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The Cruel Mystery

LUPUSTM

FOUNDATION OF AMERICA

Financial Statements

For the Years Ended September 30, 2021 and 2020



**and
Report Thereon**



LUPUS FOUNDATION OF AMERICA, INC.

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For the Years Ended September 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lupus Foundation of America, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Lupus Foundation of America, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, 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 audits. We conducted our audits 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 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 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, the financial statements referred to above present fairly in all material respects, the financial position of Lupus Foundation of America, Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Washington, DC
March 17, 2022

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 4,883,806	\$ 4,724,048
Restricted cash	95,717	95,717
Accounts receivable, net of allowance for doubtful accounts of \$138,847	627,816	453,794
Pledges receivable, net of allowance for doubtful pledges of \$20,000	1,441,401	1,349,278
Prepaid expenses and deposits	566,756	282,995
Investments	32,746	32,746
Beneficial interest in a perpetual trust	352,809	299,008
Property and equipment, net of accumulated depreciation and amortization of \$1,258,224 and \$1,037,231, respectively	732,415	916,207
Restricted investments	<u>105,291</u>	<u>105,834</u>
TOTAL ASSETS	<u>\$ 8,838,757</u>	<u>\$ 8,259,627</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 976,092	\$ 1,151,376
Grants payable	1,094,672	1,021,218
Deferred revenue	406,995	-
Note payable – PPP loan	1,008,591	975,100
Loan payable	-	11,078
Capital lease obligations	5,339	10,188
Deferred rent	747,034	764,200
Deferred lease incentive	<u>623,643</u>	<u>700,795</u>
TOTAL LIABILITIES	<u>4,862,366</u>	<u>4,633,955</u>
Net Assets		
Without donor restrictions	2,094,401	1,680,866
With donor restrictions	<u>1,881,990</u>	<u>1,944,806</u>
TOTAL NET ASSETS	<u>3,976,391</u>	<u>3,625,672</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,838,757</u>	<u>\$ 8,259,627</u>

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

LUPUS FOUNDATION OF AMERICA, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 6,687,221	\$ 2,165,518	\$ 8,852,739	\$ 6,239,097	\$ 2,677,202	\$ 8,916,299
Forgiveness of debt – PPP loan	975,100	-	975,100	-	-	-
Wills and bequests	549,403	174,595	723,998	138,450	-	138,450
Special events, net of direct benefit costs of \$0 and \$111,677, respectively	1,794,180	11,121	1,805,301	1,714,648	143,062	1,857,710
Donated goods program	36,333	-	36,333	23,446	-	23,446
Donated services	174,000	-	174,000	-	-	-
Membership dues	212,016	-	212,016	103,168	-	103,168
Program service revenue	2,377,192	-	2,377,192	946,907	-	946,907
Royalty income	32,486	-	32,486	13,622	-	13,622
Investment income, net	1,042	3,135	4,177	29,568	3,171	32,739
Change in value of a perpetual trust held by a trustee	-	53,801	53,801	-	27,029	27,029
Other income	4,744	-	4,744	7,980	-	7,980
Net assets released from restrictions:						
Satisfaction of program restrictions	2,442,886	(2,442,886)	-	2,393,823	(2,393,823)	-
Satisfaction of time restrictions	28,100	(28,100)	-	512,700	(512,700)	-
TOTAL REVENUE AND SUPPORT	15,314,703	(62,816)	15,251,887	12,123,409	(56,059)	12,067,350
EXPENSES						
Program Services:						
Public information and education	7,192,024	-	7,192,024	5,100,940	-	5,100,940
Research	2,825,773	-	2,825,773	2,777,767	-	2,777,767
Network support and services	2,155,782	-	2,155,782	2,876,830	-	2,876,830
Patient education and support	480,841	-	480,841	705,225	-	705,225
Professional relations and education	7,173	-	7,173	8,211	-	8,211
Total Program Services	12,661,593	-	12,661,593	11,468,973	-	11,468,973
Supporting Services:						
Management and general	1,217,951	-	1,217,951	1,191,540	-	1,191,540
Fundraising	1,021,624	-	1,021,624	1,175,084	-	1,175,084
Total Supporting Services	2,239,575	-	2,239,575	2,366,624	-	2,366,624
TOTAL EXPENSES	14,901,168	-	14,901,168	13,835,597	-	13,835,597
CHANGE IN NET ASSETS	413,535	(62,816)	350,719	(1,712,188)	(56,059)	(1,768,247)
NET ASSETS, BEGINNING OF YEAR	1,680,866	1,944,806	3,625,672	3,393,054	2,000,865	5,393,919
NET ASSETS, END OF YEAR	\$ 2,094,401	\$ 1,881,990	\$ 3,976,391	\$ 1,680,866	\$ 1,944,806	\$ 3,625,672

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2021

	Program Services					Supporting Services			Total Expenses	
	Public Information and Education	Research	Network Support and Services	Patient Education and Support	Professional Relations and Education	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and benefits	\$ 3,076,028	\$ 468,520	\$ 1,589,906	\$ 375,110	\$ 1,392	\$ 5,510,956	\$ 697,208	\$ 406,411	\$ 1,103,619	\$ 6,614,575
Professional services	1,269,399	708,854	143,742	22,059	279	2,144,333	235,301	142,190	377,491	2,521,824
Printing, publications and promotions	2,314,067	5,069	15,051	3,353	42	2,337,582	11,289	54,618	65,907	2,403,489
Grants and awards	-	1,503,660	24,924	-	-	1,528,584	-	-	-	1,528,584
Occupancy, maintenance and insurance	219,318	71,032	236,874	51,557	653	579,434	62,710	40,475	103,185	682,619
Postage, mailing and shipping	110,390	932	12,534	1,212	32	125,100	111,241	300,881	412,122	537,222
Conferences, meetings and travel	30,262	35,091	23,951	869	1,748	91,921	9,316	59,732	69,048	160,969
Other expenses	14,716	6,741	30,350	3,447	44	55,298	66,067	2,714	68,781	124,079
Supplies, telecommunications and internet	41,545	8,846	28,153	10,778	2,825	92,147	9,840	4,827	14,667	106,814
Total Expenses Before Depreciation and Amortization	7,075,725	2,808,745	2,105,485	468,385	7,015	12,465,355	1,202,972	1,011,848	2,214,820	14,680,175
Depreciation and amortization	116,299	17,028	50,297	12,456	158	196,238	14,979	9,776	24,755	220,993
TOTAL EXPENSES	\$ 7,192,024	\$ 2,825,773	\$ 2,155,782	\$ 480,841	\$ 7,173	\$ 12,661,593	\$ 1,217,951	\$ 1,021,624	\$ 2,239,575	\$ 14,901,168

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2020

	Program Services					Supporting Services			Total Expenses	
	Public Information and Education	Research	Network Support and Services	Patient Education and Support	Professional Relations and Education	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and benefits	\$ 2,193,550	\$ 705,128	\$ 2,064,603	\$ 516,080	\$ 3,389	\$ 5,482,750	\$ 653,854	\$ 407,629	\$ 1,061,483	\$ 6,544,233
Professional services	1,203,204	537,249	136,139	89,773	434	1,966,799	199,965	192,897	392,862	2,359,661
Printing, publications and promotions	1,039,794	6,193	23,474	14,031	635	1,084,127	9,422	52,859	62,281	1,146,408
Grants and awards	8,247	1,280,167	13,375	1,939	25	1,303,753	2,332	1,522	3,854	1,307,607
Occupancy, maintenance and insurance	213,169	68,519	234,662	50,120	634	567,104	69,916	39,341	109,257	676,361
Postage, mailing and shipping	166,721	1,974	14,327	806	293	184,121	68,692	268,125	336,817	520,938
Conferences, meetings and travel	82,811	147,188	280,293	9,827	1,365	521,484	14,430	194,010	208,440	729,924
Other expenses	6,059	1,960	7,991	1,425	18	17,453	143,059	1,252	144,311	161,764
Supplies, telecommunications and internet	63,374	9,882	44,347	6,955	1,237	125,795	12,711	6,250	18,961	144,756
Total Expenses Before Depreciation and Amortization	4,976,929	2,758,260	2,819,211	690,956	8,030	11,253,386	1,174,381	1,163,885	2,338,266	13,591,652
Depreciation and amortization	124,011	19,507	57,619	14,269	181	215,587	17,159	11,199	28,358	243,945
TOTAL EXPENSES	\$ 5,100,940	\$ 2,777,767	\$ 2,876,830	\$ 705,225	\$ 8,211	\$ 11,468,973	\$ 1,191,540	\$ 1,175,084	\$ 2,366,624	\$ 13,835,597

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 350,719	\$ (1,768,247)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Forgiveness of note payable – PPP loan	(975,100)	-
Depreciation and amortization	220,993	243,945
Amortization of deferred lease incentive	(77,152)	(77,152)
Change in allowance for doubtful accounts	-	(52,771)
Net unrealized losses	543	2,371
Change in value of perpetual trust held by trustee	(53,801)	(27,029)
Changes in assets and liabilities:		
Accounts receivable	(174,022)	51,489
Pledges receivable	(92,123)	237,112
Prepaid expenses and deposits	(283,761)	(112,114)
Accounts payable and accrued expenses	(175,284)	10,801
Grants payable	73,454	161,879
Deferred revenue	406,995	-
Deferred rent	(17,166)	884
NET CASH USED IN OPERATING ACTIVITIES	(795,705)	(1,328,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	-	4,087,000
Purchases of investments	-	(1,130,265)
Purchases of property and equipment	(37,201)	(9,123)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(37,201)	2,947,612
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable – PPP loan	1,008,591	975,100
Payments on loan payable	(11,078)	(65,017)
Payments on capital lease obligations	(4,849)	(5,867)
NET CASH PROVIDED BY FINANCING ACTIVITIES	992,664	904,216
NET INCREASE IN CASH AND CASH EQUIVALENTS	159,758	2,522,996
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,819,765	2,296,769
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,979,523	\$ 4,819,765
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash financing activities:		
PPP loan forgiveness	\$ 975,100	\$ -
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 4,883,806	\$ 4,724,048
Cash – restricted	95,717	95,717
	\$ 4,979,523	\$ 4,819,765

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

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Organization

Lupus Foundation of America, Inc. (the Foundation) is the only national force devoted to solving the mystery of lupus, while giving caring support to those who suffer from its brutal impact. The Foundation's mission is to improve the quality of life for all people affected by lupus through programs of research, education, support and advocacy. These activities are funded primarily through grants, contributions and contracts. The Foundation's major program services are as follows:

Public Information and Education. The Foundation provides comprehensive information about lupus, created in consultation with top lupus medical experts who offer insight on how to manage the challenges of lupus. The Foundation distributes information through a free e-newsletter, and through its websites, *lupus.org* and its National Resource Center on Lupus, which combined, attract more than seven million visits per year. The Foundation also develops and distributes national public awareness campaigns to improve the early diagnosis and treatment of the disease and help people living with lupus improve their quality of life.

Research. The Foundation's research is anchored in what matters: Transforming Lives. The Foundation's peer-reviewed initiatives stimulate and sponsor basic, clinical, behavioral, translational and epidemiological research on lupus. The Foundation also leads scientific initiatives, directly funds lupus researchers and advocates for increased government funding of lupus research studies. The Foundation is the only organization that tackles lupus from every direction to identify the causes, treatments, and means to prevent and cure this life-threatening disease. The Foundation's patient-first research approach delivers better results to improve quality of life. The Foundation convenes experts and partners with leading medical organizations that are on the front lines of lupus research to put lupus patients first. The Foundation not only brings leading researchers together, the Foundation connects them to the funding they need. The Foundation has stimulated more than \$100 million in federal funding for Lupus Research and Education. The Foundation spearheads efforts to advance lupus drug development at every step in the process, including identifying improvements in clinical trial design so new treatments can get into the hands of people who need them faster. The Foundation also works directly with the U.S. Food and Drug Administration to make certain lupus patients' voices are heard, bringing their perspective into drug development.

Network Support and Services. The Foundation's national network is composed of chapters, regional offices, community ambassadors and local support groups located across the United States. As a united force, the national network supports a nationwide movement to solve the cruel mystery of lupus and improve the quality of life for all people who suffer from its impact.

As separate legal entities, chapters elect their own board of directors and maintain separate sets of financial accounts; therefore, the accompanying financial statements do not include the accounts of the chapters.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Patient Education and Support. In collaboration with the Foundation's national network, direct services to help people affected by lupus are provided through health educators, live and online educational programs, and live and telephone-based support groups. The Foundation partnered with the American College of Rheumatology to launch a new online awareness campaign, "Be Fierce," to reach minority women between the ages of 18-24 who are living with lupus.

The Foundation is also committed to working with the United States Congress, federal government agencies and state legislatures and agencies to improve the lives of those affected by lupus, including efforts to improve the regulatory structure that guides the process of developing, testing and approving new therapies for lupus in order to ensure a full arsenal of new, effective and tolerable treatments.

Professional Relations and Education. The Foundation conducts professional education programs that are designed to translate the latest research findings into public health recommendations for physicians and other healthcare professionals and their respective organizations. The Foundation sponsors continuing medical education (CME) programs and seminars for physicians and other health professionals, develops a more robust educational curriculum for nurses and works with lupus investigators and industry leaders to train clinical investigators on instruments to measure lupus disease activity that are used in clinical practice and lupus clinical trials.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market funds. Restricted cash includes a reserve for collateral in compliance with the line of credit agreement.

Investments

Investments consist of certificates of deposit with maturities greater than 90 days and a private equity fund bequeathed to the Foundation. The Foundation carries its investments at fair value, with any related gain or loss reported in the accompanying statements of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Beneficial Interest in a Perpetual Trust Held by a Trustee

The Foundation is a beneficiary of a perpetual irrevocable trust held by an independent trustee. Under the terms of the trust, the Foundation has the irrevocable right to receive the income earned, after administration expenses, on the trust assets in perpetuity to be used for lupus research. The fair value of the beneficial interest in a perpetual trust is recognized as an asset and as a contribution with perpetual donor restrictions at the date the trust is established. The Foundation's estimate of fair value at each reporting date is based on fair value information received from the trustee. The trust assets consist of mutual funds, certificates of deposit, U.S. government bonds and money market funds. These assets are not subject to control or direction by the Foundation. Gains and losses, which are not distributed by the trustee, are reflected as the change in value of a perpetual trust held by a trustee in the accompanying statements of activities.

Property and Equipment and Depreciation and Amortization

The Foundation capitalizes property and equipment with unit values in excess of \$5,000 and an economic life in excess of one year. Furniture, equipment, computers and software are recorded at cost and are depreciated on a straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized over the lease period or the estimated useful life of the improvements, whichever is shorter. Costs related to developing internal-use software are capitalized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350-40 *Internal-Use Software*, while costs incurred during the preliminary and post-implementation operation stages are expensed. Expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in support and revenue or expenses in the accompanying statements of activities.

Classification of Net Assets

The Foundation's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Foundation at the discretion of the Foundation's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated \$2,390,000 of net assets without donor restrictions to serve as a reserve to secure the Foundation's long-term financial viability as of September 30, 2021 and 2020.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition

The Foundation receives contributions from its affiliated chapters and the general public. The Foundation reports unconditional gifts of cash and other assets as revenue and support without donor restrictions and as restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is met – net assets with donor restrictions are reported as a release from net assets with donor restrictions in the accompanying statements of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized until the conditions on which they depend have been substantially met. Amounts earned and released in the same year under conditional awards are reported as support without donor restrictions in the accompanying statements of activities.

The Foundation recognizes all unconditional contributed support in the period in which the unconditional commitment is made, including the portion of gala donations that exceed the value given by the donor. Gala donations to the extent of the benefits received by the donor, are recognized at the point in time that the event occurs. Unconditional contributed support for walk events are recorded in the period that the event occurs.

The Foundation has cost-reimbursable grants with U.S. government agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue and support when the Foundation has incurred expenditures in compliance with the specific contract or grant provisions. Amounts recognized under the agreements but not yet received are included in pledges receivable in the accompanying statements of financial position.

The Foundation recognizes wills and bequests in the year the Foundation is notified of the bequest, the promise to give becomes unconditional and the proceeds are measurable. Amounts that have not been collected as of year-end are included in pledges receivable in the accompanying statements of financial position.

Revenue from the donated goods program is recognized as revenue when the donated goods are collected by the third party based on the price agreed to in the contract between the Foundation and the third party who has agreed to purchase the goods.

Program service revenue represents revenue earned on contracts in which the Foundation is hired to perform a specific service. Program service revenue is recognized based on the payment terms established in the contracts and at the point in time when the deliverables (the performance obligation) associated with the payment terms have been met. Any amounts received in advance of completing the performance obligation is shown as deferred revenue in the accompanying statements of financial position.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

Membership dues are based on the same fiscal year as the Foundation and are recognized as revenue on a quarterly basis. The recognition occurs ratably over the membership period since there are no distinct performance obligations and the member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period, inclusive of the use of the Foundation's name. Amounts due from members as of September 30, 2021 are reported as accounts receivable in the accompanying statement of financial position. Royalties and other income are recognized as revenue in the period earned.

Donated Services

Contributed professional services for a health disparity study were provided to the Foundation. These contributed services were valued at \$174,000 for the year ended September 30, 2021, and have been recognized as support and expense under the research program in the accompanying statement of activities. There were no donated services for the year ended September 30, 2020. Other volunteers have also donated significant time to the Foundation's services. No amounts have been reflected in the financial statements for these donated services, because such donated services do not meet the necessary criteria for recognition under GAAP.

Grant Expense Recognition

Unconditional research grants are expensed in the year in which the grant commitment is made to the grantee. Grant amounts not transferred in the year in which the grant commitments are made are recorded as grants payable in the accompanying statement of financial position. Conditional grants, that is, those with a measurable performance or other barrier, and a right of return, are not included as expenses until such time as the conditions on which they depend are substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific functional area of the Foundation are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas, such as occupancy, maintenance and insurance, professional services and depreciation and amortization, have been allocated among the various functional areas based on direct salaries allocated to the specific area. Salary expenses are allocated based on time and effort tracked by time sheets. Costs related to the direct mail campaigns, walks and the household goods solicitation program that qualify under accounting standards as joint costs are allocated based on the portion of the direct mail pieces or activity that is programmatic or fundraising.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Foundation adopted ASU 2014-09 and related amendments on October 1, 2020, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact the Foundation's results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange for both contributions received and made. The Foundation adopted ASU 2018-08 as of October 1, 2020, for contributions made and has applied the amendments of this standard on a modified prospective basis and elected to apply the standards only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements. The provisions of the standard that apply to contributions received by the Foundation was implemented as of October 1, 2019.

2. Pledges Receivable

Pledges receivable consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Individuals and corporations	\$ 633,161	\$ 970,452
Federal grants	556,240	301,826
Wills and bequests	272,000	97,000
Gross Pledges Receivable	1,461,401	1,369,278
Less: Allowance for Doubtful Pledges	(20,000)	(20,000)
Pledges Receivable, Net	\$ 1,441,401	\$ 1,349,278

Amounts were expected to be paid as follows:

	2020	2019
Due in less than one year	\$ 1,459,401	\$ 1,266,028
Due in one to five years	2,000	103,250
Gross Pledges Receivable	\$ 1,461,401	\$ 1,369,278

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

2. Pledges Receivable (continued)

As of September 30, 2021 and 2020 the Foundation received conditional cost-reimbursable grants from the U.S. Department of Health and Human Services totaling approximately \$9,100,000 and \$7,100,000, of which approximately \$7,100,000 and \$4,400,000 had been recognized, respectively. As of September 30, 2021 and 2020, the Foundation had approximately \$2,000,000 and \$2,700,000 that had yet to be recognized because the performance requirements and qualifying expenditures had not yet been incurred.

3. Beneficial Interest in a Perpetual Trust

During the year ended September 30, 2014, the Foundation was named the beneficiary of 25% of the trust assets that a donor's estate left to a trustee bank to hold, manage and invest in perpetuity for the benefit of the Foundation. Each year, the Foundation receives the investment income, net of administration expenses, which is to be used for lupus research. As of September 30, 2021 and 2020, the value of the beneficial interest in a perpetual trust was \$352,809 and \$299,008, respectively.

This is included in the accompanying statements of financial position as beneficial interest in a perpetual trust. The change in value of the trust assets during the years ended September 30, 2021 and 2020 was a gain of \$53,801 and \$27,029, respectively, and is included as change in value of a perpetual trust held by a trustee in the accompanying statements of activities.

4. Investments

As of September 30, 2021 and 2020, restricted investments of \$105,291 and \$105,834, respectively, were invested in certificates of deposit. This represents the principal amount of an endowment fund.

The Foundation's investments as of September 30, 2021 and 2020, which include restricted investments, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ 105,291	\$ 105,834
Corporate bonds	-	-
Private equity fund (bequeathed)	<u>32,746</u>	<u>32,746</u>
Total Investments	<u>\$ 138,037</u>	<u>\$ 138,580</u>

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

4. Investments (continued)

For the years ended September 30, 2021 and 2020, investment income consisted of the following:

	2021	2020
Interest and dividends, net	\$ 4,720	\$ 35,110
Unrealized gains (losses)	(543)	(2,371)
Investment Income, Net	\$ 4,177	\$ 32,739

5. Property and Equipment

Property and equipment consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Leasehold improvements	\$ 1,061,513	\$ 1,061,513
Furniture and office equipment	436,826	399,625
Computer software and website design	464,221	464,221
Capital leases	28,079	28,079
Total Property and Equipment at Cost	1,990,639	1,953,438
Less: Accumulated Depreciation and Amortization	(1,258,224)	(1,037,231)
Property and Equipment, Net	\$ 732,415	\$ 916,207

Depreciation and amortization expense was \$220,993 and \$243,945 for the years ended September 30, 2021 and 2020, respectively.

6. Research Grants

During the years ended September 30, 2021 and 2020, the Foundation awarded unconditional research grants totaling \$1,503,660 and \$1,280,167, respectively. Unconditional research grants, which had not been paid out during the years ended September 30, 2021 and 2020, totaled \$1,094,672 and \$1,021,218, respectively. These research grants are payable over one to five years and were expected to be paid as follows as of September 30, 2021 and 2020:

	2021	2020
Amounts payable within one year	\$ 814,672	\$ 811,218
Amounts payable in one to five years	280,000	210,000
Total Research Grants Payable	\$ 1,094,672	\$ 1,021,218

No discount to present value was recorded for multi-year grants payable as the amount was insignificant to the financial statements.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

6. Research Grants (continued)

The Foundation has awarded various conditional grants as of September 30, 2021 and 2020, for which expense is recognized as conditions are met. Amounts yet to be recognized as expense as of September 30, 2021 and 2020, are as follows:

	2021	2020
Conditional awards	\$ 4,030,000	\$ 4,030,000
Grants terminated	-	-
Previously recognized	(2,268,000)	(1,512,000)
Recognized in current year	(856,000)	(756,000)
Conditional Grants Yet to be Recognized	\$ 906,000	\$ 1,762,000

7. Operating Lease

In February 2016, the Foundation entered into a lease agreement for new office space in Washington, DC. The lease commencement date was September 1, 2016. The lease has an initial lease term of 158 months from the lease commencement date, with a 10-year renewal option. Annual base rent is \$573,648, with a fixed annual escalation of 2.5%. The Foundation received an abatement of the base rent during the first 14 months of the lease term. Further, the lease included a tenant improvement allowance of \$1,015,835. The lease also required a security deposit of \$95,608, which is secured by a letter of credit issued by Wells Fargo Bank, N.A.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position. The tenant improvement allowance is reflected as deferred lease incentive in the accompanying statements of financial position and is being amortized ratably over the term of the lease.

Occupancy expense was \$582,701 and \$583,985 for the years ended September 30, 2021 and 2020, respectively, and is included in occupancy, maintenance and insurance expense in the accompanying statements of functional expenses.

Future minimum lease payments under the lease are as follows:

For the Year Ending September 30,	
2022	\$ 650,383
2023	666,642
2024	683,308
2025	700,390
2026	717,900
Thereafter	2,329,090
Total	\$ 5,747,713

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

8. Risks and Uncertainties

Financial Instruments and Credit Risks

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of September 30, 2021 and 2020, the Foundation exceeded the maximum limit insured by FDIC by approximately \$2,838,000 and \$3,146,000, respectively. From time to time, in order to maintain a level that fulfills the Foundation's monthly cash requirements, the Foundation's cash and cash equivalents may exceed the maximum limit insured by FDIC. The Foundation monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Compliance Audit

The Foundation has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures, which may be disallowed by the federal agencies, cannot be determined at this time, although the Foundation expects such an amount, if any, to be insignificant.

Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Foundation has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.

9. Line of Credit

The Foundation had a \$500,000 line of credit with a financial institution that matured in May 2019. The line of credit was renewed on May 5, 2019 with a limit of \$300,000. The line of credit does not have an expiration date. Amounts drawn on this line accrue interest at the bank's prime rate plus 1.75% up to 9.75%, and are payable on demand. There were no borrowings during the years ended September 30, 2021 and 2020, nor was there a balance due on the line of credit as of September 30, 2021 and 2020.

10. Note Payable

On April 22, 2020, the Foundation entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$975,100. The loan was set to mature in April 2022 with a fixed interest rate at 1% per

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

10. Note Payable (continued)

annum. Interest and principal payments were due starting in November 2022, as such, no interest or principal payments were made during the year ended September 30, 2021. On September 20, 2021, the Foundation received notification that the loan was forgiven and paid off by the Small Business Administration.

On March 16, 2021, the Foundation entered into a second SBA loan with its financial institution under the PPP for the amount of \$1,008,591. The loan will mature in March 2026 with a fixed interest rate at 1% per annum. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder can be used for mortgage interest, rent, utility costs and other operating expenses over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. The Foundation believes it will meet these requirements for forgiveness at which point the forgiveness will be recognized in the financial statements. In the event the loan is not forgiven, consecutive monthly principal payments will commence on one month after the earlier of the following dates: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date.

11. Net Assets

Net Assets Without Donor Restrictions

The Foundation's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. As of September 30, 2021 and 2020, the Foundation's net assets without donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Undesignated – operating	\$ (295,599)	\$ (709,134)
Board-designated – reserve fund	<u>2,390,000</u>	<u>2,390,000</u>
Total Net Assets Without Donor Restrictions	<u>\$ 2,094,401</u>	<u>\$ 1,680,866</u>

Net Assets With Donor Restrictions

As of September 30, 2021 and 2020, net assets with donor restrictions were restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to purpose restriction:		
MAPRx Coalition	\$ 489,040	\$ 310,514
LRAN	270,000	170,000
NCRL	150,000	20,000
Research	140,020	280,041

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

11. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

	2021	2020
<i>(continued)</i>		
Ambassador's Program	\$ 134,843	\$ 266,270
World Lupus Federation	82,987	163,925
ALPHA	54,886	62,388
Health Disparities Study	50,000	-
Adios Lupus	30,518	38,627
CLASI	16,093	16,368
MAWG	5,503	50,000
Registry	-	85,582
TES	-	25,000
Educational Materials Initiative	-	23,149
Total Subject to Purpose Restriction	1,423,890	1,511,864
Subject to occurrence of specified events/ passage of time:		
New York City Gala	-	28,100
Total Subject to Occurrence of Specified Events/Passage of Time	-	28,100
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Underwater balances	460,109 (2,009)	406,308 (1,466)
Total Net Assets With Donor Restrictions	\$ 1,881,990	\$ 1,944,806

12. Fair Value Measurement

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, the Foundation has categorized its 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). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in an active market for identical assets or liabilities accessible at the measurement date.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

12. Fair Value Measurement (continued)

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of September 30, 2021:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Private equity fund	\$ 32,746	\$ -	\$ -	\$ 32,746
Restricted investments:				
Certificates of deposit	105,291	-	105,291	-
Beneficial interest in a perpetual trust	<u>352,809</u>	<u>-</u>	<u>-</u>	<u>352,809</u>
Total Assets	<u>\$ 490,846</u>	<u>\$ -</u>	<u>\$ 105,291</u>	<u>\$ 385,555</u>

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of September 30, 2020:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Private equity fund	\$ 32,746	\$ -	\$ -	\$ 32,746
Restricted investments:				
Certificates of deposit	105,834	-	105,834	-
Beneficial interest in a perpetual trust	<u>299,008</u>	<u>-</u>	<u>-</u>	<u>299,008</u>
Total Assets	<u>\$ 437,588</u>	<u>\$ -</u>	<u>\$ 105,834</u>	<u>\$ 331,754</u>

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

12. Fair Value Measurement (continued)

As of September 30, 2021 and 2020, the Foundation used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Private equity fund – This investment is subject to certain restrictions and generally has no established trading market. Fair value is determined based on the value as provided by the investee fund management or the general partner of the respective entity.

Certificates of deposit – Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations while considering the creditworthiness of the issuer.

Beneficial interest in a perpetual trust – The fair value of the beneficial interest in a perpetual trust is measured using the fair value of the assets contributed to the trust (see Note 3).

13. Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The earnings from the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The fund's duration and preservation;
- The Foundation's purpose and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- The Foundation's other resources; and
- The Foundation's investment policies.

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

13. Endowment Funds (continued)

Return Objectives and Spending Policy

The Foundation strives to provide a predictable stream of investment return while seeking to maintain the purchasing power of the endowment assets. The earnings on the donor-restricted endowments are for general operations and research. The Foundation's Board of Directors approves the spending of the earnings on the endowment fund on an annual basis when it approves the annual budget.

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of permanent duration. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. As of September 30, 2021 and 2020, a cumulative deficiency of \$2,009 and \$1,466, respectively, in an endowment fund was recorded as a component of net assets with donor restrictions. As of September 30, 2021 and 2020, the endowment had an original gift value of \$107,300 in both years and a fair value of \$105,291 and \$105,834, respectively.

Endowment Funds of the Foundation

The Foundation's endowment net assets are composed of donor-restricted funds and the beneficial interest in a perpetual trust.

For the years ended September 30, 2021 and 2020, the donor-restricted endowment fund had the following activity:

Endowment net assets, September 30, 2019	\$ 379,279
Change in value of perpetual trust	27,029
Investment income	3,171
Amount appropriated for expenditure	<u>(4,637)</u>
Endowment net assets, September 30, 2020	404,842
Change in value of perpetual trust	53,801
Investment income	3,135
Amount appropriated for expenditure	<u>(3,678)</u>
Endowment net assets, September 30, 2021	<u>\$ 458,100</u>

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

14. Availability of Resources and Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Foundation's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2021 and 2020, were as follows:

	2021	2020
Cash and cash equivalents – not restricted	\$ 4,883,806	\$ 4,724,048
Accounts receivable due in one year	627,816	453,794
Pledges receivable due in one year, net	1,439,401	1,266,028
Beneficial interest in perpetual trust	352,809	299,008
Restricted investments	105,291	105,834
Total Financial Assets	7,409,123	6,848,712
Less:		
Amounts unavailable for general expenditures within one year due to donor's restriction	(1,881,990)	(1,916,706)
Amounts unavailable for general expenditures within one year without Board approval	(2,390,000)	(2,390,000)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 3,137,133	\$ 2,542,006

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in certificates of deposit and/or corporate bonds when available. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of \$300,000, which is available to draw upon as needed. Additionally, the Foundation has board-designated net assets that could be available for current operations with Board approval.

15. Pension Plan

The Foundation has a contributory defined contribution pension plan (the Plan), which operates under Section 403(b) of the Internal Revenue Code (the IRC). The Plan covers all employees who have completed at least one year of service and worked at least 1,000 hours in a plan year. The Foundation's contributions to the Plan are discretionary. The Plan allows for a three-tiered employer contribution rate schedule based on years of service with a

LUPUS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

15. Pension Plan (continued)

percentage rate determined by the Board of Directors annually, ranging from 5% to 9%. Total pension expense was \$268,214 and \$253,205 for the years ended September 30, 2021 and 2020, respectively, and is included in salaries and benefits in the accompanying statements of functional expenses.

16. Allocation of Joint Costs

The Foundation conducts activities that include appeals for contributions, as well as program and management and general components. Those activities include direct mail campaigns and walks. These joint costs were allocated in the accompanying statements of functional expenses as follows:

	<u>2021</u>	<u>2020</u>
Program	\$ 667,115	\$ 743,280
Fundraising	434,479	577,867
Management and general	<u>112,359</u>	<u>70,350</u>
Total Allocation of Joint Costs	<u>\$ 1,213,953</u>	<u>\$ 1,391,497</u>

17. Income Taxes

The Foundation is exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. For the years ended September 30, 2021 and 2020, no provision for income taxes was required, as the Foundation had no significant net unrelated business income.

The Foundation follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertainty in taxes for the years ended September 30, 2021 and 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of September 30, 2021, the statute of limitations remained open with the U.S. federal jurisdiction or the various state and local jurisdictions in which the Foundation files tax returns, however, there are currently no audits for any tax periods pending or in progress. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of September 30, 2021 and 2020, the Foundation had no accruals for interest and/or penalties.

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18. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 17, 2022, the date the financial statements were available to be issued.

Effective December 6, 2021, the Florida Chapter of LFA elected to relinquish its 501(c)(3) status and its activities will be consolidated with the Foundation.

There were no other subsequent events that require recognition or disclosure in these financial statements.