

LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

(with Summarized Totals for the Year Ended September 30, 2016)

LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.

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Independent Auditor's Report

Board of Directors  
Lupus Foundation of America Wisconsin Chapter, Inc.

We have audited the accompanying financial statements of Lupus Foundation of America Wisconsin Chapter, Inc. which comprise the balance sheet as of September 30, 2017, and the related statements of activities 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 from 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 Organization'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 purposes 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, the financial statements referred to above present fairly, in all material respects, the financial position of Lupus Foundation of America Wisconsin Chapter, Inc. 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.

*Ritz Holman LLP*  
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**Report on Summarized Comparative Information**

We have previously audited Lupus Foundation of America Wisconsin Chapter, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RITZ/HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
January 28, 2018

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2017**  
**(With Summarized Totals for the Year Ended September 30, 2016)**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 366,419	\$ 405,020
Certificates of Deposit	---	69,007
Prepaid Expenses	3,192	2,461
Total Current Assets	\$ 369,611	\$ 476,488
 <b>FIXED ASSETS</b>		
Office Furniture and Equipment	\$ 4,030	\$ 8,362
Accumulated Depreciation	(3,305)	(7,792)
Net Fixed Assets	\$ 725	\$ 570
 <b>OTHER ASSETS</b>		
Investments	\$ 215,489	\$ 101,149
Total Other Assets	\$ 215,489	\$ 101,149
 <b>TOTAL ASSETS</b>	 \$ 585,825	 \$ 578,207
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,829	\$ 9,338
Accrued Payroll	7,584	5,693
Deferred Revenue	3,930	---
Total Current Liabilities	\$ 14,343	\$ 15,031
Total Liabilities	\$ 14,343	\$ 15,031
 <b>NET ASSETS</b>		
Unrestricted	\$ 569,382	\$ 563,176
Temporarily Restricted	2,100	---
Total Net Assets	\$ 571,482	\$ 563,176
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 585,825	 \$ 578,207

The accompanying notes are an integral part of these financial statements.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(With Summarized Totals for the Year Ended September 30, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>REVENUE</b>				
Contributions	\$ 37,129	\$ ---	\$ 37,129	\$ 41,428
Membership Dues	25	---	25	95
Special Event Revenue	152,328	2,100	154,428	162,533
Special Event - In-Kind Revenue	33,781	---	33,781	15,700
Special Event Expense	(35,189)	---	(35,189)	(40,528)
Special Event - In-Kind Expense	(33,781)	---	(33,781)	(15,700)
Donated Goods and Services	---	---	---	4,579
Investment Income	14,593	---	14,593	635
Miscellaneous Revenue	1,782	---	1,782	376
Total Revenue	<u>\$ 170,668</u>	<u>\$ 2,100</u>	<u>\$ 172,768</u>	<u>\$ 169,118</u>
<b>EXPENSES</b>				
Program Services	\$ 128,329	\$ ---	\$ 128,329	\$ 141,265
Management and General	20,744	---	20,744	21,563
Fundraising	15,389	---	15,389	15,807
Total Expenses	<u>\$ 164,462</u>	<u>\$ ---</u>	<u>\$ 164,462</u>	<u>\$ 178,635</u>
CHANGE IN NET ASSETS	\$ 6,206	\$ 2,100	\$ 8,306	\$ (9,517)
Net Assets, Beginning of Year	<u>\$ 563,176</u>	<u>\$ ---</u>	<u>\$ 563,176</u>	<u>\$ 572,693</u>
NET ASSETS, END OF YEAR	<u>\$ 569,382</u>	<u>\$ 2,100</u>	<u>\$ 571,482</u>	<u>\$ 563,176</u>

The accompanying notes are an integral part of these financial statements.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(With Summarized Totals for the Year Ended September 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 8,306	\$ (9,517)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	405	355
Donated Stock	(1,034)	(1,067)
Unrealized/Realized (Gain) Loss on Investments	(7,476)	574
(Increase) Decrease in Certificates of Deposit	69,007	248,128
(Increase) Decrease in Accounts Receivable	---	2,227
(Increase) Decrease in Prepaid Expenses	(731)	1,252
Increase (Decrease) in Accounts Payable	(6,509)	(1,202)
Increase (Decrease) in Accrued Expenses	1,891	2,772
Increase (Decrease) in Deferred Revenue	3,930	---
	<u>\$ 67,789</u>	<u>\$ 243,522</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (560)	\$ ---
Purchase of Investments	(137,725)	(99,664)
Proceeds from Sales of Investments	31,895	8,234
	<u>\$ (106,390)</u>	<u>\$ (91,430)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (38,601)	\$ 152,092
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>405,020</u>	<u>252,928</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 366,419</u>	<u>\$ 405,020</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Donated Stock	\$ 1,034	1,067

The accompanying notes are an integral part of these financial statements.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(With Summarized Totals for the Year Ended September 30, 2016)**

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
Salaries and Wages	\$ 70,936	\$ 5,717	\$ 9,333	\$ 85,986	\$ 95,057
Payroll Taxes	5,875	502	788	7,165	7,806
Professional Fees	---	10,130	---	10,130	10,671
Supplies	978	200	---	1,178	4,719
Telephone	2,200	76	200	2,476	2,609
Postage	3,952	200	300	4,452	2,499
Printing	985	---	---	985	2,137
Technology	4,000	250	341	4,591	6,740
Occupancy	16,166	558	1,470	18,194	17,587
Depreciation	---	405	---	405	355
Travel	187	---	---	187	518
Conferences, Conventions, Meetings	117	---	---	117	98
Outreach Programs	5,640	---	---	5,640	5,471
Revenue Sharing	16,096	---	---	16,096	17,953
Insurance	342	1,000	1,000	2,342	1,349
Membership Dues	490	---	---	490	535
Subscriptions	---	---	---	---	90
Bank Charges	---	1,706	1,957	3,663	2,301
Permits and Licenses	365	---	---	365	140
	<u>\$ 128,329</u>	<u>\$ 20,744</u>	<u>\$ 15,389</u>	<u>\$ 164,462</u>	<u>\$ 178,635</u>
Totals	<u>\$ 128,329</u>	<u>\$ 20,744</u>	<u>\$ 15,389</u>	<u>\$ 164,462</u>	<u>\$ 178,635</u>

The accompanying notes are an integral part of these financial statements.



**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Lupus Foundation of America Wisconsin Chapter, Inc. (the "Organization") is dedicated to improving the quality of life for all people affected by lupus through programs of research, education, support and advocacy. With the help of informed volunteers, lupus medical experts, and committed and caring supporters, the Organization:

- Supports research and conducts education programs so everyone affected by lupus can have an improved quality of life.
- Provides information to ensure people with lupus and their families get answers and health professionals know about new means to diagnose and manage the disease.
- Conducts activities to increase awareness of lupus, rally public support for those who are affected by lupus, and advocate on their behalf.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less when purchased.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets greater than \$500.

**Contributions**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - Comparative Financial Information**

The financial information shown for 2016 in the accompanying financial statements is included to provide a basis for comparison with 2017 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

**NOTE C - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2017:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Investments	\$ 9,716	\$ 9,716	\$ ---	\$ ---
Fixed Income	114,248	114,248	---	---
Equities	<u>91,525</u>	<u>91,525</u>	---	---
Total	<u>\$215,489</u>	<u>\$215,489</u>	<u>\$ ---</u>	<u>\$ ---</u>

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE D - Investment Income and Composition**

Net appreciation in the fair value of investments, which consists of the realized gains and unrealized gains on those investments, is shown in the statement of activities. Investment income consists of the following at September 30, 2017:

Interest and Dividends	\$ 6,769
Capital Gains	348
Realized and Unrealized Gain	<u>7,476</u>
Total Investment Income	<u>\$14,593</u>

Investment fees of \$1,312 are included in the statement of functional expenses.

**NOTE E - Deferred Revenue**

Deferred revenue consists of Fall Into Fashion registrations of \$3,930 at September 30, 2017.

**NOTE F - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of Fall Into Fashion donations of \$2,100 at September 30, 2017.

**NOTE G - Donated Goods and Services**

The Organization received in-kind donations for special events. The Organization received \$2,329 of certificates, tickets and other assorted items as well as \$31,452 for graphics and advertising services for the year ended September 30, 2017. All donated goods were recorded at fair value. Donated goods and services were recorded as revenue and offset by like amounts in the accompanying special events in-kind accounts on the statement of activities.

**NOTE H - Operating Lease**

The Organization leases office space under a non-cancellable operating lease that expires on January 31, 2019. Rent expense totaled \$18,194 for the year ended September 30, 2017.

The following is a schedule by years of the future minimum payments required under the lease as of September 30, 2017:

<u>For the Year Ending September 30,</u>	<u>Amount</u>
2018	\$18,739
2019	<u>6,308</u>
Total	<u>\$25,047</u>

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I - Related Parties**

Lupus Foundation of America Wisconsin Chapter, Inc. is an affiliate of the Lupus Foundation of America, Inc. The Organization pays an annual affiliation fee to the Lupus Foundation of America, Inc. An affiliation fee of \$16,096 was charged to operations for the year ended September 30, 2017.

**NOTE J - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of September 30, 2017, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE K - Subsequent Events**

The Organization has evaluated events and transactions occurring after September 30, 2017, through January 28, 2018, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.