
**AMERICAN AUTOIMMUNE
RELATED DISEASES ASSOCIATION**
(A MICHIGAN NON-PROFIT CORPORATION)

**Financial Reports
For The Year Ended
September 30, 2018**



certified public accountants

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AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Eastpointe, Michigan

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Autoimmune Related Diseases Association
Eastpointe, Michigan

We have audited the accompanying financial statements of American Autoimmune Related Diseases Association (a nonprofit organization) which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of American Autoimmune Related Diseases Association as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gordon Advisors, P.C.

May 14, 2019

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Financial Position
September 30, 2018

ASSETS

Cash and cash equivalents	\$ 1,120,491
Investment - Certificate of Deposit	256,796
Property and equipment, net	<u>145,369</u>
Total Assets	<u><u>\$ 1,522,656</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 283,693
Accrued wages and benefits	<u>21,085</u>
Total Liabilities	<u>304,778</u>

Net Assets

Unrestricted	973,252
Unrestricted - Board designated	0
Temporarily restricted	<u>244,626</u>
Total Net Assets	<u>1,217,878</u>
Total Liabilities and Net Assets	<u><u>\$ 1,522,656</u></u>

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Activities
For the Year Ended September 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>
Revenue and Other Support			
Contributions	\$ 724,395	\$ 315,100	\$ 1,039,495
Less: Donor designations	0	0	0
Net contributions	<u>724,395</u>	<u>315,100</u>	<u>1,039,495</u>
In-kind goods and services	1,069,405	0	1,069,405
Fundraising income	140,964	0	140,964
Interest income	<u>4,147</u>	<u>0</u>	<u>4,147</u>
	1,938,911	315,100	2,254,011
Net assets released from restrictions	<u>265,828</u>	<u>(265,828)</u>	<u>0</u>
Total Revenue and Other Support	<u>2,204,739</u>	<u>49,272</u>	<u>2,254,011</u>
Expenses			
Program services			
Education	669,166	0	669,166
Public awareness	832,506	0	832,506
Research	<u>815,090</u>	<u>0</u>	<u>815,090</u>
Total program services	<u>2,316,762</u>	<u>0</u>	<u>2,316,762</u>
Supporting services:			
Management and general	50,027	0	50,027
Fundraising	<u>106,060</u>	<u>0</u>	<u>106,060</u>
Total supporting services	<u>156,087</u>	<u>0</u>	<u>156,087</u>
Total Expenses	<u>2,472,849</u>	<u>0</u>	<u>2,472,849</u>
Change In Net Assets	(268,110)	49,272	(218,838)
Net Assets, Beginning of Year	<u>1,241,362</u>	<u>195,354</u>	<u>1,436,716</u>
Net Assets, End of Year	<u>\$ 973,252</u>	<u>\$ 244,626</u>	<u>\$ 1,217,878</u>

See Independent Auditors' Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Functional Expenses
For The Year Ended September 30, 2018

	<u>Program Services</u>			<u>Total Program Services</u>
	<u>Education</u>	<u>Public Awareness</u>	<u>Research</u>	
In-Kind Goods and Services	\$ 196,173	\$ 402,742	\$ 458,150	\$ 1,057,065
Other Expenses				
Wages	229,720	164,181	0	393,901
Professional fees	129,878	95,538	21,140	246,556
Postage and shipping	10,657	6,485	816	17,958
Public relations	2,800	17,799	0	20,599
Printing and stationery	8,991	6,268	0	15,259
Office supplies	2,012	2,008	0	4,020
Operating supplies	3,597	3,569	424	7,590
Dues and subscriptions	4,336	3,656	1,010	9,002
Filing fees	2,029	2,029	0	4,058
Equipment maintenance	2,485	2,360	0	4,845
Telephone	3,868	3,868	0	7,736
Insurance	2,060	1,772	0	3,832
State and national meetings	15,655	8,348	14,708	38,711
Travel	8,986	6,718	19,592	35,296
Depreciation	1,583	3,375	1,308	6,266
Payroll taxes	11,430	10,542	8,842	30,814
Insurance - Health	13,096	8,242	0	21,338
Fundraising -				
Bound by a Common Thread	0	0	0	0
Other	0	0	0	0
Board expenses	0	0	0	0
Professional training	0	0	0	0
Grants	950	20,250	288,100	309,300
Repairs and maintenance	2,053	1,315	0	3,368
Utilities	1,815	1,815	0	3,630
Miscellaneous	201	153	0	354
Retirement plan contributions	3,771	2,921	0	6,692
Website	7,242	4,803	0	12,045
Advertising and development	3,778	51,749	1,000	56,527
Total Other Expenses	<u>472,993</u>	<u>429,764</u>	<u>356,940</u>	<u>1,259,697</u>
Total Expenses	<u>\$ 669,166</u>	<u>\$ 832,506</u>	<u>\$ 815,090</u>	<u>\$ 2,316,762</u>

Supporting Services		
Management and General	Fundraising	Total
\$ 3,422	\$ 8,918	\$ 1,069,405
18,308	50,551	462,760
12,007	3,688	262,251
313	1,993	20,264
0	0	20,599
48	1,149	16,456
211	98	4,329
64	1,666	9,320
546	212	9,760
1,068	2,028	7,154
31	2,172	7,048
325	208	8,269
1,439	1,772	7,043
0	1,323	40,034
73	1,479	36,848
275	344	6,885
1,020	2,040	33,874
1,131	4,161	26,630
0	18,339	18,339
0	0	0
8,803	0	8,803
37	79	116
0	0	309,300
187	187	3,742
154	77	3,861
1	362	717
314	378	7,384
250	244	12,539
0	2,592	59,119
46,605	97,142	1,403,444
\$ 50,027	\$ 106,060	\$ 2,472,849

See Independent Auditor's Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Cash Flows
For The Year Ended September 30, 2018

Operating Activities

Change in net assets	\$ (218,838)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	6,885
(Increase) Decrease in operating assets:	
Contributions receivable	153,237
Increase (Decrease) in operating liabilities:	
Accounts payable	265,814
Accrued wages and benefits	(15,965)
Grants payable	0
	0
Net Cash Provided By Operating Activities	191,133

Investing Activities

Purchase of equipment	0
	0
Net Cash Used In Investing Activities	0

Financing Activities

Investment in long-term certificate of deposit	(256,796)
	(256,796)
Net Cash Used In Financing Activities	(256,796)
Net Increase in Cash and Cash Equivalents	(65,663)

Cash and Cash Equivalents:

Beginning of Year	1,186,154
	1,186,154
End of Year	\$ 1,120,491

See Independent Auditors' Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements
For the Year Ended September 30, 2018

NOTE**1. Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization – American Autoimmune Related Diseases Association “the Organization” is a nonprofit corporation organized under the laws of the State of Michigan and has been classified under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation. The Organization was formed for the purpose of eradicating autoimmune diseases, and the physical, emotional, financial, and societal suffering caused by these diseases, through research, education, and supportive services. The Organization’s sources of support and revenue include contributions from corporate entities, the general public, and various fundraising events.

Basis of Accounting – The accrual basis of accounting has been adopted for purposes of financial reporting.

Concentration of Credit Risk – The Organization primarily deposits cash with major banks within the State of Michigan and at times throughout the year may maintain balances that exceed federally insured limits of \$250,000 per depositor, per insured bank. The Organization had not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

Estimates in the Financial Statements – 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. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the fair value of in-kind donations.

Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investment – Certificate of Deposit – Certificates of Deposits held for investment by the Organization that are not debt securities with original maturities greater than three months are classified as investments.

Property and Equipment – Purchased property and equipment are stated at cost. Donated property and equipment is stated at fair value at the date of the gift. Depreciation is computed using straight-line methods over the estimated useful lives of the assets. Maintenance and repairs that do not enhance the value or prolong the useful life of assets are expensed when incurred. It is the Organization’s policy to capitalize property and equipment purchases greater than \$500. Management reviews these assets for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

Estimated useful lives of property and equipment used in computing depreciation are as follows:

<u>Description</u>	<u>Useful Live</u>
Building	39 years
Furniture and Fixtures	5 years

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2018

NOTE

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Classification of Net Assets – The Organization’s net assets are classified as temporarily restricted, permanently restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use and dispose of contributed assets or the economic benefits embodied in those assets.

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purpose by action of the Board of Directors.
- Temporarily Restricted Net Assets – Net assets subject to donor imposed restrictions, or restrictions that expire with the passage of time.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions, which require that the gift principal be maintained permanently by the Organization. As of September 30, 2018, the Organization had no permanently restricted net assets.

Revenue Recognition – The Organization records revenue when a pledge (contribution) representing an unconditional promise to give is received: absent of such promise, revenue is recognized when the intent to give is collected. Conditional promise to give and indications of intentions to give are reported at fair value at the date the related conditions are substantially met.

Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the asset, or the economic value embedded in the asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and are reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same period as the contributions are received are reported as unrestricted contributions in the accompanying Statement of Activities.

Agency Transactions – From time to time, the Organization may receive donor pledges and contributions that are designated for the benefit of other nonprofit agencies. Such designations are deducted from gross contributions received in the accompanying Statement of Activities, to arrive at net contributions since the Organization does not have variance power over such designated contributions. Any amounts collected under these arrangements but not yet distributed in accordance with donor stipulations are recorded as “Undistributed Donor Designations” in the accompanying Statement of Financial Position.

In-Kind Donated Services – Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its mission, but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses – Indirect costs have been allocated between the various programs and supporting services based on estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would present different results.

Income Taxes – The Organization is exempt from federal income tax under Internal Revenue Code Section 501 (C)(3). As a result, no provision for income taxes has been recorded in the accompanying financial statements.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2018

NOTE**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

The Organization's continued status as an exempt organization is considered to be a "tax position" in that the Organization must adhere to various requirements in order to remain tax-exempt. In addition, any Organization activities that may subject it to "unrelated business taxable income" are also tax positions. Management has analyzed the Organization's material tax positions as of September 30, 2018 and has determined that no material uncertain tax positions exist that require recognition or disclosure in the accompanying financial statements.

Subsequent Events – The Organization has evaluated events and transactions that occurred through May 14, 2019, which is the date the financial statements were available for issue.

2. Property and Equipment

Property and equipment consists of the following assets at September 30, 2018:

Land	\$ 25,000
Building	233,339
Furniture and fixtures	<u>36,177</u>
Total	294,516
Less: Accumulated depreciation	<u>149,147</u>
Property and Equipment, Net	<u>\$ 145,369</u>

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts having the following purpose restrictions as of September 30, 2018:

Educational Programs	\$ 50,000
Step Therapy Program	<u>194,626</u>
	<u>\$ 224,626</u>

5. Retirement Plan

The Organization maintains a 403(B) defined contribution plan, which covers substantially all employees. The Organization matches 100% of the first 20% of the participant deferral contribution.

6. Concentration

Approximately \$250,000 of net contributions in the Statement of Activities was provided through grants and contributions from one donor.

In-Kind services of approximately \$532,778 were provided by two donors.