donor restrictions were released from restrictions during 2020 or 2019.

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8. 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 will be earmarked to provide grants to specific third-party grantee applications.

9. GRANTS AND GRANTS PAYABLE

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 of December 31, 2019, the grant had a balance owed of \$92,046 which was paid in full in 2020.

In 2019, the Foundation 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, 2020 and 2019, the amount remaining to be paid was \$564,183 and \$1,111,112, respectively. The amount discounted was \$12,071 and \$49,595 for those years then ended.

In 2019, the Foundation 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 is expecting to be paid in 2021. For the years ended December 31, 2020 and 2019, the amount remaining to be paid was \$590,349 and \$1,224,303, respectively. The amount discounted was \$12,564 and \$26,323 for those years then ended. The entire grant was for a five-year period for \$2,957,127; however, only the first two years have been board approved. The remaining two years will be approved by the board on a year-by-year basis.

In 2019, the Foundation pledged a grant of \$838,866 for a clinical candidate development to the University of Pennsylvania. \$209,614 was paid out during 2019 with \$629,252 remaining to be paid out as of December 31, 2019. The grant has been fully funded in 2020. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2019, the Foundation pledged a grant of \$75,000 for a pilot feasibility study of an enzyme replacement therapy to the University of California-Davis. None of this pledge was paid out as of the end of 2019. This grant has been fully funded in 2020. As such, no discounting of this grant has been done to present this grant at a present value amount.

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9. GRANTS AND GRANTS PAYABLE (continued)

In 2019, the Foundation pledged a Grant of \$75,000 for a rodent study of non-snord 116 paternal activation to the University of California-Davis. None of this pledge was paid out as of the end of 2019. This grant has been fully funded in 2020. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2020, the Foundation 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 is expected to be paid in 2021. As such, no discounting of this grant has been done 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 2020, the Foundation 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 was remaining to be paid out on this grant and is expected to be paid in 2021. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2020, the Foundation pledged a grant of \$886,894 for a study that involved the generation and characterization of a new AS mouse model to Yale University. \$200,481 of this grant was paid out as of the end of 2020. For the year ended December 31, 2020, \$684,413 is remaining to be paid out on this grant and is expected to be paid over a three 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 \$25,615 for 2020.

	2020	2019
Total grants payable	\$ 2,416,318	\$ 3,273,293
Less: Discount rate to present value	50,250	75,918
	2,366,068	3,197,375
Less: Grants payable within one year, net of a discount rate	1,631,398	1,794,345
Net Long-Term Grants Payable	\$ 734,670	\$ 1,403,030

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9. GRANTS AND GRANTS PAYABLE (continued)

Aggregate maturities of grants payable are as follows:

Year ending December 31:	
2021	\$ 1,631,398
2022	511,201
2023	<u>223,469</u>
Total	<u>\$ 2,366,068</u>

In 2021, the Foundation pledged two grants to other organizations. The Foundation approved funding of a \$1,182,465 grant paid over five years and a \$334,786 grant paid over two years.

10. CONCENTRATIONS

For the year ended December 31, 2020, one individual accounted for 38% of the total general contributions provided to the Foundation.

For the year ended December 31, 2019, the same individual accounted for 34% of the total general contributions provided to the Foundation.

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11. FUNCTIONAL EXPENSES

The functional expenses of the Foundation for the year ended December 31, 2020 are as follows:

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
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
	<u>\$ 2,823,595</u>	<u>\$ 197,073</u>	<u>\$ 175,248</u>	<u>\$ 3,195,916</u>

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
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11. FUNCTIONAL EXPENSES (continued)

The functional expenses of the Foundation for the year ended December 31, 2019 are as follows:

	Program	Management & General	Fundraising	Total
Salaries and payroll taxes	\$ 34,717	\$ 34,717	\$ -	\$ 69,434
ABOM director salary	27,047	-	-	27,047
Direct benefits to donors	566,254	-	-	566,254
Professional fees	10,299	17,157	-	27,456
Video and production	36,750	-	-	36,750
Advertising and marketing	9,578	-	16,845	26,423
Travel scholarships	29,490	-	-	29,490
Education and awareness	20,743	-	-	20,743
Research funding	4,126,259	-	-	4,126,259
Travel	-	8,715	17,995	26,710
Computer and software	-	13,889	-	13,889
Office supplies	-	2,131	-	2,131
Insurance	-	829	-	829
Bank and merchant account fees	-	350	63,656	64,006
Postage	-	649	-	649
Telephone	-	5,501	-	5,501
CAN Expenses	-	-	46,419	46,419
Local fundraising expenses	-	-	35,649	35,649
Other	-	-	2,493	2,493
	<u>\$ 4,861,137</u>	<u>\$ 83,938</u>	<u>\$ 183,057</u>	<u>\$ 5,128,132</u>

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12. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through July 5, 2021, 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 9, have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.

On March 9, 2021, the Foundation 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. The Foundation intends to use PPP loan proceeds for the purposes consistent with the PPP and apply for forgiveness within 10 months after the end of the covered period.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain type of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, to date, the Foundation does not expect a major financial impact in 2021.