

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

**FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT**

WALSH & CO.

ACCOUNTANTS & CONSULTANTS

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 16

WALSH & CO.

ACCOUNTANTS & CONSULTANTS

Board of Directors
National Tay-Sachs & Allied Diseases Association, Inc.
2001 Beacon Street, Suite 204
Boston, Massachusetts 02135

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of National Tay-Sachs & Allied Diseases Association, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 the 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 National Tay-Sachs & Allied Diseases Association, Inc. as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

November 27, 2019

Wahl & Co.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS:	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and cash equivalents	\$ 782,933	\$ 855,674
Investments	677,325	508,629
Accounts receivable, net	125,235	14,000
Prepaid expenses	8,748	535
Deposits	<u>900</u>	<u>900</u>
Total current assets	<u>1,595,141</u>	<u>1,379,738</u>
Property and equipment, net	<u>2,490</u>	<u>447</u>
Total Assets	<u>\$ 1,597,631</u>	<u>\$ 1,380,185</u>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	\$ 5,290	\$ 892
Contributions collected early	9,973	5,800
Accrued expenses	<u>31,422</u>	<u>15,660</u>
Total Current Liabilities	<u>46,685</u>	<u>22,352</u>
Commitment and contingencies		
Net Assets		
Without donor restrictions	584,506	413,691
With donor restrictions	<u>966,440</u>	<u>944,142</u>
Total Net Assets	<u>1,550,946</u>	<u>1,357,833</u>
Total Liabilities and Net Assets	<u>\$ 1,597,631</u>	<u>\$ 1,380,185</u>

See accompanying notes.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>		<u>2018</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>Without Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>
	<u>Totals</u>		<u>Totals</u>	<u>Totals</u>
Support:				
Special events and gifts, net	\$ 150,306		\$ 256,977	\$ 256,977
Foundations and corporations	74,600		73,100	73,100
Mail solicitations and contributions	272,243	\$ 323,133	250,647	\$ 471,082
				<u>721,729</u>
Revenue:				
Quality control fees	27,000		26,250	26,250
Licensing income	89,235			
Annual conference	142,483		165,382	165,382
Unrealized gains (losses)	938		854	854
Interest and dividend income	<u>21,075</u>		<u>10,093</u>	<u>10,093</u>
	<u>777,880</u>	<u>323,133</u>	<u>783,303</u>	<u>1,254,385</u>
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	<u>300,835</u>	<u>(300,835)</u>	<u>374,080</u>	<u>(374,080)</u>
Total Support and Revenue	<u>1,078,715</u>	<u>22,298</u>	<u>1,157,383</u>	<u>1,254,385</u>
Expenses:				
Program services	710,261		764,423	764,423
Administrative	80,627		49,805	49,805
Fundraising	117,012		85,152	85,152
Total Expenses	<u>907,900</u>		<u>899,380</u>	<u>899,380</u>
Changes in Net Assets	170,815	22,298	258,003	355,005
Net Assets, Beginning of year	<u>413,691</u>	<u>944,142</u>	<u>155,688</u>	<u>1,002,828</u>
Net Assets, End of Year	<u>\$ 584,506</u>	<u>\$ 966,440</u>	<u>\$ 413,691</u>	<u>\$ 1,357,833</u>

See accompanying notes.
4.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 193,113	\$ 355,005
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by operating activities:		
Depreciation	754	1,851
Unrealized gains	(938)	(269)
(Increase) decrease in accounts receivable	(111,235)	22,395
Prepaid expenses	(8,213)	(155)
Accounts payable	4,398	29
Increase in contributions collected early	4,173	5,800
Increase (decrease) in accrued expenses	<u>15,762</u>	<u>(34,231)</u>
Net Cash Provided by Operating Activities	<u>97,814</u>	<u>350,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(167,758)	(508,360)
Purchase of fixed assets	<u>(2,797)</u>	<u> </u>
Net Cash Used in Investing Activities	<u>(170,555)</u>	<u>(508,360)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(72,741)	(157,935)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>855,674</u>	<u>1,013,609</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 782,933</u>	<u>\$ 855,674</u>

See accompanying notes.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Family Services	Education	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 101,424	\$ 20,882	\$ 59,661	\$ 181,967	\$ 35,797	\$ 80,543	\$ 116,340	\$ 298,307
Payroll taxes	8,056	1,659	4,739	14,454	2,843	6,397	9,240	23,694
Employee benefits	3,814	785	2,243	6,842	1,346	3,028	4,374	11,216
Total salaries and related expenses	<u>113,294</u>	<u>23,326</u>	<u>66,643</u>	<u>203,263</u>	<u>39,986</u>	<u>89,968</u>	<u>129,954</u>	<u>333,217</u>
Bank fees	3,956	748	4,063	8,767	535	1,390	1,925	10,692
Computer services					3,207	2,237	5,444	5,444
Conference	156,089			156,089				156,089
Depreciation	279	53	286	618	38	98	136	754
Dues and subscriptions	527	100	542	1,169	71	185	256	1,425
Equipment rental	1,209	229	1,241	2,679	163	425	588	3,267
Fundraising						15,618	15,618	15,618
Grants	16,314	27,369	223,822	267,505				267,505
Insurance	1,123	212	1,153	2,488	152	395	547	3,035
License and fees					687		687	687
Miscellaneous	155	29	159	343	21	55	76	419
Office expense					2,225		2,225	2,225
Postage and shipping	551	62	200	813	2,019	63	2,082	2,895
Printing and reproduction					49		49	49
Professional fees	9,808	1,855	10,073	21,736	1,325	3,446	4,771	26,507
Publications	6,750	6,101	70	12,921		79	79	13,000
Rent					27,111		27,111	27,111
Scholarship awards								
Telephone	1,229	233	1,262	2,724	166	432	598	3,322
Travel and meetings	1,956	106	27,084	29,146	2,236	2,621	4,857	34,003
Utilities					636		636	636
	<u>199,946</u>	<u>37,097</u>	<u>269,955</u>	<u>506,998</u>	<u>40,641</u>	<u>27,044</u>	<u>67,685</u>	<u>574,683</u>
Total Expenses	<u>\$ 313,240</u>	<u>\$ 60,423</u>	<u>\$ 336,598</u>	<u>\$ 710,261</u>	<u>\$ 80,627</u>	<u>\$ 117,012</u>	<u>\$ 197,639</u>	<u>\$ 907,900</u>

See accompanying notes.
6.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Family Services	Education	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 85,770	\$ 25,991	\$ 67,577	\$ 179,338	\$ 23,392	\$ 59,180	\$ 82,572	\$ 261,910
Payroll taxes	6,902	2,092	5,438	14,432	1,882	4,601	6,483	20,915
Employee benefits	6,010	1,972	810	8,792	280	686	966	9,758
Total salaries and related expenses	<u>98,682</u>	<u>30,055</u>	<u>73,825</u>	<u>202,562</u>	<u>25,554</u>	<u>64,467</u>	<u>90,021</u>	<u>292,583</u>
Bank fees	4,602	848	4,724	10,174	828	1,454	2,282	12,456
Computer services	1,288	237	1,322	2,847	135	407	542	3,389
Conference	152,381			152,381				152,381
Depreciation	703	130	722	1,555	74	222	296	1,851
Dues and subscriptions			600	600	300	100	400	1,000
Equipment rental	1,550	286	1,592	3,428	163	490	653	4,081
Fundraising						11,700	11,700	11,700
Grants	18,554	26,338	299,221	344,113				344,113
Insurance	1,960	361	2,011	4,332		619	870	5,202
License and fees					251		512	512
Miscellaneous					512		728	728
Office expense	783	144	803	1,730	783	247	1,030	2,760
Postage and shipping	689			689	2,590		2,590	3,279
Printing and reproduction		872		872	521		521	1,393
Professional fees	905	274	713	1,892	13,822	1,683	15,505	17,397
Publications		3,534		3,534				3,534
Rent	9,936	2,954	8,593	21,483	2,686	2,685	5,371	26,854
Scholarship awards	5,000			5,000				5,000
Telephone	1,689	272	272	2,233	218	273	491	2,724
Travel and meetings	1,490	302	2,649	4,441	570	736	1,306	5,747
Utilities	257	77	223	557	70	69	139	696
	<u>201,787</u>	<u>36,629</u>	<u>323,445</u>	<u>561,861</u>	<u>24,251</u>	<u>20,685</u>	<u>44,936</u>	<u>606,797</u>
Total Expenses	<u>\$ 300,469</u>	<u>\$ 66,684</u>	<u>\$ 397,270</u>	<u>\$ 764,423</u>	<u>\$ 49,805</u>	<u>\$ 85,152</u>	<u>\$ 134,957</u>	<u>\$ 899,380</u>

See accompanying notes.

NATIONAL TAY-SACHS & ALLIED DISEASES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION

National Tay-Sachs & Allied Diseases Association, Inc. (the "Association") is a not-for-profit, voluntary health and welfare organization. It raises funds to support and implement charitable and educational programs that aid in the detection, treatment and prevention of Tay-Sachs & other related genetic diseases occurring in infants, children and adults. The Association also raises funds to support its family services, research and advocacy programs relating to these rare neurodegenerative genetic disorders. The national offices of the Association are located in Brighton, Massachusetts. In addition, there is an active chapter in Pennsylvania, as well as affiliates in Canada and Pennsylvania and a member organization in Florida.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a.) Financial Statement Presentation

The Association prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

(b.) Recently Adopted Accounting Policies

In 2019, the Association adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of the financial statements accordingly. The adoption of this ASU did not impact the Association's net asset classes, results of operations, or cash flows for the year ended June 30, 2019. The ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for the 2018 financial statements.

(c.) Net Assets

Net Assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Association.

Net assets with donor restrictions are amounts received or committed by donors with purpose purpose or time restrictions that have not yet been met and permanently restricted funds. Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Time/purpose restriction	<u>\$ 966,440</u>	<u>\$ 944,142</u>
	8.	

National Tay-Sachs & Allied
Diseases Association, Inc.
Notes to Financial Statements

(d.) Revenue Recognition

Revenue from programs and events, sale of publications, and other sources is recognized in the period in which the services are provided.

Contributions without donor restrictions are recognized as revenue when unconditionally committed or received. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred or as time restrictions lapse.

(e.) Contributions:

The Association's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Many individuals volunteer their time and perform a variety of tasks that assist the Association in accomplishing its goals. During the years ended June 30, 2019 and 2018, there were no contributed services meeting the requirements for recognition in the financial statements.

(f.) Property and Equipment:

The Association capitalizes expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment purchased by the Association are stated at cost. Donations of property and equipment are stated at their estimated fair value at the date of donation and recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

(g.) Income Taxes:

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There are no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2019 and 2018.

The Association's tax returns, form 990, for the years ending 2016, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they are filed.

National Tay-Sachs & Allied
Diseases Association, Inc.
Notes to Financial Statements

- (h.) Functional Allocation of Expenses:
Directly identifiable expenses are charged to programs and supporting services accordingly. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.
- (i.) Cash Equivalents
For purposes of the statement of cash flows, the Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- (j.) Accounts Receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Association does not charge interest on past due accounts receivable.
- (k.) Advertising Costs
The Association follows the policy of charging the costs of advertising to expense as incurred.
- (l.) Estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (m.) Reclassifications
Certain items in the 2018 financial statements have been reclassified to conform to the current year presentation.
- (n.) Marketable Securities
The Association follows the principles of the Accounting Standards Codification for Not-for-Profit Organizations. Donated securities are recorded at their fair market values on the date of donation. Donated securities that are unrestricted as to use are recorded as a contribution in unrestricted net assets. Marketable securities are carried at fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

NOTE 3 – INVESTMENTS

The Organization records investments at market value. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Gains or losses on sales of investments and unrealized gains and losses, which result from changes in market value of investments held, are reflected in the statements of activities.

The following is a summary of the investment portfolio as of June 30, 2019 and 2018 at cost and market value:

	<u>Cost</u>	<u>2019 Market Value</u>	<u>Excess of Market Value Over Cost</u>
U.S. Treasury bills	<u>\$ 676,118</u>	<u>\$ 677,325</u>	<u>\$ 1,207</u>

	<u>Cost</u>	<u>2018 Market Value</u>	<u>Excess of Market Value Over Cost</u>
U.S. Treasury bills	<u>\$ 508,360</u>	<u>\$ 508,629</u>	<u>\$ 269</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 38,778	\$ 35,981
Furniture and fixtures	10,185	10,185
Website	<u>33,767</u>	<u>33,767</u>
	82,730	79,933
Less: Accumulated depreciation	<u>(80,240)</u>	<u>(79,486)</u>
	<u>\$ 2,490</u>	<u>\$ 447</u>

NOTE 5 – SPECIAL EVENTS

Net revenues for special events consist of the following:

	<u>2019</u>	<u>2018</u>
Gross revenues, including gifts	\$ 234,263	\$ 387,108
Less: Related expenses	<u>83,957</u>	<u>130,131</u>
	<u>\$ 150,306</u>	<u>\$ 256,977</u>

National Tay-Sachs & Allied
Diseases Association, Inc,
Notes to Financial Statements

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions as of June 30 consist of following:

	<u>2019</u>	<u>2018</u>
Research Initiative	\$ 236,346	\$ 244,619
Jones Fund	8,575	8,575
Emma's Fund	22,383	23,791
Madsen Fund	33,257	33,257
Benton Fund	12,600	16,008
Maanas Memorial Fund	12,327	10,427
Katie & Allie Buryk Fund	292,096	286,298
Margolis Fund	18,628	19,020
Baker Fund	1,288	1,288
Gottlieb Fund	15,598	10,793
Jacob's Cure - Canavan	21,120	20,239
Connor's Way Fund	115	115
Hoffman Fund	8,795	12,362
Marion Yanovsky NY Fund	117,611	106,183
Evan Lee Ungerleider Fund	11,842	11,835
Heringer Family Fund	30,427	23,915
Vera Pestochinsky Fund	80,615	72,500
NTSAD Canada	7,161	7,161
Lord Foundation	6,275	31,375
Sussman Family Fund	25,000	
Other	<u>4,381</u>	<u>4,381</u>
	<u>\$ 966,440</u>	<u>\$ 944,142</u>

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Businesses are allowed unlimited coverage for one checking account at a financial institution while other accounts are covered to the FDIC limit of \$250,000. None of the investments are insured by a Federal government agency with one holding representing 22% of assets as of June 30, 2019. At June 30, 2019 and 2018, the Association's cash balance exceeding FDIC insurance limits amounted to approximately \$181,000 and \$604,000, respectively.

NOTE 8 - RETIREMENT PLAN

On January 1, 2000, the Association established a SIMPLE IRA pension plan, covering all full time employees who earned \$5,000 or more, per year, during any prior year of employment. The Association may contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. Alternatively, the Association may contribute 2% of each eligible employee's compensation regardless of whether the employee elects to make a pretax contribution.

Pension plan expense for the years ending June 30, 2019 and 2018 totaled \$4,926 and \$3,116, respectively.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Association has awarded grants for research and other services to independent parties in the scientific community before the end of the year. Generally, the grants are paid over one to two years in installments. These grants are not paid if interim progress reports are not submitted as required and no progress or unsatisfactory progress is made after the initial term. The amount of awards granted and not funded representing contingent liabilities at June 30, 2019 and 2018 approximate \$291,000 and \$512,000, respectively. The contingent liability amounts have not been included in the statements of activities. If the work by recipients of the awards is completed satisfactorily in the future, then the amounts paid will reduce net assets.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year from the statement of financial position as of June 30, 2019 for general operating expenses are as follows:

Cash and cash equivalents	\$ 782,933
Accounts receivable	125,235
Investments	<u>677,325</u>
Total financial assets	1,585,493
Less-net assets with specific donor restrictions	<u>(966,440)</u>
Financial assets available to meet cash needs	
For general expenditures within one year	<u>\$ 619,053</u>

The Association manages liquidity by structuring financial assets to be available as general expenditures, liabilities, and other obligations come due. The Association invests cash in excess of short-term requirements in investments. As of June 30, 2019, the Association has financial assets exceeding eight months of operating expenses.

NOTE 11 - LEASE OBLIGATION

As of June 30, 2019, the Association has a lease for the rental of office space for its administrative facilities. The future obligations under the lease are as follows:

<u>Year Ending June 30</u>	<u>Annual Amount</u>
2020	\$ 27,200
2021	27,550
2022	<u>4,600</u>
	<u>\$ 59,350</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$27,111 and \$26,854, respectively.

NOTE 12 - FAIR VALUE MEASUREMENTS

The Association reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of 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 the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

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

Level 2 – Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active 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.

National Tay-Sachs & Allied
Diseases Association, Inc.
Notes to Financial Statements

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

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodology used at June 30, 2019 and 2018.

Cash or cash equivalent including money market funds: Valued at acquisition cost.
Marketable securities: valued at market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other 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 tables set forth by level, with the fair value hierarchy, the Association's assets at fair value.

Assets at fair value as of June 30, 2019
(In thousands)

	<u>Level 1</u>
Cash and cash equivalents	\$ 783
Investments	<u>677</u>
	<u>\$ 1,460</u>

Assets at fair value as of June 30, 2018
(In thousands)

	<u>Level 1</u>
Cash and cash equivalents	\$ 856
Investments	<u>509</u>
	<u>\$ 1,365</u>

National Tay-Sachs & Allied
Diseases Association, Inc.
Notes to Financial Statements

Valuation and Income Recognition

The Association's cash and cash equivalents and marketable securities as of June 30, 2019 and 2018 are stated at fair value.

NOTE 13 - SUBSEQUENT EVENTS

Association management has evaluated all subsequent events through November 27, 2019, the date the financial statements were available to be issued. There are no subsequent events that require adjustment to or disclosure in the financial statements.