

Epilepsy Foundation of Arizona

**Financial Statements
And
Independent Auditor's Report**

Year Ended June 30, 2017

 **Snyder & Butler, CPAs, PLLC**

Epilepsy Foundation of Arizona
Year Ended June 30, 2017
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Independent Auditor's Report

To the Board of Trustees
Epilepsy Foundation of Arizona
Phoenix, Arizona

We have audited the accompanying financial statements of the Epilepsy Foundation of Arizona, which comprise the statement of financial position as of June 30, 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 from material misstatements.

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 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 organization'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 the Epilepsy Foundation of Arizona of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Epilepsy Foundation of Arizona's 2016 financial statements for the year ended June 30, 2016 and we expressed an unmodified opinion on those financial statements in our report dated September 26, 2016. The prior year summarized comparative information has been derived from the Epilepsy Foundation of Arizona's financial statements as of and for the year ended June 30, 2016 and is consistent, in all material respects, with the audited financial statements from which it has been derived.



Snyder and Butler, CPAs, PLLC
Tempe, AZ
September 13, 2017

**Epilepsy Foundation of Arizona
Statement of Financial Position
June 30, 2017 and 2016**

	2017	2016
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 122,210	\$ 88,804
Investments	193,521	183,577
Prepaid expenses	1,061	1,635
Total assets	\$ 316,792	\$ 274,016
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 8,513	\$ 2,957
Accrued liabilities	7,244	4,533
Total liabilities	15,757	7,490
Net Assets		
Unrestricted	251,267	220,518
Temporarily restricted	49,768	46,008
Total net assets	301,035	266,526
Total liabilities and net assets	\$ 316,792	\$ 274,016

See accompanying notes to financial statements.

Epilepsy Foundation of Arizona
Statement of Activities
Year Ended June 30, 2017
(with summarized comparative information for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
Support and revenue:				
Contributions and grants	\$ 63,988	\$ 8,719	\$ 72,707	\$ 42,233
Donated materials and services	5,205	-	5,205	3,204
Total Contributions	<u>69,193</u>	<u>8,719</u>	<u>77,912</u>	<u>45,437</u>
Special event revenue	207,086	-	207,086	169,901
Less costs of direct donor benefits	<u>(38,136)</u>	<u>-</u>	<u>(38,136)</u>	<u>(30,563)</u>
Net special event revenue	<u>168,950</u>	<u>-</u>	<u>168,950</u>	<u>139,338</u>
Other revenue:				
Payments from National Office	16,789	-	16,789	15,867
Interest and dividend income	69	-	69	70
Unrealized gains on investments	9,944	-	9,944	445
Other income	-	-	-	79
Total other revenue	<u>26,802</u>	<u>-</u>	<u>26,802</u>	<u>16,461</u>
Net assets released from restrictions	<u>4,959</u>	<u>(4,959)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>269,904</u>	<u>3,760</u>	<u>273,664</u>	<u>201,236</u>
Expenses:				
Program services	199,240	-	199,240	185,891
Management and general	30,954	-	30,954	34,398
Fundraising	8,961	-	8,961	8,751
Total expenses	<u>239,155</u>	<u>-</u>	<u>239,155</u>	<u>229,040</u>
Change in net assets	30,749	3,760	34,509	(27,804)
Net assets, beginning of year	<u>220,518</u>	<u>46,008</u>	<u>266,526</u>	<u>294,330</u>
Net assets, end of year	<u>\$ 251,267</u>	<u>\$ 49,768</u>	<u>\$ 301,035</u>	<u>\$ 266,526</u>

See accompanying notes to financial statements.

Epilepsy Foundation of Arizona
Statement of Functional Expenses
Year Ended June 30, 2017
(with summarized comparative information for 2016)

	Program Services		Supporting Services			Totals	
	Public Health, Education & Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	2017	2016
Salaries and wages	\$ 108,688	\$ 108,688	\$ 7,594	\$ 7,390	\$ 14,984	\$ 123,672	\$ 122,778
Employee benefits/payroll taxes	9,956	9,956	696	677	1,373	11,329	6,741
Camp stipends	6,212	6,212	-	-	-	6,212	5,410
Total employee and related expenses	124,856	124,856	8,290	8,067	16,357	141,213	134,929
Advertising	272	272	-	-	-	272	329
Credit card processing fees	5,889	5,889	-	-	-	5,889	5,468
Donated services	5,205	5,205	-	-	-	5,205	3,204
Insurance	-	-	4,726	-	4,726	4,726	3,021
Payment to National (dues)	-	-	1,742	-	1,742	1,742	10,129
Professional fees/contract services	8,697	8,697	15,164	-	15,164	23,861	21,059
Camp rental and other program	38,678	38,678	-	-	-	38,678	34,408
Scholarships	-	-	-	-	-	-	500
Supplies and materials	2,595	2,595	766	894	1,660	4,255	5,721
Travel and conferences	13,048	13,048	266	-	266	13,314	10,272
Total expenses	\$ 199,240	\$ 199,240	\$ 30,954	\$ 8,961	\$ 39,915	\$ 239,155	\$ 229,040

See accompanying notes to financial statements.

Epilepsy Foundation of Arizona
Statement of Cash Flows
Year Ended June 30, 2017
(with summarized comparative information for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 34,509	\$ (27,804)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Unrealized gains on investments	(9,944)	(445)
Change in:		
Prepaid expenses	574	3,798
Accounts payable	5,556	1,576
Accrued liabilities	2,711	1,034
Net cash provided (used) by operating activities	33,406	(21,841)
Cash flows from investing activities:		
Acquisition of investments	-	(412)
Net cash provided (used) for investing activities	-	(412)
Net increase (decrease) in cash and cash equivalents	33,406	(22,253)
Cash and cash equivalents, beginning of year	88,804	111,057
Cash and cash equivalents, end of year	\$ 122,210	\$ 88,804

See accompanying notes to financial statements.

Epilepsy Foundation of Arizona
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note 1- Operations and Summary of Significant Accounting Policies

Nature of Operations – Epilepsy Foundation of Arizona (the “Organization”) is a 501(c)(3) nonprofit corporation incorporated in the state of Arizona. The Organization’s purpose is to disseminate information about epilepsy to the public and, as funds allow, assist individuals who have epilepsy. Such information and assistance is provided primarily to individuals living in Arizona. The Organization is affiliated with the Epilepsy Foundation of America (National). Major funding sources are from direct public contributions and bequests.

Program services include public health education, professional education and training, and community services. These programs provide speakers, workshops, camps, scholarships, information and referral services, and other programs to increase awareness, treatment, and acceptance of epilepsy.

Financial Statement Presentation – The financial statements are presented in accordance with guidance found primarily in FASB ASC 958 regarding financial statements of not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment – Purchased property is stated at cost. Property acquired by gift is stated at estimated fair value at the date of contribution. Depreciation is provided using the straight-line method over estimated useful lives of five years for computer equipment and software and three to six years for furniture and equipment. The Organization’s policy is to capitalize costs greater than \$500. In absence of donor restrictions on how long gifts of long-lived assets must be used, the Organization does not imply time restrictions on such contributions.

Contributions – The Organization accounts for contributions in accordance with guidance found primarily in FASB ASC 958. As such, contributions of cash or other assets are recognized at fair value as revenue when they are received. Promises to give are recognized as revenue when a donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give that are received with conditions are not recognized until those conditions are substantially met.

Contributions are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions, where restrictions are met in the same period as the donation is made, are shown as additions to unrestricted net assets. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

Epilepsy Foundation of Arizona
Notes to Financial Statements
Years Ended June 30, 2017 and 2016

Note 1- Operations and Summary of Significant Accounting Policies (Continued)

Special Events Revenue – The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Such direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as special events costs of direct donor benefits. All proceeds received in excess of the direct costs are recorded as special events revenues in the accompanying financial statements.

Donated Materials and Services – Donated materials and professional services are reflected as revenue in the accompanying financial statements at their estimated values at the date of receipt. No amounts have been reflected in the financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605.

Fundraising Costs – All fundraising costs are expensed in the current period.

Functional Expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Management and General include those expenses that are not directly identifiable with any specific program, but provide for the overall support and direction of the Organization. Fundraising costs are expensed in the period in which they are incurred.

Income Tax Status – The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, there is no provision for income taxes. The Organization believes that they have appropriate support for tax positions taken and, as such, do not have any uncertain tax positions that result in a material impact on the Organization's financial position or statement of activities.

Prior Year Reclassifications and other changes – Certain prior year amounts were reclassified to conform with current year presentation. Additionally, \$3,204 of in-kind services revenue and expense was omitted from prior year in the originally issued financial statements but has been included herein for 2016. This adjustment has no effect on beginning net position.

Subsequent Events – Subsequent events were evaluated by management through September 13, 2017, the date on which the financial statements were available to be issued. There were no events or transactions occurring after June 30, 2017, but prior to September 13, 2017, that provided additional evidence about conditions that existed at June 30, 2017. Additionally, there were no events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued.

**Epilepsy Foundation of Arizona
Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Estimates – The preparation of the 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 could differ from those estimates.

Note 2- Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a common definition for fair value to be applied under U.S. generally accepted accounting principles requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

All assets of the Organization subject to fair value measurements (investments), are considered Level 1.

Note 3- Investments

Investments consist of the following at year ending June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equities	\$ 26,781	\$ 22,837
Short term bond mutual funds	166,740	160,740
Total investments	<u>\$ 193,521</u>	<u>\$ 183,577</u>

Note 4- Property Equipment

At June 30, 2017 and 2016 property and equipment consisted of equipment with historical costs of \$5,501 and accumulated depreciation of \$5,501, for a net book value of \$0.

**Epilepsy Foundation of Arizona
Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 5- Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at year end:

	<u>2017</u>	<u>2016</u>
Veterans Golf Tournament	\$ 21,101	\$ 21,101
Amber Sweeney Memorial Scholarship Fund	9,481	9,556
Studio E-Art Therapy	18,892	14,541
Lundbeck LLC-Support Groups	-	810
Yuma Epilepsy Group-Support Groups	294	-
Total temporarily restricted net assets	<u>\$ 49,768</u>	<u>\$ 46,008</u>

Note 6- Donated Materials and Services

During fiscal year 2017, the Foundation recognized in-kind revenue and expense \$5,205 in donated facilities and supplies. However, the Foundation received support through a considerable amount of volunteer time that is not recognized in the financial statements because it does not qualify for reporting under financial accounting guidelines.

Note 7- Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash deposits in financial institutions and accounts receivable.

Bank deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 are exposed to loss in the event of nonperformance by the financial institution. The Organization does not anticipate nonperformance by the financial institution.