

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**FINANCIAL STATEMENTS AND REPORTS  
ON COMPLIANCE AND ON INTERNAL CONTROL**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

We have audited the financial statements of Epilepsy Foundation of Florida, Inc. (the "Organization") as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. 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.

### **Internal Control Over Financial Reporting**

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Directors, management and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



November 14, 2012

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30,**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 497,585	\$ 544,647
Pledges and other receivables	183,951	63,960
Grants receivable	2,037,958	2,677,641
Prepaid expenses	14,117	13,929
Total current assets	<u>2,733,611</u>	<u>3,300,177</u>
<b>PROPERTY AND EQUIPMENT, net</b>	73,006	80,805
<b>OTHER ASSETS</b>	<u>23,803</u>	<u>23,803</u>
Total assets	<u><u>\$2,830,420</u></u>	<u><u>\$ 3,404,785</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 72,909	\$ 55,680
Payable to provider	112,031	102,167
Deferred revenue	1,917,852	2,674,223
Total current liabilities	<u>2,102,792</u>	<u>2,832,070</u>
<b>NET ASSETS</b>		
Unrestricted	641,675	524,802
Temporarily restricted	85,953	47,913
Total net assets	<u>727,628</u>	<u>572,715</u>
Total liabilities and net assets	<u><u>\$2,830,420</u></u>	<u><u>\$ 3,404,785</u></u>

See accompanying notes to financial statements.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30,**

	2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 2,787,454	\$ 154,000	\$2,941,454
Contributions	439,750		439,750
United Way	79,468		79,468
Special events, net	247,615		247,615
In-kind medical services and other	779,918		779,918
Fees and other income	24,397		24,397
Net assets released from restriction	115,960	(115,960)	-
Total support and revenue	<u>4,474,562</u>	<u>38,040</u>	<u>4,512,602</u>
<b>EXPENSES</b>			
Patient services	3,290,810		3,290,810
Prevention and education services	637,957		637,957
Management and general	265,963		265,963
Fundraising	162,959		162,959
Total expenses	<u>4,357,689</u>		<u>4,357,689</u>
<b>CHANGE IN NET ASSETS</b>	116,873	38,040	154,913
<b>BEGINNING NET ASSETS</b>	<u>524,802</u>	<u>47,913</u>	<u>572,715</u>
<b>ENDING NET ASSETS</b>	<u>\$ 641,675</u>	<u>\$ 85,953</u>	<u>\$ 727,628</u>
	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 2,907,682		\$2,907,682
Contributions	207,430	\$ 14,705	222,135
United Way	118,007		118,007
Special events, net	382,267		382,267
In-kind medical services	756,398		756,398
Fees and other income	148,940		148,940
Net assets released from restriction	14,705	(14,705)	-
Total support and revenue	<u>4,535,429</u>	<u>-</u>	<u>4,535,429</u>
<b>EXPENSES</b>			
Patient services	3,476,531		3,476,531
Prevention and education services	649,552		649,552
Management and general	255,693		255,693
Fundraising	166,842		166,842
Total expenses	<u>4,548,618</u>		<u>4,548,618</u>
<b>CHANGE IN NET ASSETS</b>	(13,189)		(13,189)
<b>BEGINNING NET ASSETS</b>	<u>537,991</u>	<u>47,913</u>	<u>585,904</u>
<b>ENDING NET ASSETS</b>	<u>\$ 524,802</u>	<u>\$ 47,913</u>	<u>\$ 572,715</u>

See accompanying notes to financial statements.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30,**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 154,913	\$ (13,189)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	20,781	11,996
Non-cash donations	779,918	756,398
Non-cash expenses	(779,918)	(756,398)
Changes in operating assets and liabilities:		
Increase in pledges and other receivables	(119,991)	(48,450)
Decrease in grants receivable	639,683	407,617
(Increase) decrease in prepaid expenses	(188)	16,849
Increase (decrease) in accounts payable and accrued expenses	17,229	(291,194)
Increase (decrease) in payable to provider	9,864	(249,860)
Increase (decrease) in deferred revenue	<u>(756,371)</u>	<u>227,272</u>
Net cash and cash equivalents provided (used) by operating activities	<u>(34,080)</u>	<u>61,041</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(12,982)</u>	<u>(56,130)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal reduction on line of credit	<u>-</u>	<u>(20,000)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(47,062)	(15,089)
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>544,647</u>	<u>559,736</u>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 497,585</u>	<u>\$ 544,647</u>
 <b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	<u>\$ -</u>	<u>\$ 1,790</u>

See accompanying notes to financial statements.

EPILEPSY FOUNDATION OF FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

	Patient Services	Prevention and Education Services	Support Services			Total
			Management and General	Fundraising		
Computer support and supplies	\$ 42,782	\$ 21,015	\$ 8,255	\$ 3,003	\$	75,055
Depreciation	-	-	20,781	-		20,781
Equipment rental and maintenance	20,387	10,015	3,935	1,431		35,768
In-kind medical services	767,251	-	-	-		767,251
Insurance	13,872	6,814	2,677	973		24,336
Medical services	335,955	-	-	-		335,955
Meeting and travel expenses	19,313	9,487	3,727	1,355		33,882
Occupancy	87,974	43,216	16,978	6,173		154,341
Office supplies and expenses	30,231	14,851	5,834	2,122		53,038
Other expenses	20,515	10,078	3,959	1,440		35,992
Printing and publications	44,366	934	1,402	-		46,702
Professional and contracted services	135,232	30,276	32,295	4,037		201,840
Provider contracts	309,724	120,448	-	-		430,172
Salaries and benefits	1,363,310	340,827	160,389	140,341		2,004,867
Support groups	70,207	15,411	-	-		85,618
Telephone	29,691	14,585	5,731	2,084		52,091
Total Expenses	\$ 3,290,810	\$ 637,957	\$ 265,963	\$ 162,959	\$	\$ 4,357,689

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2011**

	Patient Services	Prevention and Education Services	Support Services		Total
			Management and General	Fundraising	
Computer support and supplies	\$ 33,399	\$ 16,406	\$ 6,445	\$ 2,344	\$ 58,594
Depreciation	-	-	11,996	-	11,996
Equipment rental and maintenance	17,171	8,435	3,314	1,205	30,125
In-kind medical services	756,398	-	-	-	756,398
Insurance	15,308	7,520	2,954	1,074	26,856
Medical services	563,336	-	-	-	563,336
Meeting and travel expenses	46,274	22,731	8,930	3,247	81,182
Occupancy	113,413	55,712	21,887	7,958	198,970
Office supplies and expenses	25,576	12,564	4,936	1,795	44,871
Other expenses	43,329	21,284	8,362	3,041	76,016
Printing and publications	23,931	504	756	-	25,191
Professional and contracted services	75,106	16,815	17,936	2,242	112,099
Provider contracts	293,461	114,124	-	-	407,585
Salaries and benefits	1,375,998	343,999	161,882	141,647	2,023,526
Support groups	61,218	13,438	-	-	74,656
Telephone	32,613	16,020	6,295	2,289	57,217
<b>Total Expenses</b>	<b>\$ 3,476,531</b>	<b>\$ 649,552</b>	<b>\$ 255,693</b>	<b>\$ 166,842</b>	<b>\$ 4,548,618</b>

See accompanying notes to financial statements.



**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

**Organization**

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

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

**Sole National Affiliate for Statewide Epilepsy Services**

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

**Financial Statement Presentation**

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

These financial statements are presented in accordance with FASB ASC 958-205, *Presentation of Financial Statements*. In accordance with these standards, the Organization is required to classify its resources into three separate classes of net assets as follows:

**Unrestricted**

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

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

(Continued)

**Financial Statement Presentation** (Continued)

**Temporarily Restricted**

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

**Permanently Restricted**

Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of June 30, 2012 and 2011.

**Cash Equivalents**

The Organization considers deposits with banks and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Pledges and Other Receivables**

Unconditional pledges to give cash are recognized at fair value in the period the pledge is made. Pledges to be received over more than one year are measured at the present value of estimated future cash flows using the risk-free rate as of the date the receivable is recognized. At June 30, 2012 and 2011, all pledges receivable were due in less than one year; therefore the present value measurement pertaining to the pledges outstanding is not applicable to the financial statements. Other receivables consist of amounts due from customers for provided medical services and are stated at estimated net realizable value.

**Grants Receivable**

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

**Allowance for Doubtful Pledges and Other Receivables and Grants Receivable**

The Organization uses the allowance method to determine uncollectible pledges and other receivables and grants receivable. The allowance is based on prior years' experience and management's analysis of specific promises and grants made. No allowance for doubtful pledges and other receivables and grants receivable was considered necessary at June 30, 2012 and 2011.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

**Property and Equipment**

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

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

**Revenue Recognition/Deferred Revenue**

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

**Support**

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

Contributions are recognized when the donor makes what is, in substance, a promise to give to the Organization that is unconditional. Grants and contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

**Support** (Continued)

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

Donated professional services include doctor and specialist visits, medical tests and scans, blood testing, other related medical services and consulting services. The value of donated in-kind medical services is determined by the difference between (1) the doctors' standard 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 \$780,000 and \$756,000 for the years ended June 30, 2012 and 2011, respectively.

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

In 2011, the Organization realized a onetime credit of approximately \$106,000 for the workforce "Back to Work" program which is included in fees and other income in the accompanying statements of activities.

**Income Taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements reflect no provision for income taxes and are subject to audit by federal tax authorities. The Organization's open audit years are 2008 through 2012.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

**Allocation of Functional Expenses**

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

**Use of Estimates**

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

**Reclassifications**

Certain accounts in the June 30, 2011 financial statements have been reclassified to conform to the June 30, 2012 presentation.

**NOTE 2 - RESTRICTIONS ON NET ASSETS**

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

	<u>2012</u>	<u>2011</u>
Allegany Franciscan Ministries, Inc.	\$ 25,162	\$ -
Clayton Feig Foundation, Inc.	-	47,913
Epilepsy Foundation National Awareness Program	21,000	-
Epilepsy Foundation National Veterans' Outreach	6,667	-
Epilepsy Foundation National Volunteer Program	1,500	-
Epilepsy Foundation National Youth Council Startup	1,786	-
Peacock Foundation, Inc.	29,838	-
	<u>\$ 85,953</u>	<u>\$ 47,913</u>

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment comprises the following:

	June 30, <u>2012</u>	June 30, <u>2011</u>
Office equipment	\$ 218,409	\$ 205,428
Furniture and fixtures	66,412	66,412
Leasehold improvements	5,850	5,850
Less: accumulated depreciation	<u>( 217,665)</u>	<u>( 196,885)</u>
Total property and equipment	<u>\$ 73,006</u>	<u>\$ 80,805</u>

**NOTE 4 - LINE OF CREDIT**

The Organization has a revolving line of credit totaling \$200,000 available for working capital purposes that bears interest at 5.0% at June 30, 2012 and 2011. The line of credit matures in April 2013 and is renewable annually under the line of credit agreement. There was no balance outstanding as of June 30, 2012 and 2011.

**NOTE 5 - PAYABLE TO PROVIDER**

Payable to provider represents amounts received or receivable by the Organization from the Department of Health and due to one subcontractor provider in central Florida, Epilepsy Association of Central Florida ("EACF"). During the years ended June 30, 2012 and 2011, amounts transferred by the Organization to EACF were approximately \$417,000 and \$408,000, respectively. As of July 2012, EACF is no longer a subcontractor of the Organization.

**NOTE 6 - COMMITMENTS**

**Operating Leases**

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

<u>Years ending June 30,</u>	
2013	\$127,000
2014	62,000
2015	7,000
2016	<u>4,000</u>
	<u>\$200,000</u>

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

Included in occupancy in the accompanying statements of functional expenses, is rent expense of approximately \$146,000 and \$177,000 for the years ended June 30, 2012 and 2011, respectively.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**NOTE 7 - CONTINGENCIES**

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

**NOTE 8 - RETIREMENT PLAN**

Effective July 1, 2006, the Organization established a 403(b) plan (the "Plan") where employees are eligible to participate on hire date and the Organization matches two percent of employee annual compensation. The Organization's matching contribution expense for the years ended June 30, 2012 and 2011 was approximately \$17,300 and \$11,700, respectively.

**NOTE 9 - ECONOMIC DEPENDENCE**

The Organization provides its program services with funds primarily received from federal, state and local governments. A reduction in the level of this funding, if this were to occur, may have a significant effect on the Organization's programs and activities. In December 2011, the Board of Directors developed a contingency committee to review the viability of the Organization's programs should government funds be cut by 50% or 100%. At June 30, 2012 and 2011, grants receivable from contracts with governmental entities were approximately 95% and 96%, respectively. Revenues received under contracts with governmental entities represented 61% and 60% of the Organization's total support and revenue for the years ended June 30, 2012 and 2011, respectively.

**NOTE 10 - UNITED WAY SUPPORT AND REVENUE**

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

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
United Way of Broward County, Inc.	\$ -	\$ 55,567
United Way of Dade County, Inc.	54,921	54,747
United Way of Marion County, Inc.	-	1,968
United Way of Martin County, Inc.	4,685	4,225
United Way of Palm Beach, Inc.	18,000	-
United Way of St. Lucie County, Inc.	<u>1,862</u>	<u>1,500</u>
Total	<u>\$79,468</u>	<u>\$118,007</u>

The Organization's United Way of Broward County, Inc. and Marion County, Inc. funding was not renewed for the year ended June 30, 2012.

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**NOTE 11 - CORRECTION OF AN ERROR**

As a result of the Organization's year end June 30, 2012 closing review process, the Organization discovered that prepaid expenses had been overstated as of June 30, 2011. Accordingly, the Organization restated its results for the year ended June 30, 2011. The adjustment includes (1) an increase in professional fees and contracted services related to the recording of certain legal expenses and (2) a reduction in prepaid expenses. The net impact related to the correction of this error to the previously reported change in net assets resulted in a decrease of \$20,000. The net assets balance previously reported was \$592,715 and was restated to \$572,715.

The following sets forth the previously reported and restated amounts of selected items within the statement of financial position as of June 30, 2011 and within the statements of activities, functional expenses and cash flows for the year ended June 30, 2011:

	<u>Amount Previously Reported</u>	<u>Amount As Restated</u>
<u>Selected Statement of Financial Position Data</u>		
Prepaid expenses	\$ 33,929	\$ 13,929
Unrestricted net assets	544,802	524,802
<u>Selected Statement of Activities Data</u>		
Patient services	3,463,131	3,476,531
Prevention and education services	646,552	649,552
Management and general	252,493	255,693
Fundraising	<u>166,442</u>	<u>166,842</u>
Total expenses	<u>4,528,618</u>	<u>4,548,618</u>
<u>Selected Statement of Functional Expenses Data</u>		
Professional and contracted services	92,099	112,099
<u>Selected Statement of Cash Flows Data</u>		
Change in net assets	6,811	(13,189)
(Increase) decrease in prepaid expenses	(3,151)	16,849

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 14, 2012, which is the date on which the financial statements were available to be issued.



## **SUPPLEMENTARY INFORMATION**

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2012**

GRANTOR / PROGRAM TITLE	CSFA	CONTRACT GRANT NUMBER	EXPENDITURES	TRANSFERS TO SUBRECIPIENT
<b>STATE OF FLORIDA</b>				
<b>Department of Health</b>				
Epilepsy Services Program - Patient Services	64.036	COH2R	\$ 1,274,352	\$ 184,866
Epilepsy Services Program - Prevention and Education	64.036	COH2N	<u>962,977</u>	<u>232,520</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 2,237,329</u>	<u>\$ 417,386</u>

**EPILEPSY FOUNDATION OF FLORIDA, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2012**

**NOTE 1- GENERAL**

The accompanying Schedule of Expenditures of State Financial Assistance includes the State of Florida grant activity of the Epilepsy Foundation of Florida, Inc. (the "Organization") for the year ended June 30, 2012.

**NOTE 2- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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

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

**NOTE 4- CONTINGENCY**

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

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Epilepsy Foundation of Florida, Inc.  
Miami, Florida

We have audited the accompanying statements of financial position of Epilepsy Foundation of Florida, Inc. (the "Organization"), a non-profit organization, as of June 30, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epilepsy Foundation of Florida, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated November 14, 2012 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the basic 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 basic 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 basic financial statements as a whole.

*Pinchasik Yelen Muskat Stein LLC*

November 14, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE  
WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL  
OF THE STATE OF FLORIDA**



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

### Compliance

We have audited the compliance of Epilepsy Foundation of Florida, Inc. (the "Organization") 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 its major State project for the year ended June 30, 2012. The Organization's major State project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State project is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended June 30, 2012.

### Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major State project to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 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 major 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 major State project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Pinchasik Yelen Muskat Stein LLC*

November 14, 2012



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

EPILEPSY FOUNDATION OF FLORIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT

YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes  no

**State Financial Assistance**

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

Unqualified

Internal control over major state project:

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

Any audit findings disclosed that are required to be reported in Accordance with Rule 10.650?

yes  no

Identification of Major State Project:

Department of Health  
Epilepsy Services Program  
CSFA 64.036

Dollar threshold used to distinguish between type A and Type B programs:

\$300,000

Management letter issued?

yes  no

**EPILEPSY FOUNDATION OF FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT**  
**YEAR ENDED JUNE 30, 2012**

**SECTION II - FINDINGS - FINANCIAL STATEMENTS**

**REPORTABLE CONDITIONS**

There are no findings to report.

**SECTION III - FINDINGS - STATE FINANCIAL ASSISTANCE**

**REPORTABLE CONDITIONS**

There are no findings to report.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Prior Year Audit Finding Number 2011-001

*Summary of Prior Year Audit Finding:*

The Director of Finance failed to perform his responsibilities in an efficient and timely manner and the already established internal controls over financial reporting were not timely and strictly adhered to. Therefore, the Organization was not able to prevent, detect and correct a material misstatement in the financial statements on a timely basis. While no irregularities were found, financial statements could have been materially misstated.

*Current Status:*

The finding has been corrected. During fiscal year ended June 30, 2012, the Organization has made the appropriate personnel changes to ensure the strict and timely adherence to existing internal control policies and procedures.