

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2012 and 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, 2012

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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

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

April 17, 2013

INDEPENDENT AUDITOR'S REPORT

To The Board of Director`s of
Dravet Syndrome Foundation, Inc.

We have audited the accompanying financial statements of Dravet Syndrome Foundation, Inc. (a nonprofit organization), which comprise the statement of financial positions as of December 31, 2012 and 2011, and the related statements 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or errors. 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 Dravet Syndrome Foundation, Inc. as of December 31, 2012, 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.

STUDLEY, WHITE & ASSOCIATES, P.C.

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

	<u>2012</u>	<u>2011</u>
Assets		
<u>Assets:</u>		
Cash and cash equivalents	\$ 58,033	\$ 187,626
Accounts receivable	15,131	1,645
Prepaid expenses	1,550	6,703
Beneficial interest in charitable trust	11,469	10,918
Total Assets	<u>\$ 86,183</u>	<u>\$ 206,892</u>
 Liabilities and Net Assets		
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 81,006
Total Liabilities	<u>-</u>	<u>81,006</u>
<u>Net Assets:</u>		
Unrestricted - net assets	74,714	114,968
Permanently restricted net assets	11,469	10,918
Total Net Assets	<u>86,183</u>	<u>125,886</u>
Total Liabilities and Net Assets	<u>\$ 86,183</u>	<u>\$ 206,892</u>

See independent auditor's report and accompanying notes to financial statements.

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

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS		
<u>Revenues and Other Support:</u>		
Special events - revenue	\$ 430,722	\$ 540,273
- expenses	<u>(77,144)</u>	<u>(143,658)</u>
- net	353,578	396,615
Contributions and grants	132,679	69,058
In-kind revenue	15,987	2,465
Other income	<u>3,833</u>	<u>1,321</u>
Unrestricted Revenues and Other Support	<u>152,499</u>	<u>72,844</u>
Total Revenues and Other Support	<u>506,077</u>	<u>469,459</u>
 Expenses:		
<u>Program Services:</u>		
Patient and family services	57,074	39,122
Research	<u>394,697</u>	<u>395,149</u>
Total Program Services	<u>451,771</u>	<u>434,271</u>
<u>Supports Services:</u>		
Management and general	19,321	6,864
Fund raising	<u>75,239</u>	<u>35,701</u>
Total Support Services	<u>94,560</u>	<u>42,565</u>
Total Expenses	<u>546,331</u>	<u>476,836</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(40,254)</u>	<u>(7,377)</u>
Investment Income	<u>551</u>	<u>-</u>
Increased in temporarily restricted net assets	<u>551</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>(39,703)</u>	<u>(7,377)</u>
Net assets at beginning of year	<u>125,886</u>	<u>133,263</u>
Net assets at end of year	<u>\$ 86,183</u>	<u>\$ 125,886</u>

See independent auditor's report and accompanying notes to financial statements.

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

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase (decrease in net assets)	\$ (39,703)	\$ (7,377)
	(39,703)	(7,377)
 Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(13,486)	(1,645)
Prepaid expenses	5,153	(497)
	(8,333)	(2,142)
 Increase (decrease) in:		
Accounts payable and accrued expenses	(81,006)	75,466
	(81,006)	75,466
 Net cash provided by operating activities	(129,042)	65,947
 Investment income permanently restricted net assets	(551)	-
 Net increase (decrease) in cash	(129,593)	65,947
 Cash at beginning of year	187,626	121,679
 Cash at end of year	\$ 58,033	\$ 187,626

See independent auditor's report and accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Patient and Family Services			Management and General		Fund Raising	Total	Total
	Research	Total						
Professional fees	\$ 16,220	\$ -	\$ 16,220	\$ 678	\$ 3,076	\$ 3,754	\$ 19,974	
Salaries	2,649	-	2,649	7,693	34,910	42,603	45,252	
Telephone	66	728	794	192	143	335	1,129	
Office supplies	118	-	118	1,684	1,551	3,235	3,353	
Insurance	28	311	339	82	61	143	482	
Postage	107	-	107	312	1,414	1,726	1,833	
Printing	346	-	346	1,004	4,557	5,561	5,907	
Patient Assistance	-	391,663	391,663	-	-	-	391,663	
Dues and subscriptions	294	-	294	852	3,869	4,721	5,015	
Advertising	513	-	513	1,491	6,768	8,259	8,772	
Bank charges	985	-	985	2,860	12,981	15,841	16,826	
Grants	35,567	-	35,567	-	-	-	35,567	
Conferences and meetings	181	1,995	2,176	526	393	919	3,095	
Miscellaneous	-	-	-	1,947	5,516	7,463	7,463	
Total Expenses before								
Fund Raising	\$ 57,074	\$ 394,697	\$ 451,771	\$ 19,321	\$ 75,239	\$ 94,560	\$ 546,331	
Special Events	-	-	-	-	77,144	77,144	77,144	
Total Expenses	\$ 57,074	\$ 394,697	\$ 451,771	\$ 19,321	\$ 152,383	\$ 171,704	\$ 623,475	

See independent auditor's report and 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	-	-	-	-	143,658	143,658	143,658
Total Expenses	\$ 39,122	\$ 395,149	\$ 434,271	\$ 6,864	\$ 179,359	\$ 186,223	\$ 620,494

See independent auditor's report and accompanying notes to financial statements.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2012

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 Dravet Syndrome and related epilepsies. 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. Through the International Patience Assistance Grant Program, DRF provides grants to cover expenses not covered by medical insurance.

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, 2012, the Organization had permanently restricted assets of \$11,469.

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.

Accounts Receivable

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

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.

See independent auditor's report.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Note 2 - Donated Services, Materials, Facilities

The Agency received 8,950 hours of donated services from 248 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 \$15,987 at December 31, 2012 and \$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. The balances may at times exceed the FDIC limit; however, the Organization does not feel that there is any significant credit risk.

See independent auditor's report.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2012

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 living in Iowa. The endowment fund is administered by the Community Foundation of Dubuque, Iowa as Trustee. The assets of the trust are recorded as permanently restricted assets. Distributions may be made annually from the net income of the fund. Permanently restricted net assets were as follows:

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Research & family assistance	\$ 11,469	\$ 10,918

Note 5 – Fair Value of Financial Instruments

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, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is April 17, 2013, which is the date on which the financial statements were available to be issued.

See independent auditor's report.