

**EPILEPSY FOUNDATION
OF GREATER LOS ANGELES**

**Financial Statements
June 30, 2014 and 2013
And For The Years Then Ended**

Together with Independent Auditor's Report

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
TABLE OF CONTENTS
June 30, 2014 and 2013

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Allocation of Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 23



Voice: 626-793-3600
Fax: 626-793-3631
E-mail: info@snh-cpa.com

301 N. Lake Avenue
Suite 900
Pasadena, CA 91101-4108

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Epilepsy Foundation of Greater Los Angeles

We have audited the accompanying financial statements of Epilepsy Foundation of Greater Los Angeles (the Foundation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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 the Foundation as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The programs disclosure included in Note 2 on pages 9 – 14 is presented by management for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Stanislawski & Harrison". The signature is written in black ink and is positioned above the printed name of the firm.

STANISLAWSKI & HARRISON

December 16, 2014

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
ASSETS:		
Cash and cash equivalents - Operating (Note 4)	\$ 723,588	\$ 524,562
Cash and cash equivalents - Designated for Care and Cure initiatives (Note 4)	1,362,022	1,245,601
Accounts receivable, net of allowance of \$8,000 in 2014 and \$20,000 in 2013	109,461	81,398
Pledges receivable, net (Note 5)	100,800	207,238
Prepaid grants (Note 12)	51,148	28,686
Other prepaid expenses	41,757	46,117
Deposits and other assets	2,099	2,886
Beneficial interest in charitable perpetual trust (Note 6)	1,360,000	1,460,000
Total assets	\$ 3,750,875	\$ 3,596,488
 LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 89,319	\$ 54,442
Accrued grants payable (Note 12)	45,144	54,181
	134,463	108,623
 Commitments (Note 10)		
Net assets:		
Unrestricted:		
Unrestricted	582,245	403,569
Board-designated - Care and cure initiatives	1,419,750	1,245,041
- Development/marketing	29,040	60,660
Total unrestricted	2,031,035	1,709,270
Temporarily restricted (Note 7)	184,377	277,595
Permanently restricted (Note 8)	1,401,000	1,501,000
Total net assets	3,616,412	3,487,865
Total liabilities and net assets	\$ 3,750,875	\$ 3,596,488

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES

Statement of Activities

For Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	Unrestricted	Board-Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
SUPPORT AND REVENUE:							
Contributions	\$ 244,745	\$ 2,500	\$ 247,245	\$ 22,631	\$ -	\$ 269,876	\$ 269,879
Special events revenue (Note 11)	628,112	896,843	1,524,955	5,275	-	1,530,230	1,105,507
Special events expense (Note 11)	(189,214)	(279,639)	(468,853)	-	-	(468,853)	(378,289)
Investment income (Note 6)	96,013	1,387	97,400	88	(100,000)	(2,512)	166,346
Net assets released from restrictions (Note 7)	21,212	100,000	121,212	(121,212)	-	-	-
Total revenue	800,868	721,091	1,521,959	(93,218)	(100,000)	1,328,741	1,163,443
EXPENSES:							
Program services:							
Care - Specialty services	26,091	513,049	539,140	-	-	539,140	636,792
Care - Supportive services	65,734	-	65,734	-	-	65,734	128,242
Care - Camp programs	74,638	-	74,638	-	-	74,638	35,502
Advocacy and awareness	129,826	-	129,826	-	-	129,826	199,473
Research and cure	11,865	33,333	45,198	-	-	45,198	45,180
Education and outreach	192,961	-	192,961	-	-	192,961	156,483
Total program services	501,115	546,382	1,047,497	-	-	1,047,497	1,201,672
Supporting services:							
Administrative	97,461	-	97,461	-	-	97,461	67,785
Fundraising	55,236	-	55,236	-	-	55,236	39,445
Total supporting services	152,697	-	152,697	-	-	152,697	107,230
Total expenses	653,812	546,382	1,200,194	-	-	1,200,194	1,308,902
Board reclassification	(31,620)	31,620	-	-	-	-	-
Change in net assets	178,676	143,089	321,765	(93,218)	(100,000)	128,547	(145,459)
NET ASSETS - Beginning of year	403,569	1,305,701	1,709,270	277,595	1,501,000	3,487,865	3,633,324
NET ASSETS - End of year	\$ 582,245	\$ 1,448,790	\$ 2,031,035	\$ 184,377	\$ 1,401,000	\$ 3,616,412	\$ 3,487,865

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Activities
For Year Ended June 30, 2013

	Unrestricted	Board- Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 243,354	\$ 2,000	\$ 245,354	\$ 24,525	\$ -	\$ 269,879
Special events revenue (Note 11)	397,165	708,342	1,105,507	-	-	1,105,507
Special events expense (Note 11)	(128,644)	(249,645)	(378,289)	-	-	(378,289)
Investment income (loss) (Note 6)	83,789	2,430	86,219	127	80,000	166,346
Net assets released from restrictions (Note 7)	34,130	100,000	134,130	(134,130)	-	-
Total revenue	629,794	563,127	1,192,921	(109,478)	80,000	1,163,443
EXPENSES:						
Program services:						
Care - Specialty services	27,294	609,498	636,792	-	-	636,792
Care - Supportive services	128,242	-	128,242	-	-	128,242
Care - Camp programs	35,502	-	35,502	-	-	35,502
Advocacy and awareness	199,473	-	199,473	-	-	199,473
Research and cure	11,847	33,333	45,180	-	-	45,180
Education and outreach	156,483	-	156,483	-	-	156,483
Total program services	558,841	642,831	1,201,672	-	-	1,201,672
Supporting services:						
Administrative	67,785	-	67,785	-	-	67,785
Fundraising	39,445	-	39,445	-	-	39,445
Total supporting services	107,230	-	107,230	-	-	107,230
Total expenses	666,071	642,831	1,308,902	-	-	1,308,902
Board reclassification	(73,526)	73,526	-	-	-	-
Change in net assets	37,249	(153,230)	(115,981)	(109,478)	80,000	(145,459)
NET ASSETS - Beginning of year	366,320	1,458,931	1,825,251	387,073	1,421,000	3,633,324
NET ASSETS - End of year	\$ 403,569	\$ 1,305,701	\$ 1,709,270	\$ 277,595	\$ 1,501,000	\$ 3,487,865

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Functional Allocation of Expenses
For Year Ended June 30, 2014

	Program Services						Supporting Services			Total
	Care-Specialty Services	Care-Supportive Services		Advocacy and Awareness	Research and Cure	Education and Outreach	Sub Total	Supporting Services		
		Other Supportive	Camp Programs					Administrative	Fundraising	
Salaries	\$ 14,506	\$ 34,448	\$ 34,643	\$ 70,608	\$ 6,632	\$ 121,570	\$ 282,407	\$ 47,915	\$ 23,833	\$ 354,155
Employee benefits and payroll taxes	2,797	6,643	6,680	13,616	1,279	23,443	54,458	9,240	4,596	68,294
Care and cure initiatives-Donations and grants	17,303	41,091	41,323	84,224	7,911	145,013	336,865	57,155	28,429	422,449
Professional fees and contract services	518,229	-	500	-	35,500	-	554,229	-	-	554,229
Office expenses	509	5,677	5,157	13,454	233	13,105	38,135	24,620	11,935	74,690
Equipment maintenance	1,900	5,138	4,558	9,407	869	16,013	37,885	10,424	3,122	51,431
Communications	292	693	697	1,420	133	2,445	5,680	964	479	7,123
Printing, postage and delivery	321	804	767	1,817	271	3,208	7,188	1,160	1,846	10,194
Dues, subscriptions and fees	189	506	4,730	5,120	87	5,612	16,244	684	4,499	21,427
Offsite related program costs	72	550	203	400	33	606	1,864	441	1,022	3,327
Travel, training and advisory meetings	325	9,580	14,878	1,567	-	2,018	28,043	-	529	28,572
		1,695	1,825	12,417	161	4,941	21,364	2,013	3,375	26,752
Total expenses	\$ 539,140	\$ 65,734	\$ 74,638	\$ 129,826	\$ 45,198	\$ 192,961	\$ 1,047,497	\$ 97,461	\$ 55,236	\$ 1,200,194

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Functional Allocation of Expenses
For Year Ended June 30, 2013

	Program Services						Supporting Services			Total
	Care-Specialty Services	Care-Supportive Services		Advocacy and Awareness	Research	Education and Outreach	Sub Total	Administrative	Fundraising	
		Other Supportive	Camp Programs							
Salaries	\$ 17,606	\$ 72,223	\$ 14,844	\$ 95,118	\$ 8,125	\$ 91,434	\$ 299,350	\$ 40,806	\$ 24,014	\$ 364,170
Employee benefits and payroll taxes	2,821	12,648	2,327	16,658	1,423	16,013	51,890	7,146	4,206	63,242
Care and cure initiatives-Donations and grants	20,427	84,871	17,171	111,776	9,548	107,447	351,240	47,952	28,220	427,412
Professional fees and contract services	609,498	-	500	-	33,833	-	643,831	-	-	643,831
Office expenses	443	9,819	4,280	31,902	223	10,266	56,933	11,872	3,950	72,755
Equipment maintenance	1,977	9,665	1,631	11,840	997	12,427	38,537	5,008	2,958	46,503
Communications	321	1,442	265	1,899	162	1,825	5,914	815	479	7,208
Printing, postage and delivery	292	1,318	272	7,308	147	1,663	11,000	739	1,024	12,763
Dues, subscriptions and fees	287	2,482	497	2,938	104	13,903	20,211	568	659	21,438
Offsite related program costs	126	955	193	735	59	659	2,727	294	630	3,651
Travel, training and advisory meetings	929	15,762	10,281	15,962	-	3,483	46,417	-	-	46,417
	2,492	1,928	412	15,113	107	4,810	24,862	537	1,525	26,924
Total expenses	\$ 636,792	\$ 128,242	\$ 35,502	\$ 199,473	\$ 45,180	\$ 156,483	\$ 1,201,672	\$ 67,785	\$ 39,445	\$ 1,308,902

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Cash Flows
For Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 128,547	\$ (145,459)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Unrealized loss (Gain) on beneficial interest in charitable perpetual trust, net	100,000	(80,000)
Accounts receivable, net	(28,063)	51,879
Pledge receivable, net	106,438	78,703
Other prepaid expenses	4,360	(25,102)
Prepaid grants	(22,462)	6,314
Deposits and other assets	787	(319)
Accounts payable and accrued expenses	34,877	(21,767)
Accrued grants payable	(9,037)	(4,487)
Net cash provided by (used in) operating activities	<u>315,447</u>	<u>(140,238)</u>
Cash and cash equivalents, beginning of year	<u>1,770,163</u>	<u>1,910,401</u>
Cash and cash equivalents, end of year	<u>\$ 2,085,610</u>	<u>\$ 1,770,163</u>

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(1) **ORGANIZATION**

Established in 1957, the Epilepsy Foundation of Greater Los Angeles (the Foundation) is a not-for-profit corporation located in Los Angeles, California. It is the only 501(c)(3) charitable organization dedicated solely to serving about 160,000 people living with epilepsy in Los Angeles County and the surrounding counties of Orange, San Bernardino and Ventura. The Foundation is affiliated with the national Epilepsy Foundation which has offices in Landover, Maryland.

Steven Baum was President of the Board of Trustees of the Foundation since 2013, and Susan Pietsch-Escueta, MPH, continued as Executive Director.

The mission of the nationwide Epilepsy Foundation is to stop seizures and Sudden Unexpected Death in Epilepsy (SUDEP), find a cure and overcome the challenges created by epilepsy through efforts including education, advocacy and research to accelerate ideas into therapies. Our Foundation chooses to fulfill this mission by leading the fight to END EPILEPSY. Our strategies include:

- Care - Specialty and Supportive
- Advocacy & Awareness
- Research for Cures
- Education & Outreach

(2) **PROGRAMS – Unaudited**

The brief description of programs and services below also includes some quantification of the Foundation's program service accomplishments for the fiscal year ended June 30, 2014.

CARE - To deliver much needed care to improve outcomes

Specialty Care – To improve access to and quality of specialty epilepsy care

Combat a shortage of care by funding the training and work of new neurology/epilepsy specialists caring for children in our region

- a) Continued to support the training and work of Pediatric Neurology Residents and Pediatric Epilepsy Fellows and/or Faculty in our region (see table below). To date, we have supported or currently support or have committed to support 20 grants for fellows/ faculty in pediatric epilepsy.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(2) PROGRAMS – Unaudited (Continued)

#	Fiscal Yr Begun	Fellowship/ Faculty	Hospital Univ	Physician's Name	# Yrs
Prior Fiscal Years					
1	FY2006	The W. Donald Shields Fellowship	UCLA	Shaun Hussain	3
2	FY2007	The Joseph P. Van Der Meulen Faculty	USC	Arthur Partikian	3
Awarded in FY2011					
3	FY2012	The Julie & Stephen DesJardins Pediatric Epilepsy Fellow	UCLA	Lekha Rao	2
4	FY2012	The Earl I. Feldhorn Pediatric Epilepsy Faculty	USC	David Millett	2.5
5	FY2012	Care and Cure Fellow	USC	Sana Javed-Ebeid	1
Awarded in FY2012					
6	FY2012	Care and Cure Faculty	CHLA	Jay Desai	2
7	FY2012	Care and Cure Fellow	UCSF	Jiadong Chen	1
8	FY2013	Care and Cure Fellow	USC	Meko Porter	1
9	FY2013	Care and Cure Fellow	CHLA	Olivia Kim	2
10	FY2013	The Jim Abrahams Pediatric Epilepsy Fellow	UCLA	Nicole Cobo	2
Awarded in FY2013					
11	FY2013	Care and Cure Fellow	CHLA	Carla Francisco	2
12	FY2014	Care and Cure Fellow	UCLA	Don Phillips	2
13	FY2014	Care and Cure Fellow	USC	Manpreet Multani	1
Awarded in FY2014					
14	FY2014	Care and Cure Fellow	UCSF	Jiadong Chen	1
15	FY2014	Care and Cure Fellow	CHLA	Noelle Tiongson	2
16	FY2015	Care and Cure Fellow	UCLA	Adam Numis	2
17	FY2015	Care and Cure Fellow	USC	Karandev Rai	1

USC = USC Keck School of Medicine, LA County Medical Center and/or Rancho Medical Center; UCLA = Mattel Children's Hospital at UCLA David Geffen School of Medicine; CHLA = Children's Hospital Los Angeles; UCSF= University of California, San Francisco

Additionally, as a result of the Care and Cure Benefit in June 2014, the Foundation has awarded a 2 year grant to CHLA for a Pediatric Epilepsy Fellow beginning in September 2014 and has verbally committed to a fellowship grant at both UCLA and USC beginning in July 2015 (FY2016):

- b) The Foundation also supported pediatric epilepsy specialty programs at major medical centers.

Fiscal Yr Begun	Specialty Clinic	Hospital / Univ	# Yrs
Awarded in FY2011			
FY2011	Dietary Treatment for Pediatric Epilepsy	UCLA	2
Awarded in FY2013			
FY2013	Dietary Treatment for Pediatric Epilepsy	USC-County	1.5
Awarded in FY2014			
FY2014	Dietary Treatment for Pediatric Epilepsy	CHLA	2

Also previously provided donations to support pediatric epilepsy specialty care at Mattel Children's Hospital and to "Serving Underserved, Inc." for the pediatric epilepsy clinic at County/USC Medical Center.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(2) PROGRAMS – Unaudited (Continued)

Additionally, as a result of the Care and Cure Benefit in June 2014, the Foundation verbally committed to a new grant to continue support for the UCLA Dietary Treatment program.

Facilitated referrals to specialty epilepsy care

- *See also Helpline (see Information, Referral, Resources under Education)*

Supportive Care, including Family Day, Retreat Day for Adults, and Camp – To combat isolation, promote confidence and empower and ensure no one has to fight this battle on their own

Offered vital information and support to individuals and family members

- Therapy Group held almost monthly for Adults and for Friends & Family
- Self-Help Group for Adults

Provided referrals and other local support through Community Connect

- Callers are referred to a support group, to another person/parent affected by epilepsy, and/or to an activity or a resource of interest in the community in order to connect them with others.

Organized and/or offered recreational and social events where children, adults and families can connect others and learn from each other.

- Summer Camp -
 - We sponsored 3 campers to “Camp Coelho” in Northern California from June 29-July 4, 2014.
Helped support Christopher’s Family Camp organized by the Epilepsy Center in San Bernardino County in 2014.
- Seasonal Family Events –
 - Adult Holiday Social – 10 participants (December 2013)
 - New Year’s Forum – 59 participants (January 2014)
 - Family Day – 170 participants (Sept 2013) and 231 participants (June 2014)
 - Dinner & Dance – 130 participants (June 2014)
- College Scholarships - Lizzie Saft Scholarship Fund
3 scholarships for education/training were given to teens and adults with epilepsy
- Assistance Fund - (Freedman Family Fund)
 - ✓ Seizure alert bracelets and necklaces distributed upon request
 - ✓ Other forms of emergency assistance available on a case-by-case basis

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(2) PROGRAMS – Unaudited (Continued)

- Studio E Art Therapy Program: Open Sessions - 30 participants

ADVOCACY & AWARENESS - To promote understanding, fairness, access and justice

Increased and strengthened awareness activities to draw attention to our fight to END EPILEPSY.

Promoted awareness at the state level in California

Promoted awareness about epilepsy statewide and in Sacramento through Epilepsy California.

(a) Conducted an Epilepsy Advocacy Day at the State Capitol in Sacramento (April 2014) where we distributed “Epilepsy Packets” to all legislators offices and hosted the Big Brain exhibit for visitors on the lawn of the Capitol. Generally promoted awareness about epilepsy in Sacramento to educate legislators and policymakers about epilepsy.

(b) Continued to support the implementation of SB161-Diastat Bill including the development and production of a training video on administration of Diastat for parents and school personnel. The objective is to ensure that California schoolchildren can receive emergency rescue medication if they have a prolonged seizure or repeated seizures at school. We presented the training video to the Department of Education and are giving it to school nurses.

(c) Participated in statewide events: Hosted a booth at the California School Nurses Organization annual meeting (Sacramento, March 2014); and Disability Capitol Action Day in Sacramento (Sacramento, May 2014). [see EDUCATION & OUTREACH].

Promoted awareness and advocated at the federal level in Washington, D.C.

Participated in nationwide advocacy through the Epilepsy Foundation’s Speak Up / Speak Out and Kids Speak Up program to urge more support for epilepsy research and epilepsy services, and engage young people as advocates

- Public Policy Institute, Washington, D.C., March 24-26, 2014 – 21 participants from our region

Promoted awareness and recruited grassroots advocates:

Hosted annual Walk to End Epilepsy and have a presence in other walks/runs

- Walk to End Epilepsy (Nov. 17, 2013) – 3,496 participants
- Team Epilepsy at the LA City Marathon 2014 (March 8-9, 2014) – 19 participants

Such community walks directly grow awareness about epilepsy as each walker speaks up about the cause and engages others as sponsors in the cause. Each participant becomes an advocate candidate

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(2) PROGRAMS – Unaudited (Continued)

Optimized our website and social media platforms to promote awareness

- Maintained our website: www.ENDEPILEPSY.org.
- Continued our social media outlets:
 Facebook Page (www.facebook.com/EndEpilepsy) [about 31,000 fans] and Twitter (www.Twitter/EndEpilepsy) [about 3,500] and END EPILEPSY YouTube channel
- Ensured EFGLA events are listed in online directories and calendars for increased web visibility and search results optimization on yellowbot, yahoo local, bing local, google local, aol yellow pages, superpages, etc.

RESEARCH - To accelerate cures for the epilepsies

Supported pediatric epilepsy research

- Continued as the largest affiliate sponsor of epilepsy research. Donated to pediatric epilepsy research through the national Epilepsy Foundation. We funded research on “inflammation mechanisms in epileptogenesis after febrile status epilepticus” conducted by Katelin Patterson at the University of California, Irvine, and also partially supported other research
- Indirectly supported research conducted as part of the training of Care & Cure fellows.
- Promoted epilepsy research and informed about approved research activities in our region

EDUCATION & OUTREACH - To promote prevention and safety and improve quality of life

Organized and offered a variety of forums and opportunities to disseminate information and updates on epilepsy

School training – “Managing Students with Seizures” and other community-based training on Recognizing Seizures and Performing First Aid”

- Hosted a booth at the California School Nurses Organization annual meeting (March 27-29, 2014) to promote the “Managing Students with Seizures” training program and resources. 164 school nurses visited the booth and received an “Epilepsy Kit” for school nurses.
- Emailed school nurses and mailed “Epilepsy Kits” as requested.
- Conducted the “Managing Students with Seizures” training for 93 LAUSD school nurses (April 22, 2014)
- Conducted both school-based and community-based outreach events and trainings about seizure recognition, seizure first aid and safety: At least 44 presentations/trainings to 3,953 persons, including school personnel

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(2) PROGRAMS – Unaudited (Continued)

Big Brain Exhibit – “Love Your Brain Now”

- Our unique Big Brain exhibit visited 4 schools and 2,160 students with these key messages: (a) Everyone has a brain. Seizures come from the brain. So everyone needs to know how to care for the brain. (b) Caring for the brain can help to: (i) Prevent brain trauma and seizures, and (ii) Reduce seizures if you have epilepsy, (c) Anyone can have a seizure at any time, so everyone needs to know about epilepsy and seizure first aid.

Provided information, referral and resources through our Helpline, Brian Alan Sitomer Memorial Resource Center, E-News and Website:

- Over 1,000 callers per year, and a database with 11,417 households
- Email recipients totals 9,603 with at least one monthly Enews

Conducted outreach to Hispanic communities through informational handouts and epilepsy education. Note: Key programs are promoted to Hispanic community and the Foundation has a bilingual staff team member.

Educated and supported families and caregivers through our monthly Second Saturday Seminars: 41 participated in 4 seminars

Other activities that educated our community, including those affected by epilepsy: Care & Cure Benefit, June 10, 2014, 715 participants

(3) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles as applicable to non-profit educational institutions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein have been classified and are reported as follows:

Unrestricted net assets are either not restricted by donors, or the donor-imposed restrictions have expired. This category includes net assets which have been designated by the Board of Directors and investment in property and equipment.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained in perpetuity, but permit the Foundation to expend the income derived from the donated assets for either specified or unspecified purposes.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment - Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include donor-restricted funds (Bodenstein Endowment) that the Foundation must hold in perpetuity. Under the Foundation's policy, as approved by the Board of Directors, the Endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on income-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy

The Foundation has an endowment spending policy to limit spending annually so as to not exceed 5% of its endowment balance with the objective of 2% growth annually for current and future endowments. However, during the years ended June 30, 2014 and 2013, there was no spending from the endowment.

Revenue and Expense Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Cash Equivalents

Cash equivalents include cash in bank and amounts invested in money market funds.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (FASB ASC 820) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Credit Concentration

The Foundation maintains its cash in checking and money market accounts, which at times may exceed federally insured limits. The Foundation's cash is principally held by recognized financial institutions. The Federal Deposit Insurance Corporation insures accounts held in a bank up to \$250,000. The Security Protection Insurance Corporation (SPIC) insures accounts held at Wedbush Morgan Securities up to \$500,000 and Wedbush Morgan Securities provides additional SPIC through Lloyd's of London up to \$1,000,000.

Beneficial Interest in Charitable Perpetual Trust

The Foundation is the beneficiary of the Garnier Trust, the assets of which are in the custody of Wells Fargo Bank, as trustee. Net gains and losses related to the beneficial interest are reported as changes in permanently restricted net assets. In accordance with the trust agreement, as amended, the trustee distributes 50% of the net income of the trust to the Foundation on a monthly basis.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Reclassification

The net income from the Care and Cure Event is primarily designated by the Board for Care and Cure Initiatives-donations and grants. Each year, at its discretion, the Board may reclassify an approved amount to cover certain unrestricted expenditures of the Foundation.

Functional Allocation of Expenses

The costs of Foundation's program services and support services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations are based upon management's evaluations of the Foundation's activities throughout the period.

Income Taxes

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is classified by the Internal Revenue Service as other than a private foundation. Qualifying contributions to the Foundation are tax deductible.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Foundation are more likely than not to be sustained upon examination. The returns are subject to examination by Federal and state taxing authorities generally three and four years, respectively, after they are filed.

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 in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events

Subsequent events have been evaluated through December 16, 2014, the date that these financial statements were available to be issued.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement

In October 2012, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) Statement of Cash Flows (Topic 230), Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (ASU 2012-05). The amendments in this update require an organization to classify cash receipts from the sale of donated financial assets (e.g., stocks, bonds, and other contractual claims) as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash inflows from financing activities and shall be simultaneously reported as cash outflows from investing activities. The Foundation adopted ASU 2012-05 on July 1, 2013.

(4) CASH AND CASH EQUIVALENTS

At June 30, 2014 and 2013, cash and cash equivalents are as follows:

	<u>2014</u>	<u>2013</u>
Wedbush Morgan securities - money market	\$ 587,913	\$ 486,456
Bank of America - checking	<u>135,675</u>	<u>38,106</u>
Cash and cash equivalents - operating	<u>\$ 723,588</u>	<u>\$ 524,562</u>
Wedbush Morgan securities - money market	\$ 1,110,367	\$ 994,885
Grandpoint Bank	<u>251,655</u>	<u>250,716</u>
Cash and cash equivalents - Care and Cure initiatives	<u>\$ 1,362,022</u>	<u>\$ 1,245,601</u>

(5) PLEDGES RECEIVABLE

At June 30, 2014 and 2013, the Foundation has unrestricted pledges receivable expected to be received in the year ending June 30, 2015, as follows:

	<u>2014</u>	<u>2013</u>
Unrestricted Pledges Receivable	\$ 100,800	\$ 212,000
Less: Discount to Present Value at 5%	<u>-</u>	<u>(4,762)</u>
	<u>\$ 100,800</u>	<u>\$ 207,238</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(6) BENEFICIAL INTEREST IN CHARITABLE PERPETUAL TRUST

The Foundation has a 100% beneficial interest in a charitable perpetual trust (Garnier Trust), the assets of which are held in a bank and managed by a third-party trustee. At June 30, 2014 and 2013, the assets in the trust had a fair value of \$2,068,027 and \$2,015,645, respectively. The Garnier Trust is a level 2 asset in the fair value hierarchy, as described in Note 3. At June 30, 2014 and 2013, the fair market value of trust assets invested were as follows:

	<u>2014</u>	<u>2013</u>
Fixed Income:		
U.S. government obligations	\$ 267,600	\$ 278,608
Corporate obligations	318,599	430,824
Domestic mutual funds	606,621	524,050
Common trust funds	134,313	132,564
Total fixed income	<u>1,327,133</u>	<u>1,366,046</u>
Equities:		
U.S. equities	281,977	250,401
International equities	54,245	47,328
Domestic mutual funds	134,087	131,838
International mutual funds	70,563	89,857
Total equities	<u>540,872</u>	<u>519,424</u>
Real estate and specialty assets	126,986	115,690
Money market	<u>73,036</u>	<u>14,485</u>
	<u>\$ 2,068,027</u>	<u>\$ 2,015,645</u>

For the years ended June 30, 2014 and 2013, the Foundation received distributions of \$89,851 and \$75,024, respectively, which is included in the unrestricted investment income. The present value of the estimated expected future cash flows from the trust's assets discounted at 5% at June 30, 2014 and 2013 was \$1,360,000 and \$1,460,000, respectively.

Investment (loss) income for the years ended June 30, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 7,637	\$ 11,322
Distributions from charitable perpetual trust	89,851	75,024
Unrealized (loss) gain on beneficial interest in charitable perpetual trust, net*	<u>(100,000)</u>	<u>80,000</u>
	<u>\$ (2,512)</u>	<u>\$ 166,346</u>

*(Loss) gain is based on decrease in discounted present value due to lower expected future cash flows.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(7) TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014 and 2013, temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Time Restriction (pledge receivable)	\$ 100,000	\$ 195,238
Lizzie Saft Fund (to be approved by donor)	51,738	59,594
Freedman Fund - Emergency Medical Assistance	12,389	13,463
Studio E Art Therapy Program	9,000	7,300
Walk to End Epilepsy	5,275	-
Family Day	2,500	-
Epilepsy Summit	2,500	-
Camp programs	975	-
School Training - Managing Students with Seizures	-	2,000
	<u>\$ 184,377</u>	<u>\$ 277,595</u>

Net assets were released from donor restrictions during the year by incurring expenses satisfying their restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2014</u>	<u>2013</u>
Time restriction	\$ 95,238	\$ 90,703
Studio E Art Therapy Program	7,300	21,340
Lizzie Saft Fund	9,000	12,000
Camp Programs	1,725	-
School Training - Managing Students with Seizures	6,000	6,000
Freedman Fund - Emergency Medical Assistance	1,949	4,087
	<u>\$ 121,212</u>	<u>\$ 134,130</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(8) PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENT

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support the following programs and activities at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Garnier Trust (income to be used for any program or activity of the Foundation)	\$ 1,360,000	\$ 1,460,000
Bodenstein Endowment Fund (income to be used for educational purposes)	<u>41,000</u>	<u>41,000</u>
	<u>\$ 1,401,000</u>	<u>\$ 1,501,000</u>

The Foundation's endowment consists of the Bodenstein Fund. As related funds are invested in money market funds, as directed by the Board of Directors, income and spending are not significant.

(9) EMPLOYEE BENEFIT PROGRAMS

The Foundation has a 403(b) Thrift Plan (the Plan) which includes employer contributions for eligible employees, as defined by the Plan. Employer contributions are vested in accordance with a graduated vesting schedule achieving 100% vesting after 5 years. For the years ended June 30, 2014 and 2013, the Foundation contributed \$6,666 and \$6,586 to the Plan, respectively. Additionally, employees may contribute to the Plan through voluntary salary reductions up to the statutory maximum. Employee contributions are 100% vested.

(10) COMMITMENTS

Office Lease

In December 2012, the Foundation entered into a third amendment to the lease agreement dated November 26, 2001 for an additional three years ending November 2015. The amendment includes one early termination option at the end of the 24th month. Monthly rent includes a base amount plus a pro-rata share of the increase in the landlord's operating expenses over the base year, scheduled annual rate increases of 3% and waives the Foundation's obligation to pay one-half of the monthly rent in six-month increments for a total of 3 months.

Equipment Leases

The Foundation has a non-cancelable operating lease agreement for copier equipment at a monthly rental of \$380 through April 2019 and a postage machine at a monthly rate of \$144 through July 2016.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(10) COMMITMENTS (Continued)

At June 30, 2014, the future minimum payments under the non-cancelable office rent and equipment leases are as follows:

Year Ending June 30	Office Lease	Equipment Leases	Total
2015	\$ 32,348	\$ 6,288	\$ 38,636
2016	14,245	6,288	20,533
2017	-	4,704	4,704
2018	-	4,560	4,560
2019	-	3,800	3,800
	<u>\$ 46,593</u>	<u>\$ 25,640</u>	<u>\$ 72,233</u>

For the years ended June 30, 2014 and 2013, rent expense charged to operations was \$37,573 and \$37,151, respectively.

(11) SPECIAL EVENTS

During the years ended June 30, 2014 and 2013, the Foundation held certain fundraising events. The revenue and expense of these individual events are as follows:

	Year Ended June 30, 2014		
	Care & Cure	Walk to End Epilepsy	Total
Revenue	\$ 1,001,843	\$ 528,387	\$ 1,530,230
Expenses	(279,639)	(189,214)	(468,853)
	<u>\$ 722,204</u>	<u>\$ 339,173</u>	<u>\$ 1,061,377</u>
	Year Ended June 30, 2013		
	Care & Cure	Walk to End Epilepsy	Total
Revenue	\$ 813,342	\$ 292,165	\$ 1,105,507
Expenses	(249,645)	(128,644)	(378,289)
	<u>\$ 563,697</u>	<u>\$ 163,521</u>	<u>\$ 727,218</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2014 and 2013

(12) DONATIONS AND GRANTS

From proceeds of the annual Care and Cure Benefit events, the Foundation supported Care and Cure initiatives. These initiatives include conditional grants to support fellows, faculty and specialty programs at various hospitals and universities which provide pediatric epilepsy specialty care and conduct pediatric epilepsy research. The Foundation accrues liabilities for the grants when earned by the recipients based upon the terms defined in the written agreements. As of June 30, 2014 and 2013, the Foundation had 12 and 11 such active conditional grants, respectively. Total grants and donations for the years ended June 30 are as follows:

<u>Hospital/University</u>	<u>Number of Active Grants</u>	<u>Total Active Grants</u>	<u>Expense</u>	
			<u>2014</u>	<u>2013</u>
University of California, Los Angeles	2	\$ 280,000	\$ 140,000	\$ 167,500
University of Southern California	4	430,885	141,857	247,768
Children's Hospital of Los Angeles	5	592,000	190,617	169,230
University of California, San Francisco	1	50,000	37,500	25,000
Total Grants	12	\$ 1,352,885	509,974	609,498
Donations to support research through National Epilepsy Foundation			33,333	33,333
Other donations			10,922	1,000
Total grants and donations			<u>\$ 554,229</u>	<u>\$ 643,831</u>

Subsequent to year end, three more grants totaling \$362,335 became active. The Foundation has verbal commitments for three additional grants totaling \$278,000.