

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021



**CARNEY, ROY AND GERROL, P.C.**  
*Certified Public Accountants*

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

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**DECEMBER 31, 2022 AND 2021**

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# CARNEY, ROY AND GERROL, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Epilepsy Foundation of Connecticut, Inc.  
Hartford, Connecticut

### **Opinion**

We have audited the accompanying financial statements of Epilepsy Foundation of Connecticut, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Connecticut, Inc. as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Epilepsy Foundation of Connecticut, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Epilepsy Foundation of Connecticut, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Epilepsy Foundation of Connecticut, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Epilepsy Foundation of Connecticut, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Carnes, Roy and Gurd, P.C.*

Rocky Hill, Connecticut  
July 11, 2023

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 258,027	\$ 260,858
Investments	2,889,160	3,536,885
Contributions receivable	6,000	8,924
Accounts receivable	5,341	-
Prepaid expenses	1,551	2,502
<b>Total current assets</b>	<b>3,160,079</b>	<b>3,809,169</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	27,954	24,370
Accumulated depreciation	(24,587)	(23,323)
<b>Total property and equipment, net</b>	<b>3,367</b>	<b>1,047</b>
<b>OTHER ASSETS</b>		
Security deposit	3,200	3,200
Operating lease right-of-use assets	110,208	-
Finance lease right-of-use assets	2,627	-
<b>Total other assets</b>	<b>116,035</b>	<b>3,200</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,279,481</b>	<b>\$ 3,813,416</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 17,831	\$ 126,745
Current portion of right-of-use operating lease liability	32,078	-
Current portion of right-of-use finance lease liability	1,203	-
<b>Total current liabilities</b>	<b>51,112</b>	<b>126,745</b>
<b>LONG-TERM LIABILITIES</b>		
Right-of-use operating lease liability, net of current portion	81,060	-
Right-of-use finance lease liability, net of current portion	1,573	-
<b>Total long-term liabilities</b>	<b>82,633</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>133,745</b>	<b>126,745</b>
<b>NET ASSETS</b>		
Without donor restrictions - undesignated	780,033	823,469
Without donor restrictions - board reserve fund	2,346,456	2,846,305
Total net assets without donor restrictions	3,126,489	3,669,774
With donor restrictions	19,247	16,897
<b>Total net assets</b>	<b>3,145,736</b>	<b>3,686,671</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,279,481</b>	<b>\$ 3,813,416</b>

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

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND OTHER SUPPORT</b>		
Corporate grants	\$ 24,000	\$ 27,750
PPP - government grant	-	52,875
Mail and other contributions	120,416	103,227
Special events	195,850	216,765
Special events - contributed goods	49,690	70,189
Program income	32,742	3,555
Federated funding	177	687
Contributed services and goods	-	9,921
Investment income (loss), net of direct expenses	(474,884)	434,474
	<hr/>	<hr/>
Total revenues, gains (losses), and other support	(52,009)	919,443
	<hr/>	<hr/>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>11,176</b>	<b>16,445</b>
	<hr/>	<hr/>
<b>EXPENSES</b>		
Program services	216,394	318,543
Management and general	83,753	118,460
Fundraising	86,627	88,056
	<hr/>	<hr/>
	386,774	525,059
Special events cost	113,954	128,757
	<hr/>	<hr/>
Total expenses	500,728	653,816
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(541,561)</b>	<b>282,072</b>
	<hr/>	<hr/>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>REVENUES AND OTHER SUPPORT</b>		
Mail and other contributions	13,526	1,764
	<hr/>	<hr/>
Total revenues, gains, and other support	13,526	1,764
	<hr/>	<hr/>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>(11,176)</b>	<b>(16,445)</b>
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>2,350</b>	<b>(14,681)</b>
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	<b>(539,211)</b>	<b>267,391</b>
<b>Adjustment to beginning of year net assets from new accounting pronouncements</b>	<b>(1,724)</b>	<b>-</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,686,671</b>	<b>3,419,280</b>
	<hr/>	<hr/>
<b>NET ASSETS - End of year</b>	<b>\$ 3,145,736</b>	<b>\$ 3,686,671</b>
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The accompanying notes are an integral part of these financial statements.

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2022 Total</b>
Salaries and benefits	\$ 113,228	\$ 38,958	\$ 52,641	\$ 204,827
Education program	30,152	-	-	30,152
Payroll taxes	10,341	3,558	4,807	18,706
Advertising and promotion	3,588	-	1,793	5,381
Office	10,911	3,754	5,073	19,738
Telephone	2,272	782	1,057	4,111
Postage	582	200	270	1,052
Occupancy	22,884	7,874	10,639	41,397
Conferences and meetings	1,778	611	826	3,215
Insurance	2,615	900	1,216	4,731
Travel	1,436	431	583	2,450
Professional fees	6,461	2,223	3,004	11,688
Bookkeeping	-	20,970	-	20,970
Other dues and fees	6,595	2,269	3,066	11,930
Equipment	2,132	734	992	3,858
Depreciation and amortization	1,344	463	625	2,432
Interest	75	26	35	136
<b>Total</b>	<b>\$ 216,394</b>	<b>\$ 83,753</b>	<b>\$ 86,627</b>	<b>\$ 386,774</b>

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2021 Total</b>
Salaries and benefits	\$ 215,333	\$ 82,053	\$ 63,126	\$ 360,512
Education program	16,902	-	-	16,902
Payroll taxes	16,564	6,312	4,855	27,731
Office	4,290	1,634	1,257	7,181
Telephone	5,507	1,851	1,424	8,782
Postage	598	228	175	1,001
Occupancy	26,787	10,207	7,852	44,846
Conferences and meetings	875	334	257	1,466
Insurance	2,550	972	748	4,270
Travel	624	4	3	631
Professional fees	12,863	4,902	3,771	21,536
Bookkeeping	-	4,000	-	4,000
Other dues and fees	13,202	5,030	3,870	22,102
Equipment	1,979	754	580	3,313
Depreciation	469	179	138	786
<b>Total</b>	<b>\$ 318,543</b>	<b>\$ 118,460</b>	<b>\$ 88,056</b>	<b>\$ 525,059</b>

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



**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (539,211)	\$ 267,391
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	1,264	786
Amortization of right-of-use assets	1,168	-
Realized and unrealized loss (gain) on investments	554,038	(320,043)
Change in cash arising from changes in assets and liabilities:		
Contributions receivable	2,924	30,585
Accounts receivable	(5,341)	-
Prepaid expenses	951	5,352
Operating lease right-of-use assets and liabilities	1,343	-
Accounts payable and accrued expenses	(108,914)	120,160
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(91,778)</u>	<u>104,231</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	376,618	968,379
Purchase of investments	(282,931)	(859,145)
Purchase of fixed assets	(3,584)	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>90,103</u>	<u>109,234</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance lease liabilities	(1,156)	-
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<u>(1,156)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,831)	213,465
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>260,858</u>	<u>47,393</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 258,027</u></u>	<u><u>\$ 260,858</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 136</u>	<u>\$ -</u>

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

# EPILEPSY FOUNDATION OF CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### NOTE 1 – DESCRIPTION OF FOUNDATION AND NATURE OF ACTIVITIES

Epilepsy Foundation of Connecticut, Inc. (the Foundation) is affiliated with the National Epilepsy Foundation. The Foundation is a not-for-profit agency located in Middletown, Connecticut, organized to help people with epilepsy understand, manage and cope successfully with their condition, and to further public understanding, reduce stigma and increase acceptance for those who live with the disorder. Service areas include information, education, advocacy and support. The Foundation's programs consist of the following:

**Education:** The Foundation provides education programs and resources to members of the community, including emergency medical services personnel, school nurses, teachers, and other caregivers.

**Outreach and Information:** The Foundation serves as a resource for children and adults who are affected by epilepsy by providing information and doctor's referrals, organizing support groups, lobbying for legislation to help those with epilepsy, and sponsoring other programs to raise awareness in the community about epilepsy.

**Camp Courage:** The Camp Courage program is a summer camp experience for children and young adults who have been diagnosed with epilepsy.

**Halyn Murtha Family Assistance Fund:** The Fund provides financial assistance for qualified services, tangible goods or supports recommended by an applicant's neurologist and not available/supported through private medical insurance, a government program (such as Medicare, Medicaid, etc.), or other sources.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting and Presentation*

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions** - net assets that are not subject to donor-imposed stipulations. These resources may be expended at the discretion of the Board of Directors.

**Net assets with donor restrictions** - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, 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 restrictions. Net assets with donor restrictions may also include net assets subject to donor-imposed stipulations that they be maintained permanently for the Foundation. Generally, the donors of these assets permit organizations to use all or part of the income earned on any related investment for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, if any, are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions in the statements of activities and changes in net assets.

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Credit Risk***

The Foundation maintains its cash and cash equivalents in financial institution accounts that, at times during the year, can exceed federally insured limits. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2022 and 2021. Cash per bank statements at December 31, 2022 and 2021, did not exceed amounts covered by deposit insurance. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

***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 the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of the Statement of Cash Flows, Epilepsy Foundation of Connecticut, Inc. considers all money market funds, certificates of deposit, and unrestricted highly liquid investments with an initial maturity of less than three months to be cash equivalents.

***Investment Valuation and Income Recognition***

The Foundation follows the guidance on accounting for certain investments held by not-for-profit organizations, which requires that investments with readily determinable fair values be reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

***Contributions Receivable and Accounts Receivable***

Contributions receivable and accounts receivable are presented net of their respective bad debt allowances. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. At December 31, 2022 and 2021, there are no allowances for doubtful accounts.

***Sales Tax***

With certain exceptions, nonprofit organizations that make sales of goods or services in Connecticut are generally required to obtain a Connecticut Sales and Use Tax Permit and to collect sales tax on those sales. The State of Connecticut imposes a sales tax of 6.35% on all of the Foundation's sales to nonexempt customers. The Foundation collects that sales tax from customers and remits the entire amount to the State. The Foundation's accounting policy is not to include the tax collected and remitted to the State in revenue and cost of sales. For the years ended December 31, 2022 and 2021, the Foundation did not collect and remit sales tax and was not required to do so.

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and Equipment***

The Foundation capitalizes expenditures for furniture, office equipment, computers and purchased software that are in excess of \$2,500. Fixed assets are recorded at cost. The fair value of donated assets at the date of donation is similarly capitalized. Depreciation of furniture and equipment is calculated using the straight-line method over the estimated useful lives of the assets of five years. Expenditures for maintenance and repairs are charged to expense as incurred.

***Refundable Advances***

If the Foundation receives a conditional contribution that is subject to donor-imposed conditions, the transaction is reported as a refundable advance, rather than support, until the donor-imposed conditions have been substantially met or explicitly waived by the donor.

***Revenue and Support With and Without Donor Restrictions***

The Foundation follows guidance on accounting for contributions made and received. This guidance generally requires that contributions received or made, including unconditional promises to give, be recognized at their fair values, as increase or decreases in net assets in the period received or made. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Grants are generally considered to be contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as refundable advances.

***Contributed Services and Goods***

The Foundation recognizes contributed services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Foundation records the estimated fair value of the specialized volunteer services as both revenues and expenses in the period in which the donation is received. The fair value of the volunteer services performed by professionals is based upon an hourly rate determined by an estimated standard market rate multiplied by the number of volunteer hours. Donated equipment is recorded at fair market value that otherwise would have been paid for comparable equipment at the time of donation. Whenever possible, the estimated fair market values are provided by the vendor based on comparable rates that they otherwise would have charged for the goods or services. The Foundation utilizes contributed goods unless the goods are provided with the understanding that they will be sold during one of the Foundation's events (e.g., raffle items or auction items).

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Contributed Services and Goods*** (continued)

Donated services and goods received during the years included the following:

	<u>2022</u>	<u>2021</u>
Website services	\$ -	\$ 2,083
Bookkeeping services	-	4,000
Legal services	-	<u>3,838</u>
Contributed services: general operations	<u>-</u>	<u>9,921</u>
Mud Volleyball Tournament promotions	-	30,500
Mud Volleyball Tournament equipment	-	14,839
Golf Tournament raffle items	8,000	2,500
Think Positive Gala auction items	39,400	14,000
Other event materials	<u>2,290</u>	<u>8,350</u>
Contributed goods: special events*	<u>49,690</u>	<u>70,189</u>
	<u>\$ 49,690</u>	<u>\$ 80,110</u>

\* These contributed goods represents expenses directly related to special events and are included as revenue in the “special events – contributed goods” line and as expenses in the “special events cost” line in the statements of activities and changes in net assets.

***Functional Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated if they are attributable to more than one program or supporting function. Most expenses are allocated on the basis of estimates of employee time and effort. Postage and travel costs, are allocated based on usage estimates. All estimates are updated at least annually.

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Income Taxes***

The Foundation, a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state and local taxes and, accordingly, no provisions for income taxes are included in the financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foundation accounts for uncertainty in income taxes in accordance with FASB ASC 740, *Income Taxes*. The Foundation files Form 990, *Return of Organization Exempt From Income Tax*, which is subject to examination by the IRS until the applicable statute of limitations expires. The statutes of limitations for federal tax years 2019 through 2022 remain open for audit under the various statutes of limitations.

***Revenue from Contracts with Customers***

Any consideration received in excess of contract revenue recognized results in a contract liability balance for that contract, while revenue recognized in excess of consideration received results in a balance receivable for that contract. Performance obligations typically consist of the requirement to transfer a service over time or services at points in time. Program income consists of fees charged to attend Camp Courage. The price for the camp is allocated equally over the number of sessions held. Revenue is recognized as the sessions are held, and a corresponding decrease in contract liability or increase in amounts receivable from customers is recognized depending on whether payment has been received from the customer. Program income also consists of fees charged to Epilepsy Foundation New England to facilitate its Community Health Workers in Training (CHWT) program. The price charged is equal to the reimbursable payroll costs of Foundation employees assigned to the program. Revenue is recognized as reimbursable payroll costs are incurred, and a corresponding decrease in contract liability or increase in amounts receivable from customers is recognized depending on whether payment has been received from the customer.

Revenue from contracts with customers consisted of the following:

	<u>2022</u>	<u>2021</u>
Program income - camp fees	\$ 6,574	\$ 3,555
Program income - CHWT fees	26,168	-
Total program income	<u>\$ 32,742</u>	<u>\$ 3,555</u>

Contract receivables and contract liabilities balances consisted of the following:

	<u>2022</u>	<u>2021</u>
Receivables - beginning	\$ -	\$ -
Receivables - ending	\$ 5,341	\$ -
Contract liabilities - beginning	\$ -	\$ -
Contract liabilities - ending	\$ -	\$ -

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

**NOTE 3 - INVESTMENTS**

Investments are carried at fair value.

At December 31, 2022, investments are comprised of the following:

	<b>Cost</b>	<b>Quoted Prices In Active Markets For Identical (Level 1)</b>	<b>Unrealized Holding Gain (Loss)</b>
Mutual Funds and ETPs	\$ 1,319,477	\$ 1,389,799	\$ 70,322
Stocks	494,776	681,366	186,590
Corporate Bonds	611,733	565,747	(45,986)
Municipal and US Gov Bonds	266,213	252,248	(13,965)
	<u>\$ 2,692,199</u>	<u>\$ 2,889,160</u>	<u>\$ 196,961</u>

Investments as of December 31, 2021, are summarized as follows:

	<b>Cost</b>	<b>Quoted Prices In Active Markets For Identical (Level 1)</b>	<b>Unrealized Holding Gain (Loss)</b>
Mutual Funds and ETPs	\$ 1,357,348	\$ 1,725,891	\$ 368,543
Stocks	478,640	838,562	359,922
Corporate Bonds	601,964	603,554	1,590
Municipal and US Gov Bonds	360,372	368,878	8,506
	<u>\$ 2,798,324</u>	<u>\$ 3,536,885</u>	<u>\$ 738,561</u>

# EPILEPSY FOUNDATION OF CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### NOTE 4 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification* (“ASC”) 820, *Fair Value Measurements*, 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 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access;
- Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability;
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Foundation’s assets that are measured at fair value on a recurring basis as of December 31, 2022 and 2021 consist of mutual funds and securities, money market accounts, and certificates of deposit, which are classified as investments and cash equivalents, and are considered Level 1 investments.

Investments in mutual funds, stocks, and bonds are valued using market prices on active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. There has been no change in this valuation method from the prior year.

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

### NOTE 5 – SPECIAL EVENTS

The Foundation conducts special events each year, which have in some years included a golf benefit, mud volleyball tournament, gala, walkathon, and Purple Pumpkin 5k, as follows:

	<u>2022</u>	<u>2021</u>
Gross Receipts	\$ 245,540	\$ 286,954
Less: direct expenses	<u>(113,954)</u>	<u>(128,757)</u>
Total	<u>\$ 131,586</u>	<u>\$ 158,197</u>



**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

NOTES TO FINANCIAL STATEMENTS

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**NOTE 6 – LEASES**

The Foundation has an operating lease for office space from an unrelated third party. The current lease expires March 31, 2026. This agreement was effective starting on April 1, 2021 and monthly payments increase annually, ranging from \$2,850 to \$3,208. The Foundation used a discount rate of 4% for the lease. Operating lease expenses for the year ended December 31, 2022, were \$36,317. Cash paid for operating leases during the year ended December 31, 2022, totaled \$34,974. At December 31, 2022, the weighted average remaining lease term is 4 years, and the weighted average discount rate is 4% for the Foundation’s operating leases. Rent expenses for the year ending December 31, 2021, were \$44,846.

In January of 2020, the Foundation entered into a copier lease that requires 63 monthly payments of \$108 through March of 2025. There is an option to purchase the copier at fair market value at the end of the lease. The Foundation used a discount rate of 4% for the lease. Amortization expenses of finance lease right-of-use assets were \$1,168 for the year ended December 31, 2022. Interest expenses on right-of-use finance lease liabilities were \$136 for the year ended December 31, 2022. These amortization and interest expenses totaled \$1,304 for the year ended December 31, 2022. During the year ended December 31, 2022, cash paid for finance lease interest expenses totaled \$136, and cash paid for principal payments on finance lease liabilities totaled \$1,156; combined, these totaled \$1,292. At December 31, 2022, the weighted average remaining lease term is 3 years, and the weighted average discount rate is 4% for the Foundation’s finance leases. Expenses for the lease totaled \$1,292 during the year ended December 31, 2021.

The maturities of lease liabilities as of December 31, 2022, were as follows:

Year ending December 31:	<u>Operating</u>	<u>Finance</u>
2023	\$ 36,024	\$ 1,292
2024	37,098	1,292
2025	38,214	323
2026	<u>9,624</u>	<u>-</u>
 Total lease payments	 <u>120,960</u>	 <u>2,907</u>
 Less: imputed interest	 <u>(7,822)</u>	 <u>(131)</u>
 Present value of lease liabilities	 113,138	 2,776
Less: current portion	<u>(32,078)</u>	<u>(1,203)</u>
 Long-term portion	 <u><u>\$ 81,060</u></u>	 <u><u>\$ 1,573</u></u>

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

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**NOTE 7 – RELATED PARTY TRANSACTIONS**

***Revenue Sharing Agreement with Epilepsy Foundation (National Affiliate)***

The Foundation entered into an affiliation agreement with the National Affiliate, effective July 1, 2018. The agreement requires the Foundation to pay the National Affiliate an affiliation dues fee equal to 3% of the Foundation's total revenue, modified for certain exclusions from the revenue figure. The dues are capped at \$25,000 for each year. The agreement is effective through June 30, 2023. Dues expenses for the years ended December 31, 2022 and 2021, amounted to \$11,675 and \$20,327, respectively. Dues payments are made throughout the year based on budgeted revenue amounts. The cumulative underpayments at December 31, 2022 and 2021, were \$4,345 and \$7,695, and are included in the accounts payable and accrued expenses on the statement of financial position.

For the years ended December 31, 2022 and 2021, the Foundation recognized \$15,000 and \$33,750 in grant and sponsorship revenue from the National Affiliate.

***Other***

The Foundation hired an IT consultant who was a relative of the outgoing Executive Director at the time. Services provided by the consultant were \$5,098 for the year ended December 31, 2021.

During 2021 the outgoing Executive Director and one of the Foundation staff members shared a family relationship.

**NOTE 8 – OTHER COMMITMENTS**

Certain grants require the fulfillment of various conditions as set forth by the grantor. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board of Directors believes the contingency is remote, since it believes the Foundation is in compliance with the provision of all grants received.

**NOTE 9 – EMPLOYEE BENEFIT PLANS**

The Foundation has established a simple retirement account plan for its employees. The Plan allows employees who received at least \$5,000 in compensation from the Foundation during any two preceding calendar years to make salary reduction contributions to a retirement account. The Foundation will match employee contributions up to 3% of their eligible compensation. Employer contributions were \$475 and \$4,129 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 10 – CONCENTRATIONS – SOURCE OF REVENUE**

A substantial portion of the Foundation's public support and other revenues is derived from special events held throughout the year as well as grants and revenue sharing from national and local affiliates (see Note 7). Any significant reduction in the amounts received from these sources could have a material adverse effect on the Foundation.

**NOTE 11 – ADVERTISING**

The Foundation at times uses advertising to promote its programs. The production costs of advertising are expensed as incurred. During the years ended December 31, 2022 and 2021, there were advertising costs of \$5,381 and \$0.

**EPILEPSY FOUNDATION OF CONNECTICUT, INC.**

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**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation's financial assets generally include cash and cash equivalents, investments, contributions receivable, and accounts receivable. The following reflects the Foundation's financial assets as of December 31, reduced by amounts not available for general use because of contractual, donor-imposed, or Board-designated restrictions within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 258,027	\$ 260,858
Investments	2,889,160	3,536,885
Contributions receivable	6,000	8,924
Accounts receivable	<u>5,341</u>	<u>-</u>
Financial assets at year-end	3,158,528	3,806,667
Less those unavailable for general expenditures within one year, due to:		
Amounts set aside for reserve by Board designation	(2,346,456)	(2,846,305)
Amounts restricted by donors with purpose restrictions	<u>(19,247)</u>	<u>(16,897)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 792,825</u>	<u>\$ 943,465</u>

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in a money market account as well as in various investment portfolios, each of which has some holdings in highly-liquid cash equivalents. The Board of Directors has designated a set of these portfolios to act as a reserve. This reserve may be drawn upon, if necessary and with the appropriate approval of the Board, to meet unexpected liquidity needs or in the event of financial distress.

Net assets with donor restrictions as of December 31, 2022 and 2021, are summarized as follows:

	<u>2022</u>	<u>2021</u>
Purpose-restricted for:		
Halyn Murtha Family Assistance Fund	<u>\$ 19,247</u>	<u>\$ 16,897</u>
	<u>\$ 19,247</u>	<u>\$ 16,897</u>

The Halyn Murtha Family Assistance Fund provides financial assistance for qualified services, tangible goods, or supports recommended by an applicant's neurologist and not available/supported through private medical insurance, a government program (such as Medicare, Medicaid, etc.) or other sources.

# EPILEPSY FOUNDATION OF CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13 – PPP LOAN

The Paycheck Protection Program (PPP) was part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was amended by the Paycheck Protection Program Flexibility Act (PPPF Act). Under the PPP, the loan would be partially or fully forgiven if the Foundation maintained its workforce and salaries and used the loan proceeds for qualifying amounts of payroll, rent, mortgage interest, or utilities costs during the Covered Period. The PPPF Act increased the Covered Period from 8 weeks to 24 weeks after the loan was issued and amended the loan repayment deferral from six months to until the date on which the amount of forgiveness determined under Section 1106 of the CARES Act was remitted to the lender; any borrowers who failed to apply for forgiveness within 10 months of the last day of the Covered Period were required to make loan repayments beginning on that date. While the PPP funding was nominally a loan, the Foundation accounted for it as a cost reimbursement grant, a conditional contribution, from the government consistent with accounting principles generally accepted in the United States of America.

On February 5, 2021, the Foundation obtained a second draw PPP loan in the amount of \$52,875. The loan was fully approved for forgiveness on October 8, 2021. The amount of \$52,875 was recognized as revenue during the year ended December 31, 2021.

### NOTE 14 – SEVERANCE AGREEMENT

In December of 2021, the Foundation entered into a severance agreement with a former employee. The severance was to be paid out in two payments, around January 1, 2022 and June 30, 2022. At December 31, 2021, the accrued severance payable was \$101,822 along with accrued payroll taxes payable on the severance in the amount of \$7,789. They are included in accounts payable and accrued expenses. Total severance expenses recognized during the year ended December 31, 2021 were \$101,822 of salaries, and \$7,789 of payroll taxes. There were no severance balances payable at December 31, 2022, and no severance expenses during the year ended December 31, 2022.

### NOTE 15 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued amended guidance for the treatment of leases, ASU 2016-02, *Leases (Topic 842)*. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with terms of greater than one year. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee depends on its classification as a finance or operating lease. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Foundation's leasing activities. The amendments in the guidance are effective for the year ending December 31, 2022. The Foundation has applied the guidance in FASB ASC 842 retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. Under this method, the application date is the beginning of the reporting period of adoption, January 1, 2022. The cumulative-effect adjustment to beginning of year net assets from adoption of the guidance was \$-1,724.

### NOTE 16 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 11, 2023, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the financial statements.