

**EPILEPSY FOUNDATION
OF GREATER LOS ANGELES**

**Financial Statements
June 30, 2010 and 2009
And For The Years Then Ended**

Together with Independent Auditor's Report

EPILEPSY FOUNDATION OF GREATER LOS ANGELES

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June 30, 2010 and 2009

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Voice: 626-793-3600
Fax: 626-793-3631
E-mail: info@snh-cpa.com

301 N. Lake Avenue
Suite 900
Pasadena, CA 91101-4108

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Epilepsy Foundation of Greater Los Angeles

We have audited the accompanying statements of financial position of Epilepsy Foundation of Greater Los Angeles (the "Foundation") as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional allocation of expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2010 and 2009, and the changes in its net assets, functional allocation of expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements as of June 30, 2010 and 2009, taken as a whole. The quantitative information included in Note 1 addressing the Care and Cure Initiatives, education, supportive programs and social services, and outreach and advocacy aspects of program services on pages 8 through 12 was provided by the Foundation and is presented for purposes of providing additional analysis and detail and is not a required part of the basic financial statements. Such information has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on such information.

STANISLAWSKI & HARRISON

December 14, 2010

Member of:
American Institute of Certified Public Accountants
Division of CPA Firms/Private Companies Practice Section
California Society of Certified Public Accountants

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Financial Position
June 30, 2010 and 2009

ASSETS:	2010	2009
Cash and Cash Equivalents (Note 3)	\$ 1,382,079	\$ 829,507
Accounts Receivable, net	95,029	33,122
Pledges Receivable, net (Note 4)	454,595	-
Prepaid Expenses	24,409	10,684
Investments (Notes 5 and 6)	-	100,000
Deposits and Other Assets	2,398	3,808
Furniture and Equipment, net (Note 7)	614	3,309
Beneficial Interest in Charitable Perpetual Trust (Notes 6 and 8)	1,680,000	1,800,000
Total Assets	\$ 3,639,124	\$ 2,780,430
LIABILITIES AND NET ASSETS:		
Accounts Payable and Accrued Expenses	\$ 92,998	\$ 60,358
Commitments (Note 12)		
Net Assets (Note 2):		
Unrestricted:		
Unrestricted	458,439	449,127
Board-Designated - Care and Cure Initiatives (Note 13)	683,790	297,435
- Development/marketing	105,000	-
Total Unrestricted	1,247,229	746,562
Temporarily Restricted (Note 9)	577,897	132,510
Permanently Restricted (Note 10)	1,721,000	1,841,000
Total Net Assets	3,546,126	2,720,072
Total Liabilities and Net Assets	\$ 3,639,124	\$ 2,780,430

See Independent Auditor's Report
The Accompanying Notes Are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES

Statements of Activities and Changes in Net Assets

For Year Ended June 30, 2010

(With Comparative Totals for the Year Ended June 30, 2009)

	Unrestricted	Board- Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
						2010	2009
SUPPORT and REVENUE:							
Contributions	\$ 212,319	\$ -	\$ 212,319	\$ 527,061	\$ -	\$ 739,380	\$ 428,258
Special Events, net (Note 12)	170,298	638,790	809,088	-	-	809,088	403,778
Investment Income (Loss) (Note 5)	94,953	-	94,953	-	(120,000)	(25,047)	(279,571)
Net Assets Released from Restrictions (Note 9)	81,674	-	81,674	(81,674)	-	-	-
Total Revenue	559,244	638,790	1,198,034	445,387	(120,000)	1,523,421	552,465
EXPENSES:							
Program Services:							
Care-Speciality Services	775	118,000	118,775	-	-	118,775	85,000
Care- Supportive Services	36,137	-	36,137	-	-	36,137	44,024
Care- Camp Programs	63,369	-	63,369	-	-	63,369	127,000
Advocacy and Awareness	136,668	-	136,668	-	-	136,668	112,716
Research and Cure	50,804	29,435	80,239	-	-	80,239	61,595
Education and Outreach	177,077	-	177,077	-	-	177,077	205,254
Total Program Services	464,830	147,435	612,265	-	-	612,265	635,589
Supporting Services:							
Administrative	44,931	-	44,931	-	-	44,931	53,488
Fundraising	40,171	-	40,171	-	-	40,171	50,018
Total Supporting Services	85,102	-	85,102	-	-	85,102	103,506
Total Expenses	549,932	147,435	697,367	-	-	697,367	739,095
Increase (Decrease) in Net Assets	9,312	491,355	500,667	445,387	(120,000)	826,054	(186,630)
NET ASSETS - Beginning of Year	449,127	297,435	746,562	132,510	1,841,000	2,720,072	2,906,702
NET ASSETS - End of Year	\$ 458,439	\$ 788,790	\$ 1,247,229	\$ 577,897	\$ 1,721,000	\$ 3,546,126	\$ 2,720,072

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The Accompanying Notes Are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Activities and Changes in Net Assets
For Year Ended June 30, 2009

	Unrestricted	Board- Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT and REVENUE:						
Contributions	\$ 373,130	\$ -	\$ 373,130	\$ 55,128	\$ -	\$ 428,258
Special Events, net (Note 13)	193,778	210,000	403,778	-	-	403,778
Investment Income (Loss) (Note 5)	113,012	-	113,012	-	(392,583)	(279,571)
Net Assets Released from Restrictions (Note 9)	160,423	-	160,423	(160,423)	-	-
	<u>840,343</u>	<u>210,000</u>	<u>1,050,343</u>	<u>(105,295)</u>	<u>(392,583)</u>	<u>552,465</u>
Total Revenue						
EXPENSES:						
Program Services:						
Care-Speciality Services		85,000	85,000	-	-	85,000
Care- Supportive Services	44,024	-	44,024	-	-	44,024
Care- Camp Programs	127,000	-	127,000	-	-	127,000
Advocacy and Awareness	112,716	-	112,716	-	-	112,716
Research and Cure	58,030	3,565	61,595	-	-	61,595
Education and Outreach	205,254	-	205,254	-	-	205,254
	<u>547,024</u>	<u>88,565</u>	<u>635,589</u>	<u>-</u>	<u>-</u>	<u>635,589</u>
Total Program Services						
Supporting Services:						
Administrative	53,488	-	53,488	-	-	53,488
Fundraising	50,018	-	50,018	-	-	50,018
	<u>103,506</u>	<u>-</u>	<u>103,506</u>	<u>-</u>	<u>-</u>	<u>103,506</u>
Total Supporting Services						
Total Expenses	<u>650,530</u>	<u>88,565</u>	<u>739,095</u>	<u>-</u>	<u>-</u>	<u>739,095</u>
Increase (Decrease) in Net Assets	<u>189,813</u>	<u>121,435</u>	<u>311,248</u>	<u>(105,295)</u>	<u>(392,583)</u>	<u>(186,630)</u>
NET ASSETS - Beginning of Year	<u>259,314</u>	<u>176,000</u>	<u>435,314</u>	<u>237,805</u>	<u>2,233,583</u>	<u>2,906,702</u>
NET ASSETS - End of Year	<u>\$ 449,127</u>	<u>\$ 297,435</u>	<u>\$ 746,562</u>	<u>\$ 132,510</u>	<u>\$ 1,841,000</u>	<u>\$ 2,720,072</u>

See Independent Auditor's Report
The Accompanying Notes Are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Functional Allocation of Expenses
For Year Ended June 30, 2010

	Program Services						Supporting Services			Total	
	Care-Specialty Services	Care-Supportive Services		Advocacy and Awareness	Research and Cure	Education and Outreach	Sub Total	Administrative	Fundraising	Sub Total	
		Other Supportive	Camp Programs								
Salaries	\$ 510	\$ 11,730	\$ 23,445	\$ 78,618	\$ 6,207	\$ 101,520	\$ 222,030	\$ 29,063	\$ 23,662	\$ 52,725	\$ 274,755
Employee Benefits and Payroll Taxes	80	2,373	4,897	16,263	690	21,359	45,662	6,050	4,907	10,957	56,619
Care and Cure Initiatives-Donations and Grar	590	14,103	28,342	94,881	6,897	122,879	267,692	35,113	28,569	63,682	331,374
Professional Fees and Contract Services	118,000	-	-	-	33,333	151,333	151,333	-	-	-	151,333
Office Expenses	12	2,516	1,994	11,142	33,511	10,346	59,521	2,347	2,182	4,529	64,050
Equipment Maintenance	75	1,862	3,166	10,044	4,063	12,859	32,069	3,697	3,017	6,714	38,783
Communications	19	356	689	2,333	1,326	4,169	8,892	857	700	1,557	10,449
Printing, Postage and Delivery	3	295	863	3,255	1,004	2,574	7,994	688	554	1,242	9,236
Dues, Subscriptions and Fees	31	726	2,089	6,408	44	9,556	18,854	856	3,712	4,568	23,422
Offsite Related Program Costs	3	536	691	972	4	1,149	3,355	289	539	828	4,183
Travel, Training and Advisory Meetings	-	13,811	23,670	1,340	-	8,732	47,553	-	-	-	47,553
	20	1,774	1,645	5,457	27	3,913	12,836	799	654	1,453	14,289
	118,753	35,979	63,149	135,832	80,209	176,177	610,099	44,646	39,927	84,573	694,672
Depreciation	22	158	220	836	30	900	2,166	285	244	529	2,695
Total Expenses	\$ 118,775	\$ 36,137	\$ 63,369	\$ 136,668	\$ 80,239	\$ 177,077	\$ 612,265	\$ 44,931	\$ 40,171	\$ 85,102	\$ 697,367

See Independent Auditor's Report
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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statement of Functional Allocation of Expenses
For Year Ended June 30, 2009

	Program Services						Supporting Services			Total	
	Care-Specialty Services	Care-Supportive Services		Advocacy and Awareness	Research and Cure	Education and Outreach	Sub Total	Administrative	Fundraising		Sub Total
		Other Supportive	Camp Programs								
Salaries	\$ -	\$ 21,464	\$ 41,886	\$ 56,697	\$ -	\$ 121,335	\$ 241,382	\$ 34,834	\$ 30,418	\$ 65,252	\$ 306,634
Employee Benefits and Payroll Taxes	-	5,331	10,404	14,083	-	30,138	59,956	8,653	7,555	16,208	76,164
	-	26,795	52,290	70,780	-	151,473	301,338	43,487	37,973	81,460	382,798
Care and Cure Initiatives-Donations and Grar	85,000	-	-	-	61,595	-	146,595	-	-	-	146,595
Professional Fees and Contract Services	-	2,266	3,941	8,684	-	10,193	25,084	2,751	2,435	5,186	30,270
Office Expenses	-	4,286	5,872	6,832	-	14,699	31,689	4,263	3,807	8,070	39,759
Equipment Maintenance	-	512	999	1,353	-	4,269	7,133	832	726	1,558	8,691
Communications	-	394	870	11,706	-	2,228	15,198	651	558	1,209	16,407
Printing, Postage and Delivery	-	702	5,570	5,392	-	10,204	21,868	641	3,368	4,009	25,877
Dues, Subscriptions and Fees	-	112	228	1,001	-	615	1,956	148	478	626	2,582
Offsite Related Program Costs	-	8,160	54,972	4,845	-	8,367	76,344	-	-	-	76,344
Travel, Training and Advisory Meetings	-	664	1,998	1,771	-	2,454	6,887	499	484	983	7,870
	85,000	43,891	126,740	112,364	61,595	204,502	634,092	53,272	49,829	103,101	737,193
Depreciation	-	133	260	352	-	752	1,497	216	189	405	1,902
Total Expenses	\$ 85,000	\$ 44,024	\$ 127,000	\$ 112,716	\$ 61,595	\$ 205,254	\$ 635,589	\$ 53,488	\$ 50,018	\$ 103,506	\$ 739,095

See Independent Auditor's Report
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EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Statements of Cash Flows
For Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 826,054	\$ (186,630)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	2,695	1,902
Non-cash Contributions	(26,406)	(15,179)
Realized and Unrealized Loss on Beneficial Interest in Charitable Perpetual Trust, net	120,000	392,583
Accounts Receivable, net	(61,907)	(15,716)
Pledge Receivable, net	(454,595)	67,755
Prepaid Expenses	(13,725)	13,814
Deposits and Other Assets	1,410	(176)
Accounts Payable and Accrued Expenses	32,640	(5,174)
Net Cash Provided by Operating Activities	426,166	253,179
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Donated Securities	26,406	15,179
Sales of Investments	100,000	100,000
Acquisitions of Furniture and Equipment	-	(1,840)
Net Cash Provided by Investing Activities	126,406	113,339
Net Increase in Cash and Cash Equivalents	552,572	366,518
Cash and Cash Equivalents, Beginning of Year	829,507	462,989
Cash and Cash Equivalents, End of Year	\$ 1,382,079	\$ 829,507

See Independent Auditor's Report
The Accompanying Notes Are an Integral Part of These Financial Statements

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(1) ORGANIZATION

Established in 1957, the Epilepsy Foundation of Greater Los Angeles (the "Foundation") is a not-for-profit corporation located in Los Angeles, California. It is the only 501(c)(3) charitable organization dedicated solely to serving about 160,000 people living with epilepsy in Los Angeles County and the surrounding counties of Orange, San Bernardino and Ventura. The Epilepsy Foundation of Greater Los Angeles is affiliated with the National Epilepsy Foundation in Landover, Maryland.

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is classified by the Internal Revenue Service as other than a private foundation. Qualifying contributions to the Foundation are tax deductible.

Stephen P. DesJardins was President of the Board of Trustees of the Epilepsy Foundation of Greater Los Angeles in 2010. Christianne N. Heck, MD, MMM (USC Keck School of Medicine) and Christine Bower, MD (David Geffen School of Medicine at UCLA), led the Professional Advisory Board. Susan Pietsch-Escueta, MPH continued as Executive Director.

The mission of the Epilepsy Foundation of Greater Los Angeles will ensure that people with seizures are able to participate in all life experiences; and will prevent, control and cure epilepsy through services, education, advocacy and research.

The Epilepsy Foundation of Greater Los Angeles has chosen to fulfill its mission by focusing on END EPILEPSY. The Epilepsy Foundation of Greater Los Angeles is leading the fight to END EPILEPSY and overcome the challenges created by seizures. Our strategy includes:

- **Care - Specialty and Supportive**
- **Advocacy & Awareness**
- **Research**
- **Education & Outreach**

The brief description of programs and services below also includes some quantification of the Foundation's program service accomplishments for the fiscal year ended June 30, 2010.

CARE - To deliver much needed care to improve outcomes

Specialty Care – To improve access to and quality of specialty epilepsy care

Combat a shortage of care by funding the training and work of new pediatric neurology/epilepsy specialists in our region

- *Provided a third year of funding for the pediatric neurologist in the pediatric epilepsy clinic at County/USC Medical Center.*

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(1) ORGANIZATION (Continued)

- *Committed to support the training or work of three new epilepsy fellows and/or faculty in our region – at UCLA David Geffen School of Medicine (The Julie & Stephen DesJardins Pediatric Epilepsy Fellow), at County/USC Medical Center (The Earl I. Feldhorn Epilepsy Faculty Position), and at Children’s Hospital Los Angeles. (The related grants will be finalized in 2011.)*

Supported pediatric epilepsy specialty clinics at major medical centers,

- *Provided a grant to “Serving Underserved, Inc.” for the pediatric epilepsy clinic at County/USC Medical Center.*

Supported grants to SALSA Solutions and Americans for Cures to stimulate an interest in pediatric epilepsy as part of their cutting edge research.

Facilitated referrals to specialty epilepsy care

- *See also Helpline (see Information, Referral, Resources under Education, page 12)*

Supportive Care – To combat isolation, promote confidence and empower

Offered vital information and support to individuals and family members

- *Adult Therapy Group offered 10 times during year;*
- *Self-Help Group for Adults offered 22 times during year;*
- *San Gabriel Valley Parents Group offered 5 times during year.*
- *In FY11, this program will be supplemented with End Epilepsy Groups.*

Provided referrals and other local support through Community Connect

- *Callers and members are referred to a support group, to another person/parent affected by epilepsy, and/or to an activity of interest in the community in order to combat isolation and ensure no one has to fight this battle on their own.*

Organized and offered programs and events where children, adults and families can connect with each other in order to combat isolation, share experiences and build confidence

- *Summer Camp - 31 teens with epilepsy attended the Epilepsy Teen Retreat, a sleep-away camp in Lake Arrowhead, from June 20 to 25, 2010*

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(1) ORGANIZATION (Continued)

- Winter Retreat for Adults -
21 adults with epilepsy attended all-day retreat on January 9, 2010
- Seasonal Family Events
Family Picnic – 150 people
Family Holiday Party – 125 people
Adult Holiday Social – 14 people
- Sibling Network -
35 siblings connected at activities designed for siblings of children with epilepsy during our family events
- College Scholarships -
4 scholarships for education/training were given to teens and adults with epilepsy
- Emergency Assistance Fund -
Seizure alert bracelets and necklaces distributed upon request

ADVOCACY & AWARENESS - To promote understanding, fairness, access and justice

Promoted awareness about epilepsy statewide and in Sacramento through Epilepsy California.

Met with legislators and educated them about epilepsy and the needs of schoolchildren with epilepsy.

- Participated in over 12 key activities – meetings, outreach efforts and letter writing campaigns – on behalf of California schoolchildren with epilepsy. Our key focus was to ensure that trained volunteers could administer an emergency rescue medication to California schoolchildren if they have a prolonged seizure or repeated seizures at school.

Participated in grassroots advocacy through Epilepsy California and California NeuroAlliance.

Participated in nationwide advocacy through the Epilepsy Foundation's Speak Up / Speak Out to urge more support for epilepsy research and epilepsy services

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(1) ORGANIZATION (Continued)

Hosted annual Freedom Walk to End Epilepsy and have a presence in other local community walks/runs

- *692 participants and sponsors for Freedom Walk 2009*
- *45 participants and sponsors for Team Epilepsy at the LA City Marathon 2010*

Such community walks directly grow awareness about epilepsy as each walker speaks up about the cause and engages others as sponsors in the cause. Each participant becomes an advocate candidate

RESEARCH - To accelerate cures for the epilepsies

Supported pediatric epilepsy research

- *Continued as the largest affiliate sponsor of epilepsy research. Donated for pediatric epilepsy research through the national office.*

Promoted epilepsy research and inform about research activities

- *Promoted approved research projects in our region*

Partnered in epilepsy research

- *Managed the CDC Neurocysticercosis research project in partnership with UCLA School of Public Health and the Los Angeles County Department of Public Health*
- *Worked with UCLA School of Public Health to recruit Hispanic clients with epilepsy for a study to evaluate access to care*
- *Coordinated the publication of an Epilepsia supplement that highlighted research advances in the basic mechanisms of the epilepsies.*

EDUCATION & OUTREACH - To promote prevention and safety and improve quality of life

Organized and offered a variety of forums and opportunities to disseminate information and updates on epilepsy

- Organized and hosted the Epilepsy Brain Storm Summit, an annual bilingual conference

292 people attended Summit 2009. The Summit theme was "Tried & True & New Strategies Through Tough Times"

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(1) ORGANIZATION (Continued)

- Provided information, referral and resources through our CARE Helpline, Brian Alan Sitomer Memorial Resource Center, E-News and Websites

An estimated 1,280 callers per year.

Almost 3,000 recipients received our biweekly Enews and Freedom Walk announcements

Unique visitors to our websites include:

www.EpilepsyFoundationGLA.org (6,279);

www.EpilepsyFreedomWalk.org (106);

www.EpilepsyBrainStormSummit.org (679);

www.CareAndCure.org (597);

www.SaveEpilepsyTeenRetreat.kintera.org (413)

- Conducted outreach to Hispanic communities through informational handouts and epilepsy education
Note - All key programs are promoted to the Hispanic community and the Epilepsy Foundation of Greater Los Angeles has a bilingual member of our team.
- Educated and supported families and caregivers through our monthly Second Saturday Seminars
93 participants participated in 10 Seminars
- Taught seizure recognition, seizure first aid and safety through community and professional epilepsy trainings
33 presentations and trainings to 1,225 persons
30-40 visits to doctors' offices and clinics

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles as applicable to non-profit educational institutions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein have been classified and are reported as follows:

Unrestricted net assets are either not restricted by donors, or the donor-imposed restrictions have expired. This category includes net assets which have been designated by the Board of Directors and investment in property and equipment.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(2) SIGNIFICANT ACCOUNTING POLICIES

Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained in perpetuity, but permit the Foundation to expend the income derived from the donated assets for either specified or unspecified purposes.

Endowment - Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include donor-restricted funds (Bodenstein Endowment) that the Foundation must hold in perpetuity. Under the Foundation's 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 S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on income-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy

The Foundation has an endowment spending policy to restrict spending annually so as to not exceed 5% of its endowment balance with the objective of 2% growth annually for current and future endowments.

Revenue and Expense Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(2) SIGNIFICANT ACCOUNTING POLICIES

Contributions Receivable

Unconditional promises to give that are expected to be collected within on year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and amounts invested in money market funds.

Investments

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices, except for alternative investments for which quoted market prices are not available. Alternative investments include Nuveen Floating Rate Notes which approximate fair value.

Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 2	<p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none"> • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	<p>Inputs to the valuation methodology are unobservable and significant to the fair value measurement.</p>

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Credit Concentration

The Foundation maintains its cash in checking and money market accounts, which at times may exceed federally insured limits. The Foundation's cash is principally held by recognized financial institutions. The Federal Deposit Insurance Corporation insures accounts held in a bank up to \$250,000. The Security Protection Insurance Corporation (SPIC) insures accounts held at Wedbush Morgan Securities up to \$500,000 and Wedbush Morgan Securities provides additional SPIC through Lloyd's of London up to \$1,000,000.

Beneficial Interest in Charitable Perpetual Trust

The Foundation is the beneficiary of the Garnier Trust, the assets of which are in the custody of Wells Fargo Bank, as trustee. The Foundation has legally enforceable right and claim to such assets, including the sole right to income there from. Net gains and losses related to the beneficial interest are reported as changes in permanently restricted net assets. In accordance with the trust agreement, as amended, the trustee distributes 50% of the net income of the trust to the Foundation on a monthly basis.

Furniture and Equipment

Furniture and equipment are stated at cost or, in the case of gifts, market value at date of donation. Depreciation is calculated using the straight-line method; depreciable lives range from 3 years to 7 years.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
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(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values.

Functional Allocation of Expenses

The costs of Foundation's program services and support services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations are based upon management's evaluations of the Foundation's activities throughout the period.

Use of 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 certain reported amounts and disclosures in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events

Subsequent events have been evaluated through December 14, 2010, the date that these financial statements were available to be issued.

New Accounting Pronouncements

The FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB No. 109* (FIN 48), which is included in ASC 740-10. FIN 48 provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires evaluation of tax positions taken in the course of preparing the Institute's tax returns to determine whether tax positions are "more-likely-than-not" of having been sustained by the applicable tax authority. The Foundation adopted FIN 48 effective July 1, 2009. The Foundation believes that it does not have any uncertain tax positions that impact the Foundation's financial position or statement of activities.

In September 2009, the FASB issued FASB Accounting Standards Update No. 2009-12, *Investment in Certain Entities That Calculate Net Asset Value per Share* (ASU 2009-12). ASU 2009-12 (formerly FAS 157-g) amends FASB Statement No. 157, *Fair Value Measurements*, adds disclosures, and provides guidance for estimating the fair value of investments in investment companies that calculate net asset value per share, allowing the Net Asset Value per Share (NAV) to be used as a practical expedient for fair value where investment companies follow the American Institute of Certified Public Accountants Guide in arriving at their reported NAV. The Foundation adopted ASU 2009-12 effective July 1, 2009.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(3) CASH AND CASH EQUIVALENTS

At June 30, 2010 and 2009, cash and cash equivalents are as follows:

	<u>2010</u>	<u>2009</u>
Bank of America - Checking	\$ 131,825	\$ 88,992
Wedbush Morgan Securities - Money Market	<u>1,250,254</u>	<u>740,515</u>
	<u>\$ 1,382,079</u>	<u>\$ 829,507</u>

(4) PLEDGES RECEIVABLE

At June 30, 2010, pledges receivable are as follows:

Unrestricted Pledges Receivable	\$ 500,000
Less: Discount to Present Value at 5%	<u>(45,405)</u>
	<u>\$ 454,595</u>

Future collections of contributions receivable are expected as follows:

<u>Year Ending June 30</u>	
2011	\$ 100,000
2012	100,000
2013	100,000
2014	100,000
2015	<u>100,000</u>
	<u>\$ 500,000</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(5) INVESTMENTS

At June 30, 2009, investments are as follows:

Unrestricted:

Wedbush Morgan Securities	
Nuveen Floating Rate Notes	\$ 75,000

Permanently Restricted:

Wedbush Morgan Securities	
Nuveen Floating Rate Notes	<u>25,000</u>

	<u><u>\$ 100,000</u></u>
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Investment income (loss) for the years ended June 30, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Interest and Dividends	\$ 7,634	\$ 11,575
Distributions from Charitable Perpetual Trust	87,319	101,437
Realized and Unrealized Loss on Beneficial Interest in Charitable Perpetual Trust, net	<u>(120,000)</u>	<u>(392,583)</u>
	<u><u>\$ (25,047)</u></u>	<u><u>\$ (279,571)</u></u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
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(6) FAIR VALUE MEASUREMENTS

The following are the fair value measurements for investments and split interest agreements measured on a recurring basis at June 30, 2010 and 2009:

	2010 Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Split Interest Agreements:				
Charitable Perpetual Trust	\$ 1,680,000	-	1,680,000	-
	2009 Total			
Investments:				
Nuveen Floating Rate Notes	\$ 100,000	\$ -	\$ 100,000	\$ -
Split Interest Agreements:				
Charitable Perpetual Trust	1,800,000	-	1,800,000	-
Total	\$ 1,900,000	\$ -	\$ 1,900,000	\$ -

(7) FURNITURE AND EQUIPMENT

At June 30, 2010 and 2009, furniture and equipment is as follows:

	2010	2009
Furniture	\$ 3,272	\$ 3,272
Office Equipment	4,410	4,410
Computer Equipment and Software	20,271	20,271
	27,953	27,953
Accumulated Depreciation	(27,339)	(24,644)
	\$ 614	\$ 3,309

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(8) BENEFICIAL INTEREST IN CHARITABLE PERPETUAL TRUST

The Foundation has a 100% beneficial interest in a charitable perpetual trust (Garnier Trust), the assets of which are held in a bank and managed by a third-party trustee. At June 30, 2010 and 2009, the assets in the trust had a fair value of \$1,950,135 and \$1,885,437, respectively. At June 30, 2010 and 2009, the fair market value of trust assets invested were as follows:

	<u>2010</u>	<u>2009</u>
Fixed Income	\$ 1,380,822	\$ 1,275,128
Equities	388,000	336,237
Money Market	55,658	142,629
Real Estate and Specialty Assets	<u>125,655</u>	<u>131,443</u>
	<u>\$ 1,950,135</u>	<u>\$ 1,885,437</u>

For the years ended June 30, 2010 and 2009, the Foundation received distributions of \$87,319 and \$101,437, respectively, which is included in the unrestricted investment income. The present value of the estimated expected future cash flows from the trust's assets discounted at 5% at June 30, 2010 and 2009, was \$1,680,000 and \$1,800,000 respectively.

(9) TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2010 and 2009, temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Time Restriction	\$ 454,595	\$ -
Lizzie Saft Fund	87,309	83,541
Adult Programs/H4H Vets Project	5,045	19,848
Employment Program for Adults with Epilepsy	14,500	16,000
Freedman Fund - Emergency Medical Assistance	<u>16,448</u>	<u>13,121</u>
	<u>\$ 577,897</u>	<u>\$ 132,510</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(9) TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net assets were released from donor restrictions during the year by incurring expenses satisfying their restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Family Camp, Teen and Adult Retreats and Parties	\$ 52,649	\$ 60,531
Brain Storm Summit Conference	14,000	13,000
Lizzie Saft Fund	13,057	9,850
Employment Program for Adults with Epilepsy	1,500	3,000
Freedman Fund - Emergency Medical Assistance	468	344
California Community Foundation - Research	-	67,755
Physician Outreach, Referral Program and Dinner	-	4,500
Cassandra Fund - Award Scholarship	-	1,443
	<u>\$ 81,674</u>	<u>\$ 160,423</u>

(10) PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENT

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support the following programs and activities at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Garnier Trust (income to be used for any program or activity of the Foundation)	\$ 1,680,000	\$ 1,800,000
Bodenstein Endowment Fund (income to be used for educational purposes)	41,000	41,000
	<u>\$ 1,721,000</u>	<u>\$ 1,841,000</u>

The Foundation's endowment consists of the Bodenstein Fund. As related funds are invested in money market funds, as directed by the Board of Directors, income and spending are not significant.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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(11) EMPLOYEE BENEFIT PROGRAMS

Through July 2008, the Foundation had a defined contribution retirement plan (the Plan) for all employees over the age of 21 who have completed one year of service. The Foundation contributed 5% of all eligible employees' compensation, as defined, to the Plan. As provided under the Plan, the contributions are vested after three years. For the year ended June 30, 2009, the Foundation made a final contribution of \$973, to the Plan.

In addition, eligible employees could participate in the IRC section 403(b) tax-deferred annuity arrangement through voluntary salary reductions up to the statutory maximum.

Effective August 1, 2008, the Foundation dissolved the Plan and the tax-deferred annuity arrangement, and adopted a 403(b) Thrift Plan (the Thrift Plan) providing a 5% employer contribution for eligible employee's compensation, as defined by the Thrift Plan. As provided by the Thrift Plan, employer contributions are vested in accordance with a graduated vesting schedule achieving 100% vesting after 5 years. For the year ended June 30, 2009, the Foundation contributed \$5,975 to the Thrift Plan. Additionally, employees may contribute to the Thrift Plan through voluntary salary reductions up to the statutory maximum. Employee contributions are 100% vested. Effective January 1, 2009, the Foundation amended the Thrift Plan to give the Board the authority to determine the employer contribution percentage at the end of each calendar year. No employer contributions were made in the year ended June 30, 2010.

(12) LEASE COMMITMENTS

Office Lease

In December 2007, the Foundation entered into a second amendment to the non-cancelable office rent agreement dated November 26, 2001 for an additional five years ending November 2012. Monthly rent includes a base amount plus a pro-rata share of the increase in the landlord's operating expenses over the base year, as defined in the lease.

In addition, the lease provides for a scheduled annual rent increase of 3% and waives the Foundation's obligation to pay one-half of the monthly rent in six month increments for a total of 10 months. In February 2009, the landlord waived the Foundation's obligation to pay one half of the monthly rent for an additional two months.

Equipment Leases

The Foundation has a non-cancelable operating lease agreement for copier equipment at a monthly rental of \$320 through April 2014 and a postage machine at a monthly rate of \$160 through June 2013.

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
Notes to Financial Statements
June 30, 2010 and 2009

(12) LEASE COMMITMENTS (Continued)

At June 30, 2010, the future minimum payments under the non-cancelable office rent and equipment leases are as follows:

<u>Year Ending June 30</u>	<u>Office Lease</u>	<u>Equipment Leases</u>	<u>Total</u>
2011	\$ 29,694	\$ 5,760	\$ 35,454
2012	30,585	5,760	36,345
2013	12,663	5,760	18,423
2014	-	2,880	2,880
	<u>\$ 72,942</u>	<u>\$ 20,160</u>	<u>\$ 93,102</u>

For the years ended June 30, 2010 and 2009, rent expense charged to operations was \$29,841 and \$30,214, respectively.

(13) SPECIAL EVENTS

During the year ended June 2010, the Foundation held two fundraising events, a Care and Cure Event and a Freedom Walk. During the year ended June 30, 2009, in addition to the Care and Cure Event and Freedom Walk, the Foundation held a small third event, a Gingerbread Village event. The revenue and expense of these events are as follows:

	<u>2010</u>	<u>2009</u>
Revenue	\$ 1,094,404	\$ 565,825
Expenses	<u>(285,316)</u>	<u>(162,047)</u>
	<u>\$ 809,088</u>	<u>\$ 403,778</u>

EPILEPSY FOUNDATION OF GREATER LOS ANGELES
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(13) SPECIAL EVENTS (Continued)

From the proceeds of the 2007 Golf Tournament, the Foundation supported Care and Cure Initiatives at the Keck School of Medicine of the University of Southern California and the UCLA Foundation's Pediatric Epilepsy Program with a total donation of \$58,000 and \$85,000 in 2010 and 2009, respectively. From the proceeds of the 2009 Care and Cure Event, the Foundation supported Care and Cure Initiatives at three organizations for a total donation of \$60,000 in 2010. Additionally, the Foundation donated \$33,333 in 2010 and \$61,565 in 2009, respectively, to support pediatric research through the national Epilepsy Foundation. Event proceeds contributed \$29,435 and \$3,565 of the total research donations in 2010 and 2009, respectively. These donations are included in Care & Cure Initiatives donations and grants on the statement of functional allocation of expenses. As of June 30, 2010, the Board has designated an additional \$683,790 toward further Care and Cure Initiatives.