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**AMERICAN AUTOIMMUNE  
RELATED DISEASES ASSOCIATION**

**(A MICHIGAN NON-PROFIT CORPORATION)**

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**Financial Reports  
For The Year Ended  
September 30, 2021**



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  
Clinton Township, 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, 2021, 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, 2021, 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.*

April 25, 2022

# AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

## Statement of Financial Position

September 30, 2021

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### ASSETS

Cash and cash equivalents	\$ 1,387,129
Investment - Certificate of Deposit	272,312
Property and equipment, net	<u>23,707</u>
<b>Total Assets</b>	<b><u><u>\$ 1,683,148</u></u></b>

### LIABILITIES AND NET ASSETS

#### Liabilities

Accounts payable	\$ 25,874
Accrued wages and benefits	28,289
Payroll protection loan program	<u>0</u>

<b>Total Liabilities</b>	<b><u>54,163</u></b>
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#### Net Assets

Without donor restrictions	1,216,999
With donor restrictions	<u>411,986</u>

<b>Total Net Assets</b>	<b><u>1,628,985</u></b>
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<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,683,148</u></u></b>
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# AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

## Statement of Activities

For the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
<b>Revenue and Other Support</b>			
Contributions	\$ 2,645,294	\$ 634,124	\$ 3,279,418
Paycheck Protection Program grant	123,400		123,400
In-kind goods and services	482,143	0	482,143
Fundraising income - net of expenses of \$0	3,398	0	3,398
Other income	2,285	0	2,285
Interest income	2,463	0	2,463
	<u>3,258,983</u>	<u>634,124</u>	<u>3,893,107</u>
Net assets released from restrictions	<u>586,924</u>	<u>(586,924)</u>	<u>0</u>
<b>Total Revenue and Other Support</b>	<u>3,845,907</u>	<u>47,200</u>	<u>3,893,107</u>
<b>Expenses</b>			
Program services			
Education	966,873	0	966,873
Public awareness	2,217,156	0	2,217,156
Research	191,194	0	191,194
Total program services	<u>3,375,222</u>	<u>0</u>	<u>3,375,222</u>
Supporting services:			
Management and general	104,058	0	104,058
Fundraising	61,708	0	61,708
Total supporting services	<u>165,766</u>	<u>0</u>	<u>165,766</u>
<b>Total Expenses</b>	<u>3,540,988</u>	<u>0</u>	<u>3,540,988</u>
<b>Change In Net Assets</b>	304,919	47,200	352,119
<b>Net Assets, Beginning of Year</b>	<u>912,080</u>	<u>364,786</u>	<u>1,276,866</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,216,999</u>	<u>\$ 411,986</u>	<u>\$ 1,628,985</u>

See Independent Auditors' Report and Accompanying Footnotes.

# AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

## Statement of Functional Expenses For The Year Ended September 30, 2021

	Program Services			Total Program Services
	Education	Public Awareness	Research	
Wages	\$ 265,002	\$ 347,709	\$ 87,757	\$ 700,468
Professional fees	28,646	21,914	7,097	57,657
Postage and shipping	4,877	1,131	277	6,285
Public relations	92,117	1,603,883	0	1,696,000
Legal	95,383	0	29,348	124,731
Consulting services	52,841	32,325	18,530	103,696
Grant writing	4,486	2,941	9,354	16,781
Printing and stationery	3,919	2,815	0	6,734
Office supplies	1,590	1,586	0	3,176
Operating supplies	7,530	4,697	88	12,315
Dues and subscriptions	14,360	30,711	16,779	61,850
Filing fees	1,454	1,454	0	2,908
Planned giving	6,432	6,348	0	12,780
Rent	51,157	38,757	861	90,775
Equipment maintenance	1,545	983	0	2,528
Telephone	4,613	4,661	292	9,566
Insurance	1,212	1,212	367	2,791
State and national meetings	0	1,258	985	2,243
Travel	0	1,777	0	1,777
Depreciation	1,301	1,301	1,301	3,903
Payroll taxes	20,898	23,098	5,499	49,495
Insurance - Health	18,191	15,118	3,342	36,651
Fundraising -				
Other	0	0	0	0
Board expenses	622	216	76	914
Events	333	333	0	666
Professional training	1,473	2,318	261	4,051
Grants	0	0	5,000	5,000
Repairs and maintenance	500	500	500	1,500
Utilities	1,023	1,023	0	2,046
Miscellaneous	64	68	67	199
Retirement plan contributions	967	2,232	3,413	6,612
Website	284,337	34,787	0	319,124
Advertising and development	0	30,000	0	30,000
<b>Total Expenses By Function</b>	<b>966,873</b>	<b>2,217,156</b>	<b>191,194</b>	<b>3,375,222</b>
Less expenses included with revenues on the statement of activities	0	0	0	0
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 966,873</b>	<b>\$ 2,217,156</b>	<b>\$ 191,194</b>	<b>\$ 3,375,222</b>

See Independent Auditor's Report and Accompanying Footnotes.

<b>Supporting Services</b>		
<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
\$ 31,018	\$ 25,740	\$ 757,226
10,916	1,755	70,328
195	620	7,100
0	0	1,696,000
28,840	0	153,571
5,483	5,483	114,662
0	0	16,781
619	778	8,131
145	51	3,372
285	246	12,846
2,997	2,030	66,877
1,418	1,454	5,780
1,456	6,197	20,433
5,340	4,651	100,766
140	140	2,808
360	237	10,163
1,312	1,212	5,315
245	0	2,488
380	0	2,157
1,301	1,301	6,505
2,199	3,300	54,994
1,806	1,594	40,051
0	0	0
4,494	0	5,408
	333	999
153	226	4,430
0	0	5,000
500	500	2,500
87	44	2,177
188	62	449
93	559	7,264
1,198	3,195	323,517
890	0	30,890
104,058	61,708	3,540,988
0	0	0
<u>\$ 104,058</u>	<u>\$ 61,708</u>	<u>\$ 3,540,988</u>

See Independent Auditor's Report and Accompanying Footnotes.

# AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

## Statement of Cash Flows For The Year Ended September 30, 2021

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### Operating Activities

Change in net assets	\$ 352,119
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	6,505
Paycheck Protection Program loan forgiveness	(123,400)
(Increase) Decrease in operating assets:	
Contributions receivable	110,099
Increase (Decrease) in operating liabilities:	
Accounts payable	(4,834)
Accrued wages and benefits	4,843
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>345,332</b>

### Investing Activities

Purchase of equipment	(12,556)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(12,556)</b>

### Financing Activities

Purchase of long-term certificate of deposit	(2,201)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(2,201)</b>

**Net Increase in Cash and Cash Equivalents** 330,575

### Cash and Cash Equivalents:

<b>Beginning of Year</b>	1,056,554
<b>End of Year</b>	\$ 1,387,129



**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2021**

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**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.

Contribution Revenue – 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 with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restricted contributions in the accompanying Statement of Activities. During the year ended September 30, 2021 the Organization did not receive any contributions from donors that included conditions that precluded immediate recognition.

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.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended September 30, 2021**

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

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

Classification of Net Assets – The Organization’s net assets are classified as without donor restrictions or with donor restrictions 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.

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purpose by action of the Board of Directors.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions, which may require that the gift principal be maintained permanently by the Organization, or restrictions that expire with the passage of time.

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.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended September 30, 2021**

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

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.

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, 2021 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 April 25, 2022, 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, 2021:

Furniture and fixtures	\$	67,661
Less: Accumulated depreciation		<u>43,954</u>
Property and Equipment, Net	\$	<u>23,707</u>

**3. 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.

**4. Concentration**

Approximately \$1,166,000 of net contributions in the Statement of Activities was provided through grants and contributions from one donor.

In-Kind services of approximately \$452,143 was provided by three donors.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended September 30, 2021**

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**NOTE****5. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of amounts having the following purpose restrictions as of September 30, 2021:

Closing the Equity Gap	\$ 120,439
Assessing Disparities in Fatigue	16,728
Lyme Disease	25,000
Empowering Women	25,824
Step Therapy Program	<u>223,995</u>
	<u>\$ 411,986</u>

**6. Liquidity Management**

The Organization has \$1,387,129 of cash and cash equivalents and a \$272,312 certificate of deposit available within one year of the balance sheet date to meet cash needs for general expenditures. Of this amount, \$411,986 is subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain enough cash to meet all anticipated normal operating expenses throughout the year. The Organization invests excess liquid assets in savings accounts or certificates of deposit.

**7. Payroll Protection Program Loan**

In May 2020, the Organization obtained funding of \$123,400 from the U.S. Small Business Administration. The Organization pursued this arrangement to maintain liquidity in response to the coronavirus pandemic (see Note 9). The loan is under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying organizations that can be forgiven if the Organization uses the proceeds to fund payroll, and certain other specified operating expenses during a specified period. Under provisions of the program, the amount of loan forgiveness will be reduced if the Organization lowers either employee headcount or compensation levels when compared to amounts incurred at specific times prior to the pandemic. Any portion of the loan that is not forgiven is required to be fully repaid two years from the loan origination date, by May 2022. The loan may be at any time before that date without penalty and bears interest at 1% per year.

Under the original terms of the PPP loan, monthly payments of principal and interest were required to begin one month after the expiration of a six-month deferral period. However, under the Paycheck Protection Program Flexibility Act signed into law in June 2020, loan payments are deferred for borrowers who apply for loan forgiveness until such time as SBA determines the amount of loan forgiveness and remits this amount to the lender. On April 27, 2021, the Organization's application for forgiveness of the PPP loan was approved for forgiveness by the SBA for the entire amount of \$123,400, including interest. The Organization elected to report PPP loan forgiveness as grant income on the date of official forgiveness during the year ended September 30, 2021.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended September 30, 2021**

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**NOTE****8. Leases**

The Organization signed a lease agreement in 2020 for office space. The lease terms are for 62 complete calendar months expiring October 1, 2025 with monthly payments of \$4,307 to \$4,773 with the option to extend twice for up to an additional 72 months. The minimum lease payments are as follows:

2022	\$ 53,202
2023	54,599
2024	55,996
2025	<u>52,504</u>
Total	<u>\$ 216,301</u>

**9. Pandemic Uncertainty**

In March 2020, a National Emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. To further contain the spread of the virus, the State of Michigan has issued various executive orders and regulations that limit the social and business activities of individuals except for activities that sustain or protect life (as defined by the order). These orders have required organizations to either close or modify their operations to comply.

Management is carefully monitoring the situation. While disruption is expected to be temporary, there is considerable uncertainty as to the duration and spread of the outbreak and its impact on the economy as a whole. Therefore, management cannot reasonably estimate how this matter will affect the Organization's future results of operations and financial position.