

LUPUS FOUNDATION OF AMERICA,
GREATER OHIO CHAPTER, INC.

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

LUPUS FOUNDATION OF AMERICA,
GREATER OHIO CHAPTER, INC.

SEPTEMBER 30, 2019 AND 2018

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November 12, 2019

Board of Directors
Lupus Foundation of America, Greater Ohio Chapter, Inc.
Cleveland, Ohio

Independent Auditors' Report

We have audited the accompanying financial statements of Lupus Foundation of America, Greater Ohio Chapter, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditors' 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 auditors' 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 circumstance, 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 financial statement presentation.

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, the financial statements referred to above present fairly, in all material respects, the financial position of Lupus Foundation of America, Greater Ohio Chapter, Inc. as of September 30, 2019 and 2018 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Koester, DiSalvo and Fried

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENTS OF FINANCIAL POSITION

	ASSETS		
	<u>Sep. 30, 2019</u>	<u>Sep. 30, 2018</u>	<u>Increase (Decrease)</u>
Current Assets			
Cash and cash equivalents	\$ 69,557	\$ 46,680	\$ 22,877
Grants and accounts receivable	252,329	86,060	166,269
Special events equip. and supplies	5,569	4,972	597
Prepaid expenses	<u>1,778</u>	<u>1,562</u>	<u>216</u>
Total Current Assets	329,233	139,274	189,959
Property and Equipment			
Furniture & fixtures	21,261	21,261	-
Office equipment	18,358	17,558	800
Equipment-special events	2,490	1,661	829
Less: accumulated depreciation	<u>(37,243)</u>	<u>(34,546)</u>	<u>(2,697)</u>
Net Property and Equipment	4,866	5,934	(1,068)
Other Assets			
Land for sale	<u>-</u>	<u>2,400</u>	<u>(2,400)</u>
Total Other Assets	<u>-</u>	<u>2,400</u>	<u>(2,400)</u>
TOTAL ASSETS	<u><u>\$ 334,099</u></u>	<u><u>\$ 147,608</u></u>	<u><u>\$ 186,491</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND NET ASSETS			
	<u>Sep. 30, 2019</u>	<u>Sep. 30, 2018</u>	<u>Increase (Decrease)</u>
Current Liabilities			
Accounts payable	\$ 53,074	\$ 14,499	\$ 38,575
Credit cards payable	21,617	26,261	(4,644)
Accrued payroll expenses	9,787	9,424	363
Loan payable-related party	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>
Total Current Liabilities	84,478	65,184	19,294
Long-Term Liabilities			
Long term payable	<u>55,625</u>	<u>67,625</u>	<u>(12,000)</u>
Total Long-Term Liabilities	<u>55,625</u>	<u>67,625</u>	<u>(12,000)</u>
Total Liabilities	140,103	132,809	7,294
Net Assets			
Without donor restrictions	969	2,236	(1,267)
With donor restrictions	<u>193,027</u>	<u>12,563</u>	<u>180,464</u>
Total Net Assets	<u>193,996</u>	<u>14,799</u>	<u>179,197</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 334,099</u>	<u>\$ 147,608</u>	<u>\$ 186,491</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants	\$ -	\$ 276,463	\$ 276,463
Contributions	214,784	-	214,784
Contributions-events	5,046	-	5,046
Membership	3,250	-	3,250
Fundraising	111,424	-	111,424
Miscellaneous	2,704	-	2,704
Interest income	1	-	1
Loss on Disposal of fixed assets	(2,400)	-	(2,400)
Released from restrictions	<u>95,999</u>	<u>(95,999)</u>	<u>-</u>
 Total Revenue and Support	 430,808	 180,464	 611,272
Expenses			
Program expenses	340,012	-	340,012
Management services	32,756	-	32,756
Fundraising expenses	<u>59,307</u>	<u>-</u>	<u>59,307</u>
 Total Expenses	 <u>432,075</u>	 <u>-</u>	 <u>432,075</u>
 Change in Net Assets	 (1,267)	 180,464	 179,197
 Net assets at beginning of year	 <u>2,236</u>	 <u>12,563</u>	 <u>14,799</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 969</u>	 <u>\$ 193,027</u>	 <u>\$ 193,996</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants	\$ -	\$ 125,672	\$ 125,672
Contributions	121,097	-	121,097
Contributions-events	9,743	-	9,743
Membership	5,175	-	5,175
Fundraising	123,267	-	123,267
Miscellaneous	4,512	-	4,512
Released from restrictions	<u>129,109</u>	<u>(129,109)</u>	<u>-</u>
 Total Revenue and Support	 392,903	 (3,437)	 389,466
Expenses			
Program expenses	313,152	-	313,152
Management services	40,823	-	40,823
Fundraising expenses	<u>53,767</u>	<u>-</u>	<u>53,767</u>
 Total Expenses	 <u>407,742</u>	 <u>-</u>	 <u>407,742</u>
 Change in Net Assets	 (14,839)	 (3,437)	 (18,276)
 Net assets at beginning of year	 <u>17,075</u>	 <u>16,000</u>	 <u>33,075</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,236</u>	 <u>\$ 12,563</u>	 <u>\$ 14,799</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Expenses</u>	<u>Management Services</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Salaries and Related Costs				
Salaries	\$ 167,314	\$ 16,088	\$ 40,450	\$ 223,852
Payroll taxes	<u>13,423</u>	<u>1,017</u>	<u>3,245</u>	<u>17,685</u>
Total Salaries and Related Costs	180,737	17,105	43,695	241,537
Advertising	10,627	805	2,569	14,001
Bank charges	-	421	-	421
Computer / technology expense	3,377	256	816	4,449
Conferences	45,422	-	-	45,422
Depreciation	2,051	154	492	2,697
Dues & subscriptions	26,301	638	-	26,939
Insurance	2,674	203	646	3,523
Interest	-	4,670	-	4,670
Miscellaneous	154	753	-	907
Postage	4,172	316	1,009	5,497
Professional fees	22,732	4,075	-	26,807
Printing	-	200	-	200
Lease equipment	16,851	1,277	4,074	22,202
Rent	15,939	1,208	3,853	21,000
Supplies	3,013	228	728	3,969
Telephone	3,471	263	839	4,573
Travel	67	-	-	67
Utilities	<u>2,424</u>	<u>184</u>	<u>586</u>	<u>3,194</u>
Total Expenses	<u>\$ 340,012</u>	<u>\$ 32,756</u>	<u>\$ 59,307</u>	<u>\$ 432,075</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Expenses</u>	<u>Management Services</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Salaries and Related Costs				
Salaries	\$ 166,392	\$ 19,452	\$ 35,897	\$ 221,741
Payroll taxes	<u>13,326</u>	<u>1,275</u>	<u>2,875</u>	<u>17,476</u>
Total Salaries and Related Costs	179,718	20,727	38,772	239,217
Advertising	14,580	1,224	3,369	19,173
Bank charges	-	2,443	-	2,443
Computer / technology expense	2,804	268	605	3,677
Conferences	27,645	-	-	27,645
Depreciation	2,887	276	623	3,786
Dues & subscriptions	14,877	570	-	15,447
Insurance	1,859	177	402	2,438
Interest	-	1,891	-	1,891
Licenses and fees	-	100	-	100
Maintenance	967	92	209	1,268
Miscellaneous	469	49	188	706
Postage	4,426	420	959	5,805
Professional fees	19,275	7,213	-	26,488
Printing	3,129	-	-	3,129
Lease equipment	15,885	1,520	3,427	20,832
Rent	15,976	1,527	3,447	20,950
Supplies	2,782	1,777	528	5,087
Telephone	2,939	281	634	3,854
Travel	136	-	-	136
Utilities	<u>2,798</u>	<u>268</u>	<u>604</u>	<u>3,670</u>
Total Expenses	<u>\$ 313,152</u>	<u>\$ 40,823</u>	<u>\$ 53,767</u>	<u>\$ 407,742</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	<u>Sep. 30, 2019</u>	<u>Sep. 30, 2018</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 179,197	\$ (18,276)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities		
Depreciation and Amortization	2,697	3,786
Losses (Gains) on sales of Fixed Assets	2,400	-
(Increase) Decrease in Operating Assets:		
Accounts receivable	(166,269)	(51,384)
Inventory	(597)	(896)
Prepays	(216)	(134)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	38,576	(57,466)
Accrued liabilities	363	-
Total Adjustments	<u>(123,046)</u>	<u>(106,094)</u>
Net Cash Provided By (Used In) Operating Activities	56,151	(124,370)
Cash Flows From Investing Activities		
Purchase of fixed assets	<u>(1,630)</u>	<u>(1,459)</u>
Net Cash (Used In) Investing Activities	(1,630)	(1,459)
Cash Flows From Financing Activities		
Short term financing	(19,644)	35,504
Long term financing	<u>(12,000)</u>	<u>67,625</u>
Net Cash (Used In) Provided By Financing Activities	<u>(31,644)</u>	<u>103,129</u>
Net Increase (Decrease) In Cash and Cash Equivalents	22,877	(22,700)
Cash and Cash Equivalents at Beginning of Period	<u>46,680</u>	<u>69,380</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 69,557</u>	<u>\$ 46,680</u>
Supplemental information		
amount of interest paid on all indebtedness was	<u>\$ 4,670</u>	<u>\$ 1,891</u>

The Accompanying Notes are an Integral Part of These Financial Statements

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1- Description of Organization

- A. The Lupus Foundation of America, Greater Ohio Chapter, Inc. is an Ohio not-for-profit corporation established in 1982. The Lupus Foundation of America, Greater Ohio Chapter, Inc.'s mission is dedicated to improving the quality of life for all people affected by lupus through programs of research, education, and advocacy.

The Lupus Foundation of America, Greater Ohio Chapter, Inc. envisions a world without lupus. The Organization will advance the science and medicine of lupus to find a cure and improve the quality of life for all people affected by lupus.

- B. The Lupus Foundation of America, Greater Ohio Chapter, Inc. is tax exempt under Internal Revenue Service Code Section 501(c) (3).

NOTE 2- Summary of Significant Accounting Policies

- A. General Methods- The accompanying financial statements have been prepared as prescribed in pronouncements by the Financial Accounting Standards Board and as prescribed by the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.
- B. Accrual Basis- The Lupus Foundation of America, Greater Ohio Chapter, Inc. records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.
- C. Statements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)

The Lupus Foundation of America, Greater Ohio Chapter, Inc. complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, issued in August 2016 by the FASB, which requires a not-for-profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

NOTE 2- Summary of Significant Accounting Policies (continued)

The Lupus Foundation of America, Greater Ohio Chapter, Inc. also complies with FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to donor restricted net assets.

- D. Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- E. Allocation of Expenses- Expenses are generally charged to the specific program for which they are incurred. In some cases, however, common expenses are incurred which support the work performed under program services as well as for support services. Such expenses are allocated among the various program services and support services based on the relationship of functionalized payroll costs to total payroll. Expenses associated with grant writing and reporting, and other staff time associated with raising funds for Lupus Foundation of America, Greater Ohio Chapter, Inc. events are shown on the functional expense statement as fundraising expenses.
- F. Depreciation - Property and equipment are depreciated using the straight-line method over estimated useful lives. (See Note 6- Property and Equipment)
- G. Contributions and Grants- Unrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants with donor restrictions are recorded as donor restricted grants when awarded. Some grants awarded to Lupus Foundation of America, Greater Ohio Chapter, Inc. require the fulfillment of certain specific conditions. Failure to fulfill these conditions could result in either the return of funds to the grantor or the refusal by the grantor to release additional funds pursuant to the grant.
- H. Lupus Foundation of America, Greater Ohio Chapter, Inc. complies with FASB ASC 740- Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. The management of the Lupus Foundation of America, Greater Ohio Chapter, Inc. believes that there are no uncertain tax positions. The Organization's tax years that remain subject to examination by the Internal Revenue Service are September 30, 2016 and forward.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

NOTE 2- Summary of Significant Accounting Policies (Continued)

- I. Advertising Costs- Lupus Foundation of America, Greater Ohio Chapter, Inc. expenses advertising costs when the expense is incurred.
- J. Recently issued pronouncements - From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) and are adopted by the organization as of the specified effective date. Unless otherwise discussed, the organization believes that the impact of other recently issued accounting pronouncements will not have a material impact on its financial position, statements of activities, changes in net deficit, and cash flows, or do not apply to the organization's operations.

The FASB issued an accounting standard update for leases. The guidance is effective for private companies for fiscal years beginning after December 15, 2019. Management is evaluating the impact of the adoption of this guidance on the organization's financial statements .

- K. Investments -Initial Valuation- Pursuant to FASB ASC 958-320 and FASB ASC 958-325, Lupus Foundation of America, Greater Ohio Chapter, Inc. initially measures investments at acquisition cost (including brokerage cost and transaction fees) if they are purchased. If they are received as a donation, they are recorded at estimated fair value.

Subsequent Valuation- Lupus Foundation of America, Greater Ohio Chapter, Inc. complies with FASB ASC 958-320, which requires investments in equity securities with readily determined fair value and all investments in debt securities to be measured at fair value in the statement of financial position. With regard to other investments, such as real estate, Lupus Foundation of America, Greater Ohio Chapter, Inc. values the investment at lower of cost or management's estimate of fair value.

Valuation Hierarchy- FASB ASC 820-10-50 Fair Value Measurements and Disclosures require categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For Lupus, except for Land, the financial assets and liabilities are reported at fair value based on quoted prices for identical assets or liabilities in an active market (Level 1). A description of valuation of the land for sale (Level 3) is found in Note 7.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

NOTE 3- Cash and Cash Equivalents

Lupus Foundation of America, Greater Ohio Chapter, Inc. considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 4- Grants and Accounts Receivable

Grants and other receivables are stated at estimated collectible amounts. The organization provides for probable uncollectible amounts through a charge to operations and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after the organization has used reasonable collection efforts are written off from receivables. As of September 30, 2019, and 2018, the balance in allowance for doubtful accounts was \$0 and \$0, respectively.

NOTE 5- Special Events Equipment and Supplies

The Organization holds various fund raisers and special events throughout the year at which it sells and gives away t-shirts, jackets, magnetic ribbons, and other various promotional items. These items are valued at cost.

NOTE 6- Property and Equipment

Property and equipment are stated at cost, if purchased or at the fair market value on the date of donation, if contributed. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Estimated useful life</u>
Furniture	7 years
Office Equipment	5 years
Special Event Equipment	5 years

Costs of maintenance and repair are charged to expense. Costs of renewals and betterments, where significant in amount, are capitalized.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

NOTE 7- Land for Sale

During fiscal year ended September 30, 2011, Lupus Foundation of America, Greater Ohio Chapter, Inc. received a donation of three parcels of land. The land was valued at management's estimate of the net proceeds Lupus Foundation of America, Greater Ohio Chapter, Inc. would receive if the land was sold. During fiscal year September 30, 2019, Lupus Foundation of America, Greater gave the land to the Garfield Heights Land Reutilization Program, resulting in a non-cash loss of \$2,400.

NOTE 8- Credit Card

Lupus Foundation of America, Greater Ohio Chapter, Inc. has an American Express credit card with a credit limit of \$35,000. Interest rate for standard purchases is 18.99% and 29.99% for cash advances. As of, September 30, 2019 and 2018, the balances owed were \$21,617 and \$26,261, respectively.

NOTE 9- Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by expenditure for the Ohio Commission on Minority Health program in the amount of \$16,000 and \$12,563 for the years ended September 30, 2019 and 2018, respectively and the Ohio Department of Health program in the amount of \$177,027 and \$0, for the years ended September 30, 2019 and 2018, respectively. There are no amounts restricted by time.

For the fiscal years ended September 30, 2019 and 2018, these amounts are included in the grants and accounts receivable balance.

Net assets with donor restrictions released by expenditure during fiscal years ended September 30, 2019 and 2018 were \$95,999 and \$129,109, respectively. There were no net assets with donor restrictions released by time.

NOTE 10- Contributions -Events

Independent third parties hold fund raising events and subsequently donate a portion of the proceeds to Lupus Foundation of America, Greater Ohio Chapter, Inc. These third parties distribute literature about Lupus and services provided by Lupus Foundation of America, Greater Ohio Chapter, Inc. These events include thrift store donations, Steppin-4 Lupus, Zumbathon and Dare to Wear Purple.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019 AND 2018

NOTE 11- Lease Obligations

Lupus Foundation of America, Greater Ohio Chapter, Inc. is obligated under various equipment operating leases. The future minimum required lease payments are as follows:

<u>September 30.</u>	
2020	\$ 13,548
2021	13,548
2022	13,548
2023	1,128
2024	-
Thereafter	<u>-</u>
Total	<u>\$41,772</u>

NOTE 12- Related Party Transactions

Lupus Foundation of America, Greater Ohio Chapter, Inc. is a chapter of the Lupus Foundation of America-National and, as such, pays an annual assessment based on annual revenues (as defined by contract). The Lupus Foundation of America-National provides extensive research services, as well as managerial, administrative educational, informational and operational services and support.

For the years ended September 30, 2019 and 2018, the Lupus Foundation of America, Greater Ohio Chapter, Inc. incurred assessment expenses totaling \$26,241 and \$14,877. Due to cash flow issues the Lupus Foundation of America-National has agreed to a long-term repayment plan. No interest will be charged and the payable is unsecured. The Lupus Foundation of America, Greater Ohio Chapter, Inc. has recorded payables of \$73,367 and \$73,125 as of September 30, 2019 and 2018 to the Lupus Foundation of America-National. The future minimum payments are as follow:

For the years ending:

9/30/20	\$17,742	(included in accounts payable)
9/30/21	14,400	
9/31/22	20,517	
9/30/23	20,517	
Thereafter	<u>191</u>	
Total	<u>\$73,367</u>	

A relative loaned \$2,000 and \$20,000 during fiscal year ended September 30, 2018. \$7,000 was repaid by September 30, 2018. Remaining balance of \$15,000 was repaid during fiscal year ended September 30, 2019.

See Auditors' Report

LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019 AND 2018

NOTE 13- Fund-raising Special Events

Various fund-raising events are held by Lupus Foundation of America, Greater Ohio Chapter, Inc. Revenues raised are shown net of direct expenses and are calculated as follows:

Fiscal year ended September 30, 2019:

	<u>Proceeds</u>	<u>Cost</u>	<u>Net</u>
Walk-Cincinnati	\$ 36,014	\$ 11,296	\$ 24,718
Walk-Cleveland	64,302	18,136	46,166
Walk-Columbus	18,450	5,039	13,411
Golf Outing	46,992	17,496	29,496
Dancing With the Stars	<u>21</u>	<u>2,388</u>	<u>(2,367)</u>
Total	<u>\$165,779</u>	<u>\$ 54,355</u>	<u>\$111,424</u>

Fiscal year ended September 30, 2018:

	<u>Proceeds</u>	<u>Cost</u>	<u>Net</u>
Walk-Cincinnati	\$ 39,908	\$13,127	\$ 26,781
Walk-Cleveland	83,778	16,357	67,421
Golf Outing	48,644	27,193	21,451
Gingerbread Gathering	580	1,580	(1,000)
Dancing with the Stars	<u>47,672</u>	<u>39,058</u>	<u>8,614</u>
Total	<u>\$220,582</u>	<u>\$97,315</u>	<u>\$123,267</u>

NOTE: Any allocation of payroll expense related to staff time spent on these activities is shown under fund raising in the statement of functional expenses. If such amounts were deducted directly from the above amounts, the financial statement user's evaluation of the net benefit of these activities could be affected.

NOTE 14- Liquid Assets Available for General Expenditures

Lupus Foundation of America, Greater Ohio Chapter, Inc.'s policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. All of the current assets, shown on Lupus Foundation of America, Greater Ohio Chapter, Inc.'s Statement of Financial Position, are available for general expenditures within one year of the date of the financial statements, with the exception of current assets restricted or designated for specific purposes, as described in Note 9-Net Assets with Donor Restrictions and prepaid expenses. Of course, receivables are subject to implied time restrictions but are expected to be collected within one year.

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LUPUS FOUNDATION OF AMERICA, GREATER OHIO CHAPTER, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019 AND 2018

NOTE 15- Donated Services and Goods

Lupus Foundation of America, Greater Ohio Chapter, Inc. has a significant number of volunteers who donate specialized skills, time and supplies to run the programs. These donated services and goods have not been recorded as revenue or a corresponding expense.

Lupus Foundation of America, Greater Ohio Chapter, Inc. also estimates that there were 205 volunteers during the fiscal year ended 2019 (291 in 2018) who donated approximately 1,215 (1,209 in 2018) hours in non-specialized volunteer services for the golf outing and other events. In compliance with accounting principles generally accepted in the United States of America, these amounts have not been recorded in the financial statements.

There is a significant amount of goods donated to Lupus Foundation of America, Greater Ohio Chapter, Inc. by the general public during fund raising events. The amounts are shown below and are not recorded in the statement of activities:

	September, 30,	
	2019	2018
Cleveland Walk and Prizes	\$3,500	\$4,200
Liberty Mutual for Golf Outing	\$65,926	\$65,926
Storage space	\$18,000	\$18,000
Billboards	\$2,000	-

NOTE 16- Change in Accounting Principle/Restatement

On August 18, 2016, FASB issued ASU 2016-14, Note-For-Profit Entities (Topic 958)-*Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. Therefore, amounts in 2018 have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on previously reported results of operations.

NOTE 17- Subsequent Events

Lupus Foundation of America, Greater Ohio Chapter, Inc. has evaluated subsequent events through December 9, 2019; which is the date the financial statements were available to be issued.

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