

EPILEPSY FLORIDA, INC.

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Epilepsy Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Epilepsy Florida, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020 and 2019, 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 audit. We conducted our audit 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 the Organization as of June 30, 2020 and 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.

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 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 December 10, 2020 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 solely 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 the effectiveness of the Organization's 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 10, 2020

EPILEPSY FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

		ASSETS	
		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and equivalents		\$ 1,292,493	\$ 440,164
Pledges and other receivables		14,394	44,788
Grants receivable		224,802	194,587
Prepaid expenses		9,451	17,101
	TOTAL CURRENT ASSETS	<u>1,541,140</u>	<u>696,640</u>
NON-CURRENT ASSETS			
Property and equipment, net		20,432	37,488
Software, internal use, net		39,371	60,430
Other assets		7,266	11,744
	TOTAL ASSETS	<u>\$ 1,608,209</u>	<u>\$ 806,302</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 63,894	\$ 35,536
Note payable		362,532	-
Accrued expenses		33,486	64,227
Deferred revenue		98,924	-
	TOTAL CURRENT LIABILITIES	<u>558,836</u>	<u>99,763</u>
NET ASSETS			
Without restriction		1,006,301	706,539
With donor restriction		43,072	-
	TOTAL NET ASSETS	<u>1,049,373</u>	<u>706,539</u>
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,608,209</u>	<u>\$ 806,302</u>

The accompanying notes are an integral part of these financial statements.

EPILEPSY FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restriction	With donor Restriction	Total
SUPPORT AND REVENUE			
Grants	\$ -	\$ 2,074,211	\$ 2,074,211
Bequest	656,205	-	656,205
Contributions	187,228	186,512	373,740
Contributions - Clayton Feig Fund	-	57,158	57,158
United Way	-	107,101	107,101
Special events	547,424	-	547,424
In-kind medical services and other	309,468	-	309,468
Fees and other income	5,491	11,271	16,762
Net assets released from restriction	2,393,181	(2,393,181)	-
TOTAL SUPPORT AND REVENUE	\$ 4,098,997	\$ 43,072	\$ 4,142,069
EXPENSES			
Patient services	\$ 3,343,318	\$ -	\$ 3,343,318
Management and general	178,736	-	178,736
Fundraising	277,181	-	277,181
TOTAL EXPENSES	3,799,235	-	3,799,235
CHANGES IN NET ASSETS	299,762	43,072	342,834
NET ASSETS, at beginning of year	706,539	-	706,539
NET ASSETS, at end of year	\$ 1,006,301	\$ 43,072	\$ 1,049,373

The accompanying notes are an integral part of these financial statements.

EPILEPSY FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without donor restriction	With donor restriction	Total
SUPPORT AND REVENUE			
Grants	\$ -	\$ 1,883,342	\$ 1,883,342
Contributions	253,235	60,000	313,235
Contributions - Clayton Feig Fund	-	63,665	63,665
United Way	-	87,564	87,564
Special events	755,423	-	755,423
In-kind medical services and other	274,741	-	274,741
Fees and other income	15,779	-	15,779
Net assets released from restriction	2,094,571	(2,094,571)	-
TOTAL SUPPORT AND REVENUE	\$ 3,393,749	\$ -	\$ 3,393,749
EXPENSES			
Patient services	\$ 2,902,847	\$ -	\$ 2,902,847
Management and general	167,008	-	167,008
Fundraising	319,794	-	319,794
TOTAL EXPENSES	3,389,649	-	3,389,649
CHANGES IN NET ASSETS	4,100	-	4,100
NET ASSETS, at beginning of year	702,439	-	702,439
NET ASSETS, at end of year	\$ 706,539	\$ -	\$ 706,539

The accompanying notes are an integral part of these financial statements.

EPILEPSY FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		
	Program Services	Management and General	Fundraising	Total Expenses
Advertising	\$ 329	\$ 164	\$ 164	\$ 657
Bank and credit card fees	3,873	176	1,819	5,868
Communication and telephone	42,927	1,908	2,862	47,697
Computer support and supplies	96,323	5,411	6,494	108,228
Depreciation and amortization	25,912	1,456	1,747	29,115
Dues and subscriptions	15,237	305	14,932	30,474
Equipment rental and maintenance	26,146	1,469	1,763	29,378
In-kind medical services	309,467	-	-	309,467
Insurance	32,408	1,821	2,185	36,414
Medical services	189,787	-	-	189,787
Meeting and travel expenses	38,084	2,720	4,534	45,338
Occupancy	154,525	8,681	10,417	173,623
Office Supplies	21,584	1,213	1,455	24,252
Printing and publication	43,954	5,171	2,586	51,711
Professional and contracted services	184,486	45,490	22,745	252,721
Salaries and benefits	1,793,811	100,776	120,931	2,015,518
Staff appreciation, surveys and other expenses	2,036	1,975	1,975	5,986
Support group	80,224	-	-	80,224
Special events	111,266	-	80,572	191,838
Relief Payments	170,939	-	-	170,939
TOTAL EXPENSES	\$ 3,343,318	\$ 178,736	\$ 277,181	\$ 3,799,235

The accompanying notes are an integral part of these financial statements.

EPILEPSY FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		
	Program Services	Management and General	Fundraising	Total Expenses
Advertising	\$ 260	\$ 130	\$ 130	\$ 520
Bank and credit card fees	3,701	156	1,355	5,212
Communication and telephone	43,480	1,932	2,899	48,311
Computer support and supplies	61,313	3,445	4,133	68,891
Depreciation and amortization	27,598	1,550	1,861	31,009
Dues and subscriptions	10,432	417	10,014	20,863
Equipment rental and maintenance	37,414	2,102	2,522	42,038
In-kind medical services	274,741	-	-	274,741
Insurance	23,730	1,333	1,600	26,663
Interest	158	-	-	158
Marketing and development	909	455	455	1,819
Medical services	137,661	-	-	137,661
Meeting and travel expenses	26,529	1,990	4,642	33,161
Occupancy	174,093	9,780	11,737	195,610
Office Supplies	17,871	1,004	1,205	20,080
Printing and publication	25,527	3,359	4,703	33,589
Professional and contracted services	150,545	37,091	30,545	218,181
Salaries and benefits	1,765,288	99,174	119,008	1,983,470
Special events	28,123	-	119,893	148,016
Staff appreciation, surveys and other expenses	2,549	402	402	3,353
Support group	85,550	-	-	85,550
Rebranding	5,375	2,688	2,690	10,753
	<u>\$ 2,902,847</u>	<u>\$ 167,008</u>	<u>\$ 319,794</u>	<u>\$ 3,389,649</u>

The accompanying notes are an integral part of these financial statements.

EPILEPSY FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 342,834	\$ 4,100
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	29,115	31,009
Loss on disposal of property and equipment	9,000	-
Changes in operating assets and liabilities:		
Increase in pledges and other receivables	30,394	(29,927)
Decrease in grants receivables	(30,215)	113,782
Decrease in prepaid expenses	7,650	4,204
Decrease (increase) in other assets	4,478	(1,204)
Increase in accounts payable	28,358	7,346
Decrease in accrued expenses	(30,741)	(8,245)
Increase (decrease) in deferred revenues	98,924	(10,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>489,797</u>	<u>111,065</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(4,267)
Purchase of software	-	(9,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(13,267)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	35,000
Payments on line of credit	-	(35,000)
Proceeds from notes payable	362,532	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>362,532</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	852,329	97,798
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>440,164</u>	<u>342,366</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,292,493</u>	<u>\$ 440,164</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 127</u>	<u>\$ 158</u>

The accompanying notes are an integral part of these financial statements.

**EPILEPSY FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 - ORGANIZATION

General

Epilepsy Florida, Inc. (the "Organization"), is a non-profit organization, an independent affiliate of Epilepsy Alliance America. The Organization provides epilepsy programs and services in 35 of Florida's 67 counties, as sponsored by the State of Florida, and is a sub grantee of the federal government to act as Patient Navigators for the Affordable Care Act in the federal healthcare marketplace exchange.

The Organization was formed under the Laws of the State of Florida in 1971 and provides health, education, and social services to persons with seizure disorders and their families. Services provided include seizure education, preventive services, case management, medical and counseling services, information and referrals, support groups, and advocacy for persons with epilepsy and their families, as well as consumer assistance with enrollment in the Federal healthcare marketplace exchange.

Through the year ended June 30, 2018, the Organization was affiliated with the national Epilepsy Foundation of America (the "Foundation"). On July 19, 2018, the Organization renamed itself Epilepsy Florida, Inc. as its affiliation with the Foundation ended. Together with a number of other recently disaffiliated chapters of the Foundation, the Organization helped found and joined Epilepsy Alliance America, a new national entity.

The Organization receives diverse grants from public and private foundations, various local municipalities and United Way organizations throughout the State of Florida. The Organization is contracted by the Florida Department of Health 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

- Net assets without donor restrictions: The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources.

Net assets without donor restrictions generally result from grant revenue, contributions that are not subject to donor-imposed restrictions, reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- Net assets with donor restrictions: The portion of the net assets of the Organization that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions.

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.

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 original maturities of three months or less to be 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 as revenues 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 a discount rate that commensurate the risk involved 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. The Organization had no pledges to be received over more than one year as of June 30, 2020 and 2019.

Grants Receivable

Amounts reflected as grants receivable represents the net realizable values of the grants as of June 30, 2020 and 2019.

Allowance for Doubtful Accounts

The Organization periodically reviews pledges and other receivables and grants receivable and provides an allowance for doubtful accounts which may become uncollectible. The allowance is based on prior years' experience and management's analysis of specific pledges, grants, and other receivables made. At June 30, 2020 and 2019, management considered the pledges and other receivables and grants receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

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.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software – Internally Generated

The Organization has internally developed software exclusively to meet the Organization's internal needs. The Organization has no substantive plan to market the software externally. Internal-use software costs are divided into the research phase and the development phase. All research phase costs are expensed while development phase costs should be capitalized. The software is amortized over the useful life.

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 support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions for which donors have not stipulated restrictions or donor restricted contributions whose restrictions are met in the same accounting period are reported as without donor restricted support.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, many other individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

The majority of 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 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 \$309,000 and \$275,000 for the years ended June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

Identifiable expenditures made in direct fulfillment of the Organization's expressed goals are classified as program 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 benefitted based upon management's estimate of factors such as time spent or space utilized.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred.

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 with donor restriction 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. Management is not aware of any activities that would jeopardize the Organization's exempt status.

Fair Value of Financial Instruments

At June 30, 2020 and 2019, the carrying values of cash and cash equivalents, pledges and other receivables, grants receivable, prepaid expenses, other assets, accounts payable, accrued expenses, and deferred revenue approximate fair value because of the short-term maturities of these instruments.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and unsecured receivables. The Organization's ability to collect its receivables is dependent on economic conditions and the financial condition of its customers and grantor agencies. The Organization has not experienced losses related to its receivables. At times, cash balances may temporarily exceed the Federal Deposit Insurance Coverage insurance limit.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure in the financial statements through December 10, 2020, the date in which the financial statements were available to be issued.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 - WITH DONOR RESTRICTION

Net assets are restricted to the following purposes or time periods as of June 30:

	<u>2020</u>	<u>2019</u>
Covid Relief	\$ 22,222	\$ -
Seizure Dog	20,850	-
	<u>\$ 43,072</u>	<u>\$ -</u>

Net assets released from net assets with donor restrictions for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Net assets released from restriction	<u>\$ 2,393,181</u>	<u>\$ 2,094,571</u>

Net assets with restrictions consist of the following assets as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	<u>\$ 43,072</u>	<u>\$ -</u>
	<u>\$ 43,072</u>	<u>\$ -</u>

NOTE 4 – SOFTWARE

Software internal-use is comprised of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cost	\$ 101,025	\$ 101,025
Less: accumulated amortization	(61,654)	(40,595)
	<u>\$ 39,371</u>	<u>\$ 60,430</u>

Amortization expense for the years ended June 30, 2020 and 2019 was \$21,059 and \$20,205, respectively.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment comprises the following as of June 30:

	2020	2019
Office equipment	\$ 212,309	\$ 212,309
Furniture and fixtures	71,043	71,043
Leasehold improvements	46,585	46,584
Website	-	9,000
	<u>329,937</u>	<u>338,936</u>
Less: accumulated depreciation	(309,505)	(301,448)
Total property and equipment, net	<u>\$ 20,432</u>	<u>\$ 37,488</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$8,056 and \$10,804, respectively.

NOTE 6 - NOTE PAYABLE AND LINE OF CREDIT

Note Payable

The Organization received loan proceeds in the amount of \$362,532 pursuant the Paycheck Protection Program under the CARES Act. The loan and the accrued interest are forgivable after eight weeks or at twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization believes that its use of the loan proceeds meet the conditions for forgiveness of the loan. As of June 30, 2020, the Organization has reflected a liability in the amount of \$362,532.

Line of Credit

The Organization has a revolving line of credit agreement with a credit availability of \$100,000. Interest accrued at the greater of a floating rate equal to the prime plus 3.5% or the floor rate of 5.25%. The line of credit matured in October 2020 and has been extended through January 2021.

NOTE 7 - COMMITMENT AND 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.

During the normal course of the business, the Organization may be subject to claims. Management believes that their insurance coverage will be sufficient to pay potential liabilities, if any. Therefore, no amounts were recorded in these accompanying financial statements.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 - COMMITMENT AND CONTINGENCIES (Continued)

Operating Leases

The Organization is obligated under separate non-cancellable operating leases for office equipment and space expiring at various dates through 2024. Total minimum rental payments under these non-cancellable operating leases are as follows:

<u>Years ending June 30,</u>		
2021	\$	134,481
2022		128,875
2023		25,440
2024		20,487
2025		-
	<u>\$</u>	<u>309,283</u>

In addition, the Organization leases certain office space on a month-to-month basis. Office rent expense is approximately \$165,000 and \$180,000 for the years ended June 30, 2020 and 2019, respectively. These amounts are included in occupancy in the accompanying statements of functional expenses. The Organization operates an office in Naples free of rent.

Office equipment rent expense is approximately \$29,000 and \$42,000 for the years ended June 30, 2020 and 2019, respectively. These amounts are included in equipment rental and maintenance in the accompanying statements of functional expenses.

NOTE 8 - ECONOMIC DEPENDENCE

The Organization provides its program services with funds primarily received from federal, state, and local governments. A significant reduction in the level of this funding, if this were to occur, may have an adverse effect on the Organization's programs and activities.

At June 30, 2020 and 2019, grants receivable from contracts with governmental entities were approximately 90% and 81%, respectively. Revenues received under contracts with governmental entities represented approximately 51% and 60% of the Organization's total support and revenue for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 - UNITED WAY SUPPORT AND REVENUES

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
United Way of Miami-Dade County, Inc.	\$ 51,662	\$ 59,125
United Way of Palm Beach County, Inc.	36,500	20,000
United Way of Escambia County, Inc.	15,439	4,439
United Way of Martin County, Inc.	3,500	4,000
Total	<u>\$ 107,101</u>	<u>\$ 87,564</u>

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 10 - RETIREMENT PLAN

Effective July 1, 2006, the Organization established a 403(b) plan where employees are eligible to participate upon completing one year of service and are age twenty-one or older. The Organization matches three percent of employee annual compensation. The employees become fully vested after completing their sixth year of service.

Effective March 1, 2016, the Organization transitioned to a safe harbor retirement savings plan where employees are eligible to participate upon completing one year and 1,000 hours of continuous service; and age twenty-one or older. The Organization matches 100% of employee deferral up to 3% of participant compensation plus 50% of the deferral up to the next 2% of participant compensation. Participants are immediately 100% vested in all of their contributions and all safe harbor contributions.

The Organization's matching contribution expense for the years ended June 30, 2020 and 2019 was approximately \$35,000 and \$35,000, respectively.

NOTE 11 – OTHER MATTERS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table represents financial assets available for use for general expenditures within one year at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and equivalents	\$ 1,249,421	\$ 429,574
Grants receivable	<u>224,802</u>	<u>194,587</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 1,474,223</u>	<u>\$ 624,161</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from contributions and grants.

SUPPLEMENTAL INFORMATION

**EPILEPSY FLORIDA, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

Pass-through Entity/ State Program	CSFA Number	Contract Grant Number	Expenditure
STATE OF FLORIDA			
Department of Health			
Epilepsy Services Program - Case Management, Epilepsy Education and Prevention	64.036	COHT6	<u>\$ 1,485,071</u>
Total - Department of Health			
	TOTAL STATE FINANCIAL ASSISTANCE		<u><u>\$ 1,485,071</u></u>

The accompanying notes are an integral part of this schedule.

EPILEPSY FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of State Financial Assistance (the "Schedule") presents the activity of all state award programs of Epilepsy Florida, Inc. (the "Organization") for the year ended June 30, 2020.

The information in the schedules are presented in accordance with the requirements of the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Because the Schedules present only a selected portion of the operation of the organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - SCOPE OF AUDIT PURSUANT TO THE STATE SINGLE AUDIT ACTS

All state grant operations of the Organization are included in the scope of the Florida Single Audit Act. The Florida Single Audit was performed in accordance with the provisions of the *Department of Financial Services' State Projects Compliance Supplement*. Compliance testing of all requirements, as described in the *State Projects Compliance Supplement*, was performed for the grant programs noted in the accompanying Schedule 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 a 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 Directors
Epilepsy 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 Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

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 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 from 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 10, 2020



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

To the Board Directors
Epilepsy Florida, Inc.

Report on Compliance for Each Major State Project

We have audited Epilepsy 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, 2020. 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 state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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. Those standards and Chapter 10.650, Rules of the Auditor General, 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, the Organization 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 for the year ended June 30, 2020.

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 the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 10, 2020

**EPILEPSY FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

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

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended June 30, 2020 because there were no findings required to be reported in the management letter (see AG Rules Section 10.656(3)(e)).
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to state projects (see AG Rules 10.656(3)(d)(5)).
3. No corrective action plan is required because there were no findings required to be reported under the *Florida Department of Financial Services' State Projects Compliance Supplement*.