

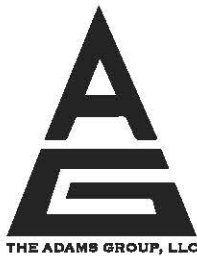
**THE STURGE-WEBER  
FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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THE ADAMS GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Board of Directors  
The Sturge-Weber Foundation  
Aurora, Colorado

We have audited the accompanying financial statements of The Sturge-Weber Foundation which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

### ***Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 the Sturge-Weber Foundation, as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Prior Period Financial Statements***

Other auditors previously audited the Sturge-Weber Foundation's 2018 financial statements and expressed an unmodified opinion in their report dated January 25, 2019.

## ***Emphasis of Matter***

As described in Note 1 to the financial statements, the Foundation adopted the provisions under Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of June 30, 2019. Our opinion is not modified with respect to this matter.

October 10, 2019  
Denver, Colorado

*The Adams Group, LLC*

THE STURGE-WEBER FOUNDATION  
STATEMENTS OF FINANCIAL POSITION

June 30,	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 649,031	\$ 515,634
Prepaid expense	25,749	3,923
Brokered certificates of deposit	60,040	79,965
Other assets	2,009	0
Net property and equipment	<u>6,429</u>	<u>7,646</u>
Total Assets	<u>\$ 743,258</u>	<u>\$ 607,168</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 45,171	\$ 23,243
Accrued payroll costs	5,724	3,495
Grants payable	70,000	0
Deferred revenue	<u>20,395</u>	<u>0</u>
Total Liabilities	<u>141,290</u>	<u>26,738</u>
Net assets		
Without restrictions	551,968	530,430
With restrictions	<u>50,000</u>	<u>50,000</u>
Total Net Assets	<u>601,968</u>	<u>580,430</u>
Total Liabilities and Net Assets	<u>\$ 743,258</u>	<u>\$ 607,168</u>

The accompanying notes are an integral part of these financial statements.

THE STURGE-WEBER FOUNDATION  
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2019

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Individual and Board donations	\$ 575,753	\$ 50,000	\$ 625,753
Grants	43,994	0	43,994
Interest income	3,793	0	3,793
Other	1,412	0	1,412
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>0</u>
Total revenues and other support	<u>674,952</u>	<u>(0)</u>	<u>674,952</u>
<u>Expenses</u>			
Program services	510,670		510,670
Supporting services			
Management and general	38,947		38,947
Fundraising and development	<u>103,797</u>		<u>103,797</u>
Total expenses	<u>653,414</u>		<u>653,414</u>
Changes in net assets	21,538	0	21,538
Net assets - beginning of year	<u>530,430</u>	<u>50,000</u>	<u>580,430</u>
Net assets - end of year	<u>\$ 551,968</u>	<u>\$ 50,000</u>	<u>\$ 601,968</u>

The accompanying notes are an integral part of these financial statements.

THE STURGE-WEBER FOUNDATION  
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2018

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Individual and Board donations	\$ 406,555	\$ 50,000	\$ 456,555
Special events, net of \$48,045 of expenses	117,732	0	117,732
Grants	76,551	0	76,551
Interest income	1,529	0	1,529
Net assets released from restrictions	<u>62,400</u>	<u>(62,400)</u>	<u>0</u>
Total revenues and other support	<u>664,767</u>	<u>(12,400)</u>	<u>652,367</u>
<u>Expenses</u>			
Program services	484,656		484,656
Supporting services			
Management and general	67,592		67,592
Fundraising and development	<u>30,089</u>		<u>30,089</u>
Total expenses	<u>582,337</u>		<u>582,337</u>
Changes in net assets	82,430	(12,400)	70,030
Net assets - beginning of year	<u>448,000</u>	<u>62,400</u>	<u>510,400</u>
Net assets - end of year	<u>\$ 530,430</u>	<u>\$ 50,000</u>	<u>\$ 580,430</u>

The accompanying notes are an integral part of these financial statements.

THE STURGE-WEBER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2019

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Salaries and benefits	\$ 137,820	\$ 10,171	\$ 8,033	\$ 156,024
Conferences and training	101,504	2,818	32,610	136,932
Program development services	77,248	5,304	37,047	119,599
Research grants awarded	70,000	0	0	70,000
Marketing and outreach	38,169	0	6,346	44,515
Telecommunications	9,161	770	753	10,684
Professional fees	14,952	6,492	13,498	34,942
Research data registry	12,900	0	0	12,900
Fees and licenses	16,575	0	0	16,575
Supplies	1,707	167	89	1,963
Rent and utilities	8,886	1,111	1,111	11,108
Audit	0	6,467	413	6,880
Communication and publication	1,613	297	0	1,910
Postage	3,595	0	1,832	5,427
Bank fees	7,667	343	130	8,140
Dues and subscriptions	1,561	25	403	1,989
Equipment and repairs	1,632	1,312	122	3,066
Insurance	1,952	435	243	2,630
Website	1,243	212	908	2,363
Training	138	0	0	138
Depreciation	2,347	259	259	2,865
Other	0	2,764	0	2,764
Total expenses	<u>\$ 510,670</u>	<u>\$ 38,947</u>	<u>\$ 103,797</u>	<u>\$ 653,414</u>

The accompanying notes are an integral part of these financial statements.



THE STURGE-WEBER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2018

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management &amp; General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 114,932	\$ 15,791	\$ 12,893	\$ 143,616
Conferences and training	100,642	0	0	100,642
Business development services	82,845	19,140	4,060	106,045
Grants awarded	50,000	0	0	50,000
Patient centered research	44,493	0	0	44,493
Marketing and outreach	13,198	13,198	6,598	32,994
Telecommunications	13,178	1,198	599	14,975
Professional fees	9,648	4,752	0	14,400
Research	13,288	0	0	13,288
Data registry	12,900	0	0	12,900
Fees and licenses	12,810	0	0	12,810
Supplies	9,701	2,663	317	12,681
Social media and patient care	12,576	0	0	12,576
Rent	6,324	3,449	1,725	11,498
Audit	7,763	913	457	9,133
Communication and publication	8,020	0	891	8,911
Postage	5,229	2,615	871	8,715
Bank fees	7,068	650	406	8,124
Dues and subscriptions	1,775	1,775	887	4,437
Equipment and repairs	1,179	139	69	1,387
Insurance	2,389	281	140	2,810
Website	441	52	26	519
Patient engagement	0	426	0	426
Depreciation	1,874	500	125	2,499
Other	428	50	25	503
Total expenses	532,701	67,592	30,089	630,382
Less: special events netted with revenues	(48,045)	0	0	(48,045)
Total expenses	\$ 484,656	\$ 67,592	\$ 30,089	\$ 582,337

The accompanying notes are an integral part of these financial statements.

THE STURGE-WEBER FOUNDATION  
STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 21,538	\$ 70,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,865	2,499
Loss on investments	1,368	0
Changes in operating assets and liabilities:		
Decrease in accounts receivable	0	50
Decrease in grants receivable	0	10,826
(Increase) decrease in prepaid expenses and deposits	(21,826)	5,946
(Increase) in other assets	(2,009)	0
Increase (decrease) in accounts payable	21,928	(450)
Increase in payroll accruals	2,229	617
Increase in grants payable	70,000	0
Increase (decrease) in deferred revenue	<u>20,395</u>	<u>(10,000)</u>
Net cash provided by operating activities	<u>116,488</u>	<u>79,518</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,648)	(5,730)
Proceeds from sale of investments	67,625	75,000
Purchase of investments	(47,660)	(78,196)
Reinvestment of interest	<u>(1,408)</u>	<u>(1,529)</u>
Net cash provided by (used for) investing activities	<u>16,909</u>	<u>(10,455)</u>
Net increase in cash and cash equivalents	133,397	69,063
Cash - beginning of year	<u>515,634</u>	<u>446,571</u>
Cash - end of year	<u>\$ 649,031</u>	<u>\$ 515,634</u>

The accompanying notes are an integral part of the financial statements.

THE STURGE-WEBER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES

The Sturge-Weber Foundation (the “Foundation”) was incorporated in Colorado in September 1987 as a 501(c)(3) not-for-profit foundation for diagnosed individuals, parents, professionals and others concerned with Sturge-Weber syndrome and port wine birthmarks. The Foundation exists to improve the quality of life and care for these people while fostering and funding critical clinical and basic research to find a cure. The Foundation has two main program areas consisting of Patient Engagement services and activities and Research which constitutes direct funding and facilitation of awarded grant funds as well as sponsoring conferences for collaboration. The Foundation is primarily funded by individual and Board donations and special events.

Patient Engagement

The Foundation drives Patient Engagement through diverse and robust projects, conferences and online support. The website is a rich resource of learning and uplifting stories of inspirational hope to cope with the diagnosis. The Foundation sponsors an International conference every two years moving the location to allow fair access to all minimizing financial impact to attend. The Foundation also sponsors regional Educational Conferences to build community in partnership with various Clinical Care Network (CCN) institutions. The CCN’s facilitate clinical studies and trails and annually establish goals which drive patient care and improve treatment. The Foundation recently launched a Task Force initiative to build a rich volunteer network of knowledge and support around key areas impacting daily living and care. The Houston home office staff and remote office staff support all the above programs and projects and regularly meet to ensure strategic goals are met.

Research

The Foundation’s Research program is led by a global team of researchers that comprise the Sturge-Weber Foundation International Research Network (SWFIRN). The SWFIRN meet biennially to assess progress and establish goals to facilitate innovative and collaborative research investigations. The Research program funds a \$50,000 Lisa’s Research fellowship, multiple travel grants to young investigators, maintains an online \$25,000 patient registry, banks tissue samples for various studies and is in development for mapping clinical data with data in a Bio-repository. The Foundation leadership attends national conferences focused on research in the eye, brain, skin and genetic expressions of the syndrome to generate awareness and engage young investigators to join their cause.

Recently Adopted Accounting Pronouncements

As of June 30, 2019, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. The ASU requires changes in the way certain information is aggregated and reported by the Foundation, including disclosures of quantitative and qualitative information about the liquidity and availability of financial resources and the presentation of expenses by both functional and natural classification. The ASU also clarifies the definition of management and general activities and prohibits certain expenses from being allocated out of management and general. There were no restatements to prior year balances as a result of adopting the amendment.

THE STURGE-WEBER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements report amounts separately by classes of net assets:

Net assets without donor restriction are those currently available at the discretion of the Board for use in the Foundation's programs and those resources invested in land, buildings and equipment.

Net assets with donor restriction are those which are restricted by donors for specific purposes.

Cash and Cash Equivalents

Cash and short-term investments with maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

Cash Deposits in Excess of Federally Insured Limits

The Foundation has determined that current operational cash needs will occasionally result in cash balances in excess of insured limits.

Donations

The Foundation reports gifts of cash and other assets as contributions with restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings and equipment as contributions without restrictions unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Capitalization and Depreciation

The Foundation follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture, equipment, and office space is provided over the estimated useful lives of the respective assets on a straight-line basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE STURGE-WEBER FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2019 and 2018. The Foundation files its Form 990 in the U.S. federal jurisdiction. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Fair Value Measurements

The Foundation follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ACS, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

Functional Reporting of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited on several bases and estimates. Salaries and benefits are allocated based on time and effort; rent is allocated based on square-footage; depreciation and amortization are allocated based on the usage of underlying assets; workers compensation insurance is allocated based on salaries and function; other expenses, such as office, general insurance, and telephone costs, are allocated based on headcount. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Revenue Recognition

The Foundation offers programs to various groups. Revenues and the related expenses are recognized in the period the programs are presented. Deferred revenue consists of deposits received from customers for event programs that have yet to take place. Some of these deposits are refundable depending on a sliding time scale.

Subsequent Events

Management has evaluated subsequent events through October 10, 2019, the date the financial statements were available to be issued.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

THE STURGE-WEBER FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY OF RESOURCES AND AVAILAILITY

The Foundation’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2019
Cash and cash equivalents	\$ 649,031
Short-term investments	60,040
	\$ 709,071

As part of the Foundation’s liquidity management, it structures financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 3 – BROKERED CERTIFICATES OF DEPOSIT

At June 30, 2019 and 2018, investments of \$60,040 and \$79,965 (Level 3 inputs) consist of two and three brokered certificates of deposit. These certificates mature in fiscal year 2020. During the year ended June 30, 2019 and 2018 the Foundation earned interest income of \$1,408 and \$1,529 on these investments.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Furniture and equipment	\$ 27,020	\$ 25,372
Less: accumulated depreciation	(20,591)	(17,726)
Net property and equipment	\$ 6,429	\$ 7,646

Depreciation expense for the period was \$2,865 and \$2,499.

NOTE 5 – COMMITMENTS

The Foundation leases office space in Houston, Texas. The future minimum lease payments are as follows:

2020	\$ 3,692
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The President and CEO is based in Aurora, Colorado and donates the use of her home office. No amounts have been recorded for that donation in these financial statements.

THE STURGE-WEBER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

During the period, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

	<u>2019</u>	<u>2018</u>
Research	<u>\$ 50,000</u>	<u>\$ 62,400</u>

NOTE 7 – RETIREMENT PLAN

The Foundation has adopted a 401(k) Plan covering eligible employees. The Foundation matches contributions up to 4% of participants compensation. Total retirement plan expense was \$4,447 and \$3,535 for the years ended June 30, 2019 and 2018.

NOTE 8 – RELATED PARTY TRANSACTIONS

For 2019 and 2018, the Foundation paid \$55,750 and \$58,000 to a sibling of the President and CEO who provided contract services as the Vice President of Operations and Corporate Partnerships. The President and CEO also serves as a member of the Board of directors.

The Board and management have evaluated this arrangement and believe that it is in the best interest of the Foundation and was approved in accordance with the Foundation's conflict of interest policy.

NOTE 9 – CORRECTION OF AN ERROR

During 2019, the foundation determined \$50,000 of net assets was incorrectly released from restrictions during 2018. At June 30, 2018, this correction changed net assets released from restrictions from \$112,400 to \$62,400, net assets without restrictions from \$580,430 to \$530,430 and net assets with restrictions from \$0 to \$50,000.