

Dravet Syndrome Foundation, Inc.

Financial Statements

December 31, 2016 and December 31, 2015

Studley - White, P.C.

ACCOUNTING - TAX - AUDITING - CONSULTING

DRAVET SYNDROME FOUNDATION, INC.
Financial Statements
December 31, 2016

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March 30, 2017

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, 2016 and 2015, 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, 2016 and December 31, 2015, 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,

	2016	2015
Assets		
<u>Assets</u>		
Cash and cash equivalents	\$ 977,482	\$ 745,541
Accounts receivable	24,737	14,811
Prepaid expenses	13,921	42,404
Beneficial interest in charitable trust	12,395	12,769
Total Assets	\$ 1,028,535	\$ 815,525
Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable	\$ 5,638	\$ 28,840
Total Liabilities	5,638	28,840
<u>Net Assets</u>		
Unrestricted - net assets	1,010,502	773,916
Temporarily restricted net assets	926	1,300
Permanently restricted net assets	11,469	11,469
Total Net Assets	1,022,897	786,685
Total Liabilities and Net Assets	\$ 1,028,535	\$ 815,525

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

	2016	2015
Change in Unrestricted Net Assets		
<u>Revenues and Other Support</u>		
Special events	\$ 642,508	\$ 626,030
- revenue		
- expenses	(120,324)	(117,640)
- net	522,184	508,390
Contributions and grants	570,185	464,518
Other income	16,109	8,023
Unrestricted revenues and other support	1,108,478	980,931
Net assets released from restriction	851	859
Total Revenues and Other Support	1,109,329	981,790
 <u>Expenses</u>		
<u>Program Services:</u>		
Patient and family services	171,445	25,665
Research	503,532	333,697
Total Program Services	674,977	359,362
<u>Support Services:</u>		
Management and general	76,150	56,959
Fund raising	121,616	108,039
Total Support Services	197,766	164,998
Total Expenses	872,743	524,360
Increase in unrestricted net assets	236,586	457,430
 Investment income	477	13
Net assets released from restriction	(851)	(859)
Increase (decrease) in temporarily restricted net assets	(374)	(846)
Increase in net assets	236,212	456,584
Net assets at beginning of year	786,685	330,101
Net assets at end of year	\$ 1,022,897	\$ 786,685

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

	2016	2015
Cash Flows from Operating Activities:		
Increase in net assets	\$ 236,212	\$ 456,584
	236,212	456,584
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(9,226)	(2,261)
Prepaid expenses	28,483	(41,041)
	19,257	(43,302)
Increase (decrease) in:		
Accounts payable and accrued expenses	(23,202)	26,075
	(23,202)	26,075
Net cash provided by operating activities	232,267	439,357
Investment income temporarily restricted net assets	(326)	846
Net increase in cash	231,941	440,203
Cash at beginning of year	745,541	305,338
Cash at end of year	\$ 977,482	\$ 745,541

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

	Patient and Family Services	Research	Sub-Total	Management and General	Fund Raising	Sub-Total	Total
Professional fees	\$ 350	\$ -	\$ 350	\$ 3,750	\$ -	\$ 3,750	\$ 4,100
Salaries	1,749	-	1,749	47,042	81,347	128,389	130,138
Payroll taxes	113	-	113	3,052	5,277	8,329	8,442
Telephone	18	681	699	488	164	652	1,351
Office supplies	41	-	41	3,264	1,913	5,177	5,218
Insurance	49	1,825	1,874	1,309	439	1,748	3,622
Postage	23	-	23	621	1,074	1,695	1,718
Printing	15	-	15	403	697	1,100	1,115
Patient assistance	13,343	-	13,343	-	-	-	13,343
Dues and subscriptions	116	-	116	3,119	5,393	8,512	8,628
Advertising	19	-	19	510	882	1,392	1,411
Bank charges	389	-	389	10,478	18,120	28,598	28,987
Grants	-	500,424	500,424	-	-	-	500,424
Conferences and meetings	155,220	602	155,822	432	145	577	156,399
Fund raising events	-	-	-	-	6,165	6,165	6,165
Miscellaneous	-	-	-	1,682	-	1,682	1,682
Total expenses before fund raising	<u>171,445</u>	<u>503,532</u>	<u>674,977</u>	<u>76,150</u>	<u>121,616</u>	<u>\$ 197,766</u>	<u>\$ 872,743</u>
Special events	-	-	-	-	-	-	-
Total expenses	<u>\$ 171,445</u>	<u>\$ 503,532</u>	<u>\$ 674,977</u>	<u>\$ 76,150</u>	<u>\$ 121,616</u>	<u>\$ 197,766</u>	<u>\$ 872,743</u>

DRAVET SYNDROME FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Patient and Family Services	Research	Sub-Total	Management and General	Fund Raising	Sub-Total	Total
Professional fees	\$ -	\$ -	\$ -	\$ 3,750	\$ -	\$ 3,750	\$ 3,750
Salaries	3,418	-	3,418	29,069	75,515	104,584	108,002
Telephone	19	308	327	161	110	271	598
Office supplies	95	-	95	10,003	2,099	12,102	12,197
Insurance	77	1,256	1,333	655	446	1,101	2,434
Postage	55	-	55	464	1,205	1,669	1,724
Printing	20	-	20	172	447	619	639
Patient assistance	20,317	-	20,317	-	-	-	20,317
Dues and subscriptions	144	-	144	1,225	3,183	4,408	4,552
Bank charges	759	-	759	6,459	16,780	23,239	23,998
Grants	-	331,247	331,247	-	-	-	331,247
Conferences and meetings	761	886	1,647	462	314	776	2,423
Fund raising events	-	-	-	-	7,940	7,940	7,940
Miscellaneous	-	-	-	4,539	-	4,539	4,539
Total expenses before fund raising	25,665	333,697	359,362	56,959	108,039	\$ 164,998	\$ 524,360
Special events	-	-	-	-	117,640	117,640	117,640
Total expenses	\$ 25,665	\$ 333,697	\$ 359,362	\$ 56,959	\$ 225,679	\$ 282,638	\$ 642,000

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2016

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, 2016

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

At December, 31, 2016, the Foundation had temporarily restricted net assets of \$926 and permanently restricted assets of \$11,469 (\$1,300 and \$11,469 at December 31, 2015 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 2013 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, 2016

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 \$485,390 in 2017 and \$239,375 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, 2016	December 31, 2015
Research and family assistance	\$ 11,469	\$ 11,469

DRAVET SYNDROME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2016

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, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements on disclosure is March 30, 2017, which is the date on which the financial statements were available to be issued.