

**EPILEPSY FOUNDATION  
OF COLORADO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**EPILEPSY FOUNDATION OF COLORADO**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Taylor, Roth and Company, PLLC  
Certified Public Accountants  
working exclusively with nonprofit organizations

October 1, 2019

Independent Auditors' Report

Board of Directors  
Epilepsy Foundation of Colorado  
Englewood, Colorado

We have audited the accompanying financial statements of **Epilepsy Foundation of Colorado** (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Colorado as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Epilepsy Foundation of Colorado's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor, Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**EPILEPSY FOUNDATION OF COLORADO**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 220,025	\$ 230,315
Donations receivable	20,018	28,289
Grants receivable	-	2,500
Prepaid expenses and deposits	27,691	20,701
Property and equipment (Note 3)	8,757	10,125
Investments - with and without donor restrictions (Note 4)	<u>1,210,593</u>	<u>1,125,377</u>
Total assets	<u>\$ 1,487,084</u>	<u>\$ 1,417,307</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 31,012	\$ 55,530
Dues payable	2,083	2,083
Payroll liabilities	17,135	16,836
Deferred revenue	30,591	3,661
Capital lease obligations (Note 5)	7,562	8,885
Line of credit (Note 6)	-	-
Commitments (Note 7)		
Liabilities	<u>88,383</u>	<u>86,995</u>
 Net assets		
Unrestricted		
Without donor restrictions	729,607	709,468
Net investment in fixed assets	<u>1,195</u>	<u>1,240</u>
	730,802	710,708
With donor restrictions		
Donor specific purposes (Note 8)	97,900	101,207
Endowment (Note 4 and Note 8))	<u>569,999</u>	<u>518,397</u>
	667,899	619,604
Total net assets	<u>1,398,701</u>	<u>1,330,312</u>
Total liabilities and net assets	<u>\$ 1,487,084</u>	<u>\$ 1,417,307</u>

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	With Donor Restrictions				
	Without Donor Restrictions	Donor Specific Purposes	Endowment	Total	Total
<u>Revenue and other support</u>					
Special events income	\$ 473,077	\$ -	\$ -	\$ 473,077	\$ 538,015
less direct expenses	(174,178)	-	-	(174,178)	(134,736)
Contributions	197,253	5,000	-	202,253	192,324
Foundation awards	95,244	2,900	-	98,144	63,000
Investment income	35,238	51,693	-	86,931	60,854
Wills and bequests	52,129	-	-	52,129	-
Brooke Gordon Leadership fund	-	-	51,602	51,602	59,288
Activity fees	40,120	-	-	40,120	44,659
ARC support	22,806	-	-	22,806	76,807
Memorials/honorariums	9,417	-	-	9,417	17,351
United Way	-	-	-	-	7,599
Other	1,617	-	-	1,617	8,469
In-kind donations (Note 9)	26,872	-	-	26,872	17,625
Net assets released				-	-
from restrictions (Note 10)	62,900	(62,900)	-	-	-
Total revenue and other support	842,495	(3,307)	51,602	890,790	951,255
<u>Expense</u>					
Program	658,744	-	-	658,744	640,727
Supporting services					
Management and general	100,354	-	-	100,354	63,021
Fund-raising	63,303	-	-	63,303	68,069
Total expense	822,401	-	-	822,401	771,817
Change in net assets	20,094	(3,307)	51,602	68,389	179,438
Net assets, beginning of year	710,708	101,207	518,397	1,330,312	1,150,874
Net assets, end of year	\$ 730,802	\$ 97,900	\$ 569,999	\$ 1,398,701	\$ 1,330,312

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019			2018	
	<u>Supporting Services</u>				
	Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 384,387	\$ 25,914	\$ 21,594	\$ 431,895	\$ 370,272
Payroll taxes and benefits	68,295	4,604	3,837	76,736	63,768
Rent	51,917	4,038	1,730	57,685	45,435
Camp	55,129	-	-	55,129	131,118
Accounting and audit	-	28,885	-	28,885	29,515
Dues	-	23,492	-	23,492	19,368
Travel, meetings and conferences	20,268	1,576	676	22,520	14,456
Fundraising consultant	-	-	21,410	21,410	-
Internet	13,293	1,495	1,828	16,616	11,458
Client services	14,944	-	-	14,944	13,370
Professional services	10,134	1,039	1,819	12,992	18,343
Outreach	12,543	-	-	12,543	5,212
Bank charges	3,735	3,735	4,979	12,449	13,138
Insurance	2,860	2,860	3,814	9,534	8,911
Equipment	6,261	704	861	7,826	7,190
Supplies	5,141	457	114	5,712	1,588
Postage	3,353	261	111	3,725	4,604
Printing	1,845	39	79	1,963	6,600
Community action network	1,718	-	-	1,718	2,842
Telephone	1,460	65	97	1,622	1,346
Office expense	914	149	80	1,143	2,024
Interest expense	-	494	-	494	173
	658,197	99,807	63,029	821,033	770,731
Depreciation	547	547	274	1,368	1,086
<b>Total</b>	<b>\$ 658,744</b>	<b>\$ 100,354</b>	<b>\$ 63,303</b>	<b>\$ 822,401</b>	<b>\$ 771,817</b>

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 68,389	\$ 179,438
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,368	1,086
Unrealized and realized (gains)losses on investments	(36,759)	(27,165)
Contributions restricted for long-term purposes	(51,602)	-
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations receivable	8,271	14,984
(Increase)decrease in accounts receivable	-	203
(Increase)decrease in grants receivable	2,500	(2,500)
(Increase)decrease in prepaid expenses and deposits	(6,990)	(4,440)
(Decrease)increase in accounts payable	(24,518)	19,800
(Decrease)increase in payroll accruals	299	695
(Decrease)increase in dues payable	-	618
(Decrease)increase in deferred revenue	26,930	(14,082)
Net cash provided(used) by operating activities	<u>(12,112)</u>	<u>168,637</u>
 <u>Cash flows from investing activities</u>		
(Reinvestment) of interest and dividends	(51,693)	(33,604)
(Purchase) of investments	(56,626)	(59,288)
Proceeds from sale of investments	59,862	2,500
Net cash provided(used) by investing activities	<u>(48,457)</u>	<u>(90,392)</u>
 <u>Cash flows from financing activities</u>		
Contributions restricted for permanent endowment	51,602	-
(Repayment) on line of credit	-	(29,763)
(Repayment) on capital lease obligation	(1,323)	(1,331)
Net cash provided(used) by financing activities	<u>50,279</u>	<u>(31,094)</u>
 Net increase(decrease) in cash and cash equivalents	<u>(10,290)</u>	<u>47,151</u>
 Cash and cash equivalents, beginning of year	230,315	183,164
Cash and cash equivalents, end of year	<u>\$ 220,025</u>	<u>\$ 230,315</u>
 Cash paid during the period for interest	<u>\$ 494</u>	<u>\$ 173</u>
Property acquired under a capital leasing arrangement	<u>\$ -</u>	<u>\$ 8,650</u>

The accompanying notes are an integral part of these financial statements



**EPILEPSY FOUNDATION OF COLORADO**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1 - NATURE OF ACTIVITIES**

The Epilepsy Foundation of Colorado (Organization) was incorporated as a nonprofit corporation in 1964. The Organization's mission is to lead the fight to overcome the challenges of living with epilepsy and to accelerate therapies to stop seizures, find cures, and save lives..

In 2005, the Organization established EFC Donations LLC ("Donations Center"), a Colorado limited liability company in which the Organization is the sole member. The Donations Center has a contract with Savers Thrift Stores to collect gently used clothing and small housewares. Utilizing collection methods of home pick-ups, collection bins, and small store front locations, Savers pays the Donation Center a predetermined price per pound for the items collected. The cost of collecting the items such as drivers, leased trucks and solicitation methods are also reimbursed by Savers, resulting in net proceeds to support the programs, services and areas of greatest need within the Foundation. All activity of the Donations Center has been consolidated in these combined financial statements. Inter-organizational transactions and balances have been eliminated. In March 2017, Savers informed the Organization that they were closing all stores in Colorado and would no longer acquire clothing collection in the state. Continuing collection and shipping out of state was not an option due to Savers closing additional stores across the nation. Without the cost/plus contract with Savers, the Organization would need to absorb \$1.4 million of annual expenses and take on the risk of loss in order to continue this business. Management and the Board of Directors decided to dissolve the Donation Center, LLC and Savers agreed to reimburse all of the costs of closing down the operation.

In 2017, the Organization entered into an agreement with ARC Thrift Stores in its efforts to turn used clothing and household goods into a stream of funding to provide resources to help all Coloradoans with intellectual and developmental disabilities live more meaningful lives. This agreement was terminated by ARC in the fall of 2018.

The Organization is primarily supported by special event income, contributions and foundations.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

**1. Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets that are 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed asset must be used are recorded net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

7. Functional Reporting of Expenses

For the year ended June 30, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Rent and utilities are allocated on square footage. All other expenses are allocated on a time and effort basis.

8. Summarized Prior-Year Information

The financial statements include certain prior-year 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

9. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

10. Subsequent Events

Management has evaluated subsequent events through October 1, 2019, the date the financial statements were available to be issued.

11. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Computers and equipment	\$ 48,226
Leased copier	8,650
Furniture and fixtures	<u>1,000</u>
Total	57,876
Less: accumulated depreciation	<u>(49,119)</u>
Net property and equipment	<u>\$ 8,757</u>

Depreciation expense for the year was \$1,368.

NOTE 4 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT

At year-end, investments are reported on the basis of quoted market prices (level one inputs), and consist of:

<u>Description</u>	<u>Amount</u>
Money market funds	\$ 78,879
Stocks	109,860
Equity mutual funds	464,286
Bond funds	125,198
Other investments	<u>432,370</u>
Total	<u>\$ 1,210,593</u>

NOTE 4 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT- CONTINUED

Investment income and account activity is summarized as follows:

<u>Description</u>	Other Investments	Brooke Gordon Endowment Earnings <i>Purpose Restricted</i>	Brooke Gordon Endowment	Total Investments
Balance, beginning of year	\$ 508,273	\$ 98,707	\$ 518,397	\$ 1,125,377
Additions(withdrawals)	<u>1,703</u>	<u>(55,000)</u>	<u>51,602</u>	<u>(1,695)</u>
Interest and dividends	18,683	31,718	-	50,401
Net appreciation	<u>16,535</u>	<u>19,975</u>	<u>-</u>	<u>36,510</u>
Total investment return	<u>35,218</u>	<u>51,693</u>	<u>-</u>	<u>86,911</u>
Balance, end of year	<u>\$ 545,194</u>	<u>\$ 95,400</u>	<u>\$ 569,999</u>	<u>\$ 1,210,593</u>

The Foundation's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment earnings are restricted to Youth and Young Adult Services. The Organization has chosen to withdraw \$55,000 of the endowment earnings. Additionally, during the year the Organization earned income of \$20 on its operating cash accounts.

NOTE 5 - CAPITAL LEASE OBLIGATIONS

The Organization has acquired a photocopier under a capital leasing arrangements. The future minimum lease payments are as follows:

<u>Period</u>	<u>Amount</u>
July 2019 – June 2020	\$ 2,105
July 2020 – June 2021	2,105
July 2021 – June 2022	2,105
July 2022 – June 2023	2,105
July 2023 – September 2023	<u>526</u>
Total payments	8,946
Less: amount representing interest	<u>(1,384)</u>
Present value of capital lease	<u>\$ 7,562</u>

NOTE 6 - LINE OF CREDIT

At year-end there is a zero balance on a line-of-credit with a \$100,000 maximum. The line is secured by the investment account and interest accrues at the Wall Street Journal Prime Lending Rate. At year-end the interest rate was 5.50%.

NOTE 7 - LEASE COMMITMENTS

The Organization has entered into a lease agreement for office space in the Denver-Metro area. The future minimum lease payments are as follows:

<u>Period</u>	<u>Amount</u>
July 2019 – June 2020	\$ 69,670
July 2020 – June 2021	71,132
July 2021 – June 2022	72,586
July 2022 – June 2023	74,048
July 2023 – August 2023	<u>12,382</u>
Total	<u>\$ 299,818</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

<u>Description</u>	<u>Amount</u>
Endowment	\$ 569,999
Youth and young adult services	95,400
Art therapy	<u>2,500</u>
Total	<u>\$ 667,899</u>

NOTE 9 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt. In-kind contributions reflected in the financial statements for the year consisted of:

<u>Description</u>	<u>Amount</u>
Camp physicians	\$ 23,520
Supplies	3,052
Child life specialists	<u>300</u>
Total	<u>\$ 26,872</u>

NOTE 10 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
Youth and young adult services	\$ 55,000
Art therapy	5,400
Mental health initiative	<u>2,500</u>
Total	<u>\$ 62,900</u>

NOTE 11 - CONCENTRATION OF FUNDING SOURCE

The Organization received about 34% of its revenue from special events held during the year.

NOTE 12 - DUES PAID – RELATED PARTY

The Foundation pays affiliation dues to the Epilepsy Foundation of America (EFA) on an annual basis based on gross revenue. During the year the Organization incurred dues expense of \$23,492 and at year-end had an outstanding balance due of \$2,083.

NOTE 13 - PENSION PLAN

The Organization has a SIMPLE IRA plan (the Plan). The Organization matches 100% of the employee contributions up to 3% of the employee's salary. Pension plan expense for the year was \$8,069.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 220,025
Donations receivable	20,018
Investments	<u>1,210,593</u>
	1,450,636
Less: amounts not available for general expenditures Within one year, due to:	
Donor purpose restrictions	(47,900)
Endowment	<u>(569,999)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 832,737</u>

The Organization's goal is generally to maintain financial assets to meet nine months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.