

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2011



STUDLEY, WHITE & ASSOCIATES, P.C.
C E R T I F I E D P U B L I C A C C O U N T A N T S

DRAVET SYNDROME FOUNDATION, INC.
Financial Statements
December 31, 2011

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STUDLEY, WHITE & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Donald T. Studley, C.P.A.
Brian C. White, C.P.A.

July 27, 2012

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Dravet Syndrome Foundation, Inc.

We have audited the accompanying statements of financial position of the Dravet Syndrome Foundation, Inc. (a nonprofit organization) as of December 31, 2011 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Dravet Syndrome Foundation, Inc. as of December 31, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

STUDLEY, WHITE & ASSOCIATES, P.C.

DRAVET SYNDROME FOUNDATION, INC.
Statement of Financial Position
December 31, 2011

Assets

Assets:

Cash and cash equivalents	\$ 187,626
Beneficial interest in charitable trust	10,918
Accounts receivable	1,645
Prepaid expenses	6,703

Total Assets	<u>\$ 206,892</u>
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Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 81,006
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Total Liabilities	<u>81,006</u>
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Net Assets:

Unrestricted - net assets	114,968
Permanently restricted net assets	10,918

Total Net Assets	<u>125,886</u>
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Total Liabilities and Net Assets	<u>\$ 206,892</u>
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See accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2011

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Other Support:

Special events - revenue	\$ 540,273
- expenses	<u>(143,658)</u>
- net	396,615
Contributions and grants	69,058
In-kind revenue	2,465
Other income	<u>1,321</u>
Total Unrestricted Revenues and Other Support	<u>469,459</u>
Net Assets Released from Restrictions	<u>469,459</u>

Total Revenues and Other Support

Expenses:

Program Services:

Patient and family services	39,122
Research	<u>395,149</u>
Total Program Services	<u>434,271</u>

Support Services:

Management and general	6,864
Fund raising	<u>35,701</u>
Total Support Services	<u>42,565</u>

Total Expenses

Increase (Decrease) in Unrestricted Net Assets

Net assets at beginning at year

Net assets at end of year

<u>476,836</u>
<u>(7,377)</u>
<u>133,263</u>
<u>\$ 125,886</u>

See accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash flows from operating activities:

Increase (Decrease) in net assets	\$ (7,377)
	<u>(7,377)</u>

Changes in assets and liabilities:

(Increase) decrease in:

Accounts receivable	(1,645)
Prepaid expenses	<u>(497)</u>
	(2,142)

Increase (decrease) in:

Accounts payable and accrued expenses	<u>75,466</u>
	75,466

Net cash provided (used) by operating activities

65,947

Net increase (decrease) in cash

65,947

Cash at beginning of year

121,679

Cash at end of year

\$ 187,626

See accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2011

	Patient and Family Services	Research	Total	Management and General	Fund Raising	Total	Total
Professional fees	\$ -	\$ -	\$ -	\$ 720	\$ -	\$ 720	\$ 720
Telephone	67	-	67	98	989	1,087	1,154
Office supplies	144	-	144	209	1,915	2,124	2,268
Insurance	97	-	97	1,567	-	1,567	1,664
Postage	238	-	238	346	3,490	3,836	4,074
Printing	6	60	66	8	22	30	96
Patient Assistance	36,310	-	36,310	-	-	-	36,310
Dues and subscriptions	1,011	-	1,011	1,470	14,804	16,274	17,285
Advertising	434	4,635	5,069	631	1,717	2,348	7,417
Bank charges	563	-	563	818	8,239	9,057	9,620
Grants	-	387,768	387,768	-	-	-	387,768
Conferences and meetings	252	2,686	2,938	995	365	1,360	4,298
Miscellaneous	-	-	-	2	4,160	4,162	4,162
Total Expenses before Fund Raising	\$ 39,122	\$ 395,149	\$ 434,271	\$ 6,864	\$ 35,701	\$ 42,565	\$ 476,836
Special Events	-	-	-	-	-	149,371	149,371
Total Expenses	\$ 39,122	\$ 395,149	\$ 434,271	\$ 6,864	\$ 35,701	\$ 191,936	\$ 626,207

See accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.

Notes to Financial Statements

December 31, 2011

Note 1 - Summary of Significant Accounting Policies

General

The Dravet Syndrome Foundation, Inc. (DSF) was incorporated as a not-for-profit, publicly supported corporation on September 24, 2009 under the laws of the State of Connecticut. DSF was formed to promote and support research regarding the DSF funds research toward better treatments and a cure of Dravet syndrome and related epilepsies by awarding research grants to qualified scientists and doctors. The DSF produces an annual Research Roundtable Meeting to provide the opportunity for researchers and clinicians to collaborate and discuss better treatment options and a roadmap toward a cure and how to best facilitate both. We understand that medical expenses are high when caring for a child with chronic health issues. Unfortunately, some of the items that might improve the quality of life for the child and/or family aren't covered by medical insurance. Through our International Patience Assistance Grant Program, we provide grants to cover these items.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

The presentation of financial statements follows the recommendations of the Financial Accounting Standards Board's Accounting Standards Codification 958 (SFAS No. 117), "*Financial Statements of Not-for-Profit Organizations*". Under Codification 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. At December, 31, 2011, the Organization had no temporarily restricted assets and \$10,918 in permanently restricted net assets.

Use of Estimates

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

Property and Equipment

All expenditures for equipment in excess of \$1,000 are capitalized and depreciation is provided over the estimated useful lives of the assets. Estimated useful lives of the assets range from 3 to 7 years.

Cash and Cash Equivalents

For financial statement purposes, DSF considers funds in demand deposits, certificates of deposits, money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Donations

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor, grantor or other outside party for particular operating purposes or for plant acquisitions is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Income Taxes

The Dravet Syndrome Foundation, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that it is not a private foundation in accordance with Section 170(b)(1)(A)(IV) of the Internal Revenue Code.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects and collect from outstanding balances.

Note 2 - Donated Services, Materials, Facilities

The Agency receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under Accounting Standards Codification (ASC) 950 have not been satisfied. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of donated professional services was \$2,465 for the year ended December 31, 2011.

Note 3 - Concentrations of Credit Risk

Cash Balances

The Organization maintains its cash and cash equivalents in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation at each institution up to \$250,000 at June 30, 2012 and 2011, respectively. The balances may at times exceed the FDIC limit; however, the Organization does not feel that there is any significant credit risk. The balance at one financial institution exceeds the federally insured limit by \$59,335 at December 31, 2011.

DRAVET SYNDROME FOUNDATION, INC.

Notes to Financial Statements

December 31, 2011

Note 4 – Permanently Restricted Net Assets

The Organization has been named the beneficiary of the Dravet Syndrome Foundation Endowment Fund. The Endowment Fund will pay out annually to the Organization to support syndrome specific research to find better treatments and a cure while assisting afflicted individuals and their families. The Endowment Fund was created with the purpose of creating a permanent endowment of \$10,000 with the opportunity for other donors to make contributions to the fund. Distributions will be made annually from the net income of the fund p to 5% of the Fund's previous twelve quarter rolling average. Permanently restricted net assets were as follows:

	<u>December 31,</u> <u>2011</u>
Research & family assistance	<u>\$ 10,918</u>

Note 5 – Fair Value of Financial Instruments

In accordance with ASC 820, the Agency is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts reflected in the accompanying statements of financial position for cash and cash equivalents and investments approximate their respective fair values due to the short maturities of those instruments.

Note 6 – Subsequent Events

The date at which events occurring after December 31, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is July 27, 2012, which is the date on which the financial statements were available to be issued.
