EPILEPSY FOUNDATION
OF COLORADO & WYOMING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

EPILEPSY FOUNDATION OF COLORADO & WYOMING

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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April 20, 2023

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 dba Epilepsy Foundation of Colorado & Wyoming** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 & Wyoming as of December 31, 2022, 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 & Wyoming's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 & Wyoming'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 & Wyoming'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 & Wyoming's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 & WYOMING

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 209,260	$ 206,362
Donations receivable	29,050	7,654
Grants receivable	5,000	-
Prepaid expenses and deposits	50,511	35,964
Operating lease right of use asset (Note 5)	47,451	-
Property and equipment (Note 3)	1,730	3,460
Investments - with and without donor restrictions (Note 4)	1,123,801	1,425,085
Total assets	$ 1,466,803	$ 1,678,525
Liabilities and net assets		
Accounts payable	$ 21,355	$ 13,560
Payroll liabilities	19,228	10,262
Deferred revenue	2,000	-
Operating lease obligation (Note 5)	48,793	-
Financing lease obligation (Note 6)	2,016	3,878
Line of credit (Note 7)	-	-
Liabilities	93,392	27,700
Net assets		
Without donor restrictions	801,765	973,141
With donor restrictions		
Donor specific purposes	-	106,038
Endowment (Note 4 and Note 8)	571,646	571,646
	571,646	677,684
Total net assets	1,373,411	1,650,825
Total liabilities and net assets	$ 1,466,803	$ 1,678,525

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO & WYOMING

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021
		With Donor Restrictions			
	Without Donor Restrictions	Donor Specific Purposes	Endowment	Total	Total
Revenue and other support					
Special events income	$ 708,477	$ -	$ -	$ 708,477	$ 735,923
less direct expenses	(168,499)	-	-	(168,499)	(200,884)
Contributions	195,532	-	-	195,532	155,019
Foundation awards	123,150	10,785	-	133,935	144,674
Employee Retention Tax Credit (Note 9)	80,189	-	-	80,189	-
Activity fees	27,444	-	-	27,444	3,376
Wills and bequests	20,765	-	-	20,765	-
Memorials/honorariums	13,960	-	-	13,960	17,786
Brooke Gordon Leadership fund	-	-	-	-	1,647
Loan forgiveness income	-	-	-	-	107,200
Investment income	(75,714)	(72,946)	-	(148,660)	133,154
Other	1,213	-	-	1,213	1,214
In-kind donations (Note 10)	18,336	-	-	18,336	6,670
Net assets released from restrictions (Note 11)	43,877	(43,877)	-	-	-
Total revenue and other support	988,730	(106,038)	-	882,692	1,105,779
Expense					
Program	975,801	-	-	975,801	691,149
Supporting services					
Management and general	123,931	-	-	123,931	108,172
Fund-raising	60,374	-	-	60,374	49,108
Total expense	1,160,106	-	-	1,160,106	848,429
Change in net assets	(171,376)	(106,038)	-	(277,414)	257,350
Net assets, beginning of year	973,141	106,038	571,646	1,650,825	1,393,475
Net assets, end of year	$ 801,765	$ -	$571,646	$ 1,373,411	$1,650,825

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO & WYOMING

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 593,940	$ 40,041	$ 33,367	$ 667,348	$ 505,775
Payroll taxes and benefits	86,642	5,841	4,868	97,351	72,340
Camp	97,000	-	-	97,000	15,028
Rent	73,358	5,706	2,445	81,509	74,952
Internet	30,670	3,450	4,218	38,338	20,408
Dues	-	27,955	-	27,955	26,851
Travel, meetings and conferences	23,972	1,865	799	26,636	1,641
Lobbying	25,000	-	-	25,000	-
Contract accountant	-	17,700	-	17,700	17,670
Bank charges	4,582	4,582	6,110	15,274	11,675
Professional services	9,775	1,167	3,647	14,589	21,029
Accounting and audit	-	10,800	-	10,800	10,550
Insurance	2,923	2,923	3,897	9,743	9,003
Outreach	8,216	-	-	8,216	7,667
Client services	7,336	-	-	7,336	22,255
Telephone	3,658	163	243	4,064	3,942
Office expense	2,453	399	214	3,066	5,274
Postage	2,239	174	75	2,488	2,079
Supplies	1,584	141	35	1,760	4,805
Equipment	795	89	110	994	7,349
Stewardship	843	-	-	843	1,986
Interest expense	-	243	-	243	386
Printing	-	-	-	-	3,579
Other	123	-	-	123	95
	975,109	123,239	60,028	1,158,376	846,339
Depreciation	692	692	346	1,730	2,090
Total	$ 975,801	$ 123,931	$ 60,374	$ 1,160,106	$ 848,429

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO & WYOMING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (277,414)	$ 257,350
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	1,730	2,090
PPP loan forgiveness	-	(107,200)
Unrealized and realized (gains)losses on investments	202,127	(97,731)
Contributions restricted for long-term purposes	-	(1,647)
Changes in operating assets and liabilities		
(Increase)decrease in donations receivable	(21,396)	9,872
(Increase)decrease in grants receivable	(5,000)	15,000
(Increase)decrease in prepaid expenses and deposits	(14,547)	(1,387)
(Increase)decrease in right-of-use asset	71,177	-
(Decrease)increase in accounts payable	7,795	(1,478)
(Decrease)increase in payroll accruals	8,966	(5,199)
(Decrease)increase in deferred revenue	2,000	-
(Decrease)increase in operating lease liability	(69,835)	-
Net cash provided(used) by operating activities	(94,397)	69,670
Cash flows from investing activities		
(Reinvestment) of interest and dividends	(50,843)	(34,374)
(Purchase) of investments	-	(303,898)
Proceeds from sale of investments	150,000	74,101
Net cash provided(used) by investing activities	99,157	(264,170)
Cash flows from financing activities		
Borrowing on PPP note payable	-	107,200
Contributions restricted for permanent endowment	-	1,647
(Repayment) on capital lease obligation	(1,862)	(1,719)
Net cash provided(used) by financing activities	(1,862)	107,128
Net increase(decrease) in cash and cash equivalents	2,898	(87,372)
Cash and cash equivalents, beginning of year	206,362	293,734
Cash and cash equivalents, end of year	$ 209,260	$ 206,362
Supplemental disclosure of information		
Cash paid during the period for interest	$ 243	$ 386

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. In 2022 the Organization expanded its service area to include the state of Wyoming, and is now known as the Epilepsy Foundation of Colorado & Wyoming. 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 65,000 people in Colorado and Wyoming 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, 2022, 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, 2021, from which the summarized information was derived.

9. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether they will be classified as an operating or finance lease based upon the accounting criteria. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate to determine the present value of the future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms of 12 months or less. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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

10. 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).

11. Recently Adopted Accounting Standards

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic- 842),* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

As a result of adopting ASU No. 2016-02, the Organization recognized right of use assets and lease liabilities of $118,629 in its statement of financial position on January 1, 2022. The adoption had no impact upon net assets and did not result in a significant effect on amounts reported in the statement of activities or cash flows for the year.

12. Reclassifications

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

13. Subsequent Events

Management has evaluated subsequent events through April 20, 2023, the date the financial statements were available to be issued.

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	(56,146)
Net property and equipment	$ 1,730

Depreciation expense for the year was $1,730.

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	$ 41,803
Stocks	83,530
Equity mutual funds	338,845
Bond funds	277,016
Other investments	382,607
Total	$ 1,123,801

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 1/01/2022	$ 747,401	$ 106,038	$ 571,646	$ 1,425,085
Additions(withdrawals)	(100,000)	(50,000)	-	(150,000)
Interest and dividends	25,132	25,711	-	50,843
Net (decline)	(103,400)	(81,749)	(16,978)	(202,127)
Total investment return	(78,268)	(56,038)	(16,978)	(151,284)
Balance, end of 12/31/22	$ 569,133	$ -	$ 554,668	$ 1,123,801

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 spend $50,000 of the endowment earnings.

At year-end, the endowment has a value that is less than the original gifts. The fair value of the investments in the donor-restricted endowment account was $554,668 and the original gifts that created the endowment fund were $571,646. The deficit in the endowment at December 31, 2022, was $16,978. During the year, the Organization did not appropriate any expenditure from the underwater endowment. Management and the board will consult with the donor of the endowment funds before making any additional withdrawals from the underwater endowment.

Additionally, during the year the Organization earned income of $2,624 on its operating cash accounts.

NOTE 5 - OPERATING LEASE RIGHT OF USE ASSET AND LEASE OBLIGATION

The Organization has entered into an operating lease agreement for office space in the Denver-Metro area. The future minimum lease payments are as follows:

Period	Amount
January 2023 – August 2023	$ 49,528
Less amount representing interest	(735)
Present value of minimum lease payments	$ 48,793

The weighted average discount rate used to calculate the present value of future minimum lease payments was 4.00%. The weighted average lease term was .67 years as of year-end.

Supplemental cash flow information follows:

Description	Amount
Cash paid for amounts included in lease liabilities	
Operating cash outflows from operating leases	$ 73,316
Right-of-use assets obtained in exchange for lease liabilities	$ 118,629

NOTE 6 - FINANCING LEASE OBLIGATION

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

Period	Amount
January 2023 – December 2023	$ 2,105
January 2024 – March 2024	526
Total payments	2,631
Less: amount representing interest	(615)
Present value of capital lease	$ 2,016

NOTE 7 - 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 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Description	Amount
Endowment	$ 571,646

NOTE 9 - EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Credit under the CARES Act is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. During the year, the Organization filed for and received this credit in the amount of $80,189.

NOTE 10 - IN-KIND CONTRIBUTIONS

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the year consist of:

Description	Utilization in Programs/Activities	Donor Restrictions	Revenue Recognized
Camp Physicians	Programs	None	$ 11,398
Home office space	Programs, general, admin., and fundraising	None	6,600
Supplies	Programs	None	338
Total			$ 18,336

The value of Camp Physicians, home office space and supplies were based on their estimated fair value.

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:

Description	Amount
Youth and Young Adult Services	$ 33,092
Trainings	10,785
Total	$ 43,877

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

The Organization received about 61% 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 $13,985.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 209,260
Donations and grants receivable	34,050
Investments	1,123,801
	1,367,111
Less: amounts not available for general expenditures Within one year, due to:	
Endowment	(571,646)
Total financial assets available to meet cash needs for general expenditures within one year:	$ 795,465

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.