

**Sudden Arrhythmia Death Syndromes
Foundation**

Year Ended December 31, 2017

Financial Statements

And

Independent Auditor's Report



MUMFORDGROUP
CERTIFIED PUBLIC ACCOUNTANTS

Sudden Arrhythmia Death Syndromes Foundation

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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, 2017, 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 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.

Report on Summarized Comparative Information

We have previously audited the Sudden Arrhythmia Death Syndromes Foundation's 2016 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2017. 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.

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, 2017, 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.

The Mumford Group

Bountiful, Utah
August 8, 2018

Sudden Arrhythmia Death Syndromes Foundation

Statement of Financial Position

December 31, 2017

With Comparative Totals for December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 341,476	\$ 244,741
Accounts receivable, including promises to give	16,395	41,547
Prepaid expenses	<u>428</u>	<u>2,012</u>
 TOTAL CURRENT ASSETS	 <u>358,299</u>	 <u>288,300</u>
FIXED ASSETS, at cost		
Equipment	11,278	11,278
Furniture and fixtures	<u>800</u>	<u>800</u>
 Total fixed assets	 12,078	 12,078
Less: accumulated depreciation	<u>(12,078)</u>	<u>(11,960)</u>
 NET FIXED ASSETS	 <u>-</u>	 <u>118</u>
NONCURRENT ASSETS		
Deposits	1,500	1,500
Long-term investments	<u>114,236</u>	<u>105,352</u>
 TOTAL NONCURRENT ASSETS	 <u>115,736</u>	 <u>106,852</u>
 TOTAL ASSETS	 <u>\$ 474,035</u>	 <u>\$ 395,270</u>

(Continued)

See accompanying notes to financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Financial Position (Continued)

December 31, 2017

With Comparative Totals for December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 12,559	\$ 13,175
Accrued liabilities	<u>26,290</u>	<u>25,235</u>
TOTAL CURRENT LIABILITIES	<u>38,849</u>	<u>38,410</u>
NONCURRENT LIABILITIES		
Deferred rent	<u>4,201</u>	<u>4,145</u>
TOTAL LIABILITIES	<u>43,050</u>	<u>42,555</u>
NET ASSETS		
Unrestricted	226,422	173,800
Temporarily restricted	204,563	178,915
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>430,985</u>	<u>352,715</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 474,035</u>	<u>\$ 395,270</u>

See accompanying notes to financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Activities

Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	December 31, 2017				<u>12/31/2016</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Individual contributions	\$ 336,553	\$ 33,539	\$ -	\$ 370,092	\$ 293,504
Foundation and corporate donations	182,074	40,000	-	222,074	301,450
In-kind donations	84,329	-	-	84,329	113,531
Special events	107,378	-	-	107,378	98,341
Seminar income	8,696	-	-	8,696	16,008
Interest income	5,577	-	-	5,577	3,295
Unrealized gain / loss on investments	8,884	-	-	8,884	3,934
Realized gain / loss on investments	173	-	-	173	(285)
Assets released from restriction	47,891	(47,891)	-	-	-
	<u>781,555</u>	<u>25,648</u>	<u>-</u>	<u>807,203</u>	<u>829,778</u>
EXPENSES					
Program services	556,809	-	-	556,809	581,266
Management and general	9,242	-	-	9,242	14,199
Fundraising	162,882	-	-	162,882	161,768
	<u>728,933</u>	<u>-</u>	<u>-</u>	<u>728,933</u>	<u>757,233</u>
Change in net assets	52,622	25,648	-	78,270	72,545
Net assets, beginning of year	173,800	178,915	-	352,715	280,170
Net assets, end of year	<u>\$ 226,422</u>	<u>\$ 204,563</u>	<u>\$ -</u>	<u>\$ 430,985</u>	<u>\$ 352,715</u>

See accompanying notes to financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Functional Expenses

Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	December 31, 2017										
	Program Services						Support Activities				12/31/2016
	Advocacy	Awareness	Volunteer	Support	Education	Total	Management and General	Fundraising	Total	Total	Total
Salaries	\$ 13,468	\$ 50,506	\$ 6,734	\$ 107,746	\$ 80,809	\$ 259,263	\$ 6,735	\$ 70,708	\$ 77,443	\$ 336,706	\$ 318,700
Payroll taxes	1,011	3,793	506	8,091	6,069	19,470	506	5,310	5,816	25,286	27,961
Employee benefits	49	183	24	391	293	940	24	256	280	1,220	1,749
Total salaries and related expenses	14,528	54,482	7,264	116,228	87,171	279,673	7,265	76,274	83,539	363,212	348,410
Awards	2,306	-	29	7,005	-	9,340	-	-	-	9,340	6,866
Bank / credit card fees	100	250	95	1,270	500	2,215	182	2,708	2,890	5,105	6,114
Dues / memberships	138	517	69	1,102	827	2,653	69	723	792	3,445	1,624
Events	-	2,000	-	-	-	2,000	-	56,539	56,539	58,539	56,766
Insurance	91	341	45	726	545	1,748	45	477	522	2,270	2,728
Marketing	620	7,076	-	13,962	10,341	31,999	-	8,506	8,506	40,505	67,231
Meeting expenses	-	14,834	548	42,295	50,515	108,192	-	-	-	108,192	129,767
Miscellaneous	3	6	1	13	10	33	1	7	8	41	925
Occupancy / facilities	864	3,239	432	6,911	5,183	16,629	432	4,535	4,967	21,596	18,503
Office supplies	173	648	86	1,383	1,037	3,327	87	908	995	4,322	4,281
Postage	524	1,966	262	4,193	3,144	10,089	262	2,751	3,013	13,102	9,397
Printing	941	3,528	470	7,527	5,646	18,112	470	4,941	5,411	23,523	32,704
Professional fees	250	938	125	2,001	1,500	4,814	125	1,313	1,438	6,252	5,152
Program supplies	-	1,829	-	734	810	3,373	-	-	-	3,373	1,578
Repairs and maintenance	112	421	56	899	674	2,162	56	590	646	2,808	3,154
Telephone	492	1,846	246	3,938	2,954	9,476	246	2,585	2,831	12,307	9,521
Travel and training	1,361	547	-	16,660	32,315	50,883	-	-	-	50,883	50,416
Total expenses before depreciation	22,503	94,468	9,728	226,847	203,172	556,718	9,240	162,857	172,097	728,815	755,137
Depreciation	4	18	2	38	29	91	2	25	27	118	2,096
Total expenses	\$ 22,507	\$ 94,486	\$ 9,730	\$ 226,885	\$ 203,201	\$ 556,809	\$ 9,242	\$ 162,882	\$ 172,124	\$ 728,933	\$ 757,233

See accompanying notes to financial statements

Sudden Arrhythmia Death Syndromes Foundation

Statement of Cash Flows

Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 78,270	\$ 72,545
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	118	2,096
In-kind donation of securities	(12,483)	(12,750)
Unrealized gain on investments	(8,884)	(3,934)
Realized gain on investments	(173)	285
Changes in current assets and liabilities:		
Accounts receivable	25,152	(41,143)
Prepaid expenses	1,584	(2,009)
Accounts payable	(616)	12,382
Accrued liabilities	1,055	3,865
Deferred rent	<u>56</u>	<u>4,145</u>
Net cash provided by operating activities	84,079	35,482
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,237)
Proceeds from sale of securities	<u>12,656</u>	<u>12,466</u>
Net cash provided by investing activities	<u>12,656</u>	<u>11,229</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	96,735	46,711
CASH, BEGINNING OF PERIOD	<u>244,741</u>	<u>198,030</u>
CASH, END OF PERIOD	<u>\$ 341,476</u>	<u>\$ 244,741</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

1. ORGANIZATION AND HISTORY

SADS Foundation (Sudden Arrhythmia Death Syndromes) (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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

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

Date of Management’s Review

Subsequent events were evaluated through August 8, 2018, 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.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificate of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Investments

The Organization has adopted the provisions of FASB ASC 958-320, *Investments – Debt and Equity Securities*. Investments in marketable securities with readily determinable fair values and all investments in debt securities 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 long-term in consideration of the temporary restriction with the Courts K. Cleveland Fr. SADS Foundation Young Investigator Award discussed with Note 8.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do 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.

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 expensed as incurred. Depreciation expense for the year ended December 31, 2017 was \$118.

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.

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year ended December 31, 2017 was \$40,505. Of this amount, \$40,076 was 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. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

Promise to Give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates that allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. The full amount is expected to be received and no allowance has been recorded.

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 year ended December 31, 2017.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2017, December 31, 2016, December 31, 2015, and December 31, 2014 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.

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Donations

A portion of the Organization's support is derived from donated materials and services. In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These amounts are recorded as contributions in the statement of activities and as expense in the statement of functional expenses.

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.

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, 2017, \$15,229 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, 2017, no amount 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, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

3. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable consisted of the following at December 31, 2017:

Invitae (promise to give)	\$ 16,030
Sales tax refund	<u>365</u>
	<u>\$ 16,395</u>

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.

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

4. RELATED PARTY TRANSACTIONS

The Organization paid a member of the board of directors for the following expenses in relation to the medical education program of the Organization for the year ended December 31, 2017:

Honorariums	\$ 25,000
Travel Expenses	\$ 5,101

The board member also donated \$2,000 in honorariums to the Organization not included in the cash expenses amounts above.

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, 2107 is as follows:

Year Ended December 31,	
2018	\$ 22,070
2019	22,786
2020	23,469
2021	<u>1,961</u>
	<u>\$ 70,286</u>

Rent expense for the year ended December 31, 2017 was \$21,596 .

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017:

St. Jude Medical Foundation (restricted for use)	\$ 40,000
Invitae (promise to give)	16,030
General donations (restricted for use)	48,533
Courts K. Cleveland Jr. SADS Foundation	
Young Investigator Award (Note 8)	<u>\$ 100,000</u>
	<u>\$ 204,563</u>

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

7. 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. FASB ASC 820 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 the active market.

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 the 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 at fair value as of December 31, 2017 and December 31, 2016:

	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

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

7. FAIR VALUE MEASUREMENTS (Continued)

Assets at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ <u>105,352</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>105,352</u>
Totals	\$ <u>105,352</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>105,352</u>

Interest and dividend income on investments was \$5,571 for the year ended December 31, 2017. Unrealized gains on investments were \$8,884 for the year ended December 31, 2017. Realized gains on the sale of investments were \$173 for the year ended December 31, 2017. The cost basis of the investments held as of December 31, 2017 is \$100,250.

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 temporarily restricted. For the year ended December 31, 2017, the Organization awarded \$2,250 from the earnings.

9. 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.

10. DONATED SERVICES

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

	12/31/2017
Programs:	
Meeting expenses	\$ 29,250
Travel and training	1,100
Marketing	<u>31,999</u>
Total programs	62,349
Management and General:	
Internet and website	<u>600</u>
Total management and general	600
Fundraising:	
Marketing	8,077
Printing and Design	<u>820</u>
Total fundraising	<u>8,897</u>
Total donated services	<u>\$ 71,846</u>

Sudden Arrhythmia Death Syndromes Foundation

Notes to Financial Statements

December 31, 2017

10. DONATED SERVICES (Continued)

For the year ended December 31, 2017, the Organization also received \$12,483 in donated stock securities.

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.

11. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year (2016) 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, 2016 is presented for comparative purposes only. The notes presented herein contain information related to December 31, 2017 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016 from which the summarized information was derived.

12. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes 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 guidance is effective for the Organization as of January 1, 2019. The Organization is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

In November 2015, the FASB issued ASU 2016-02, *Leases* (Topic 842) which requires lessees to recognize the lease assets and lease liabilities that arise from both capital and operating leases with lease terms of more than 12 months and to disclose qualitative and quantitative information about lease transactions. The guidance is effective for the Organization as of January 1, 2020. The Organization is currently evaluating the timing and impact of adopting this new accounting standard on its financial statements and related disclosures.