

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
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DECEMBER 31, 2017

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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 California non-profit organization), which comprises the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Angelman Syndrome Therapeutics as of December 31, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues by source (page 13), and costs and expenses by function (pages 14 - 15), and the schedule of investments (page 16) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Foundation's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 statement or to the 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 financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hegre, McMahon & Schimmel, LLC

Oak Brook, Illinois
November 15, 2018

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS				
Operating assets				
Cash and cash equivalents	\$ 6,029,717	\$ 15,590	\$ -	\$ 6,045,307
Investments	1,664,696	-	-	1,664,696
Loan receivable	3,000	-	-	3,000
TOTAL ASSETS	<u>\$ 7,697,413</u>	<u>\$ 15,590</u>	<u>\$ -</u>	<u>\$ 7,713,003</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accrued expenses	\$ 2,700	\$ -	\$ -	\$ 2,700
Grants payable	2,462,895	-	-	2,462,895
TOTAL LIABILITIES	<u>\$ 2,465,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,465,595</u>
Net Assets	5,231,818	15,590	-	5,247,408
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,697,413</u>	<u>\$ 15,590</u>	<u>\$ -</u>	<u>\$ 7,713,003</u>

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS				
Operating assets				
Cash and cash equivalents	\$ 1,278,233	\$ 15,590	\$ -	\$ 1,293,823
Investments	927,716	-	-	927,716
TOTAL ASSETS	<u>\$ 2,205,949</u>	<u>\$ 15,590</u>	<u>\$ -</u>	<u>\$ 2,221,539</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Accrued expenses	\$ -	\$ -	\$ -	\$ -
Grants payable	80,000	-	-	80,000
TOTAL LIABILITIES	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>
Net Assets	<u>2,125,949</u>	<u>15,590</u>	<u>-</u>	<u>2,141,539</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,205,949</u>	<u>\$ 15,590</u>	<u>\$ -</u>	<u>\$ 2,221,539</u>

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

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
General donations	\$ 837,656	\$ 3,849,270	\$ -	\$ 4,686,926
Event revenues and donation:	4,177,826	-	-	4,177,826
Investment income	11,632	-	-	11,632
Realized gain / (loss) on investment	(30,602)	-	-	(30,602)
	<u>4,996,512</u>	<u>3,849,270</u>	<u>-</u>	<u>8,845,782</u>
Net assets released from restriction	<u>3,849,270</u>	<u>(3,849,270)</u>	<u>-</u>	<u>-</u>
	8,845,782	-	-	8,845,782
COSTS AND EXPENSES				
Program expenses	5,450,858	-	-	5,450,858
Fundraising expenses	191,049	-	-	191,049
General administrative expense:	98,006	-	-	98,006
	<u>5,739,913</u>	<u>-</u>	<u>-</u>	<u>5,739,913</u>
Increase in net assets	3,105,869	-	-	3,105,869
NET ASSETS , beginning of year	<u>2,125,949</u>	<u>15,590</u>	<u>-</u>	<u>2,141,539</u>
NET ASSETS , end of year	<u><u>\$ 5,231,818</u></u>	<u><u>\$ 15,590</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,247,408</u></u>

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
General donations	\$ 2,050,676	\$ 2,023,217	\$ -	\$ 4,073,893
Event revenues and donation:	401,902	-	-	401,902
Investment income	217	-	-	217
Realized gain / (loss) on investment	(273)	-	-	(273)
	<u>2,452,522</u>	<u>2,023,217</u>	<u>-</u>	<u>4,475,739</u>
Net assets released from restriction	<u>2,023,217</u>	<u>(2,023,217)</u>	<u>-</u>	<u>-</u>
	4,475,739	-	-	4,475,739
COSTS AND EXPENSES				
Program expenses	3,102,568	-	-	3,102,568
Fundraising expenses	313,486	-	-	313,486
General administrative expense:	113,105	-	-	113,105
	<u>3,529,159</u>	<u>-</u>	<u>-</u>	<u>3,529,159</u>
Decrease in net assets	946,580	-	-	946,580
NET ASSETS , beginning of year	<u>1,179,369</u>	<u>15,590</u>	<u>-</u>	<u>1,194,959</u>
NET ASSETS , end of year	<u>\$ 2,125,949</u>	<u>\$ 15,590</u>	<u>\$ -</u>	<u>\$ 2,141,539</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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,105,869	\$ 946,580
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities		
Net realized and unrealized losses on investments	30,602	273
Grants payable	2,382,895	80,000
Net cash provided by / (used in) operating activities	5,519,366	1,026,853
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,481,461)	(4,446,336)
Proceeds from sale of investments	713,579	3,525,086
Net cash provided by / (used in) investing activities	(767,882)	(921,250)
 CHANGE IN CASH AND CASH EQUIVALENTS	4,751,484	105,603
Cash and cash equivalents, beginning of year	1,293,823	1,188,220
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,045,307	\$ 1,293,823

See accompanying notes and independent accountant's audit report.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Foundation does not use fund accounting.

Method of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities. Expenses are recognized when they occur. The financial statements of the Foundation also reflect unrestricted, temporarily restricted, and permanently restricted classifications.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are net assets whose use has been limited by donors to a specific time or purpose. Net assets released from restrictions are reported in the statements of activities as additions to unrestricted net assets. Earnings from temporarily restricted net assets are included in unrestricted revenue and support unless restricted by donor. Permanently restricted net assets consist of amounts held in perpetuity. Earnings from permanently restricted net assets are included in temporarily restricted revenue until expended.

Contributions

All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. Contributions are recorded at fair value at the date of the donation.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks, short-term investments and other securities with original maturities not in excess of three months when purchased. Due to its short-term nature, the carrying value of cash and cash equivalents approximates fair value. The Foundation maintains domestic cash accounts, which from time to time exceed the Federal Deposit Insurance Corporation's insured limitations. The Foundation believes it is not exposed to significant credit risk on cash and cash equivalents.

Grants Payable

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

Investments

Investments consist of cash held for investment purposes, money market funds, mutual funds, equity securities, corporate bonds, U.S. government securities, mortgage-backed securities, commingled trust funds, hedge funds and private equity funds. Investments are reported at fair value. Fair value is based on quoted market prices when available. For investments in limited partnerships and other similar investments ("alternative investments"), the fair value is based on valuations provided by external investment managers, which are reviewed by management for reasonableness. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed. Gains and losses on investment assets are included in the statement of activities.

Fair Value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Quoted prices for identical instruments in active markets, which includes listed money market funds, mutual funds and equity securities. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; or derived from inputs that are observable.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments (continued)

- Level 3 - Significant unobservable inputs that reflect assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Investments using Net Asset Value (NAV) per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as “NAV” in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the Statement of Financial Position.

The levels for financial instruments are evaluated on an annual basis and transfers between levels are recognized as of the end of each fiscal year.

Income Taxes

The Foundation has received a favorable determination letter from the Internal Revenue Service, stating that it is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended, except for income taxes pertaining to unrelated business income. The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority.

Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements, as the Foundation’s unrelated business taxable income is expected to be offset by net operating losses carried forward from prior years. There is no interest or penalties recognized in the financial statements.

Liquidity and Availability of Resources

The Foundation has \$7,697,413 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$6,029,717, short-term investments of \$1,664,696, and a loan receivable of \$3,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately \$100,000 per year. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments, including short-term treasury instruments.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications did not have an effect on net assets or change in net assets.

2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 15, 2018, the date that the financial statements were available to be issued.

3. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets include gifts of cash and other assets for which donor-imposed restrictions have not yet been met, and for which the ultimate purpose of the proceeds is not permanently restricted. At December 31, 2017 and 2016, temporarily restricted net assets consisted of the following:

	2017	2016
Travel	\$ 15,590	\$ 15,590
Total	\$ 15,590	\$ 15,590

At December 31, 2017 and 2016, there are no permanently restricted net assets.

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended December 31:

	2017	2016
Research	\$ 3,849,270	\$ 2,023,217

5. GRANTS AND GRANTS PAYABLE

In 2016, the Foundation pledged a Post Doctorate RFA Grant of \$30,000 for a stipend, travel expenses and research costs payable over one year to Terri Jo Bischell at the University of Vanderbilt. \$27,500 of the pledged amount has been paid out as of the end of 2017. This grant is expected to be fully funded previous to the end of 2018. As such, no discounting of this grant has been done to present this grant at a present value amount.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

5. GRANTS AND GRANTS PAYABLE (continued)

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

In 2014, the Foundation pledged a Grant of \$150,000 for the production of a pig model and research items to Texas A&M. As of December 31, 2014, the balance remained outstanding. All amounts for the pledge were paid out as of the end of 2015. In 2016, the Foundation pledged an additional \$220,704 toward this grant. All amounts for the additional pledge have been paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$1,261,240 toward this grant. None of the pledged amount has been paid out as of the end of 2017. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

In 2016, the Foundation pledged a Grant of \$479,252 for an imaging equipment upgrade and for the analysis of therapeutic proteins to the University of California Davis. All amounts for the pledge were paid out as of the end of 2016. In 2017, the Foundation pledged an additional \$297,390 toward this grant. \$287,397 of the pledged amount has been paid out as of the end of 2017. This grant has been fully funded prior to the issuance of these financial statements. As such, no discounting of this grant has been done to present this grant at a present value amount.

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

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

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

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

6. GRANTS PAYABLE (continued)

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

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

The grants payable are accounted for as follows:

	<u>RFA</u>	<u>Research</u>
Grants payable as of 12.31.2015	\$ 0	\$ 150,000
Grants authorized in 2016	\$ 30,000	\$ 3,009,187
Less: Grants paid in 2016	<u>(0)</u>	<u>(2,959,187)</u>
Remaining grants as of 12.31.2016	30,000	50,000
Less: Discount to present value	<u>0</u>	<u>0</u>
Grants payable as of 12.31.2016	<u>\$ 30,000</u>	<u>\$ 50,000</u>
Grants authorized in 2017	\$ 0	\$ 5,218,272
Less: Grants paid in 2017	<u>(27,500)</u>	<u>(2,807,877)</u>
Remaining grants as of 12.31.2017	2,500	2,460,395
Less: Discount to present value	<u>0</u>	<u>0</u>
Grants payable as of 12.31.2017	<u>\$ 2,500</u>	<u>\$ 2,460,395</u>

7. INVESTMENTS AND FAIR VALUE

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,199,340	\$	\$	\$	\$ 1,199,340
Mutual funds					0
Common stocks					0
Investment in GeneTx			465,356		465,356
Total	<u>\$ 1,199,340</u>	<u>\$ 0</u>	<u>\$ 465,356</u>	<u>\$ 0</u>	<u>\$ 1,665,356</u>

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

7. INVESTMENTS AND FAIR VALUE (continued)

The following table summarizes the fair value measurements of investments as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$ 723,833	\$	\$	\$	\$ 723,833
Mutual funds	198,731				198,731
Common stocks	5,152				5,152
Investment in GeneTx	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 0</u>
Total	<u>\$ 927,716</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 927,716</u>

Management believes the investment portfolio is diversified to minimize the concentration of risk of any single security, class of security, or asset class.

Level 1 financial instruments consist primarily of common stocks, mutual funds, and other securities whose fair values are determined by obtaining quoted prices on nationally recognized security exchanges. The mutual funds have a daily redemption frequency with no redemption notice required.

Level 3 financial instruments consist of an investment in GeneTx Biotherapeutics LLC. An initial investment of \$500,000 was made in 2017 for a 90% ownership interest in this newly formed entity. The objective of this entity is to produce medications for the treatment of Angelman Syndrome.

Initial investment	\$ 500,000
Loss reported in 2017	<u>(34,644)</u>
Net remaining investment as of end of year	<u>\$ 465,356</u>

8. PROPERTY AND EQUIPMENT

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. As of the December 31, 2017, the Foundation has not capitalized any property and equipment. Any future capitalizations will be depreciated using the straight-line method over five years.

9. SUBSEQUENT EVENTS

The Foundation evaluated its June 30, 2018, financial statements for subsequent events through November 15, 2018, the date the financial statements were available to be issued, and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
SCHEDULE A - SCHEDULE OF REVENUES BY SOURCE
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
General Donations				
Individuals	\$ 643,413	\$ 3,849,270	\$ -	\$ 4,492,683
Corporate	180,090	-	-	180,090
Foundation	14,153	-	-	14,153
Events and Programs				
Annual Gala	3,508,505	-	-	3,508,505
Lite the Night on Fire for FAST	85,546	-	-	85,546
Other Fundraising Events	583,775	-	-	583,775
	<u>\$ 5,015,482</u>	<u>\$ 3,849,270</u>	<u>\$ -</u>	<u>\$ 8,864,752</u>

2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
General Donations				
Individuals	\$ 1,392,501	\$ -	\$ -	\$ 1,392,501
Corporate	333,356	-	-	333,356
Foundation	324,819	2,023,217	-	2,348,036
Events and Programs				
Annual Gala	264,024	-	-	264,024
Lite the Night on Fire for FAST	68,015	-	-	68,015
Other Fundraising Events	69,863	-	-	69,863
	<u>\$ 2,452,578</u>	<u>\$ 2,023,217</u>	<u>\$ -</u>	<u>\$ 4,475,795</u>

See accompanying notes and independent accountant's audit report.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
SCHEDULE B - SCHEDULE OF COSTS AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Event and Fundraising Costs				
Program expenses				
Community outreach	\$ 150,411	\$ -	\$ -	\$ 150,411
Education and awareness	82,175	-	-	82,175
Research funding	5,218,272	-	-	5,218,272
Professional fees (program related)	-	-	-	-
Fundraising expense	191,049	-	-	191,049
Total costs and expenses before general and administrative expenses				
	\$ 5,641,907	\$ -	\$ -	\$ 5,641,907
General Operating Expenses				
Bank and merchant account fees	\$ 13,606	\$ -	\$ -	\$ 13,606
Filing fees and registrations	835	-	-	835
Insurance	-	-	-	-
Marketing	-	-	-	-
Office supplies	1,534	-	-	1,534
Payroll and payroll taxes	30,490	-	-	30,490
Postage and delivery	379	-	-	379
Professional fees	43,403	-	-	43,403
Telephone and telecommunications	5,305	-	-	5,305
Travel	2,454	-	-	2,454
Total general and administrative	\$ 98,006	\$ -	\$ -	\$ 98,006
Total costs and expenses	\$ 5,739,913	\$ -	\$ -	\$ 5,739,913

See accompanying notes and independent accountant's audit report.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
SCHEDULE B - SCHEDULE OF COSTS AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Event and Fundraising Costs				
Program expenses				
Community outreach	\$ 43,859	\$ -	\$ -	\$ 43,859
Education and awareness	6,257	-	-	6,257
Research funding	3,039,187	-	-	3,039,187
Professional fees (program related)	13,265	-	-	13,265
Fundraising expense	<u>313,486</u>	<u>-</u>	<u>-</u>	<u>313,486</u>
Total costs and expenses before general and administrative expenses	\$ 3,416,054	\$ -	\$ -	\$ 3,416,054
General Operating Expenses				
Bank and merchant account fees	\$ 32,100	\$ -	\$ -	\$ 32,100
Filing fees and registrations	1,284	-	-	1,284
Insurance	3,086	-	-	3,086
Marketing	7,938	-	-	7,938
Office supplies	6,746	-	-	6,746
Payroll and payroll taxes	46,130	-	-	46,130
Postage and delivery	925	-	-	925
Professional fees	8,117	-	-	8,117
Telephone and telecommunications	4,328	-	-	4,328
Travel	<u>2,451</u>	<u>-</u>	<u>-</u>	<u>2,451</u>
Total general and administrative	<u>\$ 113,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,105</u>
Total costs and expenses	<u><u>\$ 3,529,159</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,529,159</u></u>

See accompanying notes and independent accountant's audit report.

FOUNDATION FOR ANGELMAN SYNDROME THERAPEUTICS
SCHEDULE C - SCHEDULE OF INVESTMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

2017

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents		
United States Treasury Bills, 0.0%, 01.18.2018, DTD 07.20.2017	\$ 1,200,000	\$ 1,199,340
Investments in entities		
GeneTx Biotherapeutics LLC	465,356	465,356
TOTAL INVESTMENTS	<u><u>\$ 1,665,356</u></u>	<u><u>\$ 1,664,696</u></u>

2016

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents		
United States Treasury Bills, 0.0%, 04.20.2017, DTD 10.20.2016	\$ 723,833	\$ 723,833
Mutual funds		
New Perspective Fund, Class A	198,731	198,731
Common stocks		
Stryker Corp.	5,152	5,152

See accompanying notes and independent accountant's audit report.