

Epilepsy Foundation of Michigan

Financial Statements

December 31, 2023 and 2022

Epilepsy Foundation of Michigan

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Independent Auditors' Report

To the Board of Directors of
Epilepsy Foundation of Michigan

Opinion

We have audited the financial statements of Epilepsy Foundation of Michigan (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Southfield, Michigan
July 16, 2024

Epilepsy Foundation of Michigan

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 646,928	\$ 994,623
Contributions receivable	28,703	28,293
Prepaid expenses	19,220	21,405
Total current assets	<u>694,851</u>	<u>1,044,321</u>
Property and Equipment		
Furniture and equipment	165,295	162,455
Less accumulated depreciation	<u>(141,611)</u>	<u>(129,065)</u>
Net property and equipment	<u>23,684</u>	<u>33,390</u>
Other Assets		
Operating right-of-use asset	111,668	173,712
Investments	<u>1,562,352</u>	<u>856,195</u>
Total other assets	<u>1,674,020</u>	<u>1,029,907</u>
Total assets	<u>\$ 2,392,555</u>	<u>\$ 2,107,618</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 57,056	\$ 40,356
Accrued salaries and other benefits	86,429	53,624
Accrued expenses	14,950	334
Deferred revenue	-	2,250
Operating lease liability	<u>66,589</u>	<u>64,334</u>
Total current liabilities	225,024	160,898
Long-Term Liabilities		
Operating lease liability, net of current portion	<u>52,196</u>	<u>118,815</u>
Total liabilities	<u>277,220</u>	<u>279,713</u>
Net Assets		
Net assets without donor restrictions	2,088,812	1,750,951
Net assets with donor restrictions	<u>26,523</u>	<u>76,954</u>
Total net assets	<u>2,115,335</u>	<u>1,827,905</u>
Total liabilities and net assets	<u>\$ 2,392,555</u>	<u>\$ 2,107,618</u>

See notes to financial statements

Epilepsy Foundation of Michigan

Statements of Activities

Years Ended December 31, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Public Support						
Foundation and corporate grants	\$ 115,848	\$ 28,652	\$ 144,500	\$ 121,395	\$ 1,105	\$ 122,500
Contributions	677,637	-	677,637	699,979	-	699,979
In-kind contributions	2,840	-	2,840	-	-	-
Bequests	453	-	453	7,183	-	7,183
United Way	9,824	-	9,824	12,726	-	12,726
Government grants	62,770	-	62,770	39,505	-	39,505
Special events, net of direct expenses of \$173,033 and \$175,268 for 2023 and 2022, respectively	356,098	-	356,098	371,987	-	371,987
Net assets released from donor restrictions	79,083	(79,083)	-	61,577	(61,577)	-
Total public support	<u>1,304,553</u>	<u>(50,431)</u>	<u>1,254,122</u>	<u>1,314,352</u>	<u>(60,472)</u>	<u>1,253,880</u>
Revenue						
Program service fees	2,960	-	2,960	1,935	-	1,935
Net investment income (loss)	110,759	-	110,759	(97,732)	-	(97,732)
Paycheck Protection Program loan forgiveness income	-	-	-	101,815	-	101,815
Total revenue	<u>113,719</u>	<u>-</u>	<u>113,719</u>	<u>6,018</u>	<u>-</u>	<u>6,018</u>
Total public support and revenue	<u>1,418,272</u>	<u>(50,431)</u>	<u>1,367,841</u>	<u>1,320,370</u>	<u>(60,472)</u>	<u>1,259,898</u>
Expenses						
Program	937,698	-	937,698	821,546	-	821,546
Management and general	125,001	-	125,001	113,343	-	113,343
Fundraising	17,712	-	17,712	18,289	-	18,289
Total expenses	<u>1,080,411</u>	<u>-</u>	<u>1,080,411</u>	<u>953,178</u>	<u>-</u>	<u>953,178</u>
Change in net assets	337,861	(50,431)	287,430	367,192	(60,472)	306,720
Net Assets, Beginning	<u>1,750,951</u>	<u>76,954</u>	<u>1,827,905</u>	<u>1,383,759</u>	<u>137,426</u>	<u>1,521,185</u>
Net Assets, Ending	<u>\$ 2,088,812</u>	<u>\$ 26,523</u>	<u>\$ 2,115,335</u>	<u>\$ 1,750,951</u>	<u>\$ 76,954</u>	<u>\$ 1,827,905</u>

See notes to financial statements

Epilepsy Foundation of Michigan

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 287,430	\$ 306,720
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,546	4,179
Forgiveness of Paycheck Protection Program loan	-	(101,815)
Operating lease expense net of operating lease payments	(2,320)	(867)
Net realized and unrealized losses (gains) on investments	(92,978)	103,435
Changes in assets and liabilities:		
Contributions receivable	(410)	171,789
Prepaid expenses	2,185	9,688
Accounts payable	16,700	32,662
Accrued salaries and other benefits	32,805	(7,315)
Accrued expenses	14,616	(410)
Deferred revenue	(2,250)	(9,764)
Net cash flows from operating activities	<u>268,324</u>	<u>508,302</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,840)	(28,101)
Proceeds from sales of investments	282,153	493,152
Purchases of investments	<u>(895,332)</u>	<u>(695,279)</u>
Net cash flows from investing activities	<u>(616,019)</u>	<u>(230,228)</u>
Net change in cash and cash equivalents	(347,695)	278,074
Cash and Cash Equivalents, Beginning	<u>994,623</u>	<u>716,549</u>
Cash and Cash Equivalents, Ending	<u>\$ 646,928</u>	<u>\$ 994,623</u>
Noncash Investing and Financing Activities		
Operating right-of-use asset obtained in exchange for lease liabilities at January 1, 2022, net	<u>\$ -</u>	<u>\$ 173,712</u>

See notes to financial statements

Epilepsy Foundation of Michigan

Statement of Functional Expenses

Year Ended December 31, 2023

	Individual and Family Services	Community Services	Advocacy and Public Policy	Total Program	Management and General	Fundraising	Total
Salaries, wages and employee benefits	\$ 249,280	\$ 353,759	\$ 9,532	\$ 612,571	\$ 67,966	\$ 8,610	\$ 689,147
Occupancy	23,475	30,648	878	55,001	7,231	615	62,847
Printing and mailing, materials and solicitation	1,350	16,451	19	17,820	163	1,783	19,766
Professional fees and contract services	54,325	52,015	2,536	108,876	21,212	69	130,157
Organizational dues and licenses	10,661	18,232	342	29,235	3,365	480	33,080
Equipment rentals and maintenance	2,557	3,122	98	5,777	798	66	6,641
Computer and network support	9,307	11,273	333	20,913	2,900	240	24,053
Educational events and camps	51,262	4,472	-	55,734	-	-	55,734
Telephone and internet	2,347	2,984	87	5,418	735	61	6,214
Travel	8,124	2,819	1,216	12,159	12	314	12,485
Staff and board development	73	549	-	622	1,154	200	1,976
Insurance, general and liability	2,274	2,581	73	4,928	3,564	48	8,540
Office	1,884	6,506	25	8,415	999	1,382	10,796
Third party fundraising	-	-	-	-	-	644	644
Bank charges	109	120	-	229	2,356	3,200	5,785
Depreciation	-	-	-	-	12,546	-	12,546
Special events	-	18,473	-	18,473	-	154,560	173,033
Subtotal	417,028	524,004	15,139	956,171	125,001	172,272	1,253,444
Less special events	-	(18,473)	-	(18,473)	-	(154,560)	(173,033)
Total expenses	<u>\$ 417,028</u>	<u>\$ 505,531</u>	<u>\$ 15,139</u>	<u>\$ 937,698</u>	<u>\$ 125,001</u>	<u>\$ 17,712</u>	<u>\$ 1,080,411</u>

See notes to financial statements

Epilepsy Foundation of Michigan

Statement of Functional Expenses

Year Ended December 31, 2022

	Individual and Family Services	Community Services	Advocacy and Public Policy	Total Program	Management and General	Fundraising	Total
Salaries, wages and employee benefits	\$ 220,617	\$ 323,314	\$ 7,984	\$ 551,915	\$ 64,703	\$ 4,343	\$ 620,961
Occupancy	21,171	35,720	643	57,534	7,452	643	65,629
Printing and mailing, materials and solicitation	1,704	9,454	34	11,192	405	1,812	13,409
Professional fees and contract services	12,486	42,861	10,047	65,394	20,188	3,281	88,863
Organizational dues and licenses	9,130	19,232	280	28,642	3,294	1,690	33,626
Equipment rentals and maintenance	2,458	3,943	75	6,476	872	75	7,423
Computer and network support	7,502	12,900	225	20,627	2,757	225	23,609
Educational events and camps	57,234	2,272	-	59,506	-	-	59,506
Telephone and internet	2,019	3,403	61	5,483	715	61	6,259
Travel	1,463	2,762	228	4,453	-	684	5,137
Staff and board development	-	1,002	-	1,002	1,754	399	3,155
Insurance, general and liability	1,941	3,008	49	4,998	3,563	35	8,596
Office	751	3,465	15	4,231	1,553	812	6,596
Third party fundraising	-	-	-	-	-	1,858	1,858
Miscellaneous	-	-	-	-	15	-	15
Bank charges	86	7	-	93	1,893	2,371	4,357
Depreciation	-	-	-	-	4,179	-	4,179
Special events	-	17,701	-	17,701	-	157,567	175,268
Subtotal	338,562	481,044	19,641	839,247	113,343	175,856	1,128,446
Less special events	-	(17,701)	-	(17,701)	-	(157,567)	(175,268)
Total expenses	<u>\$ 338,562</u>	<u>\$ 463,343</u>	<u>\$ 19,641</u>	<u>\$ 821,546</u>	<u>\$ 113,343</u>	<u>\$ 18,289</u>	<u>\$ 953,178</u>

See notes to financial statements

Epilepsy Foundation of Michigan

Notes to Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Activities

Epilepsy Foundation of Michigan (the Foundation) is a not-for-profit corporation located in Southfield, Michigan. The Foundation provides personal consultations, camps and workshops for individuals with epilepsy, support for their families and education for medical professionals and the Michigan community.

Cash and Cash Equivalents

The Foundation considers all highly liquid, short-term investments with a maturity at the date of acquisition of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts, which at times throughout the year may exceed federally insured limits. The Foundation has not experienced any losses on such accounts.

Contributions Receivable

Contributions receivable (unconditional promises to give) consist primarily of donations and grants that are expected to be collected subsequent to year-end. Contributions receivable are recorded in the year the unconditional promises to give is made at fair value. Contributions receivable which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Current contributions receivable are expected to be collected during the next year. An allowance for uncollectible contributions receivables is determined based on the Foundation's collection experience with its donor base. No allowance was considered necessary as of December 31, 2023 or 2022.

Investments

Equity securities with readily determinable fair values and debt securities are measured at their acquisition cost (including brokerage and other transaction fees) if purchased, or at fair value if contributed. Subsequently, investments with readily determinable fair values are recorded at fair value based upon quoted market prices for identical instruments traded in active markets. Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered to approximate fair value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Foundation records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses, net of fees, are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by the donor or by law.

Fair Value Measurement

The Foundation follows accounting guidance for fair value measurements, which define fair value, establish a framework for measuring fair value under accounting principles generally accepted in the United States, and enhance disclosures about fair value measurement.

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The guidance clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The levels within this hierarchy are described as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Epilepsy Foundation of Michigan

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Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates and assumptions that market participants would use in pricing the asset or liability.

For assets and liabilities recorded at fair value, it is the Foundation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs for those financial instruments for which there is not an active market.

Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Common stocks: Valued at the closing price reported on the active market in which the individual stocks are traded.

Mutual funds: Open-ended funds are valued at the net asset value of shares held by the Foundation at year end. Closed-ended funds are valued at the closing price reported on the active market in which the individual mutual funds are traded. The Foundation's mutual funds are closed ended funds as of December 31, 2023 and 2022.

Corporate bonds: Valued using quoted market prices for similar instruments and nonbinding market prices that are corroborated by observable market data.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. See Note 2 for additional disclosures related to fair value measurement.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Management reviews these assets for impairment whenever events or circumstances indicate the carrying value may not be recoverable.

Donated property and equipment are recorded as increases in net assets without donor restrictions, unless restricted by a donor, at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method that approximates the estimated life of the assets. Useful lives range from 3-7 years.

Epilepsy Foundation of Michigan

Notes to Financial Statements
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Leases

Right-of-use assets represent the Foundation's right to use an underlying asset for the lease term, while lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

The exercise of lease renewal or early termination options is at the Foundation's sole discretion. The Foundation regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Foundation includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Foundation uses the rate implicit in the lease or if not readily available, the Foundation uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Foundation's long-lived asset policy. The Foundation reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Foundation made assumptions and judgments in applying the requirements of Topic 842. In particular, the Foundation evaluated whether a contract contains a lease, by considering factors such as whether the Foundation obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment and right-of-use leased assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, management has determined that there have been no such impairments.

Paycheck Protection Program Loan

The Foundation has accounted for their Paycheck Protection Program loans using Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 470, *Debt* (debt model). See Note 4 for additional disclosures.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Foundation's Board of Directors has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There are no board designated net assets at December 31, 2023 and 2022.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations, or are required to be maintained in perpetuity by the Foundation.

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Notes to Financial Statements
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Tax-Exempt Status

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

The Foundation follows current accounting guidance for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized, upon ultimate settlement with the relevant tax authority.

Based on its evaluation, the Foundation has concluded that there are no uncertain tax positions requiring recognition in its financial statements.

Revenue Recognition

Unconditional contributions or grants are recognized when cash, securities, other assets or unconditional promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation receives grants that are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Any amounts received in advance of meeting the conditions of the grants are recognized as deferred revenue on the statements of financial position. Conditional grants at December 31, 2023 are \$27,000. There were no conditional grants at December 31, 2022.

All contributions and grants restricted for a specific purpose by a donor are recorded as contributions with donor restrictions. When a donor restriction is met or expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Donor restricted contributions and grants whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Any contributions received in advance of special events are recognized as deferred revenue on the statements of financial position. The Foundation does not quantify the portion of special event revenue that represents an exchange transaction versus a contribution, because, in the opinion of management, the costs of doing so outweigh the benefits, and due to the fact that planned special events may not take place if sufficient support is not received.

In-Kind Contributions

The Foundation receives donated furniture or materials, which are primarily used for the operations of the Foundation. The items donated and used by the Foundation are recorded at their estimated fair value.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated between programs, management and general and fundraising on various bases and estimates. All employee costs including salaries and wages, payroll taxes and benefits are allocated based on each employee's time spent performing program, management and fundraising activities. Other expenses are directly identifiable and are classified based on the nature and purpose of the transaction.

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Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

For comparability, certain 2022 amounts have been reclassified to conform with classifications adopted in 2023. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

The Foundation has evaluated subsequent events occurring through July 16, 2024, the date that the financial statements were available to be issued for events requiring recording or disclosure in the Foundation's financial statements.

2. Investments and Fair Value Measurement

Investments in securities carried at fair value as of December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Common stocks	\$ 263,946	\$ 124,947
Corporate bonds	956,240	551,911
Mutual funds	342,166	179,337
Total investments	<u>\$ 1,562,352</u>	<u>\$ 856,195</u>

Net investment income (loss) for the years ended December 31 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 28,418	\$ 15,390
Net realized and unrealized gains (losses)	92,978	(103,435)
Investment expenses	<u>(10,637)</u>	<u>(9,687)</u>
Total net investment income (loss)	<u>\$ 110,759</u>	<u>\$ (97,732)</u>

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy fair value.

	<u>December 31, 2023</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stocks	\$ 263,946	\$ 263,946	\$ -	\$ -
Corporate bonds	956,240	-	956,240	-
Mutual funds	342,166	342,166	-	-
Total investments	<u>\$ 1,562,352</u>	<u>\$ 606,112</u>	<u>\$ 956,240</u>	<u>\$ -</u>

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	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Common stocks	\$ 124,947	\$ 124,947	\$ -	\$ -
Corporate bonds	551,911	-	551,911	-
Mutual funds	179,337	179,337	-	-
Total investments	<u>\$ 856,195</u>	<u>\$ 304,284</u>	<u>\$ 551,911</u>	<u>\$ -</u>

There have been no transfers between Level 1 and Level 2 investments for the years ended December 31, 2023 and 2022.

3. Line of Credit

The Foundation has a line of credit financing agreement with a financial institution that provides for maximum borrowings of \$30,000 that is secured by all assets of the Foundation. The Foundation did not have any outstanding borrowings on the line of credit at December 31, 2023 or 2022.

4. Paycheck Protection Program Loan

In May 2020, the Foundation received loan proceeds in the amount of \$101,812 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA). In March 2021, the Foundation also received a second draw PPP loan in the amount of \$101,815. The PPP provided loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans were uncollateralized and guaranteed by the SBA and were forgivable after a "covered period" (of eight to twenty-four weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities.

The Foundation met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during February 2021 for the first PPP draw. Legal release was received in the same month for the full amount and therefore, the Foundation recorded \$101,812 as forgiveness income within its statement of activities for the year ended December 31, 2021. The Foundation also met the PPP's loan forgiveness requirements for the second draw and, therefore, applied for forgiveness, which was received in February 2022. Accordingly, the Foundation recorded forgiveness income within its statement of activities for the year ended December 31, 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA), all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

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5. Net Assets

Net assets with donor restrictions at December 31 bear the following time or purpose restrictions:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 70	\$ 419
Grant	<u>26,453</u>	<u>76,535</u>
Total net assets with donor restrictions	<u>\$ 26,523</u>	<u>\$ 76,954</u>

6. Retirement Plan

The Foundation maintains a defined contribution retirement plan covering substantially all employees. Contributions to the retirement plan are made at the discretion of the Board of Directors. The contributions to the retirement plan in 2023 and 2022 were \$22,654 and \$14,121, respectively.

7. Leases

The Foundation has a long-term lease agreement for office space. The lease agreement expires in 2025.

The following table summarizes the operating lease right-of-use assets and lease liabilities as of December 31:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	<u>\$ 111,668</u>	<u>\$ 173,712</u>
Operating lease liabilities:		
Current	\$ 66,589	\$ 64,334
Long-term	<u>52,196</u>	<u>118,815</u>
Total operating lease liabilities	<u>\$ 118,785</u>	<u>\$ 183,149</u>

Operating lease expense for the long-term lease for the years ended December 31, 2023 and 2022 was \$64,120. The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.37%. For the years ended December 31, 2023 and 2022, the weighted average remaining lease term was 1.76 and 2.76 years, respectively.

The table below summarizes the Foundation's scheduled future minimum operating lease payments for years ending after December 31, 2023:

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Years ending December 31:		
2025	\$	67,725
2026		<u>49,680</u>
Total lease payments		117,405
Less present value discount		<u>(1,380)</u>
Total lease liability		118,785
Less current portion		<u>66,589</u>
Long-term lease liability	\$	<u><u>52,196</u></u>

8. Liquidity and Funds Available

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures such as operating expenses and fixed asset additions not financed with debt are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 646,928	\$ 994,623
Contributions receivable	28,703	28,293
Investments	<u>1,562,352</u>	<u>856,195</u>
Financial assets, at year-end	2,237,983	1,879,111
Less those unavailable for general expenditures within one year, due to donor and time restrictions	<u>(26,523)</u>	<u>(76,954)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,211,460</u></u>	<u><u>\$ 1,802,157</u></u>

The Foundation has a line of credit of \$30,000, all of which is available as of December 31, 2023 and 2022, to be drawn upon in the event of an unanticipated liquidity need.

9. Related-Party Transactions

The Foundation pays annual dues to the Epilepsy Foundation of America based on a five year agreement that was executed on June 1, 2018. The agreement specifies that the dues to be paid each year will not exceed \$25,000; expenses pertaining to this agreement were \$25,000 for the years ended December 31, 2023 and 2022. In exchange for paying monthly dues, the Foundation has access to the use of the brand, grants and programs and other. The Epilepsy Foundation of America offers grants to its members. The grants recognized from the Epilepsy Foundation of America was \$22,500 and \$10,000 for the years ended December 31, 2023 and 2022, respectively.