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

**Financial Reports
For The Year Ended
September 30, 2017**



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, 2017, 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, 2017, 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.

June 5, 2018

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Financial Position
September 30, 2017

ASSETS

Cash and cash equivalents	\$ 963,800
Cash and cash equivalents - Restricted for long-lived assets	222,354
Contributions receivable	153,237
Property and equipment, net	<u>152,254</u>
Total Assets	<u>\$ 1,491,645</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 17,879
Accrued wages and benefits	<u>37,050</u>
Total Liabilities	<u>54,929</u>

Net Assets

Unrestricted	1,214,362
Unrestricted - Board designated	27,000
Temporarily restricted	<u>195,354</u>
Total Net Assets	<u>1,436,716</u>
Total Liabilities and Net Assets	<u>\$ 1,491,645</u>

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Activities
For the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>
Revenue and Other Support			
Contributions	\$ 1,011,100	\$ 227,717	\$ 1,238,817
Less: Donor designations	(5,000)	0	(5,000)
Net contributions	<u>1,006,100</u>	<u>227,717</u>	<u>1,233,817</u>
In-kind goods and services	1,582,585	0	1,582,585
Fundraising income	154,865	0	154,865
Interest income	<u>3,675</u>	<u>0</u>	<u>3,675</u>
	2,747,225	227,717	2,974,942
Net assets released from restrictions	<u>95,746</u>	<u>(95,746)</u>	<u>0</u>
Total Revenue and Other Support	<u>2,842,971</u>	<u>131,971</u>	<u>2,974,942</u>
Expenses			
Program services			
Education	468,672	0	468,672
Public awareness	1,363,184	0	1,363,184
Research	<u>594,847</u>	<u>0</u>	<u>594,847</u>
Total program services	<u>2,426,703</u>	<u>0</u>	<u>2,426,703</u>
Supporting services:			
Management and general	43,696	0	43,696
Fundraising	<u>72,426</u>	<u>0</u>	<u>72,426</u>
Total supporting services	<u>116,122</u>	<u>0</u>	<u>116,122</u>
Total Expenses	<u>2,542,825</u>	<u>0</u>	<u>2,542,825</u>
Change In Net Assets	300,146	131,971	432,117
Net Assets, Beginning of Year	<u>941,216</u>	<u>63,383</u>	<u>1,004,599</u>
Net Assets, End of Year	<u>\$ 1,241,362</u>	<u>\$ 195,354</u>	<u>\$ 1,436,716</u>

See Independent Auditors' Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Functional Expenses
For The Year Ended September 30, 2017

	<u>Program Services</u>			<u>Total Program Services</u>
	<u>Education</u>	<u>Public Awareness</u>	<u>Research</u>	
In-Kind Goods and Services	\$ 172,344	\$ 882,400	\$ 521,529	\$ 1,576,273
Other Expenses				
Wages	185,702	133,597	0	319,299
Professional fees	28,634	78,514	37,438	144,586
Postage and shipping	4,996	3,217	0	8,213
Public relations	0	8,705	0	8,705
Printing and stationery	7,267	6,653	0	13,920
Office supplies	1,811	1,812	0	3,623
Operating supplies	1,478	12,495	0	13,973
Dues and subscriptions	4,449	2,246	0	6,695
Filing fees	1,739	1,740	0	3,479
Equipment maintenance	3,113	14,392	0	17,505
Telephone	3,479	3,479	0	6,958
Insurance	1,956	1,956	0	3,912
State and national meetings	10,546	39,328	5,626	55,500
Travel	4,342	6,062	13,412	23,816
Depreciation	1,650	3,516	1,363	6,529
Payroll taxes	8,573	13,621	2,179	24,373
Insurance - Health	5,883	5,124	0	11,007
Fundraising -				
Derby	0	0	0	0
Other	0	0	0	0
Board expenses	0	0	0	0
Professional training	0	0	0	0
Grants	1,500	0	13,000	14,500
Repairs and maintenance	2,205	1,402	0	3,607
Utilities	2,433	2,433	0	4,866
Miscellaneous	1,251	14	0	1,265
Retirement plan contributions	3,442	2,681	0	6,123
Website	9,147	5,993	0	15,140
Advertising and development	732	131,804	300	132,836
Total Other Expenses	<u>296,328</u>	<u>480,784</u>	<u>73,318</u>	<u>850,430</u>
Total Expenses	<u>\$ 468,672</u>	<u>\$ 1,363,184</u>	<u>\$ 594,847</u>	<u>\$ 2,426,703</u>

See Independent Auditor's Report and Accompanying Footnotes.

Supporting Services		
Management and General	Fundraising	Total
\$ 122	\$ 6,190	\$ 1,582,585
16,911	31,023	367,233
9,575	3,753	157,914
233	1,311	9,757
0	0	8,705
42	1,102	15,064
154	77	3,854
24	556	14,553
824	0	7,519
815	1,738	6,032
78	2,328	19,911
291	203	7,452
1,180	1,956	7,048
4,950	687	61,137
2,113	1,101	27,030
287	359	7,175
1,362	1,635	27,370
808	1,939	13,754
0	10,957	10,957
0	3,901	3,901
2,482	0	2,482
100	0	100
0	0	14,500
200	200	4,007
207	104	5,177
(8)	1	1,258
301	309	6,733
315	315	15,770
330	681	133,847
43,574	66,236	960,240
\$ 43,696	\$ 72,426	\$ 2,542,825

See Independent Auditor's Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Statement of Cash Flows
For The Year Ended September 30, 2017

Operating Activities

Change in net assets	\$ 432,117
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	7,174
(Increase) Decrease in operating assets	
Contributions receivable	(153,237)
Increase (Decrease) in operating liabilities:	
Accounts payable	(117)
Accrued wages and benefits	9,107
Grants payable	(90,000)
Net Cash Provided By Operating Activities	205,044

Investing Activities

Purchase of equipment	(650)
Net Cash Used In Investing Activities	(650)

Financing Activities

Sale of investments	96,738
Net Cash Provided By Financing Activities	96,738
Net Increase in Cash and Cash Equivalents	301,132
Cash and Cash Equivalents:	
Beginning of Year	885,022
End of Year	\$ 1,186,154

See Independent Auditors' Report and Accompanying Footnotes.

AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements
For the Year Ended September 30, 2017

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.

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, 2017

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, 2017, 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 receivable amounting to \$153,237 were all collected prior to the report date.

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, 2017

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, 2017 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 June 5, 2018, 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, 2017:

Land	\$ 25,000
Building	233,339
Furniture and fixtures	<u>36,177</u>
Total	294,516
Less: Accumulated depreciation	<u>135,089</u>
Property and Equipment, Net	<u>\$ 152,254</u>

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts having the following purpose restrictions as of September 30, 2017:

Clinic	\$ 21,100
Educational Programs	75,000
Step Therapy Program	<u>99,254</u>
	<u>\$ 195,354</u>

4. Board Designated Net Assets

Board designated net assets consisted of amounts having the following board designations as of September 30, 2017:

Clinic	<u>\$ 27,000</u>
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AMERICAN AUTOIMMUNE RELATED DISEASES ASSOCIATION
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2017

NOTE

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 \$328,237 of net contributions in the Statement of Activities was provided through various grants and contributions from two donors.

In-Kind services of approximately \$714,237 were provided by two donors.