

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2014 and December 31, 2013

Studley - White, P.C.

ACCOUNTING - TAX - AUDITING - CONSULTING

DRAVET SYNDROME FOUNDATION, INC.
Financial Statements
December 31, 2014

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March 14, 2015

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, 2014 and 2013, 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 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, 2014 and 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, P.C.

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

	<u>2014</u>	<u>2013</u>
Assets		
<u>Assets</u>		
Cash and cash equivalents	\$ 305,338	\$ 274,737
Accounts receivable	12,550	16,542
Prepaid expenses	1,363	2,575
Beneficial interest in charitable trust	13,615	13,251
Total Assets	<u>\$ 332,866</u>	<u>\$ 307,105</u>
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable	\$ 2,765	\$ 8,371
Total Liabilities	<u>2,765</u>	<u>8,371</u>
<u>Net Assets</u>		
Unrestricted - net assets	316,486	285,484
Temporarily restricted net assets	2,146	1,782
Permanently restricted net assets	11,469	11,469
Total Net Assets	<u>330,101</u>	<u>298,735</u>
Total Liabilities and Net Assets	<u>\$ 332,866</u>	<u>\$ 307,106</u>

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

	<u>2014</u>	<u>2013</u>
Change in Unrestricted Net Assets		
Revenues and Other Support		
Special events	\$ 629,309	\$ 462,218
- revenue		
- expenses	(113,664)	(101,271)
- net	515,645	360,947
Contributions and grants	395,282	316,534
In-kind revenue	-	32,047
Other income	6,872	5,315
Unrestricted revenues and other support	917,799	714,843
Net assets released from restriction	580	551
Total Revenues and Other Support	918,379	715,394
 <u>Expenses</u>		
<u>Program Services:</u>		
Patient and family services	196,790	45,122
Research	526,608	324,127
Total Program Services	723,398	369,249
 <u>Support Services:</u>		
Management and general	58,870	45,493
Fund raising	105,108	89,883
Total Support Services	163,978	135,376
Total Expenses	887,376	504,625
Increase (decrease) in unrestricted net assets	31,003	210,769
 Investment income	944	2,333
Net assets released from restriction	(580)	(551)
Increase in temporarily restricted net assets	364	1,782
Increase (decrease) in net assets	31,367	212,551
Net assets at beginning of year	298,734	86,183
Net assets at end of year	\$ 330,101	\$ 298,734

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

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 31,440	\$ 212,551
	<u>31,367</u>	<u>212,551</u>
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	3,992	(1,411)
Prepaid expenses	<u>1,212</u>	<u>(1,025)</u>
	5,204	(2,436)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(5,605)</u>	<u>8,371</u>
	(5,605)	8,371
Net cash provided by operating activities	<u>30,966</u>	<u>218,486</u>
Investment income temporarily restricted net assets	<u>(365)</u>	<u>(1,782)</u>
Net increase in cash	<u>30,601</u>	<u>216,704</u>
Cash at beginning of year	<u>274,737</u>	<u>58,033</u>
Cash at end of year	<u>\$ 305,338</u>	<u>\$ 274,737</u>

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Patient and Family Services	Research	Sub-Total	Management and General	Fund Raising	Sub-Total	Total
Professional fees	\$ 1,252	\$ -	\$ 1,252	\$ 3,750	\$ -	\$ 3,750	\$ 5,002
Salaries	3,684	-	3,684	32,094	61,870	93,964	97,648
Consultation fee	-	-	-	-	-	-	-
Telephone	39	539	578	341	118	459	1,037
Office supplies	120	-	120	1,119	2,013	3,132	3,252
Insurance	111	1,528	1,639	966	334	1,300	2,939
Postage	191	-	191	1,660	3,201	4,861	5,052
Printing	72	-	72	630	1,214	1,844	1,916
Patient assistance	-	520,700	520,700	-	-	-	520,700
Dues and subscriptions	177	-	177	1,540	2,968	4,508	4,685
Advertising	64	-	64	554	1,068	1,622	1,686
Bank charges	1,063	-	1,063	9,257	17,846	27,103	28,166
Grants	37,777	-	37,777	-	-	-	37,777
Conferences and meetings	152,241	3,841	156,082	2,427	838	3,265	159,347
Fund raising events	-	-	-	-	13,637	13,637	13,637
Miscellaneous	-	-	-	4,532	-	4,532	4,532
Total expenses before fund raising	196,791	526,608	723,399	58,870	105,107	\$ 163,977	\$ 887,376
Special events	-	-	-	-	113,664	113,664	113,664
Total expenses	\$ 196,791	\$ 526,608	\$ 723,399	\$ 58,870	\$ 218,771	\$ 277,641	\$ 1,001,040

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	Patient and Family Services	Research	Sub-Total	Management and General	Fund Raising	Sub-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

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2014

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, 2014, the Foundation had temporarily restricted net assets of \$2,146 permanently restricted assets of \$11,469 (\$1,782 and \$11,469 at December 31, 2013 respectively).

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.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2014

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.

The Foundation recognizes the effect of tax positions only when they are more than likely that not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. Tax years dating back to 2011 remain open to examination by federal and state authorities.

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 donated services from 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 for the year ended December 31, 2013.

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.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2014

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, 2014</u>	<u>December 31, 2013</u>
Research and family assistance	<u>\$ 11,469</u>	<u>\$ 11,469</u>

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, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is March 14, 2015, which is the date on which the financial statements were available to be issued.