

EPILEPSY FOUNDATION OF FLORIDA, INC.
FINANCIAL STATEMENTS AND REPORTS
ON COMPLIANCE AND ON INTERNAL CONTROL
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 15
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of State Financial Assistance	17
Notes to the Schedule of Expenditures of State Financial Assistance	18
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20 – 21
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	23 – 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS	26 – 27

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Epilepsy Foundation of Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Epilepsy Foundation of Florida, Inc. (the "Organization"), a non-profit organization, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Florida, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2014, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Miami, Florida
January 31, 2014

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 558,094	\$ 497,585
Pledges and other receivables	34,976	183,951
Grants receivable	2,082,662	2,037,958
Prepaid expenses	<u>12,436</u>	<u>14,117</u>
Total current assets	2,688,168	2,733,611
PROPERTY AND EQUIPMENT, net	95,779	73,006
OTHER ASSETS	<u>23,803</u>	<u>23,803</u>
Total assets	<u>\$ 2,807,750</u>	<u>\$ 2,830,420</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 106,298	\$ 72,909
Payable to provider	-	112,031
Deferred revenue	<u>1,943,298</u>	<u>1,917,852</u>
Total current liabilities	<u>2,049,596</u>	<u>2,102,792</u>
NET ASSETS		
Unrestricted	632,527	641,675
Temporarily restricted	<u>125,627</u>	<u>85,953</u>
Total net assets	<u>758,154</u>	<u>727,628</u>
Total liabilities and net assets	<u>\$ 2,807,750</u>	<u>\$ 2,830,420</u>

See accompanying notes to financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30,

	2013		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants	\$ 2,336,608	\$ 149,875	\$ 2,486,483
Contributions	189,782		189,782
United Way	68,908		68,908
Special events, net	312,332		312,332
In-kind medical services and other	647,984		647,984
Fees and other income	65,689		65,689
Net assets released from restriction	110,201	(110,201)	-
Total support and revenue	<u>3,731,504</u>	<u>39,674</u>	<u>3,771,178</u>
EXPENSES			
Patient services	2,784,606		2,784,606
Prevention and education services	525,008		525,008
Management and general	267,751		267,751
Fundraising	163,287		163,287
Total expenses	<u>3,740,652</u>		<u>3,740,652</u>
CHANGE IN NET ASSETS	(9,148)	39,674	30,526
BEGINNING NET ASSETS	<u>641,675</u>	<u>85,953</u>	<u>727,628</u>
ENDING NET ASSETS	<u>\$ 632,527</u>	<u>\$ 125,627</u>	<u>\$ 758,154</u>
	2012		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants	\$ 2,787,454	\$ 154,000	\$ 2,941,454
Contributions	439,750		439,750
United Way	79,468		79,468
Special events, net	317,757		317,757
In-kind medical services	779,918		779,918
Fees and other income	24,397		24,397
Net assets released from restriction	115,960	(115,960)	-
Total support and revenue	<u>4,544,704</u>	<u>38,040</u>	<u>4,582,744</u>
EXPENSES			
Patient services	3,330,792		3,330,792
Prevention and education services	657,597		657,597
Management and general	273,679		273,679
Fundraising	165,763		165,763
Total expenses	<u>4,427,831</u>		<u>4,427,831</u>
CHANGE IN NET ASSETS	116,873	38,040	154,913
BEGINNING NET ASSETS	<u>524,802</u>	<u>47,913</u>	<u>572,715</u>
ENDING NET ASSETS	<u>\$ 641,675</u>	<u>\$ 85,953</u>	<u>\$ 727,628</u>

See accompanying notes to financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	Patient Services	Prevention and Education Services	Support Services		Total
			Management and General	Fundraising	
Advertising	\$ 2,930	\$ 656	\$ 700	\$ 87	\$ 4,373
Bank and credit card fees	3,258	1,600	629	229	5,716
Computer support and supplies	37,720	18,528	7,278	2,648	66,174
Depreciation	-	-	28,129	-	28,129
Equipment rental and maintenance	21,575	10,599	4,164	1,514	37,852
In-kind medical services	633,539	-	-	-	633,539
Insurance	15,568	7,647	3,004	1,092	27,311
Marketing and development	14,770	3,307	3,527	440	22,044
Medical services	327,431	-	-	-	327,431
Meeting and travel	51,276	25,188	9,895	3,598	89,957
Occupancy	91,316	44,858	17,623	6,407	160,204
Office supplies	35,654	17,515	6,881	2,503	62,553
Other expenses	20,137	9,892	3,886	1,412	35,327
Printing and publications	3,480	73	110	-	3,663
Professional and contracted services	70,714	15,832	16,887	2,111	105,544
Salaries and benefits	1,350,278	337,570	158,856	138,999	1,985,703
Support groups	72,928	16,008	-	-	88,936
Telephone	32,032	15,735	6,182	2,247	56,196
Total Expenses	\$ 2,784,606	\$ 525,008	\$ 267,751	\$ 163,287	\$ 3,740,652

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

	Patient Services	Prevention and Education Services	Support Services		Total
			Management and General	Fundraising	
Advertising	\$ 3,061	\$ 685	\$ 731	\$ 91	\$ 4,568
Bank and credit card fees	4,731	2,324	913	332	8,300
Computer support and supplies	42,782	21,015	8,255	3,003	75,055
Depreciation	-	-	20,781	-	20,781
Equipment rental and maintenance	20,387	10,015	3,935	1,431	35,768
In-kind medical services	767,251	-	-	-	767,251
Insurance	13,872	6,814	2,677	973	24,336
Marketing and development	20,946	4,689	5,002	625	31,262
Medical services	335,956	-	-	-	335,956
Meeting and travel	59,294	29,127	11,443	4,160	104,024
Occupancy	87,974	43,216	16,978	6,173	154,341
Office supplies	30,231	14,851	5,834	2,122	53,038
Other expenses	15,784	7,754	3,046	1,108	27,692
Printing and publications	44,366	934	1,402	-	46,702
Professional and contracted services	111,225	24,902	26,562	3,320	166,009
Provider contracts	309,724	120,448	-	-	430,172
Salaries and benefits	1,363,310	340,827	160,389	140,341	2,004,867
Support groups	70,207	15,411	-	-	85,618
Telephone	29,691	14,585	5,731	2,084	52,091
Total Expenses	\$ 3,330,792	\$ 657,597	\$ 273,679	\$ 165,763	\$ 4,427,831

See accompanying notes to financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 30,526	\$ 154,913
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	28,129	20,781
Non-cash donations	647,984	779,918
Non-cash expenses	(647,984)	(779,918)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges and other receivables	148,975	(119,991)
(Increase) decrease in grants receivable	(44,704)	639,683
(Increase) decrease in prepaid expenses	1,681	(188)
Increase in accounts payable and accrued expenses	33,389	17,229
Increase (decrease) in payable to provider	(112,031)	9,864
Increase (decrease) in deferred revenue	<u>25,446</u>	<u>(756,371)</u>
Net cash and cash equivalents provided (used) by operating activities	<u>111,411</u>	<u>(34,080)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(50,902)</u>	<u>(12,982)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,509	(47,062)
BEGINNING CASH AND CASH EQUIVALENTS	<u>497,585</u>	<u>544,647</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 558,094</u>	<u>\$ 497,585</u>

See accompanying notes to financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Epilepsy Foundation of Florida, Inc. (the "Organization") is a non-profit organization and is an agency for epilepsy programs and services sponsored by the State of Florida. The Organization was formed under the Laws of the State of Florida in 1971.

The Organization provides health, education and social services to persons with seizure disorders and their families. Services provided include education, preventive services, case management and counseling services for persons with epilepsy and their families, information and referrals, support groups and advocacy.

Sole National Affiliate for Statewide Epilepsy Services

The Organization is a statewide national affiliate and receives diverse grants from public and private foundations, the national Epilepsy Foundation, various local municipalities and United Way organizations throughout the State of Florida. During fiscal year 2011, the Organization no longer represented the State of Florida Department of Health (DOH) as the lead agency but is contracted by the DOH to provide comprehensive epilepsy services in 35 of the 67 Florida Counties, including Alachua, Baker, Bradford, Broward, Citrus, Clay, Columbia, Dixie, Duval, Escambia, Flagler, Gilchrist, Hamilton, Hernando, Indian River, Lafayette, Lake, Levy, Marion, Martin, Miami-Dade, Monroe, Nassau, Okaloosa, Okeechobee, Palm Beach, Putnam, Santa Rosa, St. Johns, St. Lucie, Sumter, Suwannee, Union, Volusia and Walton Counties; and subcontracts with an epilepsy service provider to provide services in 4 counties in the Orlando area; Brevard, Orange, Osceola and Seminole Counties (See Note 6). The Organization was also the grantee of the Federal Health Rehabilitation Services Administration to develop programs for children with epilepsy.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America (U.S.). The Financial Accounting Standards Board ("FASB") implemented the Accounting Standards Codification ("ASC") which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for non-governmental entities.

These financial statements are presented in accordance with FASB ASC 958 which establishes standards for financial reporting for non-profit organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

EPILEPSY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Financial Statement Presentation (Continued)

Unrestricted

Unrestricted net assets include all net assets, which are neither temporarily or permanently restricted and are not subject to any donor-imposed stipulations.

Temporarily Restricted

Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted

Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of June 30, 2013 and 2012.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers deposits with banks and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits.

Pledges and Other Receivables

Unconditional pledges to give cash are recognized at fair value in the period the pledge is made. Pledges to be received over more than one year are measured at the present value of estimated future cash flows using the risk-free rate as of the date the receivable is recognized. Other receivables consist of amounts due from customers for provided medical services and are stated at estimated net realizable value.

Grants Receivable

Amounts reflected as grants receivable represents the difference between the net realizable value of the grants less cash receipts.

EPILEPSY FOUNDATION OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Allowance for Doubtful Pledges and Other Receivables and Grants Receivable

The Organization uses the allowance method to determine uncollectible pledges and other receivables and grants receivable. The allowance is based on prior years' experience and management's analysis of specific pledges, grants, and other receivables made. No allowance for doubtful pledges and other receivables and grants receivable was considered necessary at June 30, 2013 and 2012.

Revenue Recognition/Deferred Revenue

It is the policy of the Organization to record the grant revenue at the time of award and defer the unexpended portion until earned. Grants restricted for operating purposes are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with specific restrictions.

Support

The Organization is dependent upon public and governmental support for its operations. The amount and timeliness in which the support from fundraising events and governmental agencies is collected is essential to meet the normal cash flow needs of the Organization. Grant revenue is recognized when earned in accordance with the terms of the grant.

Contributions are recognized when the donor makes what is, in substance, a promise to give to the Organization that is unconditional. Grants and contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor 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 and reported in the statement of activities as net assets released from restriction. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and would be typically purchased if not provided by donation. The value of donated services has been recorded only for those services for which a clear measurable basis is available. However, a substantial number of other volunteers have donated significant amounts of their time to the Organization's program services and special events, including certain officers and directors, all of whom have served without compensation.

Donated professional services include doctor and specialist visits, medical tests and scans, blood testing, other related medical services and consulting services. The value of donated in-kind medical services is determined by the difference between (1) the doctors' standard

EPILEPSY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Support (Continued)

billing rates and the number of medical tests at standard billing rates and (2) the negotiated prices that the Organization actually pays, multiplied by the actual number of visits or medical tests performed. In-kind consulting services is determined by the actual number of hours incurred at the consultant's standard billing rates. These services have been recorded in the accompanying statements of activities as in-kind medical services and other. The amount of in kind donated medical services and other amounted to approximately \$634,000 and \$767,000 for the years ended June 30, 2013 and 2012, respectively.

Contributions for which donors have not stipulated restrictions or donor restricted contributions whose restrictions are met in the same accounting period are reported as unrestricted support.

Property and Equipment

Property and equipment and significant improvements thereto are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Donated property and equipment are recorded at fair value at the date of donation. Expenditures for property and equipment in excess of \$1,000 are capitalized; the fair value of donated property and equipment is capitalized and recorded as contributions. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support.

Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Upon the sale or disposition, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements reflect no provision for income taxes and are subject to audit by federal tax authorities. The Organization's open audit years are 2010 through 2012.

EPILEPSY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Allocation of Functional Expenses

Identifiable expenditures made in direct fulfillment of the Organization's expressed goals are classified as patient services or prevention and educational services. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain common expenses have been allocated among the programs and supporting services based upon management's estimate of factors such as time spent or space utilized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows

In October 2012, the Financial Accounting Standards Board ("FASB") issued an accounting standard update (Update No. 2012-05) which provides guidance to not-for-profit entities for classifying cash flows from the sale of donated financial assets. The update is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013, with early adoption and retrospective application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Services Received from Personnel of an Affiliate

In April 2013, the FASB issued an accounting standard update (Update No. 2013-06) which requires not-for-profit entities to apply similar recognition and measurement bases for services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the recipient not-for-profit entity is not charged by the affiliate. The update requires that those services be measured at the cost recognized by the affiliate for the personnel providing those services unless such measurement would significantly overstate or understate the value of the service received, in which case the recipient not-for-profit entity may elect to recognize such services at the fair value of the service. The update is effective prospectively for fiscal years beginning after June 15, 2014, and interim periods thereafter, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fair Value of Financial Instruments

At June 30, 2013 and 2012, the carrying values of cash and cash equivalents, pledges and other receivables, grants receivable, prepaid expenses, accounts payable and accrued expenses, payable to providers and deferred revenue approximate fair value because of the short-term maturities of these instruments.

Advertising

Advertising expenses are charged to expense as incurred.

Reclassifications

Certain amounts in the June 30, 2012 financial statements have been reclassified to conform to the June 30, 2013 presentation.

Subsequent Events

Subsequent events were evaluated through January 31, 2014, which is the date on which the financial statements were available to be issued.

NOTE 2 - RESTRICTIONS ON NET ASSETS

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

	<u>2013</u>	<u>2012</u>
Alachua Community Agency Partnership Program	\$ 1,219	\$ -
Allegany Franciscan Ministries, Inc.	25,000	25,162
Epilepsy Foundation National Awareness Program	21,000	21,000
Epilepsy Foundation National Veterans' Outreach	-	6,667
Epilepsy Foundation National Volunteer Program	1,714	1,500
Epilepsy Foundation National Youth Council Startup	-	1,786
EF National Managing Students with Seizures	6,857	-
Esman Foundation, Inc.	40,000	-
Peacock Foundation, Inc.	29,837	29,838
	<u>\$ 125,627</u>	<u>\$ 85,953</u>

EPILEPSY FOUNDATION OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 3 - CONCENTRATION RISK

The Organization maintains its cash and cash equivalent balances at a financial institution located in Florida. The Federal Deposit Insurance Corporation (FDIC) provided temporary unlimited deposit insurance coverage for noninterest-bearing cash accounts from December 31, 2010 through December 31, 2012. As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all cash balances are insured up to \$250,000 by the FDIC effective January 1, 2013. At June 30, 2013, the Organization's uninsured cash balances totaled approximately \$327,000. There were no uninsured cash balances at June 30, 2012.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment comprises the following:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>
Office equipment	\$ 176,785	\$ 218,409
Furniture and fixtures	66,194	66,412
Leasehold improvements	<u>5,850</u>	<u>5,850</u>
	248,829	290,671
Less: accumulated depreciation	<u>(153,050)</u>	<u>(217,665)</u>
Total property and equipment	<u>\$ 95,779</u>	<u>\$ 73,006</u>

During the year ended June 30, 2013, the Organization disposed of \$92,744 in fully depreciated assets with a corresponding reduction in accumulated depreciation, consequently no gain or loss was realized.

NOTE 5 - LINE OF CREDIT

The Organization has a revolving line of credit totaling \$200,000 available for working capital purposes that bears interest at 4.5% at June 30, 2013 and 2012. This line of credit bears interest at the greater of a floor of 4.5% or a floating interest rate of prime plus .05%. The line of credit matures in April 2014 and is renewable annually under the line of credit agreement. There were no outstanding borrowings on the line of credit as of June 30, 2013 and 2012.

NOTE 6 - PAYABLE TO PROVIDER

Payable to provider represents amounts received or receivable by the Organization from the Department of Health and due to one subcontractor provider in central Florida, Epilepsy Association of Central Florida ("EACF"). During the year ended June 30, 2012, amounts transferred by the Organization to EACF were approximately \$417,000. As of July 2012, EACF is no longer a subcontractor of the Organization. Therefore, no transfers by the Organization to EACF were incurred during the year ended June 30, 2013.

EPILEPSY FOUNDATION OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 7 - COMMITMENTS

Operating Leases

The Organization is obligated under separate non-cancellable operating leases for office equipment and space expiring at various dates through 2016. Total minimum rental payments under these non-cancellable operating leases are as follows:

<u>Years ending June 30,</u>	
2014	\$ 62,000
2015	7,000
2016	<u>4,000</u>
	<u>\$ 73,000</u>

In addition, the Organization leases certain office space on a month to month basis.

Included in occupancy in the accompanying statements of functional expenses, is rent expense of approximately \$151,000 and \$146,000 for the years ended June 30, 2013 and 2012, respectively.

NOTE 8 - CONTINGENCIES

Financial awards from federal, state and local government entities in the form of grants are subject to audit by the respective governmental agencies. The possible disallowance by the governmental agencies of any item charged to the program or request for the return of any unexpended funds cannot be determined at this time. Accordingly, no provision for any liability that may result has been made in the financial statements.

NOTE 9 - ECONOMIC DEPENDENCE

The Organization provides its program services with funds primarily received from federal, state and local governments. A reduction in the level of this funding, if this were to occur, may have a significant effect on the Organization's programs and activities. At June 30, 2013 and 2012, grants receivable from contracts with governmental entities were approximately 91% and 95%, respectively. Revenues received under contracts with governmental entities represented approximately 60% of the Organization's total support and revenue for the years ended June 30, 2013 and 2012.

NOTE 10 - RETIREMENT PLAN

Effective July 1, 2006, the Organization established a 403(b) plan (the "Plan") where employees are eligible to participate on hire date and the Organization matches three percent of employee annual compensation. The Organization's matching contribution expense for the years ended June 30, 2013 and 2012 was approximately \$22,100 and \$17,300, respectively.

EPILEPSY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 11 - UNITED WAY SUPPORT AND REVENUE

Individual United Way agency support and revenue is comprised as follows:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>
United Way of Dade County, Inc.	\$46,683	\$54,921
United Way of Martin County, Inc.	4,225	4,685
United Way of Palm Beach, Inc.	18,000	18,000
United Way of St. Lucie County, Inc.	<u>-</u>	<u>1,862</u>
Total	<u>\$68,908</u>	<u>\$79,468</u>

NOTE 12 - SUBSEQUENT EVENTS

During August 2013, the Organization was awarded a federal grant from the Department of Health and Human Services in the amount of \$637,686 covering the period August 2013 through August 2014. This award requires the recipient Organization to complete projects which are funded under the 2013 Prevention and Public Health Fund.

SUPPLEMENTARY INFORMATION

EPILEPSY FOUNDATION OF FLORIDA, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2013

GRANTOR / PROGRAM TITLE	CSFA	GRANT NUMBER	CONTRACT	EXPENDITURES
STATE OF FLORIDA				
Department of Health				
Epilepsy Services Program - Direct Client Services	64.036		COHA4	\$ 1,039,466
Epilepsy Services Program - Prevention and Education	64.036		COHA4	<u>717,999</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				\$ <u>1,757,465</u>

EPILEPSY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1- GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance includes the State of Florida grant activity of Epilepsy Foundation of Florida, Inc. (the "Organization") for the year ended June 30, 2013.

NOTE 2- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Florida Rules of the Auditor General Chapter 10.650, *State Single Audits of Non-Profit and For-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3- SCOPE OF AUDIT PURSUANT TO THE FLORIDA SINGLE AUDIT ACT

All Florida state grant operations of the Organization are included in the scope of the Florida Single Audit Act (the "Act"). The Single Audit was performed in accordance with the provisions of the the *Department of Financial Services' State Projects Compliance Supplement*. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted in accompanying Schedule of Expenditures of State Financial Assistance.

NOTE 4- CONTINGENCY

The grants revenue amount received is subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as result of such an audit, any claim for the reimbursement to the grantor agency would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable state laws and regulations.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Epilepsy Foundation of Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Epilepsy Foundation of Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pinchasiq Yelen Muskat Stein LLC

Miami, Florida
January 31, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

To the Board of Directors of
Epilepsy Foundation of Florida, Inc.

Report on Compliance for Each Major State Project

We have audited Epilepsy Foundation of Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2013. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, Epilepsy Foundation of Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General of the State of

Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of compliance in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida, and this report is not suitable for any other purpose.



Miami, Florida
January 31, 2014

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS**

EPILEPSY FOUNDATION OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
YEAR ENDED JUNE 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

State Projects

Type of auditor's report issued on compliance for major state projects: Unqualified

Internal control over major state projects:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes no

Any audit findings disclosed that are required to be reported in accordance with Rule 10.650, Rules of the Auditor General of The State of Florida? yes no

State Awarding Agency

CSFA Number Year

Programs tested as major state projects included:

Department of Health

Epilepsy Services Programs - Direct Client Services	64.036	2012-2013
Epilepsy Services Programs - Prevention and Education	64.036	2012-2013

Dollar threshold used to distinguish between type A and Type B projects: \$300,000

Management letter issued? yes no

EPILEPSY FOUNDATION OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
YEAR ENDED JUNE 30, 2013

SECTION II - FINANCIAL STATEMENTS FINDINGS

REPORTABLE CONDITIONS

The audit disclosed no matters that are reportable for the current year.

SECTION III - FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE

REPORTABLE CONDITIONS

The audit disclosed no matters that are reportable for the current year.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no findings to report.