

EPILEPSY FOUNDATION OF VIRGINIA, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

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**EPILEPSY FOUNDATION  
OF VIRGINIA, INC.**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF EPILEPSY FOUNDATION OF VIRGINIA, INC. CHARLOTTESVILLE, VIRGINIA

We have audited the accompanying financial statements of Epilepsy Foundation of Virginia, Inc. (a nonprofit Foundation), 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.

#### **Auditors' 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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Virginia, Inc. as of June 30, 2019, 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.

## Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, Epilepsy Foundation of Virginia, Inc. adopted new accounting guidance, FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
September 10, 2019

## **FINANCIAL STATEMENTS**

EPILEPSY FOUNDATION OF VIRGINIA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

**ASSETS**

Current assets:

Cash and cash equivalents	\$	469,236
Investments		<u>389,241</u>
Total current assets	\$	<u>858,477</u>

Property and equipment:

Equipment	\$	8,385
Accumulated depreciation		<u>(6,875)</u>
Net property and equipment	\$	<u>1,510</u>

Total assets	\$	<u><u>859,987</u></u>
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**LIABILITIES**

Current liabilities:

Accrued payroll taxes	\$	<u>1,989</u>
Total current liabilities	\$	<u>1,989</u>

Total liabilities	\$	<u>1,989</u>
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**NET ASSETS**

Without donor restriction	\$	<u>857,998</u>
Total net assets	\$	<u>857,998</u>

Total liabilities and net assets	\$	<u><u>859,987</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**EPILEPSY FOUNDATION OF VIRGINIA, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

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	<b>WITHOUT DONOR RESTRICTION</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>	
Contribution income	\$ 63,282
Special events and activities	163,246
Workplace gifts	10,604
Investment return	22,707
Interest income	265
In-kind gifts	294,730
Miscellaneous income	205
Total revenues, gains and other support	<u>\$ 555,039</u>
<b>EXPENSES:</b>	
Program services:	
Public health education	\$ 221,575
Professional education and training	147,201
Patient services	116,267
Total program services	<u>\$ 485,043</u>
Supporting services:	
Management and general	\$ 4,181
Total supporting services	<u>\$ 4,181</u>
Total expenses	<u>\$ 489,224</u>
Change in net assets	\$ 65,815
Net assets, beginning of year	<u>792,183</u>
Net assets, end of year	<u><u>\$ 857,998</u></u>

The accompanying notes to financial statements are an integral part of this statement.



**EPILEPSY FOUNDATION OF VIRGINIA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Professional		Patient	Total Program	Supporting Services		Total
	Public Health Education	Education and Training			Services	Management and General	
Conferences	\$ -	\$ 563	\$ -	\$ 563	\$ -	\$ -	\$ 563
Dues and subscriptions	5,725	-	160	5,885	3,500	-	9,385
Depreciation	-	-	-	-	394	-	394
Public health education	186,142	-	-	186,142	-	-	186,142
Field office - CEVA	-	-	13,533	13,533	-	-	13,533
Field office - HR	-	-	7,664	7,664	-	-	7,664
Field office - NOVANW	26,340	-	-	26,340	-	-	26,340
Field office - SW	-	-	3,215	3,215	-	-	3,215
Insurance	-	1,727	4,830	6,557	-	-	6,557
Medical assistance	-	-	9,828	9,828	-	-	9,828
Printing and publications	1,102	-	-	1,102	287	-	1,389
Professional education	-	114,302	2,300	116,602	-	-	116,602
Salaries	-	-	58,000	58,000	-	-	58,000
Payroll taxes	-	-	4,437	4,437	-	-	4,437
Pension	-	-	2,500	2,500	-	-	2,500
Support group coordinator	-	-	6,000	6,000	-	-	6,000
Special events	2,266	30,609	3,800	36,675	-	-	36,675
<b>Total expenses</b>	<b>\$ 221,575</b>	<b>\$ 147,201</b>	<b>\$ 116,267</b>	<b>\$ 485,043</b>	<b>\$ 4,181</b>	<b>\$ -</b>	<b>\$ 489,224</b>

The accompanying notes to financial statements are an integral part of this statement.

**EPILEPSY FOUNDATION OF VIRGINIA, INC.**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

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**Cash flows from operating activities:**

Changes in net assets	\$ 65,815
Adjustment to reconcile changes in net assets to net cash provided by (used for) operating activities:	
Depreciation	394
Investment return	<u>(22,707)</u>
Net cash provided by (used for) operating activities	\$ <u>43,502</u>

**Cash flows from investing activities:**

Net purchase/sale of investments	\$ <u>16,302</u>
Net cash provided by (used for) investing activities	\$ <u>16,302</u>
Net increase in cash and cash equivalent	\$ 59,804
Cash and cash equivalents, beginning of year	<u>409,432</u>
Cash and cash equivalents, end of year	\$ <u><u>469,236</u></u>

The accompanying notes to financial statements are an integral part of this statement.

# EPILEPSY FOUNDATION OF VIRGINIA, INC.

## Notes to Financial Statements Year Ended June 30, 2019

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### **NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Epilepsy Foundation of Virginia, Inc. is a not-for-profit voluntary health Foundation established as an educational and training resource relating to persons with epilepsy. Activities and services include providing information and referrals, distributing informational materials and educating the public. In addition, the Foundation provides patient and family assistance, professional education, and maintains a list of speakers to fulfill public requests.

#### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with general accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

#### Financial Statement Presentation

The Foundation has prepared its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The two classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, or the net assets that were donated with donor-imposed stipulations and released from restriction within the same fiscal year. Net assets without donor restrictions for the year ended June 30, 2019 amounted to \$857,998.

Net assets with donor restrictions - Net assets with donor restrictions are resources whose use by the Organization is limited by donor-imposed restrictions. This category includes both donor restrictions that are temporary in nature, and those that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Organization had no net assets with donor restrictions as of June 30, 2019.

#### Use of 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.

#### Cash and Cash Equivalents

The Foundation considers cash in bank, cash on hand, and all highly liquid investments that can be easily converted to cash or with a maturity of three months or less at the date of acquisition to be "cash equivalents."

# EPILEPSY FOUNDATION OF VIRGINIA, INC.

## Notes to Financial Statements Year Ended June 30, 2019 (Continued)

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### **NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

#### Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

#### Promises to Give

Contributions, including unconditional promise to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when conditions on which they depend are substantially met. As of June 30, 2019, there are no unconditional promises to give.

#### Property and Equipment

Property and equipment are stated at cost when purchased or at fair market value if donated, less accumulated depreciation. The Foundation capitalizes assets that benefit future periods with a cost of \$1,000 or greater. The straight-line method of depreciation is used over the following ranges of estimated useful lives:

Equipment	3-10 years
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#### Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(1) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is made for income tax in the financial statements.

#### New Accounting Pronouncement:

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has changed the presentation of its financial statements accordingly, applying the changes retrospectively to the beginning net assets. The new ASU changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been reduced to a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been changed to *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources.
- The financial statements include increased disclosures on functional expenses.

Adoption of the ASU did not result in any reclassification or restatements of net assets.

### **NOTE 2 - CONCENTRATIONS OF CREDIT RISK:**

The Foundation maintains its cash balances at two financial institutions located in Charlottesville, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, the Foundation had no uninsured cash balances.

# EPILEPSY FOUNDATION OF VIRGINIA, INC.

## Notes to Financial Statements Year Ended June 30, 2019 (Continued)

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### **NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES:**

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis and are consistently applied. The allocation of expenses between the functional categories is made based on the estimates of time and effort.

### **NOTE 4 – INVESTMENTS:**

The difference between the Foundation's 990 income and audited income is equal to the unrealized gain on investments for a total of (\$6,024). Investments are presented in the financial statements at their fair market value. They are held for purposes other than trading. Unrealized gains and losses are included in the change in unrestricted net assets. Investments at June 30, 2019 consist of the following:

	<u>Fair Value</u>
Mutual Funds:	
Equities	\$ 322,078
Fixed income	41,868
Other assets	<u>25,295</u>
Totals	<u>\$ 389,241</u>

The following schedule summarizes the investment activities for the year ended June 30, 2019:

Fair value, 6/30/18	\$ 382,836
Interest, dividend, and capital earnings reinvested	28,801
Unrealized gain (loss) on investments	(6,024)
Transfers to cash equivalents	(16,302)
Investment fees	<u>(70)</u>
Fair value, 6/30/19	<u>\$ 389,241</u>

### **NOTE 5 – FAIR VALUE MEASUREMENTS:**

The Foundation applies generally accepted accounting principles for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy is used that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**EPILEPSY FOUNDATION OF VIRGINIA, INC.**

**Notes to Financial Statements  
Year Ended June 30, 2019 (Continued)**

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**NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following information summarizes the Foundation's fair value measurements:

	Fair Value Measurements at 6/30/19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 389,241	\$ 389,241	\$ -	\$ -
Total	\$ 389,241	\$ 389,241	\$ -	\$ -

**NOTE 6 - PROPERTY AND EQUIPMENT:**

Property and equipment at June 30, 2019 consisted of the following:

Equipment	\$ 8,385
Accumulated depreciation	(6,875)
Net property and equipment	\$ 1,510

Depreciation expense for the year ended June 30, 2019 amounted to \$394.

**NOTE 7 – IN-KIND CONTRIBUTIONS:**

The Foundation receives contributed office facilities on a month-to-month basis and with an estimated market value of \$10,000. Other non-cash contributions consist of professional services which are listed in the financial statements. The Foundation has elected to show this amount in In-Kind Gifts and related expenses in the Statement of Activities which follows SFAS No. 116.

**NOTE 8 - SPECIAL EVENTS:**

The costs for all special events held by the Foundation totaled \$36,675.

**NOTE 9 – DATE OF MANAGEMENT'S REVIEW:**

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through September 10, 2019, the date the financial statements were available to be issued.

**EPILEPSY FOUNDATION OF VIRGINIA, INC.**

**Notes to Financial Statements  
Year Ended June 30, 2019 (Continued)**

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**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES:**

The Organization is greatly supported by contributions, as well as investment income. Because these restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors and Board. Thus, financial assets may not be available for general expenditure within one year.

In addition, the Organization's financial assets available within one year of the statement of financial position for general expenditures are as follows:

Cash and cash equivalents	\$	469,236
Intestments		389,241
Total	\$	<u>858,477</u>

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