EPILEPSY FOUNDATION
OF COLORADO

FINANCIAL STATEMENTS

FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

EPILEPSY FOUNDATION OF COLORADO

FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2020

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April 15, 2021

Independent Auditors' Report

Board of Directors
Epilepsy Foundation of Colorado
Englewood, Colorado

Opinion

We have audited the accompanying financial statements of the **Epilepsy Foundation of Colorado** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the eighteen months then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Epilepsy Foundation of Colorado as of December 31, 2020, and the changes in net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Epilepsy Foundation of Colorado and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Epilepsy Foundation of Colorado's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Epilepsy Foundation of Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Epilepsy Foundation of Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Epilepsy Found of Colorado's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

TayloR Roth and Company Plc

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

EPILEPSY FOUNDATION OF COLORADO

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 293,734	$ 220,025
Donations receivable	17,526	20,018
Grants receivable	15,000	-
Prepaid expenses and deposits	34,577	27,691
Property and equipment (Note 3)	5,550	8,757
Investments - with and without donor restrictions (Note 4)	1,063,184	1,210,593
Total assets	$ 1,429,571	$ 1,487,084
Liabilities and net assets		
Accounts payable	$ 15,038	$ 31,012
Dues payable	-	2,083
Payroll liabilities	15,461	17,135
Deferred revenue	-	30,591
Capital lease obligations (Note 5)	5,597	7,562
Line of credit (Note 6)	-	-
Commitments (Note 7)		
Liabilities	36,096	88,383
Net assets		
Unrestricted		
Without donor restrictions	743,190	730,802
With donor restrictions		
Donor specific purposes (Note 8)	80,286	97,900
Endowment (Note 4 and Note 8)	569,999	569,999
	650,285	667,899
Total net assets	1,393,475	1,398,701
Total liabilities and net assets	$ 1,429,571	$ 1,487,084

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO

STATEMENT OF ACTIVITIES
FOR THE EIGHTEEN-MONTHS ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE TWELVE-MONTHS ENDED JUNE 30, 2019)

	2020				2019
		With Donor Restrictions			
	Without Donor Restrictions	Donor Specific Purposes	Endowment	Total	Total
Revenue and other support					
Special events income	$ 667,943	$ -	$ -	$ 667,943	$ 473,077
less direct expenses	(129,906)	-	-	(129,906)	(174,178)
Contributions	323,871	-	-	323,871	202,253
Investment income	58,456	84,886	-	143,342	86,931
Foundation awards	115,805	5,000	-	120,805	98,144
Government grants					
and awards (Note 9)	104,300	-	-	104,300	-
Activity fees	20,851	-	-	20,851	40,120
Memorials/honorariums	15,300	-	-	15,300	9,417
Wills and bequests	5,000	-	-	5,000	52,129
Brooke Gordon Leadership fund	-	-	-	-	51,602
ARC support	-	-	-	-	22,806
Other	5,401	-	-	5,401	1,617
In-kind donations (Note 10)	18,670	-	-	18,670	26,872
Net assets released				-	
from restrictions (Note 11)	107,500	(107,500)	-	-	-
Total revenue and other support	1,313,191	(17,614)	-	1,295,577	890,790
Expense					
Program	1,100,056	-	-	1,100,056	658,744
Supporting services					
Management and general	128,531	-	-	128,531	100,354
Fund-raising	72,216	-	-	72,216	63,303
Total expense	1,300,803	-	-	1,300,803	822,401
Change in net assets	12,388	(17,614)	-	(5,226)	68,389
Net assets, beginning of year	730,802	97,900	569,999	1,398,701	1,330,312
Net assets, end of year	$ 743,190	$ 80,286	$ 569,999	$ 1,393,475	$ 1,398,701

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE EIGHTEEN-MONTHS ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE TWELVE-MONTHS ENDED JUNE 30, 2019)

	2020				2019
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 655,885	$ 44,217	$ 36,847	$ 736,949	$ 431,895
Payroll taxes and benefits	115,067	7,757	6,465	129,289	76,736
Rent	98,529	7,663	3,285	109,477	57,685
Camp	69,672	-	-	69,672	55,129
Professional services	51,977	5,331	9,329	66,637	12,992
Internet	28,898	3,251	3,974	36,123	16,616
Dues	-	35,305	-	35,305	23,492
Client services	19,165	-	-	19,165	14,944
Travel, meetings and conferences	16,345	1,271	545	18,161	22,520
Insurance	4,092	4,092	5,456	13,640	9,534
Outreach	12,288	-	-	12,288	12,543
Accounting and audit	-	11,600	-	11,600	47,275
Bank charges	2,918	2,918	3,890	9,726	12,449
Equipment	7,726	869	1,062	9,657	7,826
Telephone	6,479	288	432	7,199	1,622
Supplies	2,976	265	66	3,307	5,712
Postage	2,517	196	84	2,797	3,725
Community action network	2,085	-	-	2,085	1,718
Interest expense	-	1,914	-	1,914	494
Office expense	1,175	191	103	1,469	1,143
Printing	877	19	37	933	1,963
Fundraising consultant	-	-	-	-	21,410
Other	102	101	-	203	-
	1,098,773	127,248	71,575	1,297,596	839,423
Depreciation	1,283	1,283	641	3,207	1,368
Total	$1,100,056	$ 128,531	$ 72,216	$ 1,300,803	$ 822,401

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO

STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN-MONTHS ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE TWELVE-MONTHS ENDED JUNE 30, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (5,226)	$ 68,389
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,207	1,368
Unrealized and realized (gains)losses on investments	(84,645)	(36,759)
Contributions restricted for long-term purposes	-	(51,602)
Changes in operating assets and liabilities		
(Increase)decrease in donations receivable	2,492	8,271
(Increase)decrease in grants receivable	(15,000)	2,500
(Increase)decrease in prepaid expenses and deposits	(6,886)	(6,990)
(Decrease)increase in accounts payable	(15,974)	(24,518)
(Decrease)increase in payroll accruals	(1,674)	299
(Decrease)increase in dues payable	(2,083)	-
(Decrease)increase in deferred revenue	(30,591)	26,930
Net cash provided(used) by operating activities	(156,380)	(12,112)
Cash flows from investing activities		
(Reinvestment) of interest and dividends	(57,946)	(51,693)
(Purchase) of investments	-	(56,626)
Proceeds from sale of investments	290,000	59,862
Net cash provided(used) by investing activities	232,054	(48,457)
Cash flows from financing activities		
Contributions restricted for permanent endowment	-	51,602
(Repayment) on capital lease obligation	(1,965)	(1,323)
Net cash provided(used) by financing activities	(1,965)	50,279
Net increase(decrease) in cash and cash equivalents	73,709	(10,290)
Cash and cash equivalents, beginning of year	220,025	230,315
Cash and cash equivalents, end of year	$ 293,734	$ 220,025
Supplemental disclosure of information		
Cash paid during the period for interest	$ 1,914	$ 494

The accompanying notes are an integral part of these financial statements

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. We serve the nearly 60,000 people in Colorado who are living with epilepsy through programs and services such as seizure education and first aid training, youth summer camps, art therapy, support groups, mental health services, advocacy, youth leadership opportunities, professional education, and more.

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 investment income.

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.

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.

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

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, except for those amounts held in the investment portfolio which are invested for long term purposes.

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.

7. Functional Reporting of Expenses

For the eighteen months ended December 31, 2020, 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, 2019, 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 April 15, 2021, the date the financial statements were available to be issued.

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

11. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standards updated provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Computers and equipment	$ 48,226
Leased copier	8,650
Furniture and fixtures	1,000
Total	57,876
Less: accumulated depreciation	(52,326)
Net property and equipment	$ 5,550

Depreciation expense for the 18-months was $3,207.

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:

Description	Amount
Money market funds	$ 17,356
Stocks	66,379
Equity mutual funds	501,671
Bond funds	251,097
Other investments	226,681
Total	$ 1,063,184

NOTE 4 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT- CONTINUED

Investment income and account activity is summarized as follows:

Description	Other Investments	Brooke Gordon Endowment Earnings *Purpose Restricted*	Brooke Gordon Endowment	Total Investments
Balance, beginning of 07/01/19	$ 545,194	$ 95,400	$ 569,999	$ 1,210,593
Additions(withdrawals)	(190,000)	(100,000)	-	(290,000)
Interest and dividends	18,654	39,292	-	57,946
Net appreciation	39,051	45,594	-	84,645
Total investment return	57,705	84,886	-	142,591
Balance, end of 12/31/20	$ 412,899	$ 80,286	$ 569,999	$ 1,063,184

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 $100,000 of the endowment earnings. Additionally, during the 18-months the Organization earned income of $751 on its operating cash accounts.

NOTE 5 - CAPITAL LEASE OBLIGATIONS

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

Period	Amount
January 2021 – December 2021	$ 2,105
January 2022 – December 2022	2,105
January 2023 – December 2023	2,105
January 2024 – March 2024	526
Total payments	6,841
Less: amount representing interest	(1,244)
Present value of capital lease	$ 5,597

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:

Period	Amount
January 2021 – December 2021	$ 71,860
January 2022 – December 2022	73,316
January 2023 – August 2023	49,528
Total	$ 194,704

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Description	Amount
Endowment	$ 569,999
Youth and young adult services	80,286
Total	$ 650,285

NOTE 9 - PPP LOAN FORGIVENESS

During the year, the Organization borrowed $104,300 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act). On November 24, 2020 the Organization was notified that their application for loan forgiveness had been accepted by the Small Business Administration.

NOTE 10 - 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 eighteen-months consisted of:

Description	Amount
Camp physicians	$ 16,920
Supplies	1,750
Total	$ 18,670

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the 18-months, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

Description	Amount
Youth and young adult services	$ 100,000
Art therapy	7,500
Total	$ 107,500

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

The Organization received about 42% of its revenue from special events held during the period.

NOTE 13 - CONCENTRATION OF CASH

The Organization keeps its cash in one financial institution. As of year-end, cash balances of approximately $45,400 exceeds the $250,000 FDIC limit. Management has evaluated its banking needs and the strength of the financial institution and feels that it is in the best long-term interest of the organization to continue its existing relationships.

NOTE 14 - 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 18-months was $15,275.

NOTE 15 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2020:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 293,734
Donations receivable	17,526
Investments	1,063,184
	1,374,444
Less: amounts not available for general expenditures	
Within one year, due to:	
Donor purpose restrictions	(80,286)
Endowment	(569,999)
Total financial assets available to meet cash needs for general expenditures within one year:	$ 724,159

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.