

**EPILEPSY FOUNDATION
OF COLORADO & WYOMING**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

EPILEPSY FOUNDATION OF COLORADO & WYOMING
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

April 17, 2024

Independent Auditors' Report

Board of Directors
Epilepsy Foundation of Colorado
Centennial, 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, 2023, 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, 2023, 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 & Wyoming 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 2022 financial statements and we expressed an unmodified audit opinion in our report dated April 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 186,660	\$ 209,260
Donations receivable	9,130	29,050
Grants receivable	-	5,000
Prepaid expenses and deposits	31,155	50,511
Operating lease right of use asset (Note 4)	102,080	47,451
Property and equipment (Note 5)	31,145	1,730
Investments - with and without donor restrictions (Note 6)	<u>1,152,757</u>	<u>1,123,801</u>
Total assets	<u><u>\$ 1,512,927</u></u>	<u><u>\$ 1,466,803</u></u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 30,612	\$ 21,355
Payroll liabilities	23,210	19,228
Deferred revenue	2,250	2,000
Operating lease obligation (Note 4)	105,480	48,793
Financing lease obligation (Note 7)	7,441	2,016
Line of credit (Note 8)	<u>-</u>	<u>-</u>
Liabilities	<u>168,993</u>	<u>93,392</u>
 Net assets		
Without donor restrictions	728,339	801,765
With donor restrictions		
Donor specific purposes (Note 9)	43,949	-
Endowment (Note 6 and Note 9)	<u>571,646</u>	<u>571,646</u>
	615,595	571,646
Total net assets	<u>1,343,934</u>	<u>1,373,411</u>
Total liabilities and net assets	<u><u>\$ 1,512,927</u></u>	<u><u>\$ 1,466,803</u></u>

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022	
	With Donor Restrictions				
	Without Donor Restrictions	Donor Specific Purposes	Endowment	Total	Total
<u>Revenue and other support</u>					
Special events income	\$ 758,194	\$ -	\$ -	\$ 758,194	\$ 708,477
less direct expenses	(255,316)	-	-	(255,316)	(168,499)
Contributions	225,948	-	-	225,948	195,532
Investment income	86,917	43,949	-	130,866	(148,660)
Foundation awards	71,900	29,000	-	100,900	133,935
Activity fees	45,699	-	-	45,699	27,444
Memorials/honorariums	19,208	-	-	19,208	13,960
Employee Retention Tax Credit	-	-	-	-	80,189
Wills and bequests	-	-	-	-	20,765
Other	7,459	-	-	7,459	1,213
In-kind donations (Note 10)	51,843	-	-	51,843	18,336
Net assets released from restrictions (Note 11)	29,000	(29,000)	-	-	-
Total revenue and other support	1,040,852	43,949	-	1,084,801	882,692
<u>Expense</u>					
Program	927,577	-	-	927,577	975,801
Supporting services					
Management and general	127,209	-	-	127,209	123,931
Fundraising	59,492	-	-	59,492	60,374
Total expense	1,114,278	-	-	1,114,278	1,160,106
Change in net assets	(73,426)	43,949	-	(29,477)	(277,414)
Net assets, beginning of year	801,765	-	571,646	1,373,411	1,650,825
Net assets, end of year	\$ 728,339	\$ 43,949	\$571,646	\$ 1,343,934	\$1,373,411

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022	
	Supporting Services				
	Programs and Outreach	Management and General	Fund- raising	Total	Total
Salaries	\$ 556,967	\$ 37,548	\$ 31,291	\$ 625,806	\$ 667,348
Payroll taxes and benefits	90,037	6,070	5,058	101,165	97,351
Camp	118,171	-	-	118,171	97,000
Rent	74,035	5,758	2,468	82,261	81,509
Dues	-	30,582	-	30,582	27,955
Professional services	13,897	1,659	5,186	20,742	14,589
Contract accountant	-	17,940	-	17,940	17,700
Travel, meetings and conferences	14,904	1,159	497	16,560	26,636
Bank charges	4,725	4,725	6,300	15,750	15,274
Internet	9,568	1,076	1,316	11,960	38,338
Accounting and audit	-	11,150	-	11,150	10,800
Insurance	3,279	3,279	4,372	10,930	9,743
Supplies	8,224	731	183	9,138	1,760
Client services	8,987	-	-	8,987	7,336
Outreach	6,446	-	-	6,446	8,216
Office expense	4,866	791	425	6,082	3,066
Telephone	3,848	171	257	4,276	4,064
Equipment	2,439	274	336	3,049	994
Postage	1,893	147	63	2,103	2,488
Stewardship	1,027	-	-	1,027	843
Printing	760	16	32	808	-
Interest expense	-	718	-	718	243
Lobbying	-	-	-	-	25,000
Other	89	-	-	89	123
	924,162	123,794	57,784	1,105,740	1,158,376
Depreciation	3,415	3,415	1,708	8,538	1,730
Total	\$ 927,577	\$ 127,209	\$ 59,492	\$ 1,114,278	\$ 1,160,106

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (29,477)	\$ (277,414)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,538	1,730
Unrealized and realized (gains)losses on investments	(93,084)	202,127
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations receivable	19,920	(21,396)
(Increase)decrease in grants receivable	5,000	(5,000)
(Increase)decrease in prepaid expenses and deposits	19,356	(14,547)
(Increase)decrease in right-of-use asset	62,034	71,177
(Decrease)increase in accounts payable	9,257	7,795
(Decrease)increase in payroll accruals	3,982	8,966
(Decrease)increase in deferred revenue	250	2,000
(Decrease)increase in operating lease liability	(59,976)	(69,835)
Net cash provided(used) by operating activities	<u>(54,200)</u>	<u>(94,397)</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of interest and dividends	(35,872)	(50,843)
(Purchase) of fixed assets	(30,512)	-
Proceeds from sale of investments	100,000	150,000
Net cash provided(used) by investing activities	<u>33,616</u>	<u>99,157</u>
<u>Cash flows from financing activities</u>		
(Repayment) on financing lease obligation	(2,016)	(1,862)
Net increase(decrease) in cash and cash equivalents	<u>(22,600)</u>	<u>2,898</u>
Cash and cash equivalents, beginning of year	<u>209,260</u>	<u>206,362</u>
Cash and cash equivalents, end of year	<u>\$ 186,660</u>	<u>\$ 209,260</u>
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	<u>\$ 718</u>	<u>\$ 243</u>
Property acquired under a financing leasing arrangement	<u>\$ 7,441</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

EPILEPSY FOUNDATION OF COLORADO & WYOMING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 stipulations 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, 2023, 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 twelve months ended December 31, 2022, from which the summarized information was derived.

9. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether it 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 an 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. Reclassifications

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

12. Subsequent Events

Management has evaluated subsequent events through April 17, 2024, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2023:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 186,660
Donations receivable	9,130
Investments	<u>1,152,757</u>
	1,348,547
Less: amounts not available for general expenditures	
Within one year, due to:	
Donor purpose restricted funds	(43,949)
Endowment	<u>(571,646)</u>
	<u>(615,595)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 732,952</u>

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.

NOTE 4 - 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:

<u>Period</u>	<u>Amount</u>
2024	\$ 42,044
2025	43,936
2026	<u>30,157</u>
Total payments	116,137
Less amount representing interest	<u>(10,657)</u>
Present value of minimum lease payments	<u>\$ 105,480</u>

The weighted average discount rate used to calculate the present value of future minimum lease payments was 7.00%. The weighted average lease term was 2.67 years as of year-end.

Supplemental cash flow information follows:

<u>Description</u>	<u>Amount</u>
Cash paid for amounts included in lease liabilities	
Operating cash outflows from operating leases	\$ 63,336
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ 116,663</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Computers and equipment	\$ 48,226
Project management software	30,125
Leased copier	7,828
Furniture and fixtures	<u>1,000</u>
Total	87,179
Less: accumulated depreciation	<u>(56,034)</u>
Net property and equipment	<u>\$ 31,145</u>

Depreciation expense for the year was \$8,538.

NOTE 6 - 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	\$ 37,183
Stocks	824,370
Equity mutual funds	138,096
Bond funds	112,534
Other investments	<u>40,574</u>
Total	<u>\$ 1,152,757</u>

Investment income and account activity is summarized as follows:

<u>Description</u>	Other Investments	Brooke Gordon Endowment Earnings <u>Purpose</u> <u>Restricted</u>	Brooke Gordon Endowment	Total <u>Investments</u>
Balance, beginning of 1/01/2023	<u>\$ 569,133</u>	<u>\$ -</u>	<u>\$ 554,668</u>	<u>\$ 1,123,801</u>
Additions(withdrawals)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Interest and dividends	13,769	22,102	-	35,871
Net appreciation	<u>54,260</u>	<u>21,847</u>	<u>16,978</u>	<u>93,085</u>
Total investment return	<u>68,029</u>	<u>43,949</u>	<u>16,978</u>	<u>128,956</u>
Balance, end of 12/31/23	<u>\$ 537,162</u>	<u>\$ 43,949</u>	<u>\$ 571,646</u>	<u>\$ 1,152,757</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 Young Adult and Mental Health Programs.

At year-end, the endowment equals the value of the original gifts of \$571,646. The increase in the endowment at December 31, 2023, was \$16,978. Management and the board will consult with the donor of the endowment funds before making any withdrawals from the endowment.

Additionally, during the year the Organization earned income of \$1,910 on its operating cash accounts.

NOTE 7 - FINANCING LEASE OBLIGATION

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

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 2,944
2025	2,944
2026	<u>2,453</u>
Total payments	8,341
Less: amount representing interest	<u>(900)</u>
Present value of lease obligation	<u>\$ 7,441</u>

NOTE 8 - 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 8.50%.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

<u>Description</u>	<u>Amount</u>
Endowment	\$ 571,646
Young adult and mental health programs	<u>43,949</u>
Total	<u>\$ 615,595</u>

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:

<u>Description</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Camp Physicians	Programs	None	\$ 28,540
Home office space	Programs, general, admin., and fundraising	None	8,700
Supplies	Programs	None	7,777
Food and beverages	Programs	None	3,638
Coaching	Programs	None	1,800
Lead nurse services	Programs	None	1,188
Speaker	Programs	None	200
Total			<u>\$ 51,843</u>

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:

<u>Description</u>	<u>Amount</u>
Wyoming Operations	\$ 15,000
Camp	<u>14,000</u>
Total	<u>\$ 29,000</u>

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

The Organization received about 47% of its revenue from participants at special events held during the period. The special events include Walk to End Epilepsy (5 events) with approximately 2,000 participants, Summits and Stars Gala with approximately 350 participants, Golf Tournament with approximately 140 participants and Sporting Clays Classic with approximately 120 participants.

NOTE 13 - DEFINED CONTRIBUTION RETIREMENT 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 \$10,381.