

**EPILEPSY FLORIDA, INC.
FORMERLY KNOWN AS EPILEPSY
FOUNDATION OF FLORIDA, INC.**

FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Epilepsy Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Epilepsy Florida, Inc. (the "Organization"), a nonprofit organization which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the schedule of state financial assistance as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2017, were audited by other auditors whose report dated February 23, 2018, expressed an unmodified opinion on those statements.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2018

EPILEPSY FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

| ASSETS | | | |
|-----------------------------------|------------|------------|--|
| | 2018 | 2017 | |
| CURRENT ASSETS | | | |
| Cash and equivalents | \$ 342,366 | \$ 513,952 | |
| Pledges and other receivable | 14,861 | 31,612 | |
| Grants receivable | 308,369 | 296,875 | |
| Prepaid expenses | 21,305 | 8,651 | |
| TOTAL CURRENT ASSETS | 686,901 | 851,090 | |
| NON-CURRENT ASSETS | | | |
| Property and equipment, net | 35,025 | 17,654 | |
| Software, internal use, net | 80,635 | 84,422 | |
| Other assets | 10,540 | 10,740 | |
| TOTAL ASSETS | \$ 813,101 | \$ 963,906 | |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 28,190 | \$ 65,953 | |
| Accrued expenses | 72,472 | 110,545 | |
| Deferred revenue | 10,000 | - | |
| TOTAL CURRENT LIABILITIES | 110,662 | 176,498 | |
| NET ASSETS | | | |
| Unrestricted | 702,439 | 776,818 | |
| Temporarily restricted | - | 10,590 | |
| TOTAL NET ASSETS | 702,439 | 787,408 | |
| TOTAL LIABILITIES AND NET ASSETS | \$ 813,101 | \$ 963,906 | |

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

**EPILEPSY FLORIDA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| | 2018 | | |
|-----------------------------------------|---------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| SUPPORT AND REVENUE | | | |
| Grants | \$ - | 2,541,719 | \$ 2,541,719 |
| Contributions | 367,719 | 71,068 | 438,787 |
| Contributions - Clayton Feig Fund | - | 52,955 | 52,955 |
| United Way | - | 90,371 | 90,371 |
| Special events | 641,568 | - | 641,568 |
| In-kind medical services and other | 379,364 | - | 379,364 |
| Fees and other income | 11,447 | - | 11,447 |
| Net assets released from restriction | 2,766,703 | (2,766,703) | - |
| TOTAL SUPPORT AND REVENUE | \$ 4,166,801 | \$ (10,590) | \$ 4,156,211 |
| EXPENSES | | | |
| Patient services | \$ 2,527,819 | - | \$ 2,527,819 |
| Prevention and education services | 1,231,628 | - | 1,231,628 |
| Management and general | 166,593 | - | 166,593 |
| Fundraising | 315,140 | - | 315,140 |
| TOTAL EXPENSES | 4,241,180 | - | 4,241,180 |
| CHANGES IN NET ASSETS | (74,379) | (10,590) | (84,969) |
| NET ASSETS, at beginning of year | 776,818 | 10,590 | 787,408 |
| NET ASSETS, at end of year | \$ 702,439 | \$ - | \$ 702,439 |
| | | | |
| | 2017 | | |
| | Unrestricted | Temporarily Restricted | Total |
| SUPPORT AND REVENUE | | | |
| Grants | \$ - | \$ 3,543,521 | 3,543,521 |
| Contributions | 398,209 | 33,000 | 431,209 |
| Contributions - Clayton Feig Fund | - | 50,732 | 50,732 |
| United Way | - | 88,125 | 88,125 |
| Special events, net | 577,282 | - | 577,282 |
| In-kind medical services and other | 409,064 | - | 409,064 |
| Fees and other income | 35,951 | - | 35,951 |
| Net assets released from restriction | 3,728,963 | (3,728,963) | - |
| TOTAL SUPPORT AND REVENUE | 5,149,469 | (13,585) | 5,135,884 |
| EXPENSES | | | |
| Patient services | 3,098,882 | - | 3,098,882 |
| Prevention and education services | 1,484,859 | - | 1,484,859 |
| Management and general | 192,814 | - | 192,814 |
| Fundraising | 331,630 | - | 331,630 |
| TOTAL EXPENSES | 5,108,185 | - | 5,108,185 |
| CHANGES IN NET ASSETS | 41,284 | (13,585) | 27,699 |
| NET ASSETS, at beginning of year | 735,534 | 24,175 | 759,709 |
| NET ASSETS, at end of year | \$ 776,818 | \$ 10,590 | \$ 787,408 |

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

EPILEPSY FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | Program Services | | Supporting Services | | Total Expenses |
|------------------------------------------------|---------------------|-----------------------------------|------------------------|-------------------|---------------------|
| | Patient Services | Prevention and Education Services | Management and General | Fundraising | |
| Advertising | \$ 374 | \$ 224 | \$ 37 | \$ 112 | \$ 747 |
| Bank and credit card fees | 1,862 | 1,862 | 1,919 | - | 5,643 |
| Communication and telephone | 27,632 | 22,105 | 2,763 | 2,763 | 55,263 |
| Computer support and supplies | 44,878 | 28,559 | 4,080 | 4,080 | 81,597 |
| Depreciation and amortization | 14,736 | 11,789 | 1,474 | 1,474 | 29,473 |
| Dues and subscriptions | 8,687 | 4,738 | 1,579 | 790 | 15,794 |
| Equipment rental and maintenance | 23,931 | 13,053 | 4,351 | 2,176 | 43,511 |
| In-kind medical services | 277,277 | - | - | - | 277,277 |
| Insurance | 11,445 | 6,867 | 3,433 | 1,144 | 22,889 |
| Interest | - | - | 3,086 | - | 3,086 |
| Marketing and development | 6,265 | 3,759 | 627 | 1,880 | 12,531 |
| Medical services | 119,661 | - | - | - | 119,661 |
| Meeting and travel expenses | 28,172 | 13,839 | 1,977 | 5,437 | 49,425 |
| Occupancy | 112,139 | 61,166 | 20,389 | 10,194 | 203,888 |
| Office Supplies | 14,553 | 7,938 | 2,646 | 1,323 | 26,460 |
| Printing and publication | 17,117 | 13,314 | 3,804 | 3,804 | 38,039 |
| Professional and contracted services | 168,210 | 130,831 | 37,380 | 37,380 | 373,801 |
| Salaries and benefits | 1,528,949 | 815,439 | 76,447 | 127,412 | 2,548,247 |
| Special events | - | 81,734 | - | 114,952 | 196,686 |
| Staff appreciation, surveys and other expenses | 3,113 | 1,529 | 601 | 219 | 5,462 |
| Support group | 58,683 | 12,882 | - | - | 71,565 |
| Hurricane relief | 60,135 | - | - | - | 60,135 |
| TOTAL EXPENSES | \$ 2,527,819 | \$ 1,231,628 | \$ 166,593 | \$ 315,140 | \$ 4,241,180 |

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

EPILEPSY FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

| | Program Services | | Supporting Services | | Total Expenses |
|------------------------------------------------|---------------------|-----------------------------------|------------------------|-------------------|---------------------|
| | Patient Services | Prevention and Education Services | Management and General | Fundraising | |
| Advertising | \$ 2,559 | \$ 1,535 | \$ 255 | \$ 768 | \$ 5,117 |
| Bank and credit card fees | 1,999 | 1,999 | 2,060 | - | 6,058 |
| Communication and telephone | 31,473 | 25,178 | 3,147 | 3,147 | 62,945 |
| Computer support and supplies | 48,679 | 30,978 | 4,425 | 4,425 | 88,507 |
| Depreciation and amortization | 14,758 | 11,806 | 1,476 | 1,476 | 29,516 |
| Dues and subscriptions | 6,150 | 3,354 | 1,118 | 559 | 11,181 |
| Equipment rental and maintenance | 26,494 | 14,451 | 4,816 | 2,409 | 48,170 |
| In-kind medical services | 364,429 | - | - | - | 364,429 |
| Insurance | 15,720 | 9,432 | 4,716 | 1,571 | 31,439 |
| Interest | - | - | 694 | - | 694 |
| Marketing and development | 7,060 | 4,236 | 706 | 2,117 | 14,119 |
| Medical services | 141,538 | - | - | - | 141,538 |
| Meeting and travel expenses | 42,114 | 20,688 | 2,955 | 8,127 | 73,884 |
| Occupancy | 121,591 | 66,323 | 22,108 | 11,053 | 221,075 |
| Office supplies | 31,909 | 17,405 | 5,802 | 2,901 | 58,017 |
| Printing and publications | 26,369 | 20,509 | 5,860 | 5,860 | 58,598 |
| Professional and contracted services | 156,276 | 121,548 | 34,728 | 34,728 | 347,280 |
| Salaries and benefits | 1,919,128 | 1,023,535 | 95,956 | 159,927 | 3,198,546 |
| Special events | - | 78,289 | - | 91,838 | 170,127 |
| Staff appreciation, surveys and other expenses | 10,695 | 5,070 | 1,992 | 724 | 18,481 |
| Support groups | 129,941 | 28,523 | - | - | 158,464 |
| TOTAL EXPENSES | \$ 3,098,882 | \$ 1,484,859 | \$ 192,814 | \$ 331,630 | \$ 5,108,185 |

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

EPILEPSY FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (84,969) | \$ 27,699 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization expense | 29,473 | 29,516 |
| Changes in operating assets and liabilities: | | - |
| Decrease in pledges and other receivables | 16,751 | 82,057 |
| Increase in grants receivables | (11,494) | (147,332) |
| (Increase) decrease in prepaid expenses | (12,654) | 13,143 |
| Decrease in other assets | 200 | 15,357 |
| (Decrease) increase in accounts payable | (37,763) | 41,736 |
| (Decrease) increase in accrued expenses | (38,073) | 59,014 |
| Increase in deferred revenues | 10,000 | - |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | <u>(128,529)</u> | <u>121,190</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (10,000) | (3,411) |
| Purchase of software | (33,057) | (91,025) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(43,057)</u> | <u>(94,436)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from line of credit | 400,000 | 91,570 |
| Payments on line of credit | (400,000) | (91,570) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>-</u> | <u>-</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (171,586) | 26,754 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>513,952</u> | <u>487,198</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$ 342,366</u></u> | <u><u>\$ 513,952</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | <u><u>\$ 3,086</u></u> | <u><u>\$ 694</u></u> |

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

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 – ORGANIZATION

General

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

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

Through the year ended June 30, 2018 the Organization was affiliated with the national Epilepsy Foundation of America (the "Foundation"). On July 19, 2018, subsequent to the most recent fiscal year-end, the Organization renamed itself Epilepsy Florida, Inc. as its affiliation with the Foundation ended. Together with a number of other recently disaffiliated chapters of the Foundation, the Organization helped found and joined Epilepsy Alliance America, a new national entity. Management does not believe this will impact general operations.

Sole National Affiliate for Statewide Epilepsy Services

The Organization receives diverse grants from public and private foundations, the national Epilepsy Foundation, various local municipalities and United Way organizations throughout the State of Florida. The Organization is contracted by the of Florida Department of Health to provide comprehensive epilepsy services in 35 of the 67 Florida Counties, including Alachua, Baker, Bradford, Broward, Citrus, Clay, Columbia, Dixie, Duval, Escambia, Flagler, Gilchrist, Hamilton, Hernando, Indian River, Lafayette, Lake, Levy, Marion, Martin, Miami-Dade, Monroe, Nassau, Okaloosa, Okeechobee, Palm Beach, Putnam, Santa Rosa, St. Johns, St. Lucie, Sumter, Suwannee, Union, Volusia and Walton Counties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") No. 958 Not- for-Profit Entities. FASB ASC No. 958 requires that net assets, revenues, expenses, gain and losses be classified based on the existence or absence of donor-imposed restrictions into the following three separate classes of net assets:

Unrestricted

Unrestricted net assets available for the support of current operations that are neither temporarily or permanently restricted and are not subject to any donor-imposed stipulations.

Temporarily Restricted

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

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (continued)

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, 2018 and 2017.

Use of Estimates

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

Cash and Cash Equivalents

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

Pledges and Other Receivables

Unconditional pledges to give cash are recognized as revenues at fair value in the period the pledge is made. Pledges to be received over more than one year are measured at the present value of estimated future cash flows using a discount rate that commensurate the risk involved as of the date the receivable is recognized. Other receivables consist of amounts due from customers for provided medical services and are stated at estimated net realizable value. The Organization had no pledges to be received over more than one year as of June 30, 2018 and 2017.

Grants Receivable

Amounts reflected as grants receivable represents the net realizable values of the grants as of June 30, 2018 and 2017.

Allowance for Doubtful Accounts

The Organization periodically reviews pledges and other receivables and grants receivable and provides an allowance for accounts which may become uncollectible. The allowance is based on prior years' experience and management's analysis of specific pledges, grants, and other receivables made. At June 30, 2018 and 2017, management considered the pledges and other receivables and grants receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

Revenue Recognition/Deferred Revenue

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

Software – Internally Generated

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

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and would be typically purchased if not provided by donation. The value of donated services has been recorded only for those services for which a clear measurable basis is available. However, many other individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

The majority of donated professional services include doctor and specialist visits, medical tests and scans, blood testing, other related medical services and consulting services. The value of donated in-kind medical services is determined by the difference between (1) the doctors' standard billing rates and the number of medical tests at standard billing rates and (2) the negotiated prices that the Organization actually pays, multiplied by the actual number of visits or medical tests performed. In-kind consulting services is determined by the actual number of hours incurred at the consultant's standard billing rates. These services have been recorded in the accompanying statements of activities as in-kind medical services and other. The amount of in-kind donated medical services and other amounted to approximately \$379,000 and \$409,000 for the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of 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 benefitted based upon management's estimate of factors such as time spent or space utilized.

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.

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

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

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements reflect no provision for income taxes and are subject to audit by federal tax authorities. Management is not aware of any activities that would jeopardize the Organization's exempt status.

Fair Value of Financial Instruments

At June 30, 2018 and 2017, the carrying values of cash and cash equivalents, pledges and other receivables, grants receivable, prepaid expenses, other assets, accounts payable, accrued expenses, and deferred revenue approximate fair value because of the short-term maturities of these instruments.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and unsecured receivables. The Organization's ability to collect its receivables is dependent on economic conditions and the financial condition of its customers and grantor agencies. The Organization has not experienced losses related to its receivables. At times cash balances may temporarily exceed the Federal Deposit Insurance Coverage insurance limit. At June 30, 2018 and 2017, the Organization's uninsured cash balances totaled \$0 and \$108,500, respectively.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure in the financial statements through December 13, 2018, the date which the financial statements were available to be issued.

NOTE 3 – RESTRICTION ON NET ASSETS

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

| | <u>2018</u> | <u>2017</u> |
|--------------------------|-------------|------------------|
| Program Evaluation Grant | <u>\$ -</u> | <u>\$ 10,590</u> |
| | <u>\$ -</u> | <u>\$ 10,590</u> |

EPILEPSY FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 – SOFTWARE

Software internal-use is comprised of the following:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---------------------------------------|-------------------------|-------------------------|
| Cost | \$ 101,025 | \$ 66,025 |
| Less: accumulated amortization | <u>(20,390)</u> | <u>(6,603)</u> |
| | 80,635 | 59,422 |
| Software costs in-progress | <u>-</u> | <u>25,000</u> |
| Total software - internally developed | <u><u>\$ 80,635</u></u> | <u><u>\$ 84,422</u></u> |

Amortization expense for the years ended June 30, 2018 and 2017 was \$13,787 and \$6,603, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment comprises the following:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--------------------------------|-------------------------|-------------------------|
| Office equipment | \$ 212,309 | \$ 212,309 |
| Furniture and fixtures | 71,043 | 71,042 |
| Leasehold improvements | <u>42,318</u> | <u>9,262</u> |
| | 325,670 | 292,613 |
| Less: accumulated depreciation | <u>(290,645)</u> | <u>(274,959)</u> |
| Total property and equipment | <u><u>\$ 35,025</u></u> | <u><u>\$ 17,654</u></u> |

Depreciation expense for the years ended June 30, 2018 and 2017 was \$15,686 and \$22,913, respectively.

NOTE 6 – LINE OF CREDIT

The Organization has a revolving line of credit totaling \$200,000 available for working capital purposes. This line of credit bears interest at the greater of a floor rate of 5% or a floating interest rate of prime plus 1.5%. At June 30, 2018, the interest rate was 6.5%. The line of credit matures in May 2019. There were no outstanding borrowings on the line of credit as of June 30, 2018 and 2017.

NOTE 7 – COMMITMENT AND CONTINGENCIES

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

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

Operating Leases

The Organization is obligated under separate non-cancellable operating leases for office equipment and space expiring at various dates through 2022. Total minimum rental payments under these non-cancellable operating leases are as follows:

| <u>Years ending June 30,</u> | |
|------------------------------|--------------------------|
| 2019 | \$ 146,938 |
| 2020 | 121,240 |
| 2021 | 98,092 |
| 2022 | <u>101,035</u> |
| | <u><u>\$ 467,304</u></u> |

EPILEPSY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 – CONTINGENCIES (Continued)

Operating Leases (continued)

In addition, the Organization leases certain office space on a month to month basis. Office rent expense is approximately \$187,000 and \$184,000 for the years ended June 30, 2018 and 2017, respectively. These amounts are included in occupancy in the accompanying statements of functional expenses. The Organization operates an office in Naples free of rent.

Office equipment rent expense is approximately \$42,500 and \$44,000 for the years ended June 30, 2018 and 2017, respectively. These amounts are included in equipment rental and maintenance in the accompanying statements of functional expenses.

NOTE 8 – ECONOMIC DEPENDENCE

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

At June 30, 2018 and 2017, grants receivable from contracts with governmental entities were approximately 83% and 96%, respectively. Revenues received under contracts with governmental entities represented approximately 60% and 66% of the Organization's total support and revenue for the years ended June 30, 2018 and 2017, respectively.

NOTE 9 – UNITED WAY SUPPORT AND REVENUES

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

| | June 30, 2018 | June 30, 2017 |
|---------------------------------------|------------------|------------------|
| United Way of Miami-Dade County, Inc. | \$ 59,125 | \$ 59,125 |
| United Way of Palm Beach County, Inc. | 19,996 | 18,000 |
| United Way of Escambia County, Inc. | 6,250 | 5,000 |
| United Way of Martin County, Inc. | 5,000 | 3,500 |
| United Way of Santa Rosa County, Inc. | - | 2,500 |
| Total | <u>\$ 90,371</u> | <u>\$ 88,125</u> |

NOTE 10 – RETIREMENT PLAN

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

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

The Organization's matching contribution expense for the years ended June 30, 2018 and 2017 was approximately \$37,000 and \$37,500, respectively.

SUPPLEMENTAL INFORMATION

EPILEPSY FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

| <i>Federal Pass-through Entity/ Federal Program or Cluster Title</i> | <i>Federal CFDA Number</i> | <i>Contract Grant Number</i> | <i>Expenditure</i> |
|-----------------------------------------------------------------------------------|------------------------------------|--------------------------------------|----------------------------|
| FEDERAL GOVERNMENT | | | |
| U.S. Department of Health and Human Services: | | | |
| Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges | 93.332 | NAVCA0253B NAVCA0253C | \$ 864,930 |
| Total U.S. Department of Health and Human Services | | | <u>864,930</u> |
| | | TOTAL FEDERAL AWARDS | <u>864,930</u> |
| STATE OF FLORIDA | | | |
| Department of Health | | | |
| Epilepsy Services Program - Case Management, Epilepsy Education and Prevention | 64.036 | COHK6 | <u>1,527,858</u> |
| Total - Department of Health | | | |
| | | TOTAL STATE FINANCIAL ASSISTANCE | <u>1,527,858</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE | | | <u><u>\$ 2,392,788</u></u> |

The accompanying notes are an integral part of this schedule.

EPILEPSY FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal and state award programs of Epilepsy Florida, Inc. (the "Organization") for the year ended June 30, 2018.

The information in the schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of the organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

NOTE 4 - CONTINGENCY

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



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

To the Board Directors
Epilepsy Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Epilepsy Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Veedy-DeArman Touyelle". The signature is written in a cursive style with a large initial 'V'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2018



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

To the Board Directors
Epilepsy Florida, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Epilepsy Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2018. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General. Those standards, Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2018

**EPILEPSY FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards and State Projects

Type of auditors' report issued on compliance for major federal programs and state projects: *Unmodified*

Internal control over major federal programs and state projects:

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

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

Identification of major programs:

Federal Awarding Agency **CFDA Number**

Programs tested as major federal programs included:

Department of Health and Human Services 93.332

Cooperative Agreement to Support Navigators
 in Federally-Facilitated Exchanges

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**EPILEPSY FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

State Projects

CFDA Number

Programs tested as major state projects included:

Department of Health

Epilepsy Services Programs – Direct Client Services and
Prevention and Education Services

64.036

Dollar threshold used to distinguish between Type A
and Type B state projects:

\$300,000

**EPILEPSY FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS AND STATE PROJECTS

CURRENT YEAR FINDINGS

None

**EPILEPSY FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION IV – OTHER ISSUES

1. A management letter was issued for the year ended June 30, 2017.
2. A Summary Schedule of Prior Audit Findings was required and included in page 24.
3. No corrective action plan is required because there were no findings required to be reported under the Federal OMB Compliance Supplement or the Florida Department of Financial Services' State Project Compliance Supplement.

**EPILEPSY FLORIDA, INC.
 SCHEDULE OF PRIOR AUDIT FINDINGS
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2018**

| MATERIAL WEAKNESS FINDING | DESCRIPTION OF FINDING | STATUS |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 2017-001 | Under CFDA# 93.332 Support Navigators, the Organization did not adhere to the Conflict of Interest provisions of OMB Uniform Guidance General Procurement Standards, the Navigator Federal grants and the Organization’s internal policies and procedures. | Corrective Action Taken |