Sudden Arrhythmia Death Syndromes Foundation

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Year Ended December 31, 2018

MUMFORD GROUP
CERTIFIED PUBLIC ACCOUNTANTS

Sudden Arrhythmia Death Syndromes Foundation

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MUMFORD GROUP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Sudden Arrhythmia Death Syndromes Foundation
Salt Lake City, Utah

We have audited the accompanying financial statements of Sudden Arrhythmia Death Syndromes Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of 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 polices 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 Sudden Arrhythmia Death Syndromes Foundation as of December 31, 2018, and the changes in its net assets its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Sudden Arrhythmia Death Syndromes Foundation's 2017 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The Mumford Group
Bountiful, Utah
October 15, 2019

Sudden Arrhythmia Death Syndromes Foundation
Statement of Financial Position
December 31, 2018
With Comparative Totals for December 31, 2017

		12/31/2018		12/31/2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	385,891	$	341,476
Accounts receivable, including promises to give		42,723		16,395
Prepaid expenses		664		428
TOTAL CURRENT ASSETS		429,278		358,299
FIXED ASSETS, at cost				
Equipment		11,278		11,278
Furniture and fixtures		800		800
Total fixed assets		12,078		12,078
Less: accumulated depreciation		(12,078)		(12,078)
NET FIXED ASSETS		-		-
NONCURRENT ASSETS				
Deposits		1,500		1,500
Long-term investments		111,726		114,236
TOTAL NONCURRENT ASSETS		113,226		115,736
TOTAL ASSETS	$	542,504	$	474,035

(Continued)

See accompanying notes to the financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Financial Position (Continued)

December 31, 2018

With Comparative Totals for December 31, 2017

	12/31/2018	12/31/2017
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 11,110	$ 12,559
Accrued liabilities	35,459	26,290
TOTAL CURRENT LIABILITIES	46,569	38,849
NONCURRENT LIABILITIES		
Deferred rent	3,727	4,201
TOTAL LIABILITIES	50,296	43,050
NET ASSETS		
Without donor restrictions	285,092	226,422
With donor restrictions	207,116	204,563
TOTAL NET ASSETS	492,208	430,985
TOTAL LIABILITIES AND NET ASSETS	$ 542,504	$ 474,035

Sudden Arrhythmia Death Syndromes Foundation

Statement of Activities

Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018			12/31/2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Individual contributions	$ 325,722	$ 68,041	$ 393,763	$ 370,092
Foundation and corporate donations	109,625	-	109,625	222,074
In-kind donations	59,117	-	59,117	84,329
Special events	113,392	3,636	117,028	107,378
Seminar income	21,003	-	21,003	8,696
Interest income	7,585	-	7,585	5,577
Unrealized gain / (loss) on investments	(12,974)	-	(12,974)	8,884
Realized gain / (loss) on investments	-	-	-	173
Other income	2,762	-	2,762	-
Assets released from restriction	69,124	(69,124)	-	-
Total revenues and support	695,356	2,553	697,909	807,203
EXPENSES				
Program services	496,971	-	496,971	556,809
Management and general	24,580	-	24,580	9,242
Fundraising	115,135	-	115,135	162,882
Total expenses	636,686	-	636,686	728,933
Change in net assets	58,670	2,553	61,223	78,270
Net assets, beginning of year	226,422	204,563	430,985	352,715
Net assets, end of year	$ 285,092	$ 207,116	$ 492,208	$ 430,985

See accompanying notes to the financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Functional Expenses

Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018										
	Program Services						Support Activities				
	Advocacy	Awareness	Volunteer	Support	Education	Total	Management and General	Fundraising	Total	Total	12/31/2017 Total
Salaries	$ 20,928	$ 61,389	$ 8,372	$ 97,665	$ 19,533	$ 207,887	$ 2,790	$ 68,366	$ 71,156	$ 279,043	$ 336,706
Payroll taxes	1,727	5,066	698	8,060	1,606	17,157	230	5,642	5,872	23,029	25,286
Employee benefits	1,193	3,471	473	5,522	1,105	11,764	157	3,855	4,012	15,776	1,220
Total salaries and related expenses	23,848	69,926	9,543	111,247	22,244	236,808	3,177	77,863	81,040	317,848	363,212
Awards	2,200	-	-	6,963	83	9,246	-	-	-	9,246	9,340
Bank / credit card fees	-	-	-	-	-	-	2,808	-	2,808	2,808	5,105
Dues / memberships	-	-	-	1,558	738	2,296	-	525	525	2,821	3,445
Events	4,989	12,830	2,000	13,756	12,117	45,692	-	25,585	25,585	71,277	58,539
Insurance	-	-	399	-	-	399	2,382	-	2,382	2,781	2,270
Interest	-	-	-	-	-	-	1,101	-	1,101	1,101	-
Marketing	1,048	5,031	-	8,117	3,622	17,818	-	3,144	3,144	20,962	40,505
Meeting expenses	-	1,617	-	43,166	28,070	72,853	-	-	-	72,853	108,192
Miscellaneous	79	-	-	-	-	79	-	-	-	79	41
Occupancy / facilities	1,080	5,183	432	7,127	3,242	17,064	2,266	2,266	4,532	21,596	21,596
Office supplies	302	1,450	120	1,903	998	4,773	846	423	1,269	6,042	4,322
Postage	420	3,424	-	2,245	1,471	7,560	423	423	846	8,406	13,102
Printing	580	5,000	566	7,821	750	14,717	1,689	1,689	3,378	18,095	23,523
Professional fees	-	-	-	-	-	-	9,132	-	9,132	9,132	6,252
Program supplies	349	888	-	1,086	395	2,718	-	-	-	2,718	3,373
Repairs and maintenance	618	1,705	233	2,713	543	5,812	78	1,860	1,938	7,750	2,808
Telephone	483	2,326	194	3,198	1,454	7,655	678	1,357	2,035	9,690	12,307
Travel and training	-	-	-	19,606	31,875	51,481	-	-	-	51,481	50,883
Total expenses before depreciation	35,996	109,380	13,487	230,506	107,602	496,971	24,580	115,135	139,715	636,686	728,815
Depreciation	-	-	-	-	-	-	-	-	-	-	118
Total expenses	$ 35,996	$ 109,380	$ 13,487	$ 230,506	$ 107,602	$ 496,971	$ 24,580	$ 115,135	$ 139,715	$ 636,686	$ 728,933

See accompanying notes to the financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Cash Flows

Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 61,223	$ 78,270
Adjustments to reconcile change in net assets to net cash		
(used in) provided by operating activities:		
Depreciation	-	118
In-kind donation of long-term investments	(10,464)	(12,483)
Unrealized (gain)/loss on long-term investments	12,974	(8,884)
Realized gain on long-term investments	-	(173)
Changes in current assets and liabilities:		
Accounts receivable	(26,328)	25,152
Prepaid expenses	(236)	1,584
Accounts payable	(1,449)	(616)
Accrued liabilities	9,169	1,055
Deferred rent	(474)	56
Net cash provided by operating activities	44,415	84,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments	-	12,656
Net cash provided by investing activities	-	12,656
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH	44,415	96,735
CASH, BEGINNING OF PERIOD	341,476	244,741
CASH, END OF PERIOD	$ 385,891	$ 341,476
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 1,101	$ -
Cash paid for income taxes	$ -	$ -
In-kind donations received	$ 59,117	$ 84,329

1. ORGANIZATION AND HISTORY

The Sudden Arrhythmia Death Syndromes Foundation (the "Organization") was incorporated as a nonprofit corporation in the State of Utah on December 12, 1991. The Organization's mission is to save the lives of children and young adults who are genetically disposed or otherwise susceptible to sudden death due to cardiac arrhythmias and to provide education and support to families and the medical community who are dealing with these disorders. The Organization is dedicated to providing information, assistance and hope related to this disease. In fulfilling this mission, the Organization has the following goals:

Education – To educate health care providers and the lay public to promote early diagnosis and treatment.

Patient Services – To serve as a physician referral resource and to provide information to physicians who care for patients with cardiac arrhythmias.

Supportive Services – To assist all those affected by the sudden death of a young loved one, or who have been diagnosed with a cardiac arrhythmia, by providing informational materials, facilitating support groups, and maintaining an active networking program.

Public Awareness – To inform families, physicians, and communities about genetic cardiac arrhythmias in the young, and thereby prevent sudden cardiac death in young people.

Support – To encourage research on genetic cardiovascular diseases predisposing the young to sudden death.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

<u>Basis of Presentation</u>

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. During 2018, the Organization adopted the provision of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities,* which improves the current net asset classification and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

<u>Cash and Cash Equivalents</u>

The Organization considers all highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

<u>Accounts Receivable and Allowance for Doubtful Accounts</u>

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable is generally short-term in nature; thus, accounts receivable does not bear interest.

Accounts receivable are periodically evaluated for collectability based on past credit history with customer and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible. For the years ending December 31, 2018, and 2017, the allowance for uncollectible accounts receivable was $0 and $0, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promise to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. For the years ending December 31, 2018, and 2017, the allowance for uncollectible promises to give was $0 and $0, respectively.

Fixed Assets

Fixed assets are stated at cost if purchased or fair market value on the date received if contributed. The Organization does not imply a time restriction on donated long-lived assets that are received without stipulations about how long the donated asset must be used or are acquired with gifts of cash or other assets restricted for those acquisitions. Depreciation of furniture, fixtures and equipment is computed using the straight-line method over the estimated useful lives of assets, which range from five to seven years. Fixed assets costing $1,000 or more are capitalized in accordance with established procedures. Minor repairs and maintenance that do not extend the useful lives of the fixed assets are expended as incurred. Depreciation expense for the years ending December 31, 2018, and 2017, was $0 and $118, respectively.

The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as measured by a comparison of estimated future cash flows (undiscounted and without interest charges) to the carrying value of the asset. Assets held for sale are written down to their fair value, less cost to sell.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities. The Organization considers their investments as long-term in consideration of the donor restriction with the Courts K. Cleveland Fr. SADS Foundation Young Investigator Award discussed in Note 8.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Compensated Absences

Vacation time is accrued for each eligible employee. The number of hours accrued varies based on the number of years of employment. At the end of employment at the Organization, the vacation is paid in full to the employee. A balance has been accrued and is reported under liabilities in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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. The Organization's board may designate the assets without restrictions for specific operation purposes from time to time.

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 Organization or by the passage of time.

Revenue and Revenue Recognition

Revenue is recognized when earned. Special event revenues received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising costs include printed material and internet ad space. Advertising expense for the years ending December 31, 2018, and 2017, was $20,962 and $40,505. Of these amounts, $20,133 and $40,076, respectively, were from in-kind donations.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted.

In-Kind Donations

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Association records donated professional services in accordance with FASB ASC 958-605-25-16, *Contributed Services*.

No amounts have been reflected in the financial statements for donated volunteer services which do not satisfy the criteria for recognition under ASC 958-605-25-16; however, a substantial number of volunteers have donated significant amounts of time to the Organization's fundraising and programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ending December 31, 2018, and 2017.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, December 31, 2017, December 31, 2016, and December 31, 2015 are subject to examination by the IRS, generally for three years after they are filed. Generally accepted accounting principles require tax effects from an uncertain tax position 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. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Concentration of Credit Risk

The Organization maintains cash balances in various financial institutions, which are insured by Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. At December 31, 2018, and 2017, $84,037 and $15,229, respectively, held in financial institutions exceeded the FDIC insurance limit. The Organization also holds cash and securities at an investment institution. The cash and investments held at those firms are insured through the Securities Investor Protection Corporation ("SIPC") up to $500,000 per institution. At December 31, 2018, and 2017, no amounts exceeded the SIPC insurance limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or securities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amount the programs and supporting services benefited. Expenses that are not specifically identifiable to certain programs are allocated based on estimates provided by management.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2018, and 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Subsequent Events

Subsequent events were evaluated through October 15, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* ("ASU 2016-14"), which changes the current guidance for asset classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires a not-for-profit to disclose its interpretation of the ability to spend the underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets a per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within on year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2106-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 and was applied to the financial statements as of and for the year ended December 31, 2018, and has retrospectively applied this standard to the financial statements as of and for the year ending December 31, 2017.

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective dates of ASU 2014-09. The provisions of ASU 2014-09 are now effective for annual reporting periods beginning after December 15, 2018. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

3. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable, including promises to give, consisted of the following at December 31, 2018, and 2017:

	2018	2017
General sponsorships (promise to give)	$ 3,636	$ -
Invitae (promise to give)	-	16,030
Joanna Bewick (promise to give – related party)	6,600	-
Robinson Industries (promise to give)	2,000	-
Sales tax refund	487	365
Stern Family Foundation (promise to give)	30,000	-
	$ 42,723	$ 16,395

The entire amount of accounts receivable, including promises to give, is expected to be received in the next fiscal year and therefore, management has decided that no allowance is considered necessary as full payment is expected to be received

4. RELATED PARTY TRANSACTIONS

As of December 31, 2018, there was a $6,600 promise to give from a board member included in the accounts receivable balance of the Organization. In the year ending December 31, 2018, a separate board member donated $2,000 in honorariums.

In the year ending December 31, 2017, the Organization paid a member of the board of directors $25,000 in honorariums and $5,101 in travel expenses in relation to the medical education program of the Organization. The same board member also donated $2,000 in honorariums to the Organization not included in the indicated cash expenses.

5. LEASE COMMITMENT

The Organization leases office space in the Salt Lake City area. The lease requires monthly payments of $1,795 for a period of five years with an increase of 3% per year. The lease was signed on January 25, 2017 and is effective for the five-year term starting February 1, 2016, and will end February 1, 2021. The future minimum lease payments required as of December 31, 2108 is as follows:

Year Ended December 31,	
2019	$ 22,786
2020	23,469
2021	1,961
	$ 48,216

Rent expense for the years ended December 31, 2018, and 2017, was $21,596 and $21,596, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to the following purpose or time restrictions at December 31, 2018, and 2017:

	2018	2017
Subject to purpose restrictions:		
Courts K. Cleveland Jr. SADS Foundation		
Young Investigator Award (Note 8)	$ 100,000	$ 100,000
General donations (Timothy Syndrome program)	64,880	48,533
St. Jude Medical Foundation (program expenses in 2018)	-	40,000
	164,880	188,533
Subject to time restrictions:		
General sponsorships (promise to give)	3,636	-
Invitae (promise to give)	-	16,030
Joanna Bewick (promise to give – related party)	6,600	-
Robinson Industries (promise to give)	2,000	-
Stern Family Foundation (promise to give)	30,000	-
	42,236	16,030
Total net assets with donor restrictions	$ 207,116	$ 204,563

7. DONATED SERVICES

The Organization recognizes contribution revenue for certain services received at the fair value of these services. For the years ending December 31, 2018, and 2017, these services include the following:

	2018	2017
Programs:		
Meeting expenses	$ 26,500	$ 29,250
Travel and training	600	1,100
Marketing	17,113	31,999
Total programs	44,213	62,349
Management and General:		
Internet and website	600	600
Total management and general	600	600
Fundraising:		
Marketing	3,020	8,077
Printing and design	820	820
Total fundraising	3,840	8,897
Total donated services	$ 48,653	$ 71,846

7. DONATED SERVICES (Continued)

For the years ending December 31, 2018, and 2017, the Organization also received $10,464 and $12,483, respectively, in donated long-term investments.

No amounts have been reflected in the financial statements for donated volunteer services which do not satisfy the criteria for recognition under ASC 958-605-25-16; however, a substantial number of volunteers have donated significant amounts of time to the Organization's fundraising and programs.

8. COURTS K. CLEVELAND JR. SADS FOUNDATION YOUNG INVESTIGATOR AWARD

The Courts K. Cleveland Jr. SADS Foundation Young Investigator Award Fund is specifically used to fund a program to provide grants to individuals and institutions to find the causes and cure for Sudden Arrhythmia Death Syndromes. Distributions from the Fund may be in accordance with the spending policy established by the Board of the Organization and may be paid and distributed annually, or more frequently. The donation of $100,000 is shown as net assets with donor restrictions. For the years ending December 31, 2018, and 2017, the Organization awarded $3,400 and $2,250, respectively, from the earnings.

9. FAIR VALUE MEASUREMENTS

The Organization has adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2
Inputs to the valuation methodology include –

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds: Mutual funds are valued at the closing price reported by the fund in an active market.

9. FAIR VALUE MEASUREMENTS (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with that of a market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of December 31, 2018, and 2017:

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 111,726	$ -	$ -	$ 111,726
Totals	$ 111,726	$ -	$ -	$ 111,726

Assets at Fair Value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 114,236	$ -	$ -	$ 114,236
Totals	$ 114,236	$ -	$ -	$ 114,236

Interest and dividend income on long-term investments for the years ending December 31, 2018, and 2017, was $7,578 and $5,571, respectively. Unrealized gains and losses on long-term investments for the years ending December 31, 2018, and 2017, was a $12,974 loss and a $8,884 gain, respectively. Realized gains and losses on the sale of long-term investments for the years ending December 31, 2018, and 2017, was $0 and a $173 gain, respectively. The cost basis of the investments held as of December 31, 2018, and 2017, was $105,367 and $100,250, respectively.

10. EMPLOYEE BENEFIT PLAN

The Organization has a 403(b) plan that is available to substantially all of its employees. Under this plan, employees are able to make contributions as deductions from their paychecks. The Organization does not match any portion of the employees' contributions.

11. LIQUIDITY MANAGEMENT

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	Assets	With Donor Restrictions	Available for General Expenditures
Current Assets:			
Cash and cash equivalents	$ 385,891	$ -	$ 385,891
Accounts receivable, including promise to give	487	42,236	42,723
Prepaid expenses	664	-	664
Total	$ 387,042	$ 42,236	$ 429,278

12. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year (2017) summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial information for the year ended December 31, 2017 is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017 from which the summarized information was derived.