

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2017 and December 31, 2016

Studley - White, P.C.

ACCOUNTING - TAX - AUDITING - CONSULTING

DRAVET SYNDROME FOUNDATION, INC.
Financial Statements
December 31, 2017

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February 23, 2018

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, 2017 and 2016, 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, 2017 and December 31, 2016, 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>2017</u>	<u>2016</u>
Assets		
<u>Assets</u>		
Cash and cash equivalents	\$ 1,672,305	\$ 977,482
Accounts receivable	67,634	24,737
Prepaid expenses	18,162	13,921
Beneficial interest in charitable trust	13,312	12,395
Total Assets	<u>\$ 1,771,413</u>	<u>\$ 1,028,535</u>
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable	\$ 260,845	\$ 5,638
Total Liabilities	<u>260,845</u>	<u>5,638</u>
<u>Net Assets</u>		
Unrestricted - net assets	1,497,256	1,010,502
Temporarily restricted net assets	1,843	926
Permanently restricted net assets	11,469	11,469
Total Net Assets	<u>1,510,568</u>	<u>1,022,897</u>
Total Liabilities and Net Assets	<u>\$ 1,771,413</u>	<u>\$ 1,028,535</u>

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

	<u>2017</u>	<u>2016</u>
Change in Unrestricted Net Assets		
<u>Revenues and Other Support</u>		
Special events - revenue	\$ 939,334	\$ 642,508
- expenses	<u>(124,747)</u>	<u>(120,324)</u>
- net	814,587	522,184
Program Service Revenue	142,722	348,815
Contributions and grants	630,749	229,870
Other income	<u>2,501</u>	<u>7,609</u>
Unrestricted revenues and other support	1,590,559	1,108,478
Net assets released from restriction	<u>861</u>	<u>851</u>
Total Revenues and Other Support	<u>1,591,420</u>	<u>1,109,329</u>
<u>Expenses</u>		
<u>Program Services:</u>		
Patient and family services	90,222	171,445
Professional Education and Meetings	45,716	31,602
Research	<u>724,644</u>	<u>471,930</u>
Total Program Services	<u>860,582</u>	<u>674,977</u>
<u>Support Services:</u>		
Management and general	140,723	76,150
Fund raising	<u>103,360</u>	<u>121,616</u>
Total Support Services	244,083	197,766
Total Expenses	<u>1,104,665</u>	<u>872,743</u>
Increase in unrestricted net assets	<u>486,755</u>	<u>236,586</u>
Investment income	1,777	477
Net assets released from restriction	<u>(861)</u>	<u>(851)</u>
Increase (decrease) in temporarily restricted net assets	<u>916</u>	<u>(374)</u>
Increase in net assets	<u>487,671</u>	<u>236,212</u>
Net assets at beginning of year	<u>1,022,897</u>	<u>786,685</u>
Net assets at end of year	<u>\$ 1,510,568</u>	<u>\$ 1,022,897</u>

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

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 487,671	\$ 236,212
	<u>487,671</u>	<u>236,212</u>
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(42,897)	(9,226)
Prepaid expenses	(4,241)	28,483
	<u>(47,138)</u>	<u>19,257</u>
Increase (decrease) in:		
Accounts payable and accrued expenses	255,192	(23,202)
	<u>255,192</u>	<u>(23,202)</u>
Net cash provided by operating activities	<u>695,725</u>	<u>232,267</u>
Investment income temporarily restricted net assets	(902)	(326)
Net increase in cash	<u>694,823</u>	<u>231,941</u>
Cash at beginning of year	<u>977,482</u>	<u>745,541</u>
Cash at end of year	<u>\$ 1,672,305</u>	<u>\$ 977,482</u>

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Patient and Family Services	Professional Education and Meetings	Research	Management and General	Fund Raising	Total
Professional fees	\$ -	-	\$ -	\$ 4,760	\$ -	\$ 4,760
Salaries	6,024	6,601	4,389	111,065	46,883	174,962
Payroll taxes	499	547	364	9,198	3,883	14,490
Telephone	49	49	-	49	49	194
Office supplies	-	-	-	1,634	3,756	5,390
Insurance	41	45	30	2,492	995	3,602
Postage	-	1,163	-	1,025	1,025	3,213
Printing	2,517	1,055	-	814	1,524	5,910
Patient assistance	16,778	-	-	-	-	16,778
Dues and subscriptions	774	1,010	-	5,258	4,638	11,680
Advertising	1,523	337	-	-	1,523	3,383
Bank charges	-	-	-	-	36,331	36,331
Taxes, Licenses and Fees	-	-	-	3,845	-	3,845
Grants	-	-	719,861	-	-	719,861
Conferences and meetings	61,427	34,910	-	584	242	97,163
Other expenses	591	-	-	-	2,512	3,103
Total expenses before fund raising	<u>\$ 90,222</u>	<u>\$ 45,716</u>	<u>\$ 724,644</u>	<u>\$ 140,723</u>	<u>\$ 103,360</u>	<u>\$ 1,104,665</u>

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Patient and Family Services	Professional Education and Meetings	Research	Management and General	Fund Raising	Total
Professional fees	\$ 350	-	\$ -	\$ 3,750	\$ -	\$ 4,100
Salaries	1,749	-	-	47,042	81,347	130,138
Payroll taxes	113	-	-	3,052	5,277	8,442
Telephone	18	681	-	488	164	1,351
Office supplies	41	-	-	3,264	1,913	5,218
Insurance	49	1,825	-	1,309	439	3,622
Postage	23	-	-	621	1,074	1,718
Printing	15	-	-	2,085	697	2,797
Patient assistance	13,343	-	-	-	-	13,343
Dues and subscriptions	116	-	-	3,119	5,393	8,628
Advertising	19	-	-	510	882	1,411
Bank charges	389	-	-	6,612	18,120	25,121
Taxes, Licenses and Fees	-	-	-	3,866	-	3,866
Grants	-	-	471,930	-	-	471,930
Conferences and meetings	155,220	29,096	-	432	145	184,893
Other expenses	-	-	-	-	6,165	6,165
Total expenses before fund raising	<u>\$ 171,445</u>	<u>\$ 31,602</u>	<u>\$ 471,930</u>	<u>\$ 76,150</u>	<u>\$ 121,616</u>	<u>\$ 872,743</u>

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2017

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.

Financial Statement Presentation

In accordance with financial standards, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Contributions

In accordance with financial accounting standards, the Organization records contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Net Asset Categories

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of the Organization are maintained in the following net asset categories:

Unrestricted – Unrestricted net assets represent available resources other than donor restricted contributions. Donor restricted contributions which are satisfied in the same reporting period when the contribution is received are treated as unrestricted contributions. Included in unrestricted net assets are grants and contracts that are earmarked for the general-purpose use of the Organization.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted – Permanently restricted net assets represent contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)
Net Asset Categories (continued)

At December, 31, 2017, the Foundation had temporarily restricted net assets of \$1,843 and permanently restricted assets of \$11,469 (\$926 and \$11,469 at December 31, 2016 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.

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 2014 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.

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 4 - Research

The Foundation has entered into agreements with several universities to fund research in the amounts of \$343,400 in 2018.

Note 5 – 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:

	December 31, 2017	December 31, 2016
Research and family assistance	\$ 11,469	\$ 11,469

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2017

Note 6 – 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 7 – Subsequent Events

The date at which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is February 23, 2018, which is the date on which the financial statements were available to be issued.