

**EPILEPSY FOUNDATION  
OF COLORADO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**EPILEPSY FOUNDATION OF COLORADO**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

March 8, 2022

## 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, 2021, and the related statements of activities, functional expenses and cash flows for the year 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, 2021, and the changes in net assets and its cash flows for the year 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 Foundation of Colorado's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the eighteen-months ended December 31, 2020, 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  
DENVER, COLORADO

**EPILEPSY FOUNDATION OF COLORADO**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 206,362	\$ 293,734
Donations receivable	7,654	17,526
Grants receivable	-	15,000
Prepaid expenses and deposits	35,964	34,577
Property and equipment (Note 3)	3,460	5,550
Investments - with and without donor restrictions (Note 4)	1,425,085	1,063,184
Total assets	<u>\$ 1,678,525</u>	<u>\$ 1,429,571</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 13,560	\$ 15,038
Payroll liabilities	10,262	15,461
Capital lease obligations (Note 5)	3,878	5,597
Line of credit (Note 6)	-	-
Commitments (Note 7)		
Liabilities	<u>27,700</u>	<u>36,096</u>
Net assets		
Without donor restrictions	<u>973,141</u>	<u>743,190</u>
With donor restrictions		
Donor specific purposes (Note 8)	106,038	80,286
Endowment (Note 4 and Note 8)	571,646	569,999
	677,684	650,285
Total net assets	<u>1,650,825</u>	<u>1,393,475</u>
Total liabilities and net assets	<u>\$ 1,678,525</u>	<u>\$ 1,429,571</u>

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE EIGHTEEN-MONTHS ENDED 2020)

	2021			2020	
	With Donor Restrictions				
	Without Donor Restrictions	Donor Specific Purposes	Endowment	Total	Total
<u>Revenue and other support</u>					
Special events income	\$ 730,923	\$ 5,000	\$ -	\$ 735,923	\$ 667,943
less direct expenses	(200,884)	-	-	(200,884)	(129,906)
Contributions	155,019	-	-	155,019	298,871
Foundation awards	144,674	-	-	144,674	145,805
Investment income	57,402	75,752	-	133,154	143,342
Loan forgiveness income (Note 9)	107,200	-	-	107,200	104,300
Memorials/honorariums	17,786	-	-	17,786	15,300
Activity fees	3,376	-	-	3,376	20,851
Brooke Gordon Leadership fund	-	-	1,647	1,647	-
Wills and bequests	-	-	-	-	5,000
Other	1,214	-	-	1,214	5,401
In-kind donations (Note 10)	6,670	-	-	6,670	18,670
Net assets released from restrictions (Note 11)	55,000	(55,000)	-	-	-
Total revenue and other support	1,078,380	25,752	1,647	1,105,779	1,295,577
<u>Expense</u>					
Program	691,149	-	-	691,149	1,100,056
Supporting services					
Management and general	108,172	-	-	108,172	128,531
Fund-raising	49,108	-	-	49,108	72,216
Total expense	848,429	-	-	848,429	1,300,803
Change in net assets	229,951	25,752	1,647	257,350	(5,226)
Net assets, beginning of year	743,190	80,286	569,999	1,393,475	1,398,701
Net assets, end of year	\$ 973,141	\$ 106,038	\$ 571,646	\$ 1,650,825	\$ 1,393,475

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

(WITH COMPARATIVE TOTALS FOR THE EIGHTEEN-MONTHS ENDED 2020)

	2021			2020	
	Supporting Services				
	Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 450,140	\$ 30,347	\$ 25,288	\$ 505,775	\$ 736,949
Payroll taxes and benefits	64,383	4,340	3,617	72,340	129,289
Rent	67,457	5,247	2,248	74,952	109,477
Dues	-	26,851	-	26,851	35,305
Client services	22,255	-	-	22,255	19,165
Professional services	14,089	1,682	5,258	21,029	40,657
Internet	16,326	1,837	2,245	20,408	36,123
Contract accountant	-	17,670	-	17,670	25,980
Camp	15,028	-	-	15,028	69,672
Bank charges	3,503	3,503	4,669	11,675	9,726
Accounting and audit	-	10,550	-	10,550	29,990
Insurance	2,701	2,701	3,601	9,003	13,640
Outreach	7,667	-	-	7,667	12,288
Equipment	5,879	661	809	7,349	9,657
Office expense	4,219	686	369	5,274	1,469
Supplies	4,325	384	96	4,805	3,307
Telephone	3,548	158	236	3,942	7,199
Printing	3,364	72	143	3,579	933
Postage	1,871	146	62	2,079	2,797
Community action network	1,986	-	-	1,986	2,085
Travel, meetings and conferences	1,477	115	49	1,641	18,161
Interest expense	-	386	-	386	1,914
Other	95	-	-	95	203
	690,313	107,336	48,690	846,339	1,315,986
Depreciation	836	836	418	2,090	3,207
<b>Total</b>	<b>\$ 691,149</b>	<b>\$ 108,172</b>	<b>\$ 49,108</b>	<b>\$ 848,429</b>	<b>\$ 1,300,803</b>

The accompanying notes are an integral part of these financial statements

**EPILEPSY FOUNDATION OF COLORADO**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE EIGHTEEN-MONTHS ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 257,350	\$ (5,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,090	3,207
PPP loan forgiveness	(107,200)	(104,300)
Unrealized and realized (gains)losses on investments	(97,731)	(84,645)
Contributions restricted for long-term purposes	(1,647)	-
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations receivable	9,872	2,492
(Increase)decrease in grants receivable	15,000	(15,000)
(Increase)decrease in prepaid expenses and deposits	(1,387)	(6,886)
(Decrease)increase in accounts payable	(1,478)	(15,974)
(Decrease)increase in payroll accruals	(5,199)	(1,674)
(Decrease)increase in dues payable	-	(2,083)
(Decrease)increase in deferred revenue	-	(30,591)
 Net cash provided(used) by operating activities	<u>69,670</u>	<u>(260,680)</u>
 <u>Cash flows from investing activities</u>		
(Reinvestment) of interest and dividends	(34,374)	(57,946)
(Purchase) of investments	(303,898)	-
Proceeds from sale of investments	<u>74,101</u>	<u>290,000</u>
 Net cash provided(used) by investing activities	<u>(264,170)</u>	<u>232,054</u>
 <u>Cash flows from financing activities</u>		
Borrowing on PPP note payable	107,200	104,300
Contributions restricted for permanent endowment	1,647	-
(Repayment) on capital lease obligation	<u>(1,719)</u>	<u>(1,965)</u>
 Net cash provided(used) by financing activities	<u>107,128</u>	<u>102,335</u>
 Net increase(decrease) in cash and cash equivalents	<u>(87,372)</u>	<u>73,709</u>
 Cash and cash equivalents, beginning of year	<u>293,734</u>	<u>220,025</u>
Cash and cash equivalents, end of year	<u>\$ 206,362</u>	<u>\$ 293,734</u>
 <u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	<u>\$ 386</u>	<u>\$ 1,914</u>

The accompanying notes are an integral part of these financial statements



# EPILEPSY FOUNDATION OF COLORADO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 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.

The Organization is primarily supported by special event income, contributions, foundation awards 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 as 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 year ended December 31, 2021, 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 eighteen months ended December 31, 2020, 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. Reclassifications

Certain accounts in the prior eighteen-months financial statements have been reclassified for comparative purposes to conform to the current-year financial statements.

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

11. Subsequent Events

Management has evaluated subsequent events through March 8, 2022, the date the financial statements were available to be issued.

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>(54,416)</u>
Net property and equipment	<u>\$ 3,460</u>

Depreciation expense for the year was \$2,090.

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	\$ 14,820
Stocks	70,326
Equity mutual funds	443,402
Bond funds	466,077
Other investments	<u>430,460</u>
Total	<u>\$ 1,425,085</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 <u>Purpose Restricted</u>	Brooke Gordon Endowment	Total <u>Investments</u>
Balance, beginning of 12/31/2020	\$ 412,899	\$ 80,286	\$ 569,999	\$ 1,063,184
Additions(withdrawals)	<u>278,149</u>	<u>(50,000)</u>	<u>1,647</u>	<u>229,796</u>
Interest and dividends	13,344	21,030	-	34,374
Net appreciation	<u>43,009</u>	<u>54,722</u>	<u>-</u>	<u>97,731</u>
Total investment return	<u>56,353</u>	<u>75,752</u>	<u>-</u>	<u>132,105</u>
Balance, end of 12/31/21	<u>\$ 747,401</u>	<u>\$ 106,038</u>	<u>\$ 571,646</u>	<u>\$ 1,425,085</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 \$50,000 of the endowment earnings. Additionally, during the year the Organization earned income of \$1,049 on its operating cash accounts.

NOTE 5 - CAPITAL LEASE OBLIGATION

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

<u>Period</u>	<u>Amount</u>
January 2022 – December 2022	\$ 2,105
January 2023 – December 2023	2,105
January 2024 – March 2024	<u>526</u>
Total payments	4,736
Less: amount representing interest	<u>(858)</u>
Present value of capital lease	<u>\$ 3,878</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 3.75%.

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>
January 2022 – December 2022	\$ 73,316
January 2023 – August 2023	<u>49,528</u>
Total	<u>\$ 122,844</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

<u>Description</u>	<u>Amount</u>
Endowment	\$ 571,646
Youth and Young Adult Services	<u>106,038</u>
Total	<u>\$ 677,684</u>

NOTE 9 - PPP LOAN FORGIVENESS

During the year, the Organization borrowed \$107,200 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 September 30, 2021 the Organization was notified that its 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:

<u>Description</u>	<u>Amount</u>
Camp physicians and nurses	\$ 5,170
Supplies	<u>1,500</u>
Total	<u>\$ 6,670</u>

NOTE 11 - 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	\$ 50,000
Art therapy	<u>5,000</u>
Total	<u>\$ 55,000</u>

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

The Organization received about 48% of its revenue from special events held during the period.

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 \$10,065.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 206,362
Donations receivable	7,654
Investments	<u>1,425,084</u>
	1,639,100
Less: amounts not available for general expenditures	
Within one year, due to:	
Donor purpose restrictions	(106,038)
Endowment	<u>(571,646)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 961,416</u>

The Organization's goal is generally to maintain financial assets to meet one year 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.