

EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2017

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**EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Epilepsy Foundation of Northern California
Oakland, California

Report on the Financial Statement

I have audited the accompanying financial statements of Epilepsy Foundation of Northern California (a nonprofit organization), which comprise the statements of financial position as of December 31, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Northern California as of December 31, 2017, and the related statements of activities, functional expenses 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

I have previously audited the Epilepsy Foundation of Northern California's 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 30, 2017. In my opinion, the summarized comparative information presented here as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

San Francisco, California
June 8, 2018

EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Comparative Totals for 2016)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalent	\$ 81,376	\$ 73,965
Receivable-Savers	-	7,924
Prepaid Expenses	-	4,929
Marketable securities	1,065	-
Total Current Assets	82,441	86,818
NONCURRENT ASSETS:		
Furniture and Equipment - at Cost (Note 3)	7,375	7,375
Less Accumulated Depreciation	(5,711)	(5,598)
Security Deposit - Rental	1,664	1,777
Others	5,060	3,076
Total NonCurrent Assets	6,724	5,353
Total Assets	\$ 89,165	\$ 92,171
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 3,034	\$ 30,334
Accrued Expenses - Note 4	8,465	7,176
Paul E Smith Scholarship	-	-
Total Current Liabilities	11,499	37,510
Total Liabilities	11,499	37,510
NET ASSETS:		
Unrestricted	13,775	(16,627)
Temporarily Restricted - Note 9	63,891	71,288
Total Net Assets	77,666	54,661
TOTAL LIABILITIES AND NET ASSETS	\$ 89,165	\$ 92,171

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA
STATEMENT OF ACTIVITIES
December 31, 2017
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUE				
Public Support	\$ 63,988	\$ 12,817	\$ 76,805	\$ 75,409
Grants/Foundations	56,453		56,453	40,496
Contributions-EFA Savers	146,833		146,833	123,745
Special Events				-
Gross Receipts	\$ 322,096			\$ 247,386
Less: Expenses	(156,392)		165,704	(105,197)
Program Service Fees	56,294		56,294	26,819
Interest Income	-		-	-
Other Income	-		-	3,399
Total Revenue	489,272	12,817	502,089	412,057
Net Assets Released from Restriction	20,214	(20,214)	-	
Total Revenue	509,486	(7,397)	502,089	412,057
EXPENSES				
Program Services	387,368		387,368	375,209
Management and General	59,602		59,602	52,167
Fundraising	32,114		32,114	26,284
Total Expenses	479,084	-	479,084	453,660
CHANGE IN NET ASSETS	30,402	(7,397)	23,005	(41,603)
NET ASSETS, Beginning of Year	(16,627)	71,288	54,661	96,264
NET ASSETS, End of Year	\$ 13,775	\$ 63,891	\$ 77,666	\$ 54,661

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2017
(With Comparative Totals for 2016)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries	\$218,032	\$ 20,579	\$ 26,346	\$ 264,957	\$246,082
Payroll Taxes and Fringe Benefits	<u>18,215</u>	<u>1,682</u>	<u>2,182</u>	<u>22,079</u>	<u>20,695</u>
Total Personnel Costs	236,247	22,261	28,528	287,036	266,777
Camp, Meetings and Travel	46,642	3,827	-	50,469	50,906
Professional Services	14,025	18,237	-	32,262	35,102
Occupancy	31,190	2,733	1,769	35,692	26,258
Affiliate Dues	7,570	2,795	432	10,797	13,067
Telephone	4,575	2,148	261	6,984	6,226
Scholarship	2,081	-	-	2,081	-
Office Supplies and Expense	4,689	1,849	116	6,654	7,278
Insurance	7,552	2,917	431	10,900	12,232
Postage and Deliveries	1,835	300	-	2,135	1,178
Printing and Publication	7,633	159	-	7,792	6,557
Computer Expense	158	71	-	229	240
Advertising	775	834	-	1,609	-
Dues and Subscriptions	12,133	502	-	12,635	13,785
Bank Charges	3,992	390	369	4,751	5,562
Depreciation	-	114	-	114	114
Miscellaneous	<u>6,271</u>	<u>465</u>	<u>208</u>	<u>6,944</u>	<u>8,378</u>
Total	<u>\$ 387,368</u>	<u>\$ 59,602</u>	<u>\$ 32,114</u>	<u>\$ 479,084</u>	<u>\$453,660</u>

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF NORTHERN CALIFORNIA
STATEMENT OF CASH FLOWS
December 31, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 23,005	\$ (41,603)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Depreciation	114	114
Changes in operating assets and liabilities:		
(Increase)/decrease in receivable-Savers	7,924	(7,924)
(Increase)/decrease in Due from P.E.Smith Scholarship	-	(710)
(Increase)/decrease in prepaid expenses	4,929	(4,929)
(Increase)/decrease in fixed assets	-	(1,891)
(Increase)/decrease in other assets	(565)	(500)
Increase/(decrease) in security deposits	-	(1,092)
Increase/(decrease) in accounts payable	(27,300)	(8,083)
Increase/(decrease) in accrued expenses	1,288	7,176
Net cash provided by (used in) operating activities	9,395	(59,442)
Cash flow from investing activities:		
Net cash provided by (used in) investing activities	(1,984)	-
Cash flow from financing activities:		
Net cash provided (used) by financing activities	-	-
Net increase/(decrease) in cash	7,411	(59,442)
Cash & cash equivalent at beginning of year	73,965	133,407
Cash & cash equivalent at end of year	\$ 81,376	\$ 73,965

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

ORGANIZATION

The Epilepsy Foundation of Northern California (EFNC) was incorporated on July 19, 1956 under the name Contra Costa-Alameda Epilepsy League; changed name in 1989 as Epilepsy League of the East Bay; and, subsequently changed again on May 27, 1997 as EFNC, its current name. EFNC is a not for profit organization organized under the Nonprofit Public Benefit Corporation Law. The Epilepsy Foundation of Northern California is affiliated with Epilepsy Foundation of America (EFA) which requires member organizations to pay an affiliation fee to EFA based upon a percentage of their revenue as defined in the Foundation's affiliation agreement.

The specific and primary purposes for which this corporation was formed are: to the prevention and control of epilepsy and its consequences, to help persons with epilepsy, their families and other concerned persons overcome problems associated with the condition, to provide such services and perform such functions incident therefore and/or in support thereof, and to undertake all activities associated therewith.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of EFNC are classified and reported as follows:

Unrestricted net assets - Assets that are currently available for use and are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Assets subject to donor-imposed stipulations that may or will be met, either by actions of EFNC and/or the passage of time.

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Assets subject to donor-imposed stipulations requiring them to be maintained permanently by EFNC. There were no permanently restricted net assets during both years.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalent

Cash and cash equivalent includes short-term highly liquid investments, such as money market accounts with maturities of three months or less held in financial institutions.

Furniture and Equipment

The Foundation capitalizes all furniture and equipment with a cost of \$1000 or more. Furniture and equipment are depreciated using the straight-line method over the estimated lives.

Donated Services

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Income Taxes

The Foundation is exempt from taxation under the Internal Revenue Code Section 501 (c) (3) and California Revenue and Taxation Code Section 23701d. The Foundation qualifies its donors for charitable contribution deduction under Section 170(b) (1) (A) when it meets certain test under Section 509 (a) (2) to be considered as a public charity.

Use of Estimates

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

Fair Value of Financial Instruments

Financial instruments included in the statements of financial position which are not required to be measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, prepaid expenses, deposits, accounts payable, and accrued expenses. The carrying amounts of these items are a reasonable estimate of their fair value.

2. Concentration of Credit Risk

The Foundation maintains cash and cash equivalent balances at Chase Bank and Wells Fargo Bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2017, there were no uninsured cash balances.

3. Furniture and Equipment

As of December 31, 2017 and 2016, these assets have balances as follow:

	<u>2017</u>	<u>2016</u>
Furniture and equipment – at cost	\$7,375	\$7,375
Less: Accumulated depreciation	<u>(5,711)</u>	<u>(5,598)</u>
Net	<u>\$1,664</u>	<u>\$1,777</u>

4. Accrued Expenses

As of December 31, 2017 and 2016, accrued expenses consist of:

	<u>2017</u>	<u>2016</u>
Retirement payable	\$ 455	\$2,139
Accrued vacation	4,421	4,903
Others	<u>3,589</u>	<u>134</u>
Total	<u>\$ 8,465</u>	<u>\$7,176</u>

5. Donated Services

No amounts have been reflected in the financial statements for donated services. Many individuals volunteered their time and performed a variety of tasks that assisted the Foundation. The Foundation has received approximately 1,796 volunteer hours in 2017 and 2,500 hours in 2016.

6. Public Support and Grants Revenue

	<u>2017</u>	<u>2016</u>
Individual Gifts	\$36,673	\$59,884
Federated Giving	<u>24,067</u>	<u>15,525</u>
	60,740	75,409
Corporate and Foundation Grants	56,453	40,496
EFA Unrestricted Contribution	<u>146,833</u>	<u>123,745</u>
Total	<u>\$264,026</u>	<u>\$239,650</u>

7. Operating Leases

The Foundation lease office space in Oakland under an operating lease which commenced on August 1, 2016 and will expire on July 31, 2019. The lease term was for 4 years with the following annual base rent:

2016	9,662
2017	35,228
2018	36,289
2019	21,532

Total actual rent expense for 2017 amounted to \$35,692.

8. Retirement Plan

The Foundation has adopted a retirement plan for full time employees effective October 15, 2013 administered by Lincoln Financial Group. The Plan is a combination Custodial Account and Annuity Contract. This is a Salary Deferral only Plan and EFNC makes no matching contribution. This is a tax-deferred plan qualified under Section 401 (c) of the Internal Revenue Code. In 2017, there were two employees who participated in the Plan.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are funds with restriction as to its use imposed by the donors. As of December 31, 2017, the total temporarily restricted net asset was \$82,024, composed of the following:

Frankie Lee Forbes Special Need Trust	\$56,584
Paul Smith Scholarship	2,807
Dyer Family Foundation	1,500
Coelho Epilepsy Camp	<u>3,000</u>
	<u>\$63,891</u>

10. Subsequent Events

Management has evaluated subsequent events through June 8, 2018, the date which the financial statements were available to be issued, and have determined no adjustments are necessary to the amounts reported in accompanying 2018 financial statements nor have any subsequent event occurred, the nature of which would require disclosure.