

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2013 and December 31, 2012

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ACCOUNTING - TAX - AUDITING - CONSULTING

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DRAVET SYNDROME FOUNDATION, INC.
Financial Statements
December 31, 2013

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March 14, 2014

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, 2013 and 2012, 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 judgment, 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, 2013, 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 PC
STUDLEY - WHITE, P.C.

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

	2013	2012
Assets		
<u>Assets:</u>		
Cash and cash equivalents	\$ 274,737	\$ 58,033
Accounts receivable	16,542	15,131
Prepaid expenses	2,575	1,550
Beneficial interest in charitable trust	13,251	11,469
Total Assets	\$ 307,105	\$ 86,183
Liabilities and Net Assets		
<u>Liabilities:</u>		
Accounts payable	\$ 8,371	\$ -
Total Liabilities	8,371	-
<u>Net Assets:</u>		
Unrestricted - net assets	285,484	74,714
Permanently restricted net assets	13,251	11,469
Total Net Assets	298,734	86,183
Total Liabilities and Net Assets	\$ 307,105	\$ 86,183

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

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

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS		
<u>Revenues and Other Support:</u>		
Special events - revenue	\$ 462,218	\$ 430,722
- expenses	(101,271)	(77,144)
- net	360,947	353,578
Contributions and grants	316,534	132,679
In-kind revenue	32,047	15,987
Other income	5,315	3,833
Unrestricted Revenues and Other Support	714,843	506,077
Net assets released from restriction	551	-
Total Revenues and Other Support	715,394	506,077
 <u>Expenses:</u>		
<u>Program Services:</u>		
Patient and family services	45,122	57,074
Research	324,127	394,697
Total Program Services	369,249	451,771
<u>Supports Services:</u>		
Management and general	45,493	19,321
Fund raising	89,883	75,239
Total Support Services	135,376	94,560
Total Expenses	504,625	546,331
Increase (Decrease) in Unrestricted Net Assets	210,769	(40,254)
 Investment income	2,333	551
Net assets released from restriction	(551)	-
Increased in temporarily restricted net assets	1,782	551
Increase (Decrease) in Net Assets	212,551	(39,703)
Net assets at beginning of year	86,183	125,886
Net assets at end of year	\$ 298,734	\$ 86,183

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>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease in net assets)	\$ 212,551	\$ (39,703)
	212,551	(39,703)
 Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,411)	(13,486)
Prepaid expenses	(1,025)	5,153
	(2,436)	(8,333)
Increase (decrease) in:		
Accounts payable and accrued expenses	8,371	(81,006)
	8,371	(81,006)
Net cash provided by operating activities	<u>218,486</u>	<u>(129,042)</u>
Investment income permanently restricted net assets	(1,782)	(551)
Net increase (decrease) in cash	216,704	(129,593)
Cash at beginning of year	58,033	187,626
Cash at end of year	<u>\$ 274,737</u>	<u>\$ 58,033</u>

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, 2013

	Patient and Family Services	Research	Total	Management and General	Fund Raising	Total	Total
Professional fees	12,754	-	12,754	3,750	-	3,750	16,504
In kind professional fee	8,450	-	8,450	14,707	8,890	23,597	32,047
Consultation fee	2,088	-	2,088	13,884	43,773	57,657	59,745
Telephone	42	659	701	277	215	492	1,193
Office supplies	94	-	94	2,419	1,970	4,389	4,483
Insurance	77	1,212	1,289	510	395	905	2,194
Postage	127	-	127	846	2,667	3,513	3,640
Printing	222	-	222	1,477	4,656	6,133	6,355
Patient Assistance	-	308,231	308,231	-	-	-	308,231
Dues and subscriptions	178	-	178	1,186	3,740	4,926	5,104
Advertising	126	-	126	838	2,642	3,480	3,606
Bank charges	578	-	578	3,846	12,126	15,972	16,550
Grants	20,147	-	20,147	-	-	-	20,147
Conferences and meetings	239	14,025	14,264	1,588	1,231	2,819	17,083
Miscellaneous	-	-	-	165	7,578	7,743	7,743
Total Expenses before Fund Raising	\$ 45,122	\$ 324,127	\$ 369,249	\$ 45,493	\$ 89,883	\$ 135,376	\$ 504,625
Special Events	-	-	-	-	103,846	103,846	103,846
Total Expenses	\$ 45,122	\$ 324,127	\$ 369,249	\$ 45,493	\$ 193,729	\$ 239,222	\$ 608,471

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, 2013

	Patient and Family Services	Research	Total	Management and General	Fund Raising	Total	Total
Professional fees	\$ 16,220	\$ -	\$ 16,220	\$ 678	\$ 3,076	\$ 3,754	\$ 19,974
Consulting fees	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.
Notes to Financial Statements
December 31, 2013

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, DSF provides grants to cover expenses not covered by medical insurance.

Basis of Accounting

The Foundation 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 Foundation 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, 2013, the Foundation had permanently restricted assets of \$13,251.

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 fixed asset 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, 2013

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 Foundation 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) 958 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 \$32,047 at December 31, 2013 and \$15,987 for the year ended December 31, 2012.

Note 3 - Concentrations of Credit Risk

Cash Balances

The Foundation 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. The balances may at times during the year exceed the FDIC limit; however, the Foundation 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, 2013

Note 4 – Permanently Restricted Net Assets

The Foundation has been named the beneficiary of the Dravet Syndrome Foundation Endowment Fund. The Endowment Fund will pay out annually to the Foundation 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>2013</u>	<u>December 31,</u> <u>2012</u>
Research & family assistance	\$ 13,251	\$ 11,469

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, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is March 14, 2014, which is the date on which the financial statements were available to be issued.