
**AMERICAN AUTOIMMUNE
RELATED DISEASES ASSOCIATION**

(A MICHIGAN NON-PROFIT CORPORATION)

**Financial Reports
For The Year Ended
September 30, 2022**



certified public accountants

1301 WEST LONG LAKE ROAD, SUITE 200, TROY MI 48098

PH: 248-952-0200 • FAX: 248-952-0290

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Eastpointe, Michigan

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1301 W. Long Lake Rd., Ste. 200
Troy, MI 48098-6319
t 248.952.0200 f 248.952.0290

INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Autoimmune Related Diseases Association
Clinton Township, Michigan

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of American Autoimmune Related Diseases Association and the related entities as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Autoimmune Related Diseases Association and the related entities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt American Autoimmune Related Diseases Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Autoimmune Related Diseases Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Autoimmune Related Diseases Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Gordon Advisors, P.C.

April 6, 2023

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

Statement of Financial Position

September 30, 2022

ASSETS

Cash and cash equivalents	\$ 1,962,507
Investment - Certificate of Deposit	273,948
Property and equipment, net	<u>20,292</u>
Total Assets	<u><u>\$ 2,256,747</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 264,446
Accrued wages and benefits	34,024
Deferred revenue	<u>30,000</u>

Total Liabilities	<u>328,470</u>
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Net Assets

Without donor restrictions	1,582,340
With donor restrictions	<u>345,937</u>

Total Net Assets	<u>1,928,277</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,256,747</u></u>
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AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

Statement of Activities

For the Year Ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Revenue and Other Support			
Contributions	\$ 689,070	\$ 1,008,374	\$ 1,697,444
APC membership dues	705,500	0	705,500
In-kind goods and services	337,135	0	337,135
Other income	4,740	0	4,740
Interest income	1,986	0	1,986
	<u>1,738,431</u>	<u>1,008,374</u>	<u>2,746,805</u>
Net assets released from restrictions	<u>1,074,423</u>	<u>(1,074,423)</u>	<u>0</u>
Total Revenue and Other Support	<u>2,812,854</u>	<u>(66,049)</u>	<u>2,746,805</u>
Expenses			
Program services			
Education	1,202,687	0	1,202,687
Public awareness	834,990	0	834,990
Research	257,958	0	257,958
Total program services	<u>2,295,635</u>	<u>0</u>	<u>2,295,635</u>
Supporting services:			
Management and general	103,407	0	103,407
Fundraising	48,471	0	48,471
Total supporting services	<u>151,878</u>	<u>0</u>	<u>151,878</u>
Total Expenses	<u>2,447,513</u>	<u>0</u>	<u>2,447,513</u>
Change In Net Assets	365,341	(66,049)	299,292
Net Assets, Beginning of Year	<u>1,216,999</u>	<u>411,986</u>	<u>1,628,985</u>
Net Assets, End of Year	<u>\$ 1,582,340</u>	<u>\$ 345,937</u>	<u>\$ 1,928,277</u>

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

Statement of Functional Expenses For The Year Ended September 30, 2022

	Program Services			Total Program Services
	Education	Public Awareness	Research	
Wages	\$ 372,394	\$ 333,225	\$ 147,150	\$ 852,769
Professional fees	75,944	49,454	21,226	146,624
Postage and shipping	1,683	1,589	1	3,273
Public relations	220,410	240,410	0	460,820
Legal	27,728	12,323	12,323	52,374
Consulting services	82,473	18,658	14,392	115,523
Grant writing	4,805	676	155	5,636
Printing and stationery	2,461	2,359	51	4,871
Office supplies	847	838	0	1,685
Operating supplies	863	6,129	20	7,012
Dues and subscriptions	30,193	31,978	17,376	79,547
Filing fees	1,197	1,197	0	2,394
Planned giving	875	875	0	1,750
Rent	24,896	24,896	0	49,792
Equipment maintenance	5,688	3,620	0	9,308
Telephone	3,779	3,910	563	8,252
Insurance	1,599	1,599	0	3,198
State and national meetings	11,987	14,763	5,560	32,310
Travel	3,907	7,159	3,440	14,506
Depreciation	1,372	1,372	1,372	4,116
Payroll taxes	25,131	32,311	10,770	68,212
Insurance - Health	24,685	23,968	8,345	56,998
Board expenses	71	71	0	142
Honorariums	14,346	1,565	2,396	18,307
Professional training	399	367	300	1,066
Grants	0	0	5,000	5,000
Repairs and maintenance	0	0	0	0
Utilities	1,116	1,116	0	2,232
Miscellaneous	108	95	91	294
Retirement plan contributions	7,320	12,808	7,419	27,547
Website	252,335	5,659	8	258,002
Advertising and development	2,075	0	0	2,075
Total Expenses By Function	1,202,687	834,990	257,958	2,295,635
Less expenses included with revenues on the statement of activities	0	0	0	0
Total expenses included in the expense section on the statement of activities	\$ 1,202,687	\$ 834,990	\$ 257,958	\$ 2,295,635

See Independent Auditor's Report and Accompanying Footnotes.

Supporting Services		
Management and General	Fundraising	Total
\$ 28,953	\$ 15,622	\$ 897,344
16,340	8,250	171,214
561	1,352	5,186
0	0	460,820
12,948	0	65,322
6,000	6,850	128,373
0	0	5,636
140	567	5,578
71	46	1,802
34	20	7,066
2,893	1,401	83,841
1,229	1,197	4,820
875	875	3,500
2,119	1,059	52,970
517	517	10,342
315	225	8,792
1,599	1,599	6,396
2,357	1,743	36,410
1,689	966	17,161
1,372	1,372	6,860
2,154	1,436	71,802
2,763	1,351	61,112
12,529	0	12,671
90	190	18,587
1,210	52	2,328
0	0	5,000
0	0	0
95	48	2,375
1,032	85	1,411
1,278	1,204	30,029
432	444	258,878
1,812	0	3,887
103,407	48,471	2,447,513
0	0	0
\$ 103,407	\$ 48,471	\$ 2,447,513

See Independent Auditor's Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION

Statement of Cash Flows For The Year Ended September 30, 2022

Operating Activities

Change in net assets	\$ 299,292
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	6,862
Increase (Decrease) in operating liabilities:	
Accounts payable	238,572
Accrued wages and benefits	5,734
Deferred revenue	30,000
Net Cash Provided By Operating Activities	<u>580,460</u>

Investing Activities

Purchase of equipment	<u>(3,446)</u>
Net Cash Used In Investing Activities	<u>(3,446)</u>

Financing Activities

Purchase of long-term certificate of deposit	<u>(1,636)</u>
Net Cash Used in Financing Activities	<u>(1,636)</u>
Net Increase in Cash and Cash Equivalents	575,378

Cash and Cash Equivalents:

Beginning of Year	<u>1,387,129</u>
End of Year	<u><u>\$ 1,962,507</u></u>

See Independent Auditors' Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements
For the Year Ended September 30, 2022

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, 2022 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, 2022

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. During the year ended September 30, 2022, the Organization received donated legal services, content hosting, strategic communications and accommodations in the total amount of \$337,135. 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, 2022

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, 2022 and has determined that no material uncertain tax positions exist that require recognition or disclosure in the accompanying financial statements.

Pandemic Related Economy Uncertainties – During 2020 and thereafter, a national emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. Throughout this situation, there remains considerable uncertainty as to the duration and spread of the outbreak, its impact on the economy as a whole, and on the Foundation's overall operations. Therefore, management cannot reasonably estimate how this matter will affect the future results of operations and financial position of the Organization.

Subsequent Events – The Organization has evaluated events and transactions that occurred through April 6, 2023, 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, 2022:

Furniture and fixtures	\$	71,107
Less: Accumulated depreciation		50,816
Property and Equipment, Net	\$	20,292

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 \$500,000 of net contributions in the Statement of Activities was provided through grants and contributions from one donor.

In-Kind services of approximately \$305,017 was provided by two donors.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

NOTE**5. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of amounts having the following purpose restrictions as of September 30, 2022:

Closing the Equity Gap	\$ 151,595
Fatigue Survey Translation	13,642
Step Therapy Program	<u>180,700</u>
	<u>\$ 345,937</u>

6. Liquidity Management

The Organization has \$1,962,507 of cash and cash equivalents and a \$273,948 certificate of deposit available within one year of the balance sheet date to meet cash needs for general expenditures. Of this amount, \$345,937 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. 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:

2023	\$ 54,599
2024	55,996
2025	<u>52,504</u>
Total	<u>\$ 163,099</u>

8. Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as in-kind contributions. The new standard was applied retrospectively at the date it was adopted by the Organization, October 1, 2021. This change in accounting principle did not have a material impact on the financial statements and the disclosure changes required by the ASU have been incorporated into Note 1 of the notes to the financial statements pertaining to in-kind contributions.