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

FINANCIAL STATEMENTS

Year Ended September 30, 2009

Copy

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, 2009, 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, 2009, 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
March 2, 2010

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2009

ASSETS

Cash and cash equivalents	\$ 419,179
Certificates of deposit	296,039
Fixed assets - net	<u>214,357</u>

\$ 929,575

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 10,518
Accrued wages	37,078
Grants payable	40,000
Accrued retirement plan contributions	<u>607</u>

\$ 88,203

Fund Balance -
Unrestricted

841,372

\$ 929,575

See accompanying notes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2009

Support And Revenue:		
Contributions	\$ 690,932	
Contributions in-kind	1,281,082	
Net investment return	11,419	
Total Support And Revenue	<u>11,419</u>	<u>\$ 1,983,433</u>
Expenses:		
Program services:		
Education	576,365	
Public awareness	917,609	
Research	317,503	
Total program services	<u>317,503</u>	1,811,477
Supporting services:		
Management and general	52,348	
Fund raising	50,851	
Total supporting services	<u>50,851</u>	<u>103,199</u>
Total Expenses		<u>1,914,676</u>
Excess Of Support And Revenue		
Over Expenses		68,757
Fund Balance, Beginning Of Year		<u>772,615</u>
Fund Balance, End Of Year		<u><u>\$ 841,372</u></u>

See accompanying notes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2009

	Program Services			Supporting Services		
	Total	Education	Awareness	Research	Management And General	Fund Raising
In-Kind Services	\$ 1,281,082	\$ 317,002	\$ 733,845	\$ 175,139	\$ 27,994	\$ 27,102
Expenses:						
Wages	288,185	164,196	105,075	-	9,328	9,586
Professional fees	7,600	-	-	-	7,600	-
Postage and shipping	12,446	7,232	4,403	-	171	640
Public relations	41,045	6,822	28,866	-	-	5,357
Printing and stationery	16,320	7,991	6,950	-	122	1,257
Office supplies	1,936	910	910	-	77	39
Operating supplies	1,409	793	484	-	16	116
Dues and subscriptions	7,176	3,108	3,293	600	175	-
Filing fees	1,914	396	396	-	426	696
Equipment rental and maintenance	2,419	1,634	657	-	64	64
Telephone	5,196	2,442	2,442	-	208	104
Insurance	2,888	722	722	-	722	722
State and national meetings	32,243	18,259	3,993	8,914	725	352
Travel	21,409	9,955	2,905	8,075	219	255
Depreciation	8,421	3,214	2,497	1,931	310	469
Payroll taxes	22,841	9,377	6,439	5,344	854	827
Insurance - health	14,547	7,160	6,164	-	727	496
Fund raising	2,163	-	-	-	-	2,163
Board expenses	1,567	-	-	-	1,567	-
Grants	124,000	6,500	-	117,500	-	-
Repairs and maintenance	1,457	801	510	-	73	73
Utilities	4,081	1,918	1,918	-	163	82
Retirement plan contributions	12,331	5,933	5,140	-	807	451
Miscellaneous	-	-	-	-	-	-
	633,594	259,363	183,764	142,364	24,354	23,749
	\$ 1,914,676	\$ 576,365	\$ 917,609	\$ 317,503	\$ 52,348	\$ 50,851

See accompanying notes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2009

Cash Flows From Operating Activities:

Excess of support and revenue over expenses	\$ 68,757	
Adjustments to reconcile excess of support and revenue over expenses to cash provided by operating activities:		
Depreciation	8,421	
Decrease in accounts payable	(6,413)	
Increase in accrued wages	4,582	
Decrease in grants payable	(46,000)	
Decrease in accrued retirement plan contributions	(574)	
Net Cash Provided By Operating Activities		\$ 28,773

Cash Flows From Investing Activities:

Decrease in certificates of deposit	197,206	
Acquisition of fixed assets	(668)	
Net Cash Provided By Investing Activities		196,538

Net Increase In Cash		225,311
Cash At Beginning Of Year		193,868
Cash At End Of Year		\$ 419,179

Schedule Of Non-Cash Transactions:

Contributed services and contributions in-kind received	\$ 1,281,082	
Contributed services and contributions in-kind expenses	1,281,082	
		\$ -

See accompanying notes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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, 2009

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 insured financial institutions. From time to time, balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

Note 3 - FIXED ASSETS

Fixed assets consist of the following at September 30, 2009:

Land	\$ 25,000
Building	233,339
Furniture And Equipment	<u>55,846</u>
Total	314,185
Accumulated Depreciation	<u>(99,828)</u>
Net Book Value	<u>\$ 214,357</u>

Note 4 - CERTIFICATES OF DEPOSIT

Investment in certificates of deposit are recorded at fair market value and include the following at September 30, 2009:

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

Note 4 - CERTIFICATES OF DEPOSIT (CONTINUED)

	2009
Bank of America; interest at 2.91% annually; original issue date November 7, 2008; matures November 7, 2009.	\$ 92,971
Comerica Bank; interest at 2.23% annually; original issue date January 23, 2009; matures January 23, 2010.	101,534
Comerica Bank; interest at 2.23% annually; original issue date January 23, 2009; matures January 23, 2010.	101,534
	\$ 296,039

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, 2009

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	\$ 7,171
Dividends received on money market funds	<u>4,248</u>
	<u>\$ 11,419</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 \$16,500 for 2009 and \$15,500 for 2008. In addition, allowable "catch up" deferrals, for participants aged 50 and over, were \$5,500 for 2009 and \$5,000 for 2008. 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, 2008 were \$13,240.