

**EPILEPSY FOUNDATION
OF GREATER LOS ANGELES**

**Financial Statements
June 30, 2013 and 2012
And For The Years Then Ended**

Together with Independent Auditor's Report

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Epilepsy Foundation of Greater Los Angeles

We have audited the accompanying financial statements of Epilepsy Foundation of Greater Los Angeles (the Foundation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Other Matter

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

A handwritten signature in cursive script that reads "Stanislawski & Harrison".

STANISLAWSKI & HARRISON

December 4, 2013

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
ASSETS:		
Cash and cash equivalents - Operating (Note 4)	\$ 524,562	\$ 574,019
Cash and cash equivalents - Designated for Care and Cure initiatives (Note 4)	1,245,601	1,336,382
Accounts receivable, net of allowance of \$20,000 in 2013 and \$14,441 in 2012	81,398	133,277
Pledges receivable, net (Note 5)	207,238	285,941
Prepaid grants (Note 12)	28,686	35,000
Other prepaid expenses	46,117	21,015
Deposits and other assets	2,886	2,567
Beneficial interest in charitable perpetual trust (Note 6)	1,460,000	1,380,000
Total assets	\$ 3,596,488	\$ 3,768,201
 LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	54,442	\$ 76,209
Accrued grants payable (Note 12)	54,181	58,668
	108,623	134,877
Commitments (Note 10)		
Net assets (Note 2):		
Unrestricted:		
Unrestricted	403,569	366,320
Board-designated - Care and cure initiatives	1,245,041	1,439,682
- Development/marketing	60,660	19,249
Total unrestricted	1,709,270	1,825,251
Temporarily restricted (Note 7)	277,595	387,073
Permanently restricted (Note 8)	1,501,000	1,421,000
Total net assets	3,487,865	3,633,324
Total liabilities and net assets	\$ 3,596,488	\$ 3,768,201

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

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Activities
For Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted	Board-Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
SUPPORT AND REVENUE:							
Contributions	\$ 243,354	\$ 2,000	\$ 245,354	\$ 24,525	\$ -	\$ 269,879	\$ 242,795
Special events revenue (Note 11)	397,165	708,342	1,105,507	-	-	1,105,507	987,305
Special events expense (Note 11)	(128,644)	(249,645)	(378,289)	-	-	(378,289)	(307,995)
Investment income (Note 6)	83,789	2,430	86,219	127	80,000	166,346	4,287
Net assets released from restrictions (Note 7)	34,130	100,000	134,130	(134,130)	-	-	-
Total revenue	629,794	563,127	1,192,921	(109,478)	80,000	1,163,443	926,392
EXPENSES:							
Program services:							
Care - Specialty services	27,294	609,498	636,792	-	-	636,792	264,453
Care - Supportive services	128,242	-	128,242	-	-	128,242	118,115
Care - Camp programs	35,502	-	35,502	-	-	35,502	30,836
Advocacy and awareness	199,473	-	199,473	-	-	199,473	182,305
Research and cure	11,847	33,333	45,180	-	-	45,180	58,922
Education and outreach	156,483	-	156,483	-	-	156,483	183,904
Total program services	558,841	642,831	1,201,672	-	-	1,201,672	838,535
Supporting services:							
Administrative	67,785	-	67,785	-	-	67,785	71,224
Fundraising	39,445	-	39,445	-	-	39,445	53,669
Total supporting services	107,230	-	107,230	-	-	107,230	124,893
Total expenses	666,071	642,831	1,308,902	-	-	1,308,902	963,428
Board reclassification	(73,526)	73,526	-	-	-	-	-
Change in net assets	37,249	(153,230)	(115,981)	(109,478)	80,000	(145,459)	(37,036)
NET ASSETS - Beginning of year	366,320	1,458,931	1,825,251	387,073	1,421,000	3,633,324	3,670,360
NET ASSETS - End of year	\$ 403,569	\$ 1,305,701	\$ 1,709,270	\$ 277,595	\$ 1,501,000	\$ 3,487,865	\$ 3,633,324

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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Activities
For Year Ended June 30, 2012

	Unrestricted	Board- Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 194,566	\$ 2,000	\$ 196,566	\$ 46,229	\$ -	\$ 242,795
Special events revenue (Note 11)	276,791	710,514	987,305	-	-	987,305
Special events expense (Note 11)	(59,807)	(248,188)	(307,995)	-	-	(307,995)
Investment income (loss) (Note 6)	81,111	3,028	84,139	148	(80,000)	4,287
Net assets released from restrictions (Note 7)	41,647	100,000	141,647	(141,647)	-	-
Total revenue	534,308	567,354	1,101,662	(95,270)	(80,000)	926,392
EXPENSES:						
Program services:						
Care - Specialty services	29,493	234,960	264,453	-	-	264,453
Care - Supportive services	118,115	-	118,115	-	-	118,115
Care - Camp programs	30,836	-	30,836	-	-	30,836
Advocacy and awareness	182,305	-	182,305	-	-	182,305
Research and cure	25,589	33,333	58,922	-	-	58,922
Education and outreach	183,904	-	183,904	-	-	183,904
Total program services	570,242	268,293	838,535	-	-	838,535
Supporting services:						
Administrative	71,224	-	71,224	-	-	71,224
Fundraising	53,669	-	53,669	-	-	53,669
Total supporting services	124,893	-	124,893	-	-	124,893
Total expenses	695,135	268,293	963,428	-	-	963,428
Board reclassification	(160,827)	160,827	-	-	-	-
Change in net assets	-	138,234	138,234	(95,270)	(80,000)	(37,036)
NET ASSETS - Beginning of year	366,320	1,320,697	1,687,017	482,343	1,501,000	3,670,360
NET ASSETS - End of year	\$ 366,320	\$ 1,458,931	\$ 1,825,251	\$ 387,073	\$ 1,421,000	\$ 3,633,324

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

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

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

See Independent Auditor's Report
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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Functional Allocation of Expenses
For Year Ended June 30, 2012

	Program Services										Supporting Services			Total
	Care-Specialty Services	Care-Supportive Services		Advocacy and Awareness		Research	Education and Outreach	Sub Total	Administrative		Fundraising			
		Other Supportive	Camp Programs	Supportive	Programs				Other	Programs		Administrative	Fundraising	
Salaries	\$ 12,548	\$ 67,526	\$ 9,474	\$ 94,513	\$ 14,904	\$ 98,986	\$ 297,951	\$ 43,890	\$ 36,736	\$ 378,577				
Employee benefits and payroll taxes	2,349	12,684	1,805	17,526	2,771	18,418	55,553	8,146	6,719	70,418				
Care and cure initiatives-Donations and grants	14,897	80,210	11,279	112,039	17,675	117,404	353,504	52,036	43,455	448,995				
Professional fees and contract services	234,961	-	2,000	2,200	34,833	-	273,994	-	-	273,994				
Office expenses	1,794	7,522	234	15,961	3,379	12,183	41,073	11,531	933	53,537				
Equipment maintenance	1,429	8,355	1,125	10,953	1,882	12,587	36,331	4,935	3,967	45,233				
Communications	294	1,599	234	2,151	500	2,277	7,055	1,000	1,678	9,733				
Printing, postage and delivery	189	1,185	181	21,292	350	1,953	25,150	646	914	26,710				
Dues, subscriptions and fees	9,935	4,643	144	1,636	167	17,051	33,576	547	1,499	35,622				
Offsite related program costs	44	301	36	1,101	49	1,191	2,722	145	743	3,610				
Travel, training and advisory meetings	737	13,339	15,474	5,216	-	15,556	50,322	-	-	50,322				
	173	961	129	9,756	87	3,702	14,808	384	480	15,672				
Total expenses	264,453	118,115	30,836	182,305	58,922	183,904	838,535	71,224	53,669	963,428				

See Independent Auditor's Report
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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Cash Flows
For Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (145,459)	\$ (37,036)
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Non-cash contributions	(22,843)	(29,674)
Unrealized loss on beneficial interest in charitable perpetual trust, net	(80,000)	80,000
Accounts receivable, net	51,879	55,528
Pledge receivable, net	78,703	86,384
Other prepaid expenses	(25,102)	(1,575)
Prepaid grants	6,314	(35,000)
Deposits and other assets	(319)	(198)
Accounts payable and accrued expenses	(21,767)	2,562
Accrued grants payable	(4,487)	58,668
Net cash (used in) provided by operating activities	<u>(163,081)</u>	<u>179,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated securities	<u>22,843</u>	<u>29,674</u>
Net cash provided by investing activities	<u>22,843</u>	<u>29,674</u>
Net (decrease) increase in cash and cash equivalents	<u>(140,238)</u>	<u>209,333</u>
Cash and cash equivalents, beginning of year	<u>1,910,401</u>	<u>1,701,068</u>
Cash and cash equivalents, end of year	<u>\$ 1,770,163</u>	<u>\$ 1,910,401</u>

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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(1) **ORGANIZATION**

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

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

The mission of the nationwide Epilepsy Foundation is to stop seizures and SUDEP, find a cure and overcome the challenges created by epilepsy through efforts including education, advocacy and research to accelerate ideas into therapies.

The local Epilepsy Foundation chooses to fulfill this mission by leading the fight to END EPILEPSY. Our strategies include:

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

(2) **PROGRAMS – Unaudited**

The brief description of programs and services below also includes some quantification of the Foundation's program service accomplishments for the fiscal year ended June 30, 2013.

CARE - To deliver much needed care to improve outcomes

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

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

- a) Continued to support the training and work of Pediatric Neurology Residents and Pediatric Epilepsy Fellows and/or Faculty in our region (see table below). To date, we have supported or currently support or have committed to support 17 grants for fellows/ faculty in pediatric epilepsy.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(2) PROGRAMS – Unaudited (Continued)

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

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

Additionally, as a result of the Care and Cure Benefit in June 2013, the Foundation has awarded a grant for a CHLA-Pediatric Epilepsy Fellow and has verbally committed to the following 3 fellowship grants in FY2014:

UCLA
 -Pediatric Neurology Resident

UCSF
 -Research Fellow

USC-County
 -Epilepsy/EEG Fellow

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

Fiscal Yr Begun	Specialty Clinic	Hospital / Univ	# Yrs
Awarded in FY2011			
FY2011	Dietary Treatment for Pediatric Epilepsy	UCLA	2
Awarded in FY2013			
FY2013	Dietary Treatment for Pediatric Epilepsy	USC-County	1

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

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(2) PROGRAMS – Unaudited (Continued)

Additionally, as a result of the Care and Cure Benefit in June 2013, the Foundation has granted a five month extension for the USC - County Dietary Treatment program and has verbally committed to a new grant for the UCLA Dietary Treatment program.

Facilitated referrals to specialty epilepsy care

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

Supportive Care, including Camps/Retreats – To combat isolation, promote confidence and empower

Offered vital information and support to individuals and family members

- Groups including almost monthly Adult Therapy Group and Friends and Family Group, and a Self-Help Group for Adults

Provided referrals and other local support through Community Connect

- Callers are referred to a support group, to another person/parent affected by epilepsy, and/or to an activity or a resource of interest in the community in order to connect them with others, combat isolation and ensure no one has to fight this battle on their own.

Organized and/or offered recreational and social events where children, adults and families can connect with each other in order to combat isolation, learn from each other, and build confidence

- Summer Camp -

The Foundation cooperated with the Epilepsy Foundation of San Diego County to send kids to “Camp Coelho” at Yosemite Ridge in June 2012 (3 children) and June 2013 (5 children).

Helped support Christopher’s Family Camp organized by the Epilepsy Center in San Bernardino County in 2013

- Seasonal Family Events –

- Adult Holiday Social – 46 participants (December 2012)
- Family Holiday Party – 56 participants (January 2013)
- Adult Winter Retreat – 46 participants (January 2013)
- Sibling Network - Siblings connected at family events

- College Scholarships - Lizzie Saft Scholarship Fund
3 scholarships for education/training were given to teens and adults with epilepsy

- Assistance Fund - (Freedman Family Fund)

- ✓ Seizure alert bracelets and necklaces distributed upon request
- ✓ Other forms of emergency assistance available on a case-by-case basis

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(2) PROGRAMS – Unaudited (Continued)

- Art Therapy Program: Closed Sessions - 8 participants; Open Session - 19 participants

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

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

Organized and conducted an almost 6-week “Love Your Brain Now” Bus Tour

The Tour visited schools, regional centers, and public events with these key messages:

- Everyone has a brain. Seizures come from the brain. So everyone needs to know how to care for the brain.
- Caring for the brain can help to: (1) Prevent brain trauma and seizures, and (2) Reduce seizures if you have epilepsy.
- Anyone can have a seizure at any time, so everyone needs to know how about Epilepsy and Seizure First Aid.

During the Tour, various exhibits and visits were conducted. The specific school outreach included 11 schools; 5,447 students; 187 staff

Optimized our website and social media platforms to promote awareness

- Maintained our website: www.ENDEPILEPSY.org.
- Continued our social media outlets:
 Facebook Page (www.facebook.com/EndEpilepsy) [about 10,537 fans] and Twitter (www.Twitter/EndEpilepsy) [about 2,684 followers by 10/13] and END EPILEPSY YouTube channel
- Ensured EFGLA events are listed in online directories and calendars for increased web visibility and search results optimization on yellowbot, yahoo local, bing local, google local, aol yellow pages, superpages, etc.

Promoted awareness at the state level in California

Promoted awareness about epilepsy statewide and in Sacramento through Epilepsy California. (a) Promoted awareness about epilepsy at the State Capitol in Sacramento to educate legislators and policymakers about epilepsy, (b) Continued to build upon the advocacy efforts of 2011-2012 and developed materials, such as an Advisory, to support implementation of SB161 (the Diastat Bill), (c) Advocated and educated to ensure that trained volunteers can administer an emergency rescue medication to California schoolchildren if they have a prolonged seizure or repeated seizures at school, and (d) Organized a Workshop and Seminar on “Students with Epilepsy” at the California School Nurses Organization annual meeting in February 2013 [see EDUCATION & OUTREACH].

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(2) PROGRAMS – Unaudited (Continued)

Promoted awareness and advocated at the federal level in Washington, D.C.:
 Participated in nationwide advocacy through the Epilepsy Foundation's Speak Up / Speak Out and Kids Speak Up program to urge more support for epilepsy research and epilepsy services, and engage young people as advocates

- Public Policy Institute, April 1-3, 2012, 5 participants from our region
- Public Policy Institute, April 21-23, 2013 participants from our region

Promoted awareness and recruited grassroots advocates:

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

- 2,084 participants for the Walk to End Epilepsy (Oct 28, 2012)
- 23 participants in Team Epilepsy at the LA City Marathon 2013 (March 16-17, 2013)

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

RESEARCH - To accelerate cures for the epilepsies

Supported pediatric epilepsy research

- Continued as the largest affiliate sponsor of epilepsy research. Donated to pediatric epilepsy research through the national office.
- Promoted epilepsy research and informed about research activities in our region
- Promoted approved research projects in our region

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

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

- Organized a Workshop and Seminar on "Students with Epilepsy" at the California School Nurses Organization annual meeting in February 2013, which was attended by 324 school nurses.
- As part of our HRSA Project Access grant from the national Epilepsy Foundation, we organized and hosted a series of 5 community forums in both English and Spanish.
 - November 10, 2012, Epilepsy Forum & Fair at CHOC Hospital in Orange, held in English and Spanish (350 participants)
 - January 5, 2013, Community Forum for Parents (35 participants) and for Adults (21 participants), in Los Angeles

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(2) PROGRAMS – Unaudited (Continued)

- March 1 and 9, 2013, Spanish Forums held at CHOC Hospital in Orange County and at the Epilepsy Foundation of Greater Los Angeles, (38 participants)
- June 30, 2013, Community Forum at Loma Linda Medical Center (58 participants)

These community forums were made possible with funding from the Epilepsy Foundation and the Health Resources and Services Administration/Maternal and Child Health Bureau under award number U23MC19824.

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

Over 1,000 callers per year, and a database with 11,417 households.

Email recipient list totals 5,662 at end of CY2012, with at least one monthly Enews

Visits to main website, EpilepsyFoundationGLA.org (aka ENDEPILEPSY.org):
 Total visits: 25,107 in CY2012 and 10,980 in CY2013 (6 months)
 Unique visits: 17,031 in CY2012 and 7,825 in CY2013 (6 months)

Note - More visitors when websites for Walk and Care & Cure are factored in.

- Conducted outreach to Hispanic communities through informational handouts and epilepsy education
 Note - Key programs are promoted to Hispanic community and the Foundation has a bilingual team member.
- Educated and supported families and caregivers through our monthly Second Saturday Seminars
 156 participated in 9 Seminars
- Conducted outreach events and training in the community about seizure recognition, seizure first aid and safety (in addition to school trainings reported during the Love Your Brain Now Tour and the Community Forums, reported above)
 - At least 8 presentations and trainings to 999 persons
- Other activities that educated our community, including those affected by epilepsy
 - Care and Cure Benefit, June 4, 2013, 533 participants

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(3) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

Endowment - Return Objectives and Risk Parameters

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

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

Endowment Spending Policy

The Foundation has an endowment spending policy to limit spending annually so as to not exceed 5% of its endowment balance with the objective of 2% growth annually for current and future endowments. However, during the years ended June 30, 2013 and 2012, there was no spending from the endowment.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
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(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

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

Contributions Receivable

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

Cash Equivalents

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

Fair Value Measurements

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

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

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

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

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Credit Concentration

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

Beneficial Interest in Charitable Perpetual Trust

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

Board Reclassification

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

Functional Allocation of Expenses

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

Income Taxes

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

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

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events

Subsequent events have been evaluated through December 4, 2013, the date that these financial statements were available to be issued.

(4) CASH AND CASH EQUIVALENTS

At June 30, 2013 and 2012, cash and cash equivalents are as follows:

	<u>2013</u>	<u>2012</u>
Wedbush Morgan securities - money market	\$ 486,456	\$ 491,338
Bank of America - checking	38,106	82,681
Cash and cash equivalents - operating	<u>\$ 524,562</u>	<u>\$ 574,019</u>
Wedbush Morgan securities - money market	\$ 994,885	\$ 1,087,367
Wedbush Bank - sweep account	250,716	249,015
Cash and cash equivalents - Care and Cure initiatives	<u>\$ 1,245,601</u>	<u>\$ 1,336,382</u>

(5) PLEDGES RECEIVABLE

At June 30, 2013 and 2012, the Foundation has unrestricted pledges receivable as follows:

	<u>2013</u>	<u>2012</u>
Unrestricted Pledges Receivable	212,000	300,000
Less: Discount to Present Value at 5%	<u>(4,762)</u>	<u>(14,059)</u>
	<u>\$ 207,238</u>	<u>\$ 285,941</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
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(5) PLEDGES RECEIVABLE (Continued)

Future collections of contributions receivable are expected as follows:

<u>Year Ending June 30</u>	
2014	\$ 112,000
2015	<u>100,000</u>
	<u>\$ 212,000</u>

(6) BENEFICIAL INTEREST IN CHARITABLE PERPETUAL TRUST

The Foundation has a 100% beneficial interest in a charitable perpetual trust (Garnier Trust), the assets of which are held in a bank and managed by a third-party trustee. At June 30, 2013 and 2012, the assets in the trust had a fair value of \$2,015,645 and \$2,011,904, respectively. The Garnier Trust is a level 2 asset in the fair value hierarchy, as described in Note 2. At June 30, 2013 and 2012, the fair market value of trust assets invested were as follows:

	<u>2013</u>	<u>2012</u>
Fixed Income:		
U.S. government obligations	\$ 278,608	\$ 290,104
Corporate obligations	430,824	434,685
Domestic mutual funds	524,050	491,366
Common trust funds	<u>132,564</u>	<u>136,762</u>
Total fixed income	1,366,046	1,352,917
Equities:		
U.S. equities	250,401	251,940
International equities	47,328	51,997
Domestic mutual funds	131,838	74,033
International mutual funds	<u>89,857</u>	<u>86,972</u>
Total equities	519,424	464,942
Real estate and specialty assets	115,690	136,497
Money market	<u>14,485</u>	<u>57,548</u>
	<u>\$ 2,015,645</u>	<u>\$ 2,011,904</u>

For the years ended June 30, 2013 and 2012, the Foundation received distributions of \$75,024 and \$71,784, respectively, which is included in the unrestricted investment income. The present value of the estimated expected future cash flows from the trust's assets discounted at 5% at June 30, 2013 and 2012 was \$1,460,000 and \$1,380,000, respectively.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2013 and 2012

(6) BENEFICIAL INTEREST IN CHARITABLE PERPETUAL TRUST (Continued)

Investment income (loss) for the years ended June 30, 2013 and 2012, is as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	11,322	\$ 12,503
Distributions from charitable perpetual trust	75,024	71,784
Unrealized gain (loss) on beneficial interest in charitable perpetual trust, net*	<u>80,000</u>	<u>(80,000)</u>
	<u>\$ 166,346</u>	<u>\$ 4,287</u>

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

(7) TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2013 and 2012, temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Time Restriction (pledge receivable)	\$ 195,238	\$ 285,941
Lizzie Saft Fund (to be approved by donor)	59,594	70,342
Freedman Fund - Emergency Medical Assistance	13,463	17,150
Art therapy program	7,300	13,640
Nursing programs	<u>2,000</u>	<u>-</u>
	<u>\$ 277,595</u>	<u>\$ 387,073</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
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(7) TEMPORARILY RESTRICTED NET ASSETS (Continued)

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

	<u>2013</u>	<u>2012</u>
Time restriction	\$ 90,703	\$ 86,384
Art therapy	21,340	16,360
Lizzie Saft Fund	12,000	9,250
Teen and Adult Programs	-	19,000
Employment Program for Adults with Epilepsy	-	10,000
Nursing programs	6,000	-
Freedman Fund - Emergency Medical Assistance	4,087	653
	<u>\$ 134,130</u>	<u>\$ 141,647</u>

(8) PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENT

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support the following programs and activities at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Garnier Trust (income to be used for any program or activity of the Foundation)	\$ 1,460,000	\$ 1,380,000
Bodenstein Endowment Fund (income to be used for educational purposes)	41,000	41,000
	<u>\$ 1,501,000</u>	<u>\$ 1,421,000</u>

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

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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(9) EMPLOYEE BENEFIT PROGRAMS

The Foundation has a 403(b) Thrift Plan (the Plan) which includes employer contributions for eligible employees, as defined by the Plan. Employer contributions are vested in accordance with a graduated vesting schedule achieving 100% vesting after 5 years. For the years ended June 30, 2013 and 2012, the Foundation contributed \$6,586 and \$5,858 to the Plan, respectively. Additionally, employees may contribute to the Plan through voluntary salary reductions up to the statutory maximum. Employee contributions are 100% vested.

(10) COMMITMENTS

Office Lease

In December 2007, the Foundation entered into a second amendment to the non-cancelable office rent agreement dated November 26, 2001 for an additional five years ending November 2012. Monthly rent includes a base amount plus a pro-rata share of the increase in the landlord's operating expenses over the base year, as defined in the lease.

The lease provides for a scheduled annual rent increase of 3% and waives the Foundation's obligation to pay one-half of the monthly rent in six-month increments for a total of 10 months.

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

Equipment Leases

The Foundation has a non-cancelable operating lease agreement for copier equipment at a monthly rental of \$320 through April 2014 and a postage machine at a monthly rate of \$144 through July 2016.

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Notes to Financial Statements
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(10) COMMITMENTS (Continued)

At June 30, 2013, the future minimum payments under the non-cancelable office rent and equipment leases are as follows:

Year Ending June 30	Office Lease	Equipment Leases	Total
2014	\$ 31,406	\$ 4,608	\$ 36,014
2015	32,348	1,728	34,076
2016	14,245	1,728	15,973
	<u>\$ 77,999</u>	<u>\$ 8,064</u>	<u>\$ 86,063</u>

For the years ended June 30, 2013 and 2012, rent expense charged to operations was \$37,151 and \$36,457, respectively.

(11) SPECIAL EVENTS

During the years ended June 30, 2013 and 2012, the Foundation held certain fundraising events. The revenue and expense of these individual events are as follows:

Year Ended June 30, 2013			
	Care & Cure	Walk to End Epilepsy	Total
Revenue	\$ 813,342	\$ 292,165	\$ 1,105,507
Expenses	<u>(249,645)</u>	<u>(128,644)</u>	<u>(378,289)</u>
	<u>\$ 563,697</u>	<u>\$ 163,521</u>	<u>\$ 727,218</u>
Year Ended June 30, 2012			
	Care & Cure	Walk to End Epilepsy	Total
Revenue	\$ 815,514	\$ 171,791	\$ 987,305
Expenses	<u>(248,188)</u>	<u>(59,807)</u>	<u>(307,995)</u>
	<u>\$ 567,326</u>	<u>\$ 111,984</u>	<u>\$ 679,310</u>

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(12) DONATIONS AND GRANTS

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

<u>Hospital/University</u>	<u>Number of Active Grants</u>	<u>Total Active Grants</u>	<u>Expense</u>	
			<u>2013</u>	<u>2012</u>
University of California, Los Angeles	3	\$ 390,000	\$ 167,500	\$ 82,500
University of Southern California	4	409,885	247,768	70,211
Children's Hospital of Los Angeles	3	360,000	169,230	56,250
University of California, San Francisco	1	50,000	25,000	25,000
Total Grants	11	\$ 1,209,885	609,498	233,961
Donations to support research through National Epilepsy Foundation			33,333	33,333
Other donations			1,000	6,700
Total grants and donations			<u>\$ 643,831</u>	<u>\$ 273,994</u>

Subsequent to year end, four more grants totaling \$375,335 became active or were extended. The Foundation has verbal commitments for 4 additional grants totaling \$328,000.