

**AMERICAN EPILEPSY SOCIETY, INC.  
THE LENNOX AND LOMBROSO FUND FOR  
RESEARCH AND TRAINING**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**AMERICAN EPILEPSY SOCIETY, INC.  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
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YEARS ENDED JUNE 30, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
American Epilepsy Society, Inc. and  
The Lennox and Lombroso Fund for Research and Training  
Chicago, Illinois

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Epilepsy Society, Inc. (a nonprofit corporation) and The Lennox and Lombroso Fund for Research and Training (a nonprofit trust), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
American Epilepsy Society, Inc. and  
The Lennox and Lombroso Fund for Research and Training

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Epilepsy Society, Inc. and The Lennox and Lombroso Fund for Research and Training as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis-of-Matter Regarding a Correction of an Error**

As discussed in Note 11 to the consolidated financial statements, certain errors resulting in an overstatement in amounts previously reported as research expense as of June 30, 2016, were discovered by management of American Epilepsy Society, Inc. and The Lennox and Lombroso Fund for Research and Training during the current year. Accordingly, amounts reported for prepaid expenses and research expense have been restated in the 2016 consolidated financial statements now presented, and an adjustment has been made to the net assets as of June 30, 2016, to correct the error. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
February 8, 2018

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2017 AND 2016 (RESTATED)**

<b>ASSETS</b>	2017	2016
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,903,482	\$ 2,619,941
Accounts Receivable	49,830	24,408
Investments, Other	829,854	902,174
Prepaid Expenses	452,698	356,241
Total Current Assets	5,235,864	3,902,764
<b>PROPERTY AND EQUIPMENT</b>		
Computers and Equipment	221,514	216,980
Furniture and Fixtures	10,475	10,475
Total	231,989	227,455
Less: Accumulated Depreciation	81,428	31,711
Total Property and Equipment	150,561	195,744
<b>OTHER ASSETS</b>		
Investments, Endowment Funds	9,143,230	8,148,565
Security Deposits	34,840	34,840
Total Other Assets	9,178,070	8,183,405
Total Assets	\$ 14,564,495	\$ 12,281,913
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 352,299	\$ 507,243
Deferred Rent	38,271	48,301
Deferred Revenue	1,335,257	997,842
Total Current Liabilities	1,725,827	1,553,386
<b>NET ASSETS</b>		
Unrestricted	10,290,421	8,660,366
Temporarily Restricted	1,248,397	854,492
Permanently Restricted	1,299,850	1,213,669
Total Net Assets	12,838,668	10,728,527
Total Liabilities and Net Assets	\$ 14,564,495	\$ 12,281,913

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT</b>				
Membership Dues	\$ 782,665	\$ -	\$ -	\$ 782,665
Publications and Journals	775,402	-	-	775,402
Registration and Exhibition Fees	3,744,161	-	-	3,744,161
Awards and Fellowships	29,911	-	-	29,911
Contributions and Sponsorships	442,078	223,842	86,181	752,101
Educational Grants	1,159,412	-	-	1,159,412
Other Revenue	101,715	-	-	101,715
Net Assets Released from Restrictions	17,789	(17,789)	-	-
Total Support	<u>7,053,133</u>	<u>206,053</u>	<u>86,181</u>	<u>7,345,367</u>
<b>EXPENSES</b>				
Program	4,938,563	-	-	4,938,563
General Operation	1,110,908	-	-	1,110,908
Fundraising	162,199	-	-	162,199
Total Expenses	<u>6,211,670</u>	<u>-</u>	<u>-</u>	<u>6,211,670</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME</b>				
	841,463	206,053	86,181	1,133,697
Investment Income	<u>788,592</u>	<u>187,852</u>	<u>-</u>	<u>976,444</u>
<b>CHANGE IN NET ASSETS</b>				
	1,630,055	393,905	86,181	2,110,141
Net Assets - Beginning of Year, as Restated	<u>8,660,366</u>	<u>854,492</u>	<u>1,213,669</u>	<u>10,728,527</u>
<b>NET ASSETS - END OF YEAR</b>				
	<u>\$ 10,290,421</u>	<u>\$ 1,248,397</u>	<u>\$ 1,299,850</u>	<u>\$ 12,838,668</u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016 (RESTATED)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT</b>				
Membership Dues	\$ 837,828	\$ -	\$ -	\$ 837,828
Publications and Journals	369,206	-	-	369,206
Registration and Exhibition Fees	3,507,745	-	-	3,507,745
Awards and Fellowships	18,104	-	-	18,104
Contributions and Sponsorships	347,887	416,670	83,780	848,337
Educational Grants	1,460,247	-	-	1,460,247
Other Revenue	151,498	-	-	151,498
Net Assets Released from Restrictions	89,458	(89,458)	-	-
Total Support	<u>6,781,973</u>	<u>327,212</u>	<u>83,780</u>	<u>7,192,965</u>
<b>EXPENSES</b>				
Program	4,428,675	-	-	4,428,675
General Operation	1,107,852	-	-	1,107,852
Fundraising	186,913	-	-	186,913
Total Expenses	<u>5,723,440</u>	<u>-</u>	<u>-</u>	<u>5,723,440</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME</b>				
	1,058,533	327,212	83,780	1,469,525
Investment Income	<u>80,719</u>	<u>23,665</u>	<u>-</u>	<u>104,384</u>
<b>CHANGE IN NET ASSETS</b>				
	1,139,252	350,877	83,780	1,573,909
Net Assets - Beginning of Year	<u>7,521,114</u>	<u>503,615</u>	<u>1,129,889</u>	<u>9,154,618</u>
<b>NET ASSETS - END OF YEAR, As Restated</b>	<u><u>\$ 8,660,366</u></u>	<u><u>\$ 854,492</u></u>	<u><u>\$ 1,213,669</u></u>	<u><u>\$ 10,728,527</u></u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017**

	Annual Meeting	Research	Education	Member Services	Communi- cations	Clinical Programs	Technology	Total Program Costs	Supporting General Operation	Fundraising	Total
Salaries, Taxes and Fringe Benefits	\$ 316,337	\$ 104,130	\$ 352,657	\$ 184,542	\$ 78,052	\$ 74,391	\$ -	\$ 1,110,109	\$ 359,365	\$ 134,146	\$ 1,603,620
Staff Development	2,191	721	2,443	1,278	541	515	-	7,689	2,489	929	11,107
Travel	68,907	3,593	20,114	5,989	-	128	538	99,269	76,975	6,289	182,533
Public Relations/Marketing	136,513	-	-	-	-	-	-	136,513	-	-	136,513
Awards and Grants	29,812	107,120	-	20,060	-	-	-	156,992	21,000	-	177,992
Telephone/Conference Calls	40,756	-	-	-	-	-	-	40,756	16,747	-	57,503
Postage and Fax	11,866	-	-	26,368	-	-	-	38,234	2,759	2,056	43,049
Professional Fees	235,438	8,436	34,232	40,768	104,927	-	105,491	529,292	208,269	536	738,097
Web Hosting and Development	9,100	9,000	53,743	77,444	-	-	-	149,287	24,627	4,000	177,914
Publications, Printing, and Design	109,488	-	1,582	77,609	-	-	-	188,679	2,334	4,553	195,566
Bank and Investment Fees	82,640	8,446	-	-	-	-	-	91,086	56,113	-	147,199
Meeting Infrastructure	228,039	-	-	-	-	-	-	228,039	-	-	228,039
Research	-	875,401	-	-	-	-	-	875,401	-	-	875,401
Office and Computer Supplies	-	-	-	945	-	-	-	945	7,074	-	8,019
Insurance	12,880	-	-	-	-	-	-	12,880	15,038	-	27,918
Food and Beverage	445,518	13,125	10,280	-	-	-	-	468,923	43,008	9,390	521,321
Room/Facilities and Equipment											
Rental	463,248	693	1,899	450	-	-	-	466,290	1,782	300	468,372
Booths	82,383	-	-	-	-	-	-	82,383	-	-	82,383
Entertainment	1,236	-	-	-	-	-	-	1,236	-	-	1,236
Continuing Medical Education											
Fees	15,170	-	1,400	-	-	-	-	16,570	-	-	16,570
Other Expenses	45,912	-	556	46	63	-	-	46,577	44,053	-	90,630
Dues and Subscriptions	-	34,000	9,032	148,381	-	-	-	191,413	41,132	-	232,545
Rent and Facilities	-	-	-	-	-	-	-	-	138,425	-	138,425
Depreciation	-	-	-	-	-	-	-	-	49,718	-	49,718
<b>Total Expenses</b>	<b>\$ 2,337,434</b>	<b>\$ 1,164,665</b>	<b>\$ 487,938</b>	<b>\$ 583,880</b>	<b>\$ 183,583</b>	<b>\$ 75,034</b>	<b>\$ 106,029</b>	<b>\$ 4,938,563</b>	<b>\$ 1,110,908</b>	<b>\$ 162,199</b>	<b>\$ 6,211,670</b>

See accompanying Notes to Consolidated Financial Statements.



**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016 (RESTATED)**

	Annual Meeting	Research	Education	Member Services	Communi-cations	Clinical Programs	Technology	Transitional	Total Program Costs	Supporting General Operation	Fundraising	Total
Salaries, Taxes and Fringe Benefits	\$ 212,627	\$ 168,335	\$ 252,088	\$ 132,076	\$ 64,222	\$ 21,898	\$ -	\$ -	\$ 851,246	\$ 360,815	\$ 81,854	\$ 1,293,915
Staff Development	82,443	18,225	132,121	3,051	-	-	20,796	31,350	287,986	14,364	74,800	377,150
Travel	50,858	850	33,027	1,568	132	1,221	-	1,678	89,334	102,184	2,071	193,589
Public Relations/Marketing	30,697	-	1,262	-	-	-	-	-	31,959	-	-	31,959
Awards and Grants	1,000	153,855	10,000	-	-	-	-	-	164,855	21,000	-	185,855
Telephone/Conference Calls	38,510	-	-	-	-	-	-	-	38,510	17,574	-	56,084
Postage and Fax	6,225	-	-	17,697	-	-	-	-	23,922	2,334	-	26,256
Professional Fees	239,316	-	97,324	11,200	100,243	-	5,036	98,629	551,748	180,417	500	732,665
Web Hosting and Development	1,325	9,000	23,910	18,765	-	-	-	993	53,993	32,855	3,424	90,272
Publications, Printing, and Design	152,266	-	40,472	93,436	8,620	-	-	-	294,794	7,868	1,070	303,732
Bank and Investment Fees	78,992	-	-	-	-	-	-	-	78,992	60,731	-	139,723
Research	35,400	269,478	-	-	-	-	-	-	304,878	-	-	304,878
Office and Computer Supplies	-	-	-	-	-	-	-	3,067	3,067	5,046	-	8,113
Insurance	12,871	-	-	-	-	-	-	-	12,871	15,297	-	28,168
Food and Beverage	457,515	28,729	73,846	-	-	-	-	-	560,090	60,262	13,571	633,923
Room/Facilities and Equipment												
Rental	719,444	111	56,432	-	-	-	-	-	775,987	1,584	450	778,021
Booths	89,109	-	-	-	-	-	-	-	89,109	-	-	89,109
Entertainment	2,574	-	-	-	-	-	-	-	2,574	-	2,100	4,674
Continuing Medical Education												
Fees	9,565	-	200	-	-	-	-	-	9,765	-	-	9,765
Other Expenses	23,950	-	931	-	-	-	-	10	24,891	9,612	7,073	41,576
Dues and Subscriptions	9,167	2,500	10,343	154,476	1,618	-	-	-	178,104	46,221	-	224,325
Rent and Facilities	-	-	-	-	-	-	-	-	-	139,108	-	139,108
Depreciation	-	-	-	-	-	-	-	-	-	30,580	-	30,580
<b>Total Expenses</b>	<b>\$ 2,253,854</b>	<b>\$ 651,083</b>	<b>\$ 731,956</b>	<b>\$ 432,269</b>	<b>\$ 174,835</b>	<b>\$ 23,119</b>	<b>\$ 25,832</b>	<b>\$ 135,727</b>	<b>\$ 4,428,675</b>	<b>\$ 1,107,852</b>	<b>\$ 186,913</b>	<b>\$ 5,723,440</b>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016 (RESTATED)**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,110,141	\$ 1,573,909
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	49,718	30,580
Realized and Unrealized Losses (Gains) on Investments	(766,068)	88,023
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(25,422)	111,105
Prepaid Expenses	(96,457)	(137,392)
Accounts Payable and Accrued Expenses	(154,944)	(36,852)
Deferred Rent	(10,030)	26,922
Deferred Revenue	337,415	140,232
Net Cash Provided by Operating Activities	<u>1,444,353</u>	<u>1,796,527</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	59,276	4,129,830
Purchase of Investments	(215,553)	(4,762,138)
Purchase of Equipment	(4,535)	(181,774)
Net Cash Used by Investing Activities	<u>(160,812)</u>	<u>(814,082)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,283,541	982,445
Cash and Cash Equivalents - Beginning of Year	<u>2,619,941</u>	<u>1,637,496</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,903,482</u>	<u>\$ 2,619,941</u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The American Epilepsy Society, Inc. (the Society) is a nonprofit corporation organized on March 15, 1954, under the General Laws of the Commonwealth of Massachusetts. The Society moved its operations to Chicago, Illinois in March 2015 and now operates under the General Laws of the Commonwealth of Illinois. The Society strives to achieve important advances in the understanding, diagnosis, and treatment of epilepsy through medical research and education. The activities are funded primarily through membership dues, conference registrations and exhibit fees, contributions, and publications.

The Lennox and Lombroso Fund for Research and Training (the Trust) is a nonprofit trust fund organized under the laws of the state of Wisconsin. The purpose of the Trust is to promote the advancement and dissemination of knowledge concerning epilepsy, the promotion of better care and treatment for persons subject to seizures, the receipt of donations and bequests to carry out these purposes, and to make grants to qualified agencies or individuals for any of the foregoing purposes. The activities are funded primarily through investment income.

**Use of Estimates in Preparing Consolidated Financial Statements**

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Society and the Trust, collectively referred to as the Organization. All significant intercompany transactions and balances have been eliminated in consolidation.

**Basis of Accounting**

Revenues and expenses are recorded on the accrual basis of accounting.

**Consolidated Financial Statement Presentation**

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The separate classes of net assets are defined as follows:

Unrestricted Net Assets – Amounts included in this class represent available resources other than donor-restricted contributions.

Temporarily Restricted Net Assets – Amounts included in this class represent contributions that are restricted by the donor as to purpose or time of expenditure.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Financial Statement Presentation (Continued)**

Permanently Restricted Net Assets – Amounts included in this class represent contributions received with the donor restriction that the principal be invested in perpetuity and that the income earned thereon be expended.

**Cash and Cash Equivalents**

The Organization considers demand deposits, money market funds, and all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held in investment accounts are excluded from cash and cash equivalents.

At times, the Organization's cash balances may exceed federally insured limits; however, the Organization has not experienced any losses in such accounts and limits its exposure to credit risk by maintaining its cash and cash equivalents in highly reputable financial institutions.

**Accounts Receivable**

All accounts receivable balances as of June 30, 2017 and 2016 are due within one year. As a result, accounts receivable are measured at net realizable value.

Allowances for accounts receivable are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions, and overall viability of the third party. Based on this assessment, the Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. No receivables were determined to be uncollectible during the years ended June 30, 2017 and 2016.

The Organization extends credit to its members for program services on a limited basis and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

**Investments**

Investments are reported at fair value based on publicly available market data obtained from services independent of the Organization. Investment income is classified as operating activities and is available to support operations in future periods and offset potential market declines.

In general, investments are exposed to various risk, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statements of activities. Management believes that the Organization's investments do not represent significant concentrations of market risk as the investment portfolios are adequately diversified among issuers.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment over \$2,500 with an estimated useful life of greater than one year is capitalized at cost and depreciated using the straight-line basis over three to seven years of the assets useful life. The Organization expenses maintenance activities as they are incurred.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Deferred Revenue**

Dues payments received in advance for the following fiscal year and assessments received in advance of the sponsored event or meeting are all included as Deferred Revenue on the consolidated statements of financial position. The revenue is recognized once sponsored event or meeting is held.

**Deferred Rent Obligation**

The Organization has entered into an operating lease which contains provisions for a rent abatement period and for escalating rent over the lease term. In accordance with accounting principles generally accepted in the United States of America, rent expense is recognized evenly over the life of the lease. The difference between rent expense recorded and amount paid is charged to the deferred rent obligation on the Statements of Financial Position.

**Revenue Recognition**

**Membership Dues**

Dues are collected annually from members. The membership period begins on July 1 and ends on June 30. Revenues recognized during a period relate to dues earned for that period of membership. Dues collected in advance are deferred and recognized as revenue over the membership period.

**Registration and Exhibition Fees**

Annual meeting revenue includes meeting registration, exhibit, and sponsorship revenues for meetings held within the respective year. Registration and exhibit income received and sponsorship income received and accrued in each year for the subsequent year's annual meeting are deferred and recorded as deferred annual meeting revenue.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions with donor-imposed restrictions that limit the use of the donated assets are reported as restricted support. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Donated Services**

A substantial number of volunteers have made significant contributions of their time to develop, implement, and maintain a variety of the Organization's programs and activities, principally community service and educational programs, membership development, and financial administration during the year. However, these donated services are not reflected in the consolidated financial statements since the services do not require specialized skills, nor are such services susceptible to objective measurement or valuation.

**Income Taxes**

The Society and Trust are exempt from federal income tax as nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code and are classified as organizations other than private foundations. The Society is liable for taxes on any unrelated business net income. No liability was considered necessary as of June 30, 2017 and 2016.

The material jurisdictions subject to potential examination by taxing authorities include the U.S., Connecticut, and Illinois. The Organization follows the requirements for accounting for uncertain tax positions. The Organization has determined that it is not required to record a liability related to uncertain tax positions as of June 30, 2017 and 2016.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

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**NOTE 2 INVESTMENTS**

Investments consisted of the following as of June 30:

	<u>2017</u>	<u>2016</u>
<b>American Epilepsy Society</b>		
Mortgage and Asset-Backed Securities	\$ -	\$ 8,079
Mutual Funds - Equities	3,912,011	4,050,205
Mutual Funds - Fixed Income	2,540,930	1,814,878
Total	<u>6,452,941</u>	<u>5,873,162</u>
<b>Lennox and Lombroso Fund</b>		
Mutual Funds - Equities	2,255,718	1,915,580
Mutual Funds - Fixed Income	1,264,425	1,261,997
Total	<u>3,520,143</u>	<u>3,177,577</u>
Total Investments at Fair Value	<u>\$ 9,973,084</u>	<u>\$ 9,050,739</u>

Investment return consisted of the following at June 30, 2017:

	<u>Society</u>	<u>Trust</u>	<u>Total</u>
Interest and Dividend Income	\$ 138,016	\$ 72,360	\$ 210,376
Realized and Unrealized Gains	483,494	282,574	766,068
Total	<u>\$ 621,510</u>	<u>\$ 354,934</u>	<u>\$ 976,444</u>

Investment return consisted of the following at June 30, 2016:

	<u>Society</u>	<u>Trust</u>	<u>Total</u>
Interest and Dividend Income	\$ 122,372	\$ 70,035	\$ 192,407
Realized and Unrealized Losses	(49,780)	(38,243)	(88,023)
Total	<u>\$ 72,592</u>	<u>\$ 31,792</u>	<u>\$ 104,384</u>

The Society and the Trust incurred \$21,972 and \$12,370, respectively, in investment management fees for the year ended June 30, 2017. The Society and the Trust incurred \$20,020 and \$11,773, respectively, in investment management fees for the year ended June 30, 2016. These fees are included in bank and investment fees on the statements of functional expenses.

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**NOTE 3 FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. It also defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
<b>American Epilepsy Society</b>				
Mutual Funds - Equities	\$ 3,912,011	\$ -	\$ -	\$ 3,912,011
Mutual Funds - Fixed Income	2,540,930	-	-	2,540,930
Total	<u>6,452,941</u>	<u>-</u>	<u>-</u>	<u>6,452,941</u>
<b>Lennox and Lombroso Fund</b>				
Mutual Funds - Equities	2,255,718	-	-	2,255,718
Mutual Funds - Fixed Income	1,264,425	-	-	1,264,425
Total	<u>3,520,143</u>	<u>-</u>	<u>-</u>	<u>3,520,143</u>
Total Investments at Fair Value	<u>\$ 9,973,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,973,084</u>



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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
<b>American Epilepsy Society</b>				
Mortgage and Asset-Backed Securities	\$ -	\$ 8,079	\$ -	\$ 8,079
Mutual Funds - Equities	4,050,205	-	-	4,050,205
Mutual Funds - Fixed Income	1,814,878	-	-	1,814,878
Total	<u>5,865,083</u>	<u>8,079</u>	<u>-</u>	<u>5,873,162</u>
<b>Lennox and Lombroso Fund</b>				
Mutual Funds - Equities	1,915,580	-	-	1,915,580
Mutual Funds - Fixed Income	1,261,997	-	-	1,261,997
Total	<u>3,177,577</u>	<u>-</u>	<u>-</u>	<u>3,177,577</u>
Total Investments at Fair Value	<u>\$ 9,042,660</u>	<u>\$ 8,079</u>	<u>\$ -</u>	<u>\$ 9,050,739</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted market transactions in a less active market for assets similar to those held to support the underlying assets. The carrying amounts of all other assets and liabilities reflected in the Statements of Financial Position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

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**NOTE 4 TEMPORARILY RESTRICTED NET ASSETS**

A summary of activity in temporarily restricted net assets as of June 30, 2017 is as follows:

	Beginning Balance	Net Increases	Releases	Ending Balance
Penry Fund	\$ 139,589	\$ 25,901	\$ (221)	\$ 165,269
Portion of Donor-Restricted Endowments Subject to a Time Restriction under UPMIFA	208,111	168,802	(17,568)	359,345
Future Programs:				
SUDEP Task Force	97,209	38,795	-	136,004
IOM Projects	1,233	-	-	1,233
NINDS	573	-	-	573
AES Fellows	278,413	127,741	-	406,154
NARC Visiting Professors	55,776	-	-	55,776
Pellock Fund	73,588	50,455	-	124,043
Total	<u>\$ 854,492</u>	<u>\$ 411,694</u>	<u>\$ (17,789)</u>	<u>\$ 1,248,397</u>

A summary of activity in temporarily restricted net assets as of June 30, 2016 is as follows:

	Beginning Balance	Net Increases	Releases	Ending Balance
Penry Fund	\$ 134,542	\$ 8,642	\$ (3,595)	\$ 139,589
Cyberonics	45,000	-	(45,000)	-
Portion of Donor-Restricted Endowments Subject to a Time Restriction under UPMIFA	201,514	21,810	(15,213)	208,111
Future Programs:				
SUDEP Task Force	40,412	56,797	-	97,209
IOM Projects	1,233	-	-	1,233
NINDS	573	-	-	573
AES Fellows	80,341	223,722	(25,650)	278,413
NARC Visiting Professors	-	55,776	-	55,776
Pellock Fund	-	73,588	-	73,588
Total	<u>\$ 503,615</u>	<u>\$ 440,335</u>	<u>\$ (89,458)</u>	<u>\$ 854,492</u>

**NOTE 5 UNRESTRICTED BOARD DESIGNATED NET ASSETS**

The purpose of the Long-Term Reserve Fund is to enhance the purchasing power of funds held for future expenditures, to maintain the financial stability of the organization, and to provide cash to be used during the current budget cycle. The Long-Term Reserve Fund operates as a board designated endowment. See Note 8.

The Organization has a Strategic Reserve Fund (formerly the New Initiatives Fund) to fund special research programs. The balance of the Strategic Reserve Fund as of June 30, 2017 and 2016 was \$237,509 and \$237,724, respectively.

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**NOTE 5 UNRESTRICTED BOARD DESIGNATED NET ASSETS (CONTINUED)**

The purpose of the Susan Spencer and the Lennox and Lombroso Fund is to support research grants. The purpose of the Goldberg-Kaufman grant is to support lectures. The purpose of the Berry AES International Travel Award Fund is to support travel grants based on the donor agreement. However, the Board has been designated the right to use any of the excess funds in these accounts for any project related to the Organization's mission.

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

The Organization has an employment contract with its executive director through December 31, 2019. The contract provides for the liability of one month of base compensation per year of employment with a maximum of six months of base salary if the agreement is terminated without cause. This contingent liability is not reflected in the accompanying consolidated financial statements.

The Organization has commitments for hotel space to hold future meetings and courses. The contracts specify that, if cancelled, the Organization may be subject to substantial cancellation penalties based on the amount of time remaining before the reservation dates.

**NOTE 7 LEASE COMMITMENTS**

The Organization entered into a lease agreement in Chicago, Illinois for office space beginning April 1, 2015 for a period of five years. The office space lease provides for escalation of rents over the lease term. The Organization received five months of abated rent upon the commencement of the lease. The effects of the scheduled rent increases, including the value of the abated rent, are being recognized by the Society on a straight-line basis over the life of the lease. The unrecognized portion of the rent increases are reflected as deferred rent (a liability) on the accompanying consolidated statements of financial position. Rent expense for the years ended June 30, 2017 and 2016 was \$134,759 and \$134,780, respectively.

A summary of minimum future payments under the lease agreement is as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	144,110
2019	146,221
2020	110,854
Total	<u>\$ 401,185</u>

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**NOTE 8 ENDOWMENT FUNDS**

The Organization's endowment funds consist of seven individual funds established for a variety of purposes. The endowment funds include both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

**Return Objectives and Risk Parameters**

The Organization has adopted investment and ending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under the policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Consumer Price Index by 6% annually while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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**NOTE 8 ENDOWMENT FUNDS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments and to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The amounts appropriated for distribution by the Organization varies for each fund. For the donor-restricted funds, the Organization will not appropriate any funds for distribution until the board of directors believes the fund has reached a sufficient value to meet the spending objectives. For the Long-Term Reserve Fund, the Organization has a policy of appropriating for distribution each year 4% of the endowment fund's average fair value over the previous twenty quarters. For the Lennox and Lombroso Fund, the Organization has a policy of appropriating for distribution each year 4.5% of the endowment fund's average fair value over the previous 20 quarters. In establishing these policies, the Organization considered the long-term expected return on its endowment.

Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow while providing a predictable stream of funding to programs supported by its endowment funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Fund Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no fund deficiencies as of June 30, 2017. Deficiencies of this nature are reported in unrestricted net assets were \$2,563 as of June 30, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

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**NOTE 8 ENDOWMENT FUNDS (CONTINUED)**

**Endowment Net Asset Composition by Type of Fund**

The endowment net assets consisted of the following as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds:				
Susan Spencer Fund	\$ 174,201	\$ 263,046	\$ 831,530	\$ 1,268,777
Fritz Dreifuss Epilepsy Fund	-	34,983	175,040	210,023
Rebecca Goldberg-Kaufman Ethical Neuropsychiatry Fund	5,891	12,910	41,195	59,996
Grass Foundation Fund	-	47,527	200,000	247,527
Berry AES International Travel Award	-	878	52,085	52,963
Total Donor-Restricted Endowment Funds	<u>180,092</u>	<u>359,344</u>	<u>1,299,850</u>	<u>1,839,286</u>
Board-Designated Endowment Funds:				
Lennox and Lombroso Fund	3,435,081	-	-	3,435,081
Long-Term Reserve Fund	3,868,863	-	-	3,868,863
Total Board-Designated Endowment Funds	<u>7,303,944</u>	<u>-</u>	<u>-</u>	<u>7,303,944</u>
Total Endowment Funds	<u>\$ 7,484,036</u>	<u>\$ 359,344</u>	<u>\$ 1,299,850</u>	<u>\$ 9,143,230</u>

The endowment net assets consisted of the following as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds:				
Susan Spencer Fund	\$ 174,201	\$ 154,282	\$ 752,649	\$ 1,081,132
Fritz Dreifuss Epilepsy Fund	-	17,072	171,465	188,537
Rebecca Goldberg-Kaufman Ethical Neuropsychiatry Fund	5,891	7,066	38,545	51,502
Grass Foundation Fund	-	29,691	200,000	229,691
Berry AES International Travel Award	(2,563)	-	51,010	48,447
Total Donor-Restricted Endowment Funds	<u>177,529</u>	<u>208,111</u>	<u>1,213,669</u>	<u>1,599,309</u>
Board-Designated Endowment Funds:				
Lennox and Lombroso Fund	3,092,516	-	-	3,092,516
Long-Term Reserve Fund	3,456,740	-	-	3,456,740
Total Board-Designated Endowment Funds	<u>6,549,256</u>	<u>-</u>	<u>-</u>	<u>6,549,256</u>
Total Endowment Funds	<u>\$ 6,726,785</u>	<u>\$ 208,111</u>	<u>\$ 1,213,669</u>	<u>\$ 8,148,565</u>

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**NOTE 8 ENDOWMENT FUNDS (CONTINUED)**

**Changes in Endowment Net Assets**

The endowment net activity consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Endowment Funds as of June 30, 2015</b>	\$ 6,726,426	\$ 201,514	\$ 1,129,889	\$ 8,057,829
Investment Return:				
Investment Income	146,610	30,980	-	177,590
Net Appreciation (Depreciation)	(88,114)	(9,170)	-	(97,284)
Investment Fees	(24,432)	(5,213)	-	(29,645)
Total Investment Return	<u>34,064</u>	<u>16,597</u>	-	<u>50,661</u>
Contributions	349,629	-	83,780	433,409
Amounts Appropriated for Expenditure	<u>(383,334)</u>	<u>(10,000)</u>	-	<u>(393,334)</u>
<b>Endowment Funds as of June 30, 2016</b>	6,726,785	208,111	1,213,669	8,148,565
Investment Return:				
Investment Income	149,747	34,724	-	184,471
Net Appreciation (Depreciation)	633,400	134,077	-	767,477
Investment Fees	(25,896)	(5,568)	-	(31,464)
Total Investment Return	<u>757,251</u>	<u>163,233</u>	-	<u>920,484</u>
Contributions	-	-	86,181	86,181
Amounts Appropriated for Expenditure	<u>-</u>	<u>(12,000)</u>	-	<u>(12,000)</u>
<b>Endowment Funds as of June 30, 2017</b>	<u>\$ 7,484,036</u>	<u>\$ 359,344</u>	<u>\$ 1,299,850</u>	<u>\$ 9,143,230</u>

**NOTE 9 RETIREMENT PLAN**

During the year ended June 30, 2016, the Organization implemented a 401(k) savings plan for the benefit of its employees. For every dollar the employee puts into the plan, the Organization will match dollar for dollar up to 3% of base salary, then \$.50 per dollar, up to 5% of base salary for a maximum match of 4%. The employee is eligible on the first day of the month following the first 30 days of employment and 100% vested immediately. The Organization contributed \$48,278 and \$33,144 to the plan during the years ended June 30, 2017 and 2016, respectively.

**AMERICAN EPILEPSY SOCIETY, INC. AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING  
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**NOTE 10 CASH FLOW DISCLOSURES**

There was no cash paid for interest during the years ended June 30, 2017 and 2016. The Organization paid \$7,681 for taxes during the years ended June 30, 2016. No such amounts were paid for the year ending June 30, 2017.

The Organization had no noncash investing or financing transactions during the years ended June 30, 2017 and 2016.

**NOTE 11 PRIOR PERIOD ADJUSTMENT**

The accompanying consolidated financial statements reflect a restatement of beginning of year net assets to reduce research expense, for fellowships that were awarded and obligated for the year ended June 30, 2017. The effect of this entry was a restatement to reduce research expenses and increase prepaid expenses for the year ended June 30, 2016 by \$186,250. The restatement increased the change in net assets by \$186,250 for the year ended June 30, 2016.

**NOTE 12 SUBSEQUENT EVENTS**

Management evaluated subsequent events through February 8, 2018, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to February 8, 2018, that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the consolidated financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2017.



**AMERICAN EPILEPSY SOCIETY, INC. (SOCIETY) AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING (TRUST)  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2017  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	<u>Society</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 3,903,482	\$ -	\$ -	\$ 3,903,482
Accounts Receivable	161,830	66,163	(178,163)	49,830
Investments, Other	744,792	85,062	-	829,854
Prepaid Expenses	452,698	-	-	452,698
Total Current Assets	<u>5,262,802</u>	<u>151,225</u>	<u>(178,163)</u>	<u>5,235,864</u>
<b>PROPERTY AND EQUIPMENT</b>				
Computers and Equipment	221,514	-	-	221,514
Furniture and Fixtures	10,475	-	-	10,475
Total	<u>231,989</u>	<u>-</u>	<u>-</u>	<u>231,989</u>
Less: Accumulated Depreciation	81,428	-	-	81,428
Total Property and Equipment	<u>150,561</u>	<u>-</u>	<u>-</u>	<u>150,561</u>
<b>OTHER ASSETS</b>				
Investments, Endowment Funds	5,708,149	3,435,081	-	9,143,230
Security Deposits	34,840	-	-	34,840
Total Other Assets	<u>5,742,989</u>	<u>3,435,081</u>	<u>-</u>	<u>9,178,070</u>
Total Assets	<u>\$ 11,156,352</u>	<u>\$ 3,586,306</u>	<u>\$ (178,163)</u>	<u>\$ 14,564,495</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 418,462	\$ 112,000	\$ (178,163)	\$ 352,299
Deferred Rent	38,271	-	-	38,271
Deferred Revenue	1,335,257	-	-	1,335,257
Total Current Liabilities	<u>1,791,990</u>	<u>112,000</u>	<u>(178,163)</u>	<u>1,725,827</u>
<b>NET ASSETS</b>				
Unrestricted	6,816,115	3,474,306	-	10,290,421
Temporarily Restricted	1,248,397	-	-	1,248,397
Permanently Restricted	1,299,850	-	-	1,299,850
Total Net Assets	<u>9,364,362</u>	<u>3,474,306</u>	<u>-</u>	<u>12,838,668</u>
Total Liabilities and Net Assets	<u>\$ 11,156,352</u>	<u>\$ 3,586,306</u>	<u>\$ (178,163)</u>	<u>\$ 14,564,495</u>

**AMERICAN EPILEPSY SOCIETY, INC. (SOCIETY) AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING (TRUST)  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2016 (RESTATED)  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	<u>Society</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 2,619,941	\$ -	\$ -	\$ 2,619,941
Accounts Receivable	125,408	30,297	(131,297)	24,408
Investments, Other	817,112	85,062	-	902,174
Prepaid Expenses	356,241	-	-	356,241
Total Current Assets	<u>3,918,702</u>	<u>115,359</u>	<u>(131,297)</u>	<u>3,902,764</u>
<b>PROPERTY AND EQUIPMENT</b>				
Computers and Equipment	216,980	-	-	216,980
Furniture and Fixtures	10,475	-	-	10,475
Total	<u>227,455</u>	<u>-</u>	<u>-</u>	<u>227,455</u>
Less: Accumulated Depreciation	31,711	-	-	31,711
Total Property and Equipment	<u>195,744</u>	<u>-</u>	<u>-</u>	<u>195,744</u>
<b>OTHER ASSETS</b>				
Investments, Endowment Funds	5,056,049	3,092,516	-	8,148,565
Security Deposits	34,840	-	-	34,840
Total Other Assets	<u>5,090,889</u>	<u>3,092,516</u>	<u>-</u>	<u>8,183,405</u>
Total Assets	<u>\$ 9,205,335</u>	<u>\$ 3,207,875</u>	<u>\$ (131,297)</u>	<u>\$ 12,281,913</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 537,540	\$ 101,000	\$ (131,297)	\$ 507,243
Deferred Rent	48,301	-	-	48,301
Deferred Revenue	997,842	-	-	997,842
Total Current Liabilities	<u>1,583,683</u>	<u>101,000</u>	<u>(131,297)</u>	<u>1,553,386</u>
<b>NET ASSETS</b>				
Unrestricted	5,553,491	3,106,875	-	8,660,366
Temporarily Restricted	854,492	-	-	854,492
Permanently Restricted	1,213,669	-	-	1,213,669
Total Net Assets	<u>7,621,652</u>	<u>3,106,875</u>	<u>-</u>	<u>10,728,527</u>
Total Liabilities and Net Assets	<u>\$ 9,205,335</u>	<u>\$ 3,207,875</u>	<u>\$ (131,297)</u>	<u>\$ 12,281,913</u>

**AMERICAN EPILEPSY SOCIETY, INC. (SOCIETY) AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING (TRUST)  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Society</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>SUPPORT</b>				
Membership Dues	\$ 782,665	\$ -	\$ -	\$ 782,665
Publications and Journals	775,402	-	-	775,402
Registration and Exhibition Fees	3,744,161	-	-	3,744,161
Awards and Fellowships	29,911	-	-	29,911
Contributions and Sponsorships	716,234	35,867	-	752,101
Educational Grants	1,159,412	-	-	1,159,412
Other Revenue	101,715	-	-	101,715
Total Support	<u>7,309,500</u>	<u>35,867</u>	<u>-</u>	<u>7,345,367</u>
<b>EXPENSES</b>				
Program	4,915,193	23,370	-	4,938,563
General Operation	1,110,908	-	-	1,110,908
Fundraising	162,199	-	-	162,199
Total Expenses	<u>6,188,300</u>	<u>23,370</u>	<u>-</u>	<u>6,211,670</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME</b>	1,121,200	12,497	-	1,133,697
Investment Income	<u>621,510</u>	<u>354,934</u>	<u>-</u>	<u>976,444</u>
<b>CHANGE IN NET ASSETS</b>	1,742,710	367,431	-	2,110,141
Net Assets - Beginning of Year, as Restated	<u>7,621,652</u>	<u>3,106,875</u>	<u>-</u>	<u>10,728,527</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,364,362</u>	<u>\$ 3,474,306</u>	<u>\$ -</u>	<u>\$ 12,838,668</u>

**AMERICAN EPILEPSY SOCIETY, INC. (SOCIETY) AND  
THE LENNOX AND LOMBROSO FUND FOR RESEARCH AND TRAINING (TRUST)  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016 (RESTATED)  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Society</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>SUPPORT</b>				
Membership Dues	\$ 837,828	\$ -	\$ -	\$ 837,828
Publications and Journals	369,206	-	-	369,206
Registration and Exhibition Fees	3,507,745	-	-	3,507,745
Awards and Fellowships	119,104	-	(101,000)	18,104
Contributions and Sponsorships	818,040	30,297	-	848,337
Educational Grants	1,460,247	-	-	1,460,247
Other Revenue	147,698	3,800	-	151,498
Total Support	<u>7,259,868</u>	<u>34,097</u>	<u>(101,000)</u>	<u>7,192,965</u>
<b>EXPENSES</b>				
Program	4,428,675	101,000	(101,000)	4,428,675
General Operation	1,096,078	11,774	-	1,107,852
Fundraising	186,913	-	-	186,913
Total Expenses	<u>5,711,666</u>	<u>112,774</u>	<u>(101,000)</u>	<u>5,723,440</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME</b>	1,548,202	(78,677)	-	1,469,525
Investment Income	<u>72,592</u>	<u>31,792</u>	<u>-</u>	<u>104,384</u>
<b>CHANGE IN NET ASSETS</b>	1,620,794	(46,885)	-	1,573,909
Net Assets - Beginning of Year	<u>6,000,858</u>	<u>3,153,760</u>	<u>-</u>	<u>9,154,618</u>
<b>NET ASSETS - END OF YEAR, As Restated</b>	<u>\$ 7,621,652</u>	<u>\$ 3,106,875</u>	<u>\$ -</u>	<u>\$ 10,728,527</u>



Investment advisory services are offered through CliftonLarsonAllen  
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