

**EPILEPSY FOUNDATION NEW ENGLAND, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED JUNE 30, 2018)**



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**EPILEPSY FOUNDATION NEW ENGLAND, INC.
AND SUBSIDIARY
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YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Epilepsy Foundation New England, Inc. and Subsidiary
Lowell, Massachusetts

We have audited the accompanying consolidated financial statements of Epilepsy Foundation New England, Inc. and Subsidiary (a nonprofit organization), which comprise of the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from 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 auditors' 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 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.

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, Inc. and Subsidiary as of June 30, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding a Change in Accounting Principle

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Adoption of the new standard had no effect on the previously reported total change in net assets or net assets balance.

Other Matters

The June 30, 2018 summarized comparative information has been derived from Epilepsy Foundation New England, Inc. and Subsidiary 2018 financial statements, and in our report dated December 4, 2018, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Boston, Massachusetts
October 28, 2019

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,672,537	\$ 1,259,081
Accounts Receivable	528,704	469,711
Pledges Receivable	35,346	75,431
Unbilled Revenue	-	88,214
Investments	2,615,075	2,521,599
Prepaid Expenses	151,288	212,771
Total Current Assets	5,002,950	4,626,807
DEPOSITS	24,750	16,350
PROPERTY AND EQUIPMENT, NET	541,431	82,971
Total Assets	\$ 5,569,131	\$ 4,726,128
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 112,993	\$ 86,459
Accrued Expenses	117,044	110,127
Deferred Revenue	-	38,572
Capital Lease Obligation - Current Portion	145,560	-
Total Current Liabilities	375,597	235,158
Capital Lease Obligation, Net of Current Portion	348,109	-
Total Liabilities	723,706	235,158
NET ASSETS		
Without Donor Restrictions		
Operating	2,189,640	1,332,064
Board Designated for Operating Reserves	560,994	2,224,524
Board Designated for Endowment	1,767,733	493,767
Total Without Donor Restrictions	4,518,367	4,050,355
With Donor Restrictions	327,058	440,615
Total Net Assets	4,845,425	4,490,970
Total Liabilities and Net Assets	\$ 5,569,131	\$ 4,726,128

See accompanying Notes to Consolidated Financial Statements.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING SUPPORT AND REVENUES				
Contributions and Grants	\$ 349,596	\$ 320,901	\$ 670,497	\$ 481,696
In-Kind Donations	230,647	-	230,647	246,653
Donation Center Contribution Revenue	4,921,680	-	4,921,680	5,866,069
Program Service Fees:				-
Camp Fees and Camperships	14,250	-	14,250	16,895
Special Events, Net of Direct Costs of \$214,553 and \$173,883	342,418	-	342,418	387,226
Other	9,763	-	9,763	19,332
Subtotal	<u>5,868,354</u>	<u>320,901</u>	<u>6,189,255</u>	<u>7,017,871</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>437,968</u>	<u>(437,968)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	6,306,322	(117,067)	6,189,255	7,017,871
OPERATING EXPENSES				
Foundation:				
Program Services	1,251,900	-	1,251,900	861,832
Management and General	461,047	-	461,047	385,012
Fundraising	294,102	-	294,102	392,242
Subtotal	<u>2,007,049</u>	<u>-</u>	<u>2,007,049</u>	<u>1,639,086</u>
Donation Center:				
Program Services	2,826,973	-	2,826,973	3,517,257
Management and General	466,190	-	466,190	281,939
Fundraising	698,973	-	698,973	1,062,785
Subtotal	<u>3,992,136</u>	<u>-</u>	<u>3,992,136</u>	<u>4,861,981</u>
Total Expenses	<u>5,999,185</u>	<u>-</u>	<u>5,999,185</u>	<u>6,501,067</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	307,137	(117,067)	190,070	516,804
NONOPERATING REVENUES (EXPENSES)				
Interest and Dividend Income	69,295	617	69,912	44,106
Unrealized Gain (Loss) on Investments	88,304	(12)	88,292	(62,893)
Endowment Contributions	3,276	2,905	6,181	27,258
Total Nonoperating Revenues (Expenses)	<u>160,875</u>	<u>3,510</u>	<u>164,385</u>	<u>8,471</u>
Net Assets - Beginning of Year	<u>4,050,355</u>	<u>440,615</u>	<u>4,490,970</u>	<u>3,965,695</u>
NET ASSETS - END OF YEAR	<u>\$ 4,518,367</u>	<u>\$ 327,058</u>	<u>\$ 4,845,425</u>	<u>\$ 4,490,970</u>

See accompanying Notes to Consolidated Financial Statements.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	Program Services					Management and General	Fundraising	Total	2018 Total
	Advocacy	Youth Program	Other Programs	Donation Center	Total				
Staff Salaries	\$ 78,122	\$ 166,006	\$ 357,240	\$ 1,031,235	\$ 1,632,603	\$ 116,825	\$ 562,143	\$ 2,311,571	\$ 2,679,797
Fringe Benefits	14,773	31,393	67,557	235,540	349,263	25,617	126,966	501,846	501,505
Total Salaries and Fringe Benefits	92,895	197,399	424,797	1,266,775	1,981,866	142,442	689,109	2,813,417	3,181,302
Advertising	-	-	-	-	-	87,104	-	87,104	55,217
Contract and Professional Services	902	15,776	934	112,852	130,464	360,019	243,762	734,245	655,022
Membership Dues	169	360	775	-	1,304	106	355	1,765	838
Office and Camp Supplies	682	97,999	17,391	-	116,072	18,026	32,576	166,674	87,551
Interest	2,072	4,401	9,471	-	15,944	1,932	4,336	22,212	12,569
Telephone	474	1,005	2,164	28,256	31,899	1,075	6,151	39,125	45,107
Postage and Shipping	225	478	1,029	619,206	620,938	141	2,582	623,661	911,643
Occupancy	9,822	20,871	44,913	143,742	219,348	7,026	65,932	292,306	364,415
Repairs and Rental	2,226	4,730	10,179	10,038	27,173	2,120	38,069	67,362	85,581
Printing and Reproduction	772	1,639	3,526	-	5,937	482	8,477	14,896	28,507
Travel and Entertainment	3,295	7,001	15,066	-	25,362	2,059	37,244	64,665	75,589
Miscellaneous	825	6,175	3,836	24,670	35,506	2,650	28,495	66,651	312,517
Grants and Scholarships	2,567	5,456	232,055	-	240,078	1,605	5,376	247,059	14,070
Donation Drives	-	-	-	104,925	104,925	-	-	104,925	162,154
Truck Expenses	-	-	-	335,082	335,082	-	43,635	378,717	682,868
Lease Termination Expense	-	-	-	-	-	300,000	-	300,000	-
Depreciation and Amortization	721	1,531	3,296	181,427	186,975	450	1,509	188,934	162,154
	117,647	364,821	769,432	2,826,973	4,078,873	927,237	1,207,608	6,213,718	6,837,104
Less Expenses Netted Against Revenues on Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	(214,533)	(214,533)	(173,883)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 117,647	\$ 364,821	\$ 769,432	\$ 2,826,973	\$ 4,078,873	\$ 927,237	\$ 993,075	\$ 5,999,185	\$ 6,663,221

See accompanying Notes to Consolidated Financial Statements.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 354,455	\$ 525,275
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation and Amortization	188,934	162,154
Contributions Restricted for Long-Term Investment	(6,181)	(27,258)
Unrealized/Realized Loss (Gain) on Investments	(88,292)	62,893
(Increase) Decrease in Assets:		
Accounts Receivable	(58,993)	69,171
Pledge Receivable	40,085	4,569
Unbilled Revenue	88,214	28,428
Prepaid Expenses	61,483	(134,453)
Deposits and Other Assets	(8,400)	3,167
Increase (Decrease) in Liabilities:		
Accounts Payable	26,534	(49,488)
Accrued Expenses	6,917	(29,612)
Deferred Revenue	(38,572)	32,067
Net Cash Provided by Operating Activities	566,184	646,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	56,290	1,983,955
Purchase of Investments	(61,474)	(2,273,870)
Purchases of Property and Equipment	-	(2,483)
Net Cash Used by Investing Activities	(5,184)	(292,398)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease Obligation	(153,725)	(118,505)
Proceeds from Contributions Restricted for Long-Term Contributions to Endowment	6,181	27,258
Net Cash Used by Financing Activities	(147,544)	(91,247)
NET INCREASE IN CASH AND CASH EQUIVALENTS	413,456	263,268
Cash and Cash Equivalents - Beginning of Year	1,259,081	995,813
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,672,537	\$ 1,259,081
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 22,212	\$ 12,569
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in Fixed Assets	(647,394)	-
Fixed Assets Financed Directly Under a Capital Lease	647,394	-
Cash Paid for Property and Equipment	\$ -	\$ -
Change in Capital Lease Obligation	493,669	-
Direct Financing Under Capital Lease Obligation	(647,394)	-
Cash Paid for Capital Lease Obligation	\$ (153,725)	\$ -

See accompanying Notes to Consolidated Financial Statements.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 1 NATURE OF ORGANIZATION

Organization

Epilepsy Foundation New England, Inc. (the Foundation) is a 501(c)(3) nonprofit organization incorporated and located in the Commonwealth of Massachusetts whose mission is to help people and families affected by epilepsy in New England. The Foundation is an independent affiliate of Epilepsy Foundation of America whose 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 approximately 100,000 people in Maine, Massachusetts, New Hampshire, and Rhode Island affected by epilepsy and the people who care for them. Our vision statement is Help for Today, Hope for Tomorrow.

The services we provide are employment services; camp for children and teens; youth programming; helpdesk; online resource center; retreats for adults; scholarships; emergency financial aid to people in need; community education for children, school personnel, first responders, and employers; conferences for health care providers and for families; fundraising for research; public policy advocacy; support groups; bereavement support; community connections; and, public awareness and engagement.

In 2009, the Foundation established its wholly owned subsidiary, Epilepsy Foundation New England Donation Center, LLC (the Donation Center), a Massachusetts limited liability company, in which the Foundation is the sole member. Through a partnership with Savers, the Donation Center collects clothing and household items that are resold through 15 regional thrift stores. All proceeds are used to help fund the Foundation's programs and services and research. The Donation center further supports the Foundations mission in the following ways: (1) Public Awareness: the Donation Center's branding (i.e., on its truck fleet, which act as billboards; in handouts at donation drop-off locations; via call center agents; in mass digital and print mailings that reach millions of people; and through joint awareness raising programs at Savers stores); (2) Community Education: the Foundation provides Epilepsy 101 training to Donation center staff so that they are equipped to talk with donors who interact with the Donation Center to donate goods or services and provide education about the mission and cause; (3) Employment Services: the Donation Center is an employer partner where the Foundation's clients are placed for job training; (4) Volunteer Engagement: Foundation Volunteers support the Donation Center in customer service at our Attended Donation Sites and clothing donation drives.

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.

Prior Year Summarized Information

The financial statements contain prior year comparative information in total but not by net asset class. Consequently, such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

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.

Accounts Receivable

Accounts receivable relates primarily to poundage revenue and reimbursements owed to the Donation Center (see Note 12). Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Conditional promises are not included as revenue until such times as the conditions are substantially met. All promises to give are due within one year. Management considered all amounts to be fully collectible and due in the next fiscal year. Accordingly, no allowance for collectible pledges has been established.

Unbilled Revenue

The Organization was reimbursed under a contract with TVI, Inc. through December 31, 2018 for expenses associated with operating the Donation Center. Unbilled revenue was accrued for when the Organization incurred expenses that had not yet been reimbursed.

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 and fixed income securities with readily determinable fair values are stated at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) are excluded from the increase (decrease) in net assets from operations.

Fair Value

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

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 9).

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Lease Obligations

Assets under capital lease are capitalized at the lower of the present value of the minimum lease payments or the fair value of the leased asset.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both.

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 are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

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 support without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

The Donation Center contracted with TVI, Inc., as more fully described in Note 12 of the financial statements, to buy all donations of clothing, household goods, and other items (donated goods). Donated goods are either immediately sold as part of the contract or the Donation Center is paid for donated goods. As donated goods are sold immediately the Donation Center recognizes revenue using a practical expedient where the amount paid by TVI, Inc. is considered the fair value of the donated goods and is reflected as “donation center contribution revenue” in the consolidated statement of activities.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial 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 was not met.

Income Taxes

The Foundation is a nonprofit 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.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense totaled \$87,104 and \$55,217 for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The Organization reports certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Expenses are directly coded to programs or supporting functions whenever possible. Expenses that are attributable to multiple programs or supporting functions are allocated on a reasonable basis that is consistently applied. Those expenses include salaries and benefits, depreciation and amortization, occupancy, and telephone. Salaries and benefits are allocated based on estimates of time and effort, and depreciation and amortization, occupancy, and telephone are allocated based on a square footage basis.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Change in Accounting Principles

The Organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Adoption of the new standard had no effect on the previously reported total change in net assets or net assets balance.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ending June 30, 2020. Management continues to evaluate the impact of the adoption of this standard, but based on the latest industry guidance, management believes this standard will not have a material impact on the financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) to clarify and improve accounting guidance for contributions received and made. The ASU provides guidance on distinguishing between contributions and exchange transactions. If a contribution is unconditional, the entity must determine whether it is donor restricted for limited purpose or timing. These contributions should be recognized immediately and classified as net assets with or without donor restrictions. If a contribution is conditional and assets are received in advance, the entity should record a liability and not recognize revenue until conditions are met. Guidance is further provided regarding reciprocal and nonreciprocal transactions. If both parties receive similar value, the transaction is considered reciprocal.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

For nonreciprocal transactions, an entity must determine the conditions needed to be made. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ended June 30, 2020. Management continues to evaluate the impact of the adoption of this standard, but based on the latest industry guidance, management believes this standard will not have a material impact on the financial statements.

Reclassifications

Certain amounts relating to the prior year have been reclassified to conform to the current year presentation. There is no effect on the change in net assets previously reported.

Subsequent Events

The Organization has evaluated subsequent events through October 28, 2019, which is the date the financial statements were available to be issued.

NOTE 3 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 three to six years. Normal maintenance and repair costs are expensed as incurred. The Organization capitalizes property and equipment, purchased or donated, over \$2,500.

Property and equipment consisted of the following as of years ended June 30:

	2019	2018
Furniture and Equipment	\$ 98,610	\$ 114,515
Autos and Trucks	677,443	1,173,859
Leasehold Improvements	38,432	38,431
Website	-	32,400
Subtotal	<u>814,485</u>	<u>1,359,205</u>
Less: Accumulated Depreciation and Amortization	<u>(273,054)</u>	<u>(1,276,234)</u>
Total	<u>\$ 541,431</u>	<u>\$ 82,971</u>

Included in autos and trucks is \$647,395 of assets under capital leases. Total depreciation and amortization expense for the years ended June 30, 2019 and 2018 amounted to \$188,934 and \$162,154, respectively, including depreciation expense for trucks under capital leases (See Note 4) of \$167,858 and \$127,090 for the years ended June 30, 2019 and 2018 respectively. Accumulated depreciation for assets under capital leases was \$183,844 and \$1,143,811 for the years ended June 30, 2019 and 2018, respectively.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 4 CAPITAL LEASE OBLIGATIONS

The Donation Center entered into four-year capital lease agreements for trucks that commenced on July 1, 2018 and are secured by the trucks leased. Under these agreements, minimum lease payments for the trucks amount to \$14,441 per month.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 173,298
2021	173,298
2022	173,298
Total	<u>519,894</u>
Less Amounts Representing Interest	<u>(26,225)</u>
Total	<u>\$ 493,669</u>

NOTE 5 RESTRICTIONS AND LIMITATION ON NET ASSET BALANCES

As of June 30, the Organization's net assets with donor restrictions were as follows:

	<u>2019</u>	<u>2018</u>
Donor Restricted Net Assets Not Invested in Perpetuity:		
Employment	\$ -	\$ 50,000
Scholarship	26,132	16,282
Research	10,000	61,285
Youth Program	5,750	-
Matty Fund	239,890	282,890
Other	9,172	2,900
Time	5,346	-
Total	<u>\$ 296,290</u>	<u>\$ 413,357</u>

	<u>2019</u>	<u>2018</u>
Donor Restricted Net Assets Invested in Perpetuity:		
Campership Fund	<u>\$ 30,768</u>	<u>\$ 27,258</u>
Total	<u>\$ 30,768</u>	<u>\$ 27,258</u>

Net assets during the years ended June 30 were released from donor restrictions for the following purposes:

	<u>2019</u>	<u>2018</u>
Purpose Restriction	\$ 412,537	\$ 229,322
Time Restriction	25,431	36,000
Total	<u>\$ 437,968</u>	<u>\$ 265,322</u>

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 6 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.

Revenue and expenses related to these events for the year ended June 30, 2019 are as follows:

<u>Special Event</u>	<u>Revenue</u>	<u>Direct Cost</u>	<u>Net</u>
Walk for Epilepsy	\$ 309,136	\$ 80,482	\$ 228,654
Dinner	150,387	98,476	51,911
Other Events	97,428	35,575	61,853
Total	<u>\$ 556,951</u>	<u>\$ 214,533</u>	<u>\$ 342,418</u>

Revenue and expenses related to these events for the year ended June 30, 2018 are as follows:

<u>Special Event</u>	<u>Revenue</u>	<u>Direct Cost</u>	<u>Net</u>
Walk for Epilepsy	\$ 298,100	\$ 57,202	\$ 240,898
Dinner	187,085	97,808	89,277
Other Events	75,924	18,873	57,051
Total	<u>\$ 561,109</u>	<u>\$ 173,883</u>	<u>\$ 387,226</u>

NOTE 7 IN-KIND DONATIONS

The Foundation received pro-bono legal services totaling \$211,287 and \$186,681 for the years ended June 30, 2019 and 2018, respectively. In addition, the Donation Center received in-kind donations for marketing and advertising that totaled \$19,360 and \$59,972 for the years ended June 30, 2019 and 2018, respectively. Donated services are recorded in the accompanying consolidated financial statements at their estimated fair value.

NOTE 8 LEASE COMMITMENTS

Foundation

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, with all other aspects of the lease remaining unchanged. During this time, the Foundation sub-leased a small portion of this office space back to the Donation Center on a month-to-month basis with no formal lease agreement in place for this arrangement.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 8 LEASE COMMITMENTS (CONTINUED)

Foundation (Continued)

In February 2019, the Foundation moved its office space to Lowell, Massachusetts. The Foundation signed a five-year lease agreement through January 2024. Rent expense totaled \$94,301 and \$91,679 and for the years ended June 30, 2019 and 2018, respectively.

As of June 30, 2019, future non-cancellable payments related to the lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 96,831
2021	100,015
2022	103,198
2023	106,382
2024	63,139
Total	<u>\$ 469,565</u>

Donation Center

The Donation Center entered into a lease agreement in February 2016 in Billerica, Massachusetts that commenced March 2016. In January 2019, the Donation Center terminated the original agreement and signed a new agreement to occupy a reconfigured space in the building. As part of the termination agreement, the Donation Center paid the landlord a one-time fee of \$300,000, which is included in lease termination expense on the statement of functional expenses. The new lease agreement includes a three-year lease term that expires December 31, 2021, with two one-year options to renew through December 31, 2023.

The Donation Center has other non-cancellable operating lease agreements that expire at various dates through June 2021. In addition, the Donation Center leases parking and office space as a tenant-at-will.

As of June 30, 2019, future noncancellable payments related to the lease are follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 48,480
2021	49,450
2022	24,970
Total	<u>\$ 122,899</u>

Rent expense for all lease agreements totaled \$480,960 and \$241,181 for the years ended June 30, 2019 and 2018, respectively.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 9 FAIR VALUE MEASUREMENTS

Accounting standards require that financial and nonfinancial 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.

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, 2019 and 2018.

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.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 1,430,578	\$ 1,430,578	\$ -	\$ -
Fixed Income	1,179,612	-	1,179,612	-
Total Assets at Fair Value	<u>2,610,190</u>	<u>\$ 1,430,578</u>	<u>\$ 1,179,612</u>	<u>\$ -</u>
Cash	4,885			
Total Investments	<u>\$ 2,615,075</u>			

The following table summarizes the valuation of the Organization's financial assets at June 30, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 1,352,760	\$ 1,352,760	\$ -	\$ -
Fixed Income	1,114,909	-	1,114,909	-
Total Assets at Fair Value	<u>2,467,669</u>	<u>\$ 1,352,760</u>	<u>\$ 1,114,909</u>	<u>\$ -</u>
Cash	53,930			
Total Investments	<u>\$ 2,521,599</u>			

NOTE 10 ENDOWMENT

The Organization is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both endowment funds with donor restrictions and board designated endowment funds.

The Organizations endowment consists of multiple funds established for purposes including both donor restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both with donor restrictions and board-designated, are reflected as investments on the consolidated statement of financial position.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Massachusetts UPMIFA as requiring preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not retained in perpetuity is appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of the institution and the endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the institutions, and (7) the investment policy of the institution.

Endowment net asset composition by fund type as of June 30 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Donor-Restricted Endowment Funds	\$ -	\$ 30,768	\$ 30,768
Board-Designated Endowment Funds	1,767,733	-	1,767,733
Total Funds	<u>\$ 1,767,733</u>	<u>\$ 30,768</u>	<u>\$ 1,798,501</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Donor-Restricted Endowment Funds	\$ -	\$ 27,258	\$ 27,258
Board-Designated Endowment Funds	493,767	-	493,767
Total Funds	<u>\$ 493,767</u>	<u>\$ 27,258</u>	<u>\$ 521,025</u>

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 10 ENDOWMENT (CONTINUED)

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, June 30, 2017	\$ -	\$ -	\$ -
Investment Return:			
Investment Income	5,282	-	5,282
Net Depreciation (Realized and Unrealized)	(11,515)	-	(11,515)
Total Investment Return	(6,233)	-	(6,233)
Contribution Income	-	27,258	27,258
Transfer into Endowment	500,000	-	500,000
Net Change for the Year	500,000	27,258	527,258
Endowment Net Assets June 30, 2018	493,767	27,258	521,025
Investment Return:			
Investment Income	17,747	617	18,364
Net Depreciation (Realized and Unrealized)	29,271	1,233	30,504
Appropriation of Endowment Assets	-	(1,245)	(1,245)
Total Investment Return	47,018	605	47,623
Contribution Income	-	2,905	2,905
Transfer into Endowment	1,226,948	-	1,226,948
Net Change for the Year	1,226,948	2,905	1,229,853
Endowment Net Assets June 30, 2019	<u>\$ 1,767,733</u>	<u>\$ 30,768</u>	<u>\$ 1,798,501</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments), which are reported in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2019. As of June 30, 2018, the original value of the funds totaled \$27,258 and the market value was \$27,021, resulting in a deficiency of \$274 due to unfavorable market conditions.

Spending Policy

The Organization has a policy of appropriating for distribution each year based on board of director evaluation and approval. Appropriations are used for operational and programmatic purposes.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 11 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, cash balances may exceed the federally insured amounts. Certain financial institutions have additional insurance to cover depository amounts in addition to the FDIC insurance. The Organization has not experienced any losses in such accounts and monitors the credit worthiness of the banks at which it conducts business and management does not believe it is exposed to any significant credit risk with respect to such cash balances.

NOTE 12 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. The agreement was renewed on October 31, 2017 for one year and extended until December 29, 2018.

This agreement calls for two payment streams, delivered and on site delivery. The first, delivered, is the volume the Donation Center collects from the public and deliver to TVI, Inc. stores on a daily basis. The second, on site delivery, is the volume of donations that is delivered to TVI, Inc. stores directly from the public where the Donation Center is not involved in a material way.

Both payment streams are determine the fair value of the donated goods and are reflected in "donation center contribution revenue" in the consolidated statement of activities. The expenses associated with the Donation Center are classified by function and natural class in the consolidated statement of functional expenses.

On December 30, 2018, the Donation Center signed a new three-year agreement with TVI, Inc., to buy all donations of household goods and clothing received. The agreement includes a negotiated rate per cloth pound, plus specified amounts for furniture and household goods delivered to and received by TVI, Inc.

NOTE 13 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 years ended June 30, 2019 and 2018, the Organization contributed \$39,150 and \$28,782, respectively, to the plan.

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 14 LINE OF CREDIT

The Organization opened a line of credit with a bank in April 2018, which provides short-term borrowings of up to \$150,000. Interest is payable monthly at the bank's current prime rate (5.50% at June 30, 2019). Borrowings against the line of credit are secured by an interest in all assets of the Organization. The unused portion at June 30, 2019 amounted to \$150,000.

NOTE 15 CONTINGENCIES

From time to time, the Organization is subject to legal proceedings and claims in the ordinary course of business. In the opinion of management, the resolution of any such litigation is not expected to have a material effect on the financial position, results of operations or cash flows.

NOTE 16 AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal including cash and cash equivalent, equity and fixed income investment holdings.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to help people and families affected by epilepsy as well as the conduct of services undertaken to support those activities to be general expenditures. The amounts included in net assets with donor restrictions not invested in perpetuity are expected to be used within one year of the statement of financial position date.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization considers the following to be available to meet cash needs for general expenditures: investment income without donor restrictions, investment return designated for current operations, contributions without donor restrictions and contributions with donor restrictions for use in current programs.

The Organization's governing board has designated a portion of its net assets without donor restriction resources for other purposes. These funds are invested for long-term appreciation and current income by remain available and may be spent at the discretion of the Board. At June 30, 2019 and 2018, the investment balance was designated for specific purposes by the Board.

As of June 30, 2019 and 2018, the following tables show the total liquid financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

NOTE 16 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 1,672,537	\$ 1,259,081
Accounts Receivable, Net	528,704	469,711
Pledges Receivable	35,346	75,431
Unbilled Revenue	-	88,214
Investments Convertible to Cash in the Next 12 Months	<u>2,615,075</u>	<u>2,521,599</u>
Total	4,851,662	4,414,036
Less: Donor-Restricted Endowment	(30,768)	(27,258)
Less: Board Designated Endowment	<u>(1,767,733)</u>	<u>(493,767)</u>
Total	<u>(1,798,501)</u>	<u>(521,025)</u>
Financial Assets Available to Meet General Expenditures:	<u>\$ 3,053,161</u>	<u>\$ 3,893,011</u>

In addition to the financial assets noted above, the Organization has a line of credit with a bank that allows for short term borrowings of up to \$150,000 (see Note 14).



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Epilepsy Foundation New England, Inc. and Subsidiary
Lowell, Massachusetts

We have audited the consolidated financial statements of Epilepsy Foundation New England, Inc. and Subsidiary as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated October 28, 2019, which contained an unmodified opinion on the consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
October 28, 2019

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	<u>Foundation</u>	<u>Donation Center</u>	<u>Eliminations</u>	<u>2019 Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 390,349	\$ 1,282,188	\$ -	\$ 1,672,537
Accounts Receivable	15,539	519,754	(6,589)	528,704
Pledge Receivable	35,346	-	-	35,346
Unbilled Revenue	-	-	-	-
Investments	2,615,075	-	-	2,615,075
Prepaid Expenses	81,712	69,576	-	151,288
Total Current Assets	<u>3,138,021</u>	<u>1,871,518</u>	<u>(6,589)</u>	<u>5,002,950</u>
DEPOSITS	8,400	16,350	-	24,750
PROPERTY AND EQUIPMENT, NET	<u>15,619</u>	<u>525,812</u>	<u>-</u>	<u>541,431</u>
Total Assets	<u><u>\$ 3,162,040</u></u>	<u><u>\$ 2,413,680</u></u>	<u><u>\$ (6,589)</u></u>	<u><u>\$ 5,569,131</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 53,114	\$ 66,468	\$ (6,589)	\$ 112,993
Accrued Expenses	32,387	84,657	-	117,044
Deferred Revenue	-	-	-	-
Capital Lease Obligation - Current Portion	-	145,560	-	145,560
Total Current Liabilities	<u>85,501</u>	<u>296,685</u>	<u>(6,589)</u>	<u>375,597</u>
Capital Lease Obligation, Net of Current Portion	-	348,109	-	348,109
Total Liabilities	85,501	644,794	(6,589)	723,706
NET ASSETS				
Without Donor Restrictions				
Operating	420,754	1,768,886	-	2,189,640
Board Designated for Operating Reserves	560,994	-	-	560,994
Board Designated for Endowment	1,767,733	-	-	1,767,733
Total Without Donor Restrictions	<u>2,749,481</u>	<u>1,768,886</u>	<u>-</u>	<u>4,518,367</u>
With Donor Restrictions	327,058	-	-	327,058
Total Net Assets	<u>3,076,539</u>	<u>1,768,886</u>	<u>-</u>	<u>4,845,425</u>
Total Liabilities and Net Assets	<u><u>\$ 3,162,040</u></u>	<u><u>\$ 2,413,680</u></u>	<u><u>\$ (6,589)</u></u>	<u><u>\$ 5,569,131</u></u>

**EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	Epilepsy Foundation of New England			Epilepsy Foundation Donation Center			Elimination Entries	2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
OPERATING SUPPORT AND REVENUES								
Contributions and Grants	\$ 399,596	\$ 320,901	\$ 720,497	\$ -	\$ -	\$ -	\$ (50,000)	\$ 670,497
In-Kind Donations	211,287	-	211,287	19,360	-	19,360	-	230,647
Donation Center Contribution Revenue	-	-	-	4,921,680	-	4,921,680	-	4,921,680
Program Service Fees:								
Camp Fees and Camperships	14,250	-	14,250	-	-	-	-	14,250
Special Events, Net of Direct Costs of \$214,533	342,418	-	342,418	-	-	-	-	342,418
Other	4,637	-	4,637	5,126	-	5,126	-	9,763
Subtotal	972,188	320,901	1,293,089	4,946,166	-	4,946,166	(50,000)	6,189,255
NET ASSETS RELEASED FROM RESTRICTIONS	437,968	(437,968)	-	-	-	-	-	-
Total Support and Revenues	1,410,156	(117,067)	1,293,089	4,946,166	-	4,946,166	(50,000)	6,189,255
OPERATING EXPENSES								
Program Services	1,251,900	-	1,251,900	2,826,973	-	2,826,973	-	4,078,873
Management and General	461,047	-	461,047	466,190	-	466,190	-	927,237
Fundraising	294,102	-	294,102	698,973	-	698,973	-	993,075
Total Expenses	2,007,049	-	2,007,049	3,992,136	-	3,992,136	-	5,999,185
(DECREASE) INCREASE IN NET ASSETS BEFORE DISTRIBUTIONS	(596,893)	(117,067)	(713,960)	954,030	-	954,030	(50,000)	190,070
DISTRIBUTION	680,000	-	680,000	(830,000)	-	(830,000)	150,000	-
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	83,107	(117,067)	(33,960)	124,030	-	124,030	100,000	190,070
NON OPERATING SUPPORT AND REVENUES (EXPENSES)								
Interest and Dividend Income	69,185	617	69,802	110	-	110	-	69,912
Unrealized Gain (Loss) on Investments	88,304	(12)	88,292	-	-	-	-	88,292
Endowment Contributions	103,276	2,905	106,181	-	-	-	(100,000)	6,181
Total Nonoperating Revenues	260,765	3,510	264,275	110	-	110	(100,000)	164,385
Net Assets - Beginning of Year	2,405,609	440,615	2,846,224	1,644,746	-	1,644,746	-	4,490,970
NET ASSETS - END OF YEAR	<u>\$ 2,749,481</u>	<u>\$ 327,058</u>	<u>\$ 3,076,539</u>	<u>\$ 1,768,886</u>	<u>\$ -</u>	<u>\$ 1,768,886</u>	<u>\$ -</u>	<u>\$ 4,845,425</u>

EPILEPSY FOUNDATION NEW ENGLAND, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Foundation						Donation Center				Elimination Entries	2019 Total
	Program Services			Management and General	Fundraising	Total	Donation Center Services	Management and General	Fundraising	Total		
	Advocacy	Youth Program	Other Programs									
Staff Salaries	\$ 78,122	\$ 166,006	\$ 357,240	\$ 48,825	\$ 163,565	\$ 813,758	\$ 1,031,235	\$ 68,000	\$ 398,578	\$ 1,497,813	\$ -	\$ 2,311,571
Fringe Benefits	14,773	31,393	67,557	9,233	30,931	153,887	235,540	16,384	96,035	347,959	-	501,846
Total Salaries and Fringe Benefits	92,895	197,399	424,797	58,058	194,496	967,645	1,266,775	84,384	494,613	1,845,772	-	2,813,417
Advertising	-	-	-	62,331	-	62,331	-	24,773	-	24,773	-	87,104
Contract and Professional Services	902	15,776	934	306,802	216,129	540,543	112,852	53,217	27,633	193,702	-	734,245
Membership Dues	169	360	775	106	355	1,765	-	-	-	-	-	1,765
Office and Camp Supplies	682	97,999	17,391	18,026	9,281	143,379	-	-	23,295	23,295	-	166,674
Interest	2,072	4,401	9,471	1,932	4,336	22,212	-	-	-	-	-	22,212
Telephone	474	1,005	2,164	296	1,587	5,526	28,256	779	4,564	33,599	-	39,125
Postage and Shipping	225	478	1,029	141	534	2,407	619,206	-	2,048	621,254	-	623,661
Occupancy	9,822	20,871	44,913	6,138	26,880	108,624	143,742	888	39,052	183,682	-	292,306
Repairs and Rental	2,226	4,730	10,179	1,391	7,311	25,837	10,038	729	30,758	41,525	-	67,362
Printing and Reproduction	772	1,639	3,526	482	1,673	8,092	-	-	6,804	6,804	-	14,896
Travel and Entertainment	3,295	7,001	15,066	2,059	10,853	38,274	-	-	26,391	26,391	-	64,665
Miscellaneous	825	6,175	3,836	1,230	28,315	40,381	24,670	1,420	180	26,270	-	66,651
Grants and Scholarships	2,567	5,456	232,055	1,605	5,376	247,059	-	-	-	-	-	247,059
Donation Drives	-	-	-	-	-	-	104,925	-	-	104,925	-	104,925
Truck Expenses	-	-	-	-	-	-	335,082	-	43,635	378,717	-	378,717
Lease Termination Expense	-	-	-	-	-	-	-	300,000	-	300,000	-	300,000
Depreciation and Amortization	721	1,531	3,296	450	1,509	7,507	181,427	-	-	181,427	-	188,934
	117,647	364,821	769,432	461,047	508,635	2,221,582	2,826,973	466,190	698,973	3,992,136	-	6,213,718
Less Expenses Netted Against Revenues on Statement of Activities:												
Special Event Expenses	-	-	-	-	(214,533)	(214,533)	-	-	-	-	-	(214,533)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 117,647</u>	<u>\$ 364,821</u>	<u>\$ 769,432</u>	<u>\$ 461,047</u>	<u>\$ 294,102</u>	<u>\$ 2,007,049</u>	<u>\$ 2,826,973</u>	<u>\$ 466,190</u>	<u>\$ 698,973</u>	<u>\$ 3,992,136</u>	<u>\$ -</u>	<u>\$ 5,999,185</u>

