

**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2016 and 2015**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Epilepsy Foundation New England

We have audited the accompanying consolidated financial statements of Epilepsy Foundation New England (a non-profit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects the financial position of Epilepsy Foundation New England and Subsidiary as of June 30, 2016 and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Epilepsy Foundation New England and Subsidiary 2015 consolidated financial statements, and our report dated January 22, 2016, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Chestnut Hill, Massachusetts  
November 29, 2016



EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2016 with Comparative Totals as of June 30, 2015**

**ASSETS**

	2016			2015
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Cash	\$ 1,821,515	\$ 60,256	\$ 1,881,771	\$ 1,573,185
Cash - Board designated	100,000	-	100,000	100,000
Accounts receivable	736,130	-	736,130	316,179
Unbilled revenue	166,618	-	166,618	-
Investments	313,022	-	313,022	387,072
Prepaid expenses	51,205	-	51,205	32,688
Deposits	16,350	-	16,350	1,650
Property and equipment, net	<u>137,287</u>	<u>-</u>	<u>137,287</u>	<u>32,424</u>
Total assets	\$ <u>3,342,127</u>	\$ <u>60,256</u>	\$ <u>3,402,383</u>	\$ <u>2,443,198</u>

**LIABILITIES AND NET ASSETS**

Liabilities:				
Accounts payable	\$ 142,443	\$ -	\$ 142,443	\$ 33,368
Accrued expenses	212,985	-	212,985	117,930
Deferred rent	<u>45,658</u>	<u>-</u>	<u>45,658</u>	<u>-</u>
Total liabilities	<u>401,086</u>	<u>-</u>	<u>401,086</u>	<u>151,298</u>
Net assets:				
Unrestricted	2,941,041	-	2,941,041	2,210,475
Temporarily restricted	<u>-</u>	<u>60,256</u>	<u>60,256</u>	<u>81,425</u>
Total net assets	<u>2,941,041</u>	<u>60,256</u>	<u>3,001,297</u>	<u>2,291,900</u>
Total liabilities and net assets	\$ <u>3,342,127</u>	\$ <u>60,256</u>	\$ <u>3,402,383</u>	\$ <u>2,443,198</u>





EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenues:				
Contributions and grants	\$ 186,564	\$ 10,850	\$ 197,414	\$ 224,512
EFA grants and revenue share	123,868	-	123,868	23,038
In-kind donations	131,868	-	131,868	147,194
Interest and dividend income	11,971	-	11,971	16,316
Unrealized gain (loss) on investments	11,207	-	11,207	(14,550)
Donation center poundage revenue	877,284	-	877,284	691,762
Donation center reimbursements	4,439,956	-	4,439,956	3,078,091
Program Service Fees:				
Camp fees and camperships	-	27,430	27,430	28,975
Other	-	-	-	12,473
Special events, net of direct costs of \$110,686 and \$83,752 in 2016 and 2015, respectively (see Note 3)	278,430	-	278,430	253,596
Other	4,160	-	4,160	9,870
Total support and revenues	6,065,308	38,280	6,103,588	4,471,277
Net assets released from restrictions	59,449	(59,449)	-	-
Total support and revenues	6,124,757	(21,169)	6,103,588	4,471,277
Expenses:				
Program services	4,806,784	-	4,806,784	3,732,591
Management and general	347,343	-	347,343	83,822
Fundraising	240,064	-	240,064	71,513
Total expenses	5,394,191	-	5,394,191	3,887,926
Increase in net assets	730,566	(21,169)	709,397	583,351
Net assets, beginning of year	2,210,475	81,425	2,291,900	1,708,549
Net assets, end of year	\$ 2,941,041	\$ 60,256	\$ 3,001,297	\$ 2,291,900



EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 709,397	\$ 583,351
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	22,746	6,359
Unrealized (gain) loss on investments	(11,207)	14,550
Changes in operating assets and liabilities:		
Accounts receivable	(419,951)	67,398
Unbilled revenue	(166,618)	-
Prepaid expenses	(18,517)	(29,990)
Deposits	(14,700)	5,000
Accounts payable	109,075	(10,278)
Accrued expenses	95,055	25,962
Deferred rent	45,658	-
	<u>350,938</u>	<u>662,352</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Net proceeds from sale (purchase of) investments	85,257	(401,622)
Purchase of property and equipment	<u>(127,609)</u>	<u>(38,783)</u>
	<u>(42,352)</u>	<u>(440,405)</u>
Net cash used for investing activities		
Net increase in cash	308,586	221,947
Cash, beginning of year	<u>1,673,185</u>	<u>1,451,238</u>
Cash, end of year	\$ <u>1,981,771</u>	\$ <u>1,673,185</u>



## EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

Note 1 **Nature of Organization**

The Epilepsy Foundation New England (the “Foundation”) is a non-profit organization incorporated and located in the Commonwealth of Massachusetts. The Foundation provides services to individuals with epilepsy and their families. Services provided include a network of information and a roster of direct and support services, employment coaching, camps, community and professional awareness, and educational programs.

The Foundation established its wholly owned subsidiary, the Epilepsy Foundation New England Donation Center, LLC (the “Donation Center”), a Massachusetts limited liability company, in which the Foundation is the sole member. The Donation Center accepts donations of gently used clothing and housewares.

**Principles of consolidation**

The accompanying consolidated financial statements include the accounts of the Foundation and the Donation Center (collectively “the Organization”). All intercompany balances, if any, were eliminated in consolidation.

Note 2 **Summary of significant accounting policies**

**Basis of accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Financial statement presentation**

Accounting standards require the Organization to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted net assets** – are those assets free of donor-imposed restrictions and include all revenues, expenses, gains and losses that are not subject to donor-restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. As of June 30, 2016 and 2015, the board had designated \$100,000.

**Temporarily restricted net assets** – include gifts, grants, income, gains, and pledges for which donor-imposed restrictions have not been met. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. As of June 30, 2016 and 2015, the Organization had \$60,256 and \$81,425, respectively, of temporarily restricted net assets.





EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 2 **Summary of significant accounting policies (continued)**

**Financial statement presentation (continued)**

**Permanently restricted net assets** – are those assets contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. As of June 30, 2016 and 2015, the Organization had no permanently restricted net assets.

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes, or by occurrence of other events as specified by donors. Donor restricted gifts that are received and expended within the same year are reported as unrestricted contributions.

**Advertising**

The Organization expenses advertising costs as incurred. Advertising expense totaled \$104,425 and \$75,057 for the years ended June 30, 2016 and 2015, respectively.

**Use of estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Contribution revenue**

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made or ownership of other assets is transferred to the Organization. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Accounts receivable**

Accounts receivable relates primarily to poundage revenue and reimbursements owed to the Donation Center (see Note 10). Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.



**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 2 **Summary of significant accounting policies (continued)**

**Income taxes**

The Foundation is a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore no provision for federal and state income taxes has been recorded in the accompanying consolidated financial statements. The Foundation is not a private foundation.

The Donation Center is a limited liability corporation whose sole member is the Foundation, therefore, the entity's activity takes on the tax exempt status of the Foundation.

**Income tax positions**

The Financial Accounting Standards Board ("FASB") has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Organization incurs interest or penalties as a result of unrecognized tax positions the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses. The Organization's tax filings are subject to audit by various taxing authorities. The Organization is not currently under examination by any taxing jurisdiction.

**Donated goods and services**

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and may otherwise be purchased by the Organization. Volunteers provided services throughout the year that are not recognized as contributions in the accompanying consolidated financial statements since the recognition criteria were not met.

**Investments and investment income and gains**

The Organization follows the not-for-profit subtopic of the FASB Accounting Standards Codification with respect to investments, and under this subtopic, investments in marketable equity securities with readily determinable fair values are stated at fair value in the statement of financial condition. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**Fair value**

Accounting standards provide a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable.





EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016 and 2015

Note 2 Summary of significant accounting policies (continued)

Fair value (continued)

Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Organization's financial assets reflected in the financial statements at fair value include its investments (see Note 6).

Subsequent events

The Organization has evaluated subsequent events through November 29, 2016, which is the date the financial statements were available to be issued.

Note 3 Special events

The Foundation holds various events to help fund operations. Expenses incurred in relation to these events are netted against the revenue earned from these events, which is shown as special events, net of direct costs, in the consolidated statements of activities and changes in net assets.

Revenue and expenses related to these events for the year ended June 30, 2016 are as follows:

<u>Special Event</u>	<u>Revenue</u>	<u>Direct Costs</u>	<u>Net</u>
Walk for Epilepsy	\$ 203,994	\$ 36,425	\$ 167,569
Dinner	<u>185,122</u>	<u>74,261</u>	<u>110,861</u>
	<u>\$ 389,116</u>	<u>\$ 110,686</u>	<u>\$ 278,430</u>

Revenue and expenses related to these events for the year ended June 30, 2015 are as follows:

<u>Special Event</u>	<u>Revenue</u>	<u>Direct Costs</u>	<u>Net</u>
Walk for Epilepsy	\$ 197,955	\$ 33,658	\$ 164,297
Dinner	<u>139,393</u>	<u>50,094</u>	<u>89,299</u>
	<u>\$ 337,348</u>	<u>\$ 83,752</u>	<u>\$ 253,596</u>



**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 4 **Lease commitments**

**Foundation**

For the period September 2015 to March 2016 the Foundation’s office space in Dorchester, Massachusetts was occupied as a tenant at will. Rent expense paid for this location was \$21,450 and \$27,999 for the years ended June 30, 2016 and 2015, respectively.

In February 2016 the Foundation moved its office space to Wilmington, Massachusetts and assumed the sub-lease agreement held by the Donation Center. The original agreement was a five year sub-lease agreement expiring in February 2019. The agreement was amended for the Foundation to assume the sub-lease in February 2016, with all other aspects of the lease remaining unchanged. Rent expense totaled \$15,889 for the year ended June 30, 2016 for the new location.

The Foundation sub-leases a small portion of this office space back to the Donation Center on a month-to-month basis. There is no formal lease agreement in place for this arrangement.

The future minimum commitments related to the office space are as follows as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 52,326
2018	53,634
2019	<u>31,738</u>
	<u>\$ 137,698</u>

**Donation Center**

For the period July 2015 to March 2016 the Donation Center’s office space was held under the lease agreement noted above that was assumed by the Foundation.

The Donation Center entered into a lease agreement in February 2016 for its new location in Billerica, Massachusetts, which was occupied in March 2016. This lease expires in September 2023. The lease agreement contains provisions for initial discounts (no payments until October 1, 2016) and future rent increases. The Organization records monthly rent expense equal to the total number of payments due divided by the total number of months in the lease term. The difference between rent expense recorded and paid is credited to deferred rent, which is included in the accompanying consolidated statements of financial position. As of June 30, 2016, deferred rent totaled \$45,658.





**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 4 **Lease commitments (continued)**

**Donation Center (continued)**

The Donation Center has other lease agreements which expire at various times through June 2021. The Donation Center also leases parking and office space under other month-to-month leases. Rent expense for all set term and month-to-month lease agreements was \$228,320 and \$237,305 for the years ended June 30, 2016 and 2015, respectively.

During the years ended June 30, 2016 and 2015, the Donation Center leased vehicles under various operating lease agreements, expiring at various dates through July 2018. Lease expense related to the truck leases totaled \$263,469 and \$300,564 for the years ended June 30, 2016 and 2015, respectively.

The future minimum commitments related to the office space and vehicles are as follows as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 421,463
2018	408,928
2019	159,783
2020	160,686
2021	164,403
Thereafter	<u>352,165</u>
	<u>\$ 1,667,428</u>

Note 5 **Property and equipment**

Property and equipment is stated at cost. Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the related assets, generally 3 to 6 years. Normal maintenance and repair costs are expensed as incurred. The Organization capitalizes property and equipment, purchased or donated, over \$500.



**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 5 **Property and equipment (continued)**

Property and equipment consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 81,417	\$ 22,287
Autos and trucks	30,048	-
Leasehold improvements	38,431	-
Website	<u>32,400</u>	<u>32,400</u>
	182,296	54,687
Less accumulated depreciation and amortization	<u>45,009</u>	<u>22,263</u>
	\$ <u>137,287</u>	\$ <u>32,424</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 totaled \$22,746 and \$6,359, respectively.

Note 6 **Fair value measurements**

Accounting standards require that financial and non-financial assets and liabilities recognized or disclosed in the financial statements on a recurring basis (at least annually), be measured at fair value. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

These standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These standards describe three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Organization’s assumptions about the assumptions a market participant would use in pricing the asset or liability.



**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 6 **Fair value measurements (continued)**

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2016 and 2015.

Equities and mutual funds are valued at closing price reported on the active market in which the individual investment is traded.

Corporate bonds are valued using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the valuation of the Organization's financial assets at June 30, 2016:

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Equities	\$ 92,147	\$	-	\$	-	\$	92,147
Mutual funds	92,518		-		-		92,518
Corporate bonds	<u>-</u>		<u>128,357</u>		<u>-</u>		<u>128,357</u>
Total assets at fair value	\$ <u>184,665</u>	\$	\$ <u>128,357</u>	\$	\$ <u>-</u>	\$	\$ <u>313,022</u>





EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 6 **Fair value measurements (continued)**

The following table summarizes the valuation of the Organization's financial assets at June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 92,903	\$ -	\$ -	\$ 92,903
Mutual funds	97,452	-	-	97,452
Corporate bonds	<u>-</u>	<u>196,717</u>	<u>-</u>	<u>196,717</u>
Total assets at fair value	\$ <u>190,355</u>	\$ <u>196,717</u>	\$ <u>-</u>	\$ <u>387,072</u>

Note 7 **Related party transactions**

The Foundation pays affiliation fees to and receives grants from the Epilepsy Foundation of America ("EFA"). Affiliation dues for the years ended June 30, 2016 and 2015 totaled \$3,911 and \$24,021, respectively. Grants and other revenue received by the Foundation for the years ended June 30, 2016 and 2015 totaled \$123,868 and \$23,038, respectively.

As of June 30, 2016 and 2015, \$6,250 and \$23,382, respectively, was due from the Foundation to EFA for membership dues. As of June 30, 2016 and 2015, \$16,011 and \$17,951, respectively, was due from EFA to the Foundation for revenue sharing and grants. The amounts are included in accounts payable or receivable as appropriate on the consolidated statements of financial position.

Board members donated \$72,277 and \$29,583 during the years ended June 30, 2016 and 2015, respectively, which is included in the statements of activities and changes in net assets.

Note 8 **In-kind donations**

The Foundation and the Donation Center received donated pro-bono legal services and other camp related services, which totaled \$131,868 and \$97,194 for the years ended June 30, 2016 and 2015, respectively. In addition, the Donation Center received a significant amount of contributed time from the President. These services totaled \$50,000 for year ended June 30, 2015. There were no contributed services from the President for the year ended June 30, 2016. Donated services are recorded in the accompanying consolidated financial statements at their estimated fair value.





**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 9 **Concentrations of credit risk**

The Foundation has established and maintains certain bank and credit union deposit accounts into which it has deposited Foundation cash. Those deposit accounts are as follows:

**First Commons Bank, N.A.**

First Commons Bank, N.A. is a chartered National Bank insured by the Federal Deposit Insurance Corporation (“FDIC”). Deposits at this bank are insured by the FDIC in the amount of \$250,000 (Please refer to the FDIC for related details). Deposits that exceed FDIC limits at First Commons Bank, N.A. are not eligible for supplemental insurance available from the Massachusetts Depositors Insurance Fund (“DIF”) because this Bank does not subscribe to DIF.

**Metro Credit Union**

Metro Credit Union is a Massachusetts chartered Credit Union insured by the National Credit Union Administration (“NCUA”). Deposits at this credit union are insured by the NCUA in the amount of \$250,000 (Please refer to the NCUA for related details). Deposits that exceed NCUA limits at Metro Credit Union are eligible for supplemental insurance available from the Massachusetts Credit Union Share Insurance Corporation (“MSIC”).

Management relies on accurate and timely updates, from depository institutions to their respective depositors, relative to risks associated with deposits in excess of the federal government guarantee.

Note 10 **Donated items purchase agreement**

On October 22, 2015 the Donation Center signed a new two-year agreement with TVI, Inc. to buy all donations of household goods and clothing received.

This agreement calls for two payment streams. The first is a reimbursement of mutually agreed-to budgeted expenses to support the Donation Center’s activity, including but not limited to pick-up and delivery costs, occupancy contribution solicitation costs, promotional activity and office administration. The second is a negotiated rate per cloth pound, plus specified amounts for furniture and household goods delivered to and received by TVI. Both amounts are included in the accompanying consolidated statements of activities and changes in net assets.

The TVI, Inc. agreement, which expires October 28, 2017, provides for an early termination clause whereby TVI, Inc. would be responsible for wind down expenses, including assumption of all vehicle and facility leases under terms and conditions as described in the agreement. In addition, the Donation Center is not liable for any leases and contracts that extend beyond the current expiration date of the agreement.



EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016 and 2015**

Note 11 **Retirement Plan**

The Organization sponsors a 403(b) retirement plan established for all eligible employees (as defined in the Plan document). The plan allows participants to defer a portion of their salary, subject to the Internal Revenue Code limits. In addition, at the discretion of the Organization, there is an option to fund an additional amount, as defined in the plan document. During the year ended June 30, 2016, the Organization elected not to fund an additional amount.

Note 12 **Contingencies**

From time to time, the Organization is subject to legal proceedings and claims in the ordinary course of business. The Donation Center has estimated an amount for certain legal proceedings totaling approximately \$73,000, which is included in accrued expenses in the accompanying consolidated statements of financial position at June 30, 2016.

Note 13 **Temporarily restricted net assets**

Temporarily restricted net assets consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Advocacy	\$ -	\$ 9,249
Camp	9,403	12,415
E-Studio	12,229	17,371
Scholarship	29,007	31,623
School Nurse	-	3,000
Pharma (Training)	1,850	-
Other	<u>7,767</u>	<u>7,767</u>
	\$ <u>60,256</u>	\$ <u>81,425</u>



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Epilepsy Foundation New England

We have audited the consolidated financial statements of Epilepsy Foundation New England (a non-profit organization) and Subsidiary as of and for the year ended June 30, 2016, and our report thereon dated November 29, 2016, which contained an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The comparative totals for 2015 have been derived from the Epilepsy Foundation New England's 2015 supplementary information and, in our report dated January 22, 2016, we expressed an unmodified opinion on that supplementary information.

Chestnut Hill, Massachusetts  
November 29, 2016

**EPILEPSY FOUNDATION NEW ENGLAND AND SUBSIDIARY**

**CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015**

	2016				2015
	Program Services	Management and General	Fundraising	Total	Total
Staff salaries	\$ 2,429,827	\$ 191,567	\$ 147,104	\$ 2,768,498	\$ 2,002,949
Fringe benefits	<u>402,256</u>	<u>26,125</u>	<u>14,906</u>	<u>443,287</u>	<u>314,238</u>
Total salaries and fringe benefits	2,832,083	217,692	162,010	3,211,785	2,317,187
Advertising	104,425	-	-	104,425	75,057
Contract services	267,847	43,885	4,165	315,897	160,320
Professional fees	111,016	45,686	32,921	189,623	94,823
Membership dues	3,910	-	-	3,910	24,021
Office and camp supplies	91,796	5,965	7,233	104,994	101,688
Interest	7,200	-	-	7,200	-
Telephone	79,549	2,439	2,957	84,945	56,182
Postage and shipping	208,127	399	484	209,010	53,183
Occupancy	292,404	10,066	12,205	314,675	291,836
Repairs and rental	76,373	1,896	2,299	80,568	51,388
Printing and reproduction	48,281	3,062	3,713	55,056	16,029
Travel and entertainment	50,518	7,700	9,337	67,555	59,732
Miscellaneous	35,092	7,696	1,701	44,489	11,760
Depreciation and amortization	20,850	857	1,039	22,746	6,359
Trucks - insurance	76,640	-	-	76,640	49,488
Trucks - fuel	131,419	-	-	131,419	172,524
Trucks - maintenance	11,435	-	-	11,435	8,128
Trucks - lease	263,469	-	-	263,469	300,564
Trucks - other	75,254	-	-	75,254	37,657
Logistics transfer costs	<u>19,096</u>	<u>-</u>	<u>-</u>	<u>19,096</u>	<u>-</u>
Total	\$ <u>4,806,784</u>	\$ <u>347,343</u>	\$ <u>240,064</u>	\$ <u>5,394,191</u>	\$ <u>3,887,926</u>