



**Godfrey Hammel, Danneels & Company, P.C.**

Certified Public Accountants & Business Consultants

21420 Greater Mack Avenue, St. Clair Shores, Michigan 48080 • 586.772.8100 • Fax: 586.772.6715 • www.ghd.com

**AMERICAN AUTOIMMUNE RELATED  
DISEASES ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2008**

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To The Board Of Trustees

American Autoimmune Related Diseases Association, Inc.

We have audited the accompanying statement of financial position of American Autoimmune Related Diseases Association, Inc. (a Michigan not-for-profit corporation) as of September 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 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 audit provides 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 American Autoimmune Related Diseases Association, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Godfrey Hammel, Danneels & Company, P.C.*

St. Clair Shores, Michigan  
January 27, 2009

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2008**

**ASSETS**

Cash and cash equivalents	\$ 193,868	
Certificates of deposit	493,245	
Fixed assets - net	<u>222,111</u>	
		<u>\$ 909,224</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:		
Accounts payable	\$ 16,934	
Accrued wages	32,496	
Grants payable	86,000	
Accrued retirement plan contributions	<u>1,181</u>	
		\$ 136,611
Fund Balance -		
Unrestricted		<u>772,613</u>
		<u>\$ 909,224</u>

See accompanying notes.



**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended September 30, 2008**

	Program Services			Supporting Services		
	Total	Education	Awareness	Research	Manage- ment And General	Fund Raising
In-Kind Services	\$ 1,443,700	\$ 248,367	\$ 963,510	\$ 179,699	\$ 29,112	\$ 23,012
Expenses:						
Wages	216,166	121,426	80,352	-	7,887	6,501
Temporary help	1,907	1,044	805	-	58	-
Professional fees	22,315	4,912	4,912	-	12,491	-
Postage and shipping	10,667	6,120	3,837	-	138	572
Public relations	71,838	17,747	48,909	-	-	5,182
Printing and stationery	13,675	6,318	6,152	-	36	1,169
Office supplies	2,553	1,200	1,200	-	102	51
Operating supplies	1,453	1,161	268	-	12	12
Dues and subscriptions	2,235	1,492	68	600	75	-
Filing fees	2,307	409	880	-	409	609
Equipment rental and maintenance	6,752	3,695	2,423	-	317	317
Telephone	5,598	2,468	2,862	-	179	89
Insurance	2,784	696	696	-	696	696
State and national meetings	18,172	10,209	1,578	5,956	333	96
Travel	19,464	9,593	1,595	5,817	1,230	1,229
Depreciation	9,271	3,068	3,164	765	1,130	1,144
Payroll taxes	15,635	5,442	4,455	4,447	721	570
Insurance - health	8,971	4,755	3,838	-	108	270
Fund raising	3,422	-	-	-	-	3,422
Board expenses	1,410	-	-	-	1,410	-
Grants	162,100	4,100	-	158,000	-	-
Repairs and maintenance	1,287	708	451	-	64	64
Utilities	3,894	1,831	1,830	-	155	78
Retirement plan contributions	13,317	6,443	5,615	-	844	415
Miscellaneous	52	-	-	-	52	-
	<u>617,245</u>	<u>214,837</u>	<u>175,890</u>	<u>175,585</u>	<u>28,447</u>	<u>22,486</u>
	<u>\$ 2,060,945</u>	<u>\$ 463,204</u>	<u>\$ 1,139,400</u>	<u>\$ 355,284</u>	<u>\$ 57,559</u>	<u>\$ 45,498</u>

See accompanying notes.



**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2008**

**Note 1 - ORGANIZATION**

American Autoimmune Related Diseases Association, Inc. was organized as a nonprofit corporation under the laws of the State of Michigan in December, 1991 and started operations in July, 1992. 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.

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES**

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting, with revenues being recorded when earned and expenses when incurred.

Definition Of Cash

For the purposes of the statement of financial position and the statement of cash flows, the Association considers all cash accounts including petty cash, checking, money market and certificate accounts with an initial maturity of ninety days or less to be the total cash at the beginning and end of the period.

Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property And Depreciation

Purchased property is stated at cost. Donated property is stated at fair value at date of gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Donated Materials And Services

The Association records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and services are reflected as contributions in-kind and contributed services in the accompanying statements.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2008**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Association received a determination letter from the Internal Revenue Service indicating that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

Use Of Estimates

The preparation of financial statements using generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations Of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of temporary cash investments. The Association maintains its cash balances in one financial institution located in Detroit, Michigan. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2008, the Association's uninsured cash balance was \$505,451.

**Note 3 - FIXED ASSETS**

Fixed assets consist of the following at September 30, 2008:

Land	\$ 25,000
Building	233,339
Furniture And Equipment (At Cost/Value)	<u>55,178</u>
Total	313,517
Accumulated Depreciation	<u>(91,406)</u>
Net Book Value	<u>\$ 222,111</u>

**Note 4 - CERTIFICATES OF DEPOSIT**

Investment in certificates of deposit are recorded at fair market value and include the following at September 30, 2008:

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2008**

**Note 4 - CERTIFICATES OF DEPOSIT (CONTINUED)**

	2008
LaSalle Bank; interest at 5.15% annually; original issue date February 4, 2008; matures November 4, 2008.	\$ 90,281
Carolina First Bank; interest at 3.15% annually; original issue date May 8, 2008; matures November 7, 2008.	101,269
Voyager Bank; interest at 3.1% annually; original issue date May 8, 2008; matures November 10, 2008.	101,231
Midfirst Bank; interest at 2.7% annually; original issue date August 27, 2008; matures February 27, 2009.	100,259
Central Pacific Bank; interest at 3.4% annually; original issue date May 8, 2008; matures May 8, 2009.	<div style="border-top: 1px solid black;">100,205</div>
	\$ 493,245

**Note 5 - DONATED MATERIAL AND SERVICES**

Contributed Services

Substantial services are provided by non-compensated volunteers. Accordingly, contributed services are reflected in the financial statements. The Board's policy is to record contributed services as follows:

Consulting services	\$ 100.00 per hour
Administrative services	\$ 40.00 per hour
Program volunteer	\$ 16.00 per hour
Support volunteer	\$ 6.50 per hour

Contributions In-Kind

Donated materials are recorded at their estimated market value at date of receipt.

**AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2008**

**Note 6 - STATEMENT OF FUNCTIONAL EXPENSES**

This statement is prepared on the basis of percentages developed by the Association along with actual expenses attributed to certain functions. These percentages are evaluated by the Association's management on an annual basis so as to properly reflect the current changes in cost allocations.

**Note 7 - INVESTMENT RETURN**

Investment return is summarized as follows:

Interest earned on certificate of deposit	\$ 6,424
Dividends received on money market funds	<u>10,026</u>
	<u>\$ 16,450</u>

**Note 8 - RETIREMENT PLAN**

The Organization maintains 403(B) defined contribution plan which covers substantially all employees. Employees can make salary deferrals up to \$15,500 for 2007 and 2008, respectively. In addition, allowable "catch up" deferrals, for participants aged 50 and over, were \$5,000. The Organization will match 100% of the first 20% of the participant's deferral contribution.

Employer matching contributions to the Plan for the plan year ended December 31, 2007 were \$13,094.