

LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(With Summarized Totals for the Year Ended September 30, 2017)

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, 2018, 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, 2018, 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.

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

Report on Summarized Comparative Information

We have previously audited Lupus Foundation of America Wisconsin Chapter, Inc.'s September 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, 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 31, 2019

LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.
BALANCE SHEET
SEPTEMBER 30, 2018
(With Summarized Totals for the Year Ended September 30, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 355,184	\$ 365,299
Pledges Receivable	27,036	---
Prepaid Expenses	4,452	3,192
Total Current Assets	\$ 386,672	\$ 368,491
FIXED ASSETS		
Office Furniture and Equipment	\$ 4,030	\$ 4,030
Accumulated Depreciation	(3,517)	(3,305)
Net Fixed Assets	\$ 513	\$ 725
OTHER ASSETS		
Investments	\$ 223,675	\$ 216,609
Total Other Assets	\$ 223,675	\$ 216,609
TOTAL ASSETS	\$ 610,860	\$ 585,825
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,776	\$ 2,829
Accrued Payroll	8,943	7,584
Deferred Revenue	---	3,930
Total Current Liabilities	\$ 11,719	\$ 14,343
Total Liabilities	\$ 11,719	\$ 14,343
NET ASSETS		
Unrestricted	\$ 599,141	\$ 569,382
Temporarily Restricted	---	2,100
Total Net Assets	\$ 599,141	\$ 571,482
TOTAL LIABILITIES AND NET ASSETS	\$ 610,860	\$ 585,825

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, 2018
(With Summarized Totals for the Year Ended September 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
REVENUE				
Contributions	\$ 62,731	\$ ---	\$ 62,731	\$ 37,129
Special Event Revenue	166,598	---	166,598	154,428
Special Event - In-Kind Revenue	51,226	---	51,226	33,781
Special Event Expense	(36,369)	---	(36,369)	(35,189)
Special Event - In-Kind Expense	(51,226)	---	(51,226)	(33,781)
Investment Income	8,641	---	8,641	14,593
Miscellaneous Revenue	500	---	500	1,807
Release from Restrictions	2,100	(2,100)	---	---
Total Revenue	<u>\$ 204,201</u>	<u>\$ (2,100)</u>	<u>\$ 202,101</u>	<u>\$ 172,768</u>
EXPENSES				
Program Services	\$ 137,683	\$ ---	\$ 137,683	\$ 128,329
Management and General	20,247	---	20,247	20,744
Fundraising	16,512	---	16,512	15,389
Total Expenses	<u>\$ 174,442</u>	<u>\$ ---</u>	<u>\$ 174,442</u>	<u>\$ 164,462</u>
CHANGE IN NET ASSETS	\$ 29,759	\$ (2,100)	\$ 27,659	\$ 8,306
Net Assets, Beginning of Year	<u>\$ 569,382</u>	<u>\$ 2,100</u>	<u>\$ 571,482</u>	<u>\$ 563,176</u>
NET ASSETS, END OF YEAR	<u><u>\$ 599,141</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 599,141</u></u>	<u><u>\$ 571,482</u></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, 2018
(With Summarized Totals for the Year Ended September 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 27,659	\$ 8,306
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	212	405
Donated Stock	---	(1,034)
Unrealized/Realized (Gain) Loss on Investments	(7,066)	(6,820)
(Increase) Decrease in Pledges Receivable	(27,036)	---
(Increase) Decrease in Prepaid Expenses	(1,260)	(731)
Increase (Decrease) in Accounts Payable	(53)	(6,509)
Increase (Decrease) in Accrued Payroll	1,359	1,891
Increase (Decrease) in Deferred Revenue	(3,930)	3,930
	\$ (10,115)	\$ (562)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ ---	\$ (560)
Purchase of Investments	---	(107,606)
Proceeds from Sales of Investments	---	69,007
	\$ ---	\$ (39,159)
Net Decrease in Cash and Cash Equivalents	\$ (10,115)	\$ (39,721)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	365,299	405,020
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 355,184	\$ 365,299
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ ---	1,034

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, 2018
(With Summarized Totals for the Year Ended September 30, 2017)

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
Salaries and Wages	\$ 78,844	\$ 6,577	\$ 10,730	\$ 96,151	\$ 85,986
Payroll Taxes	6,556	547	892	7,995	7,165
Professional Fees	---	10,126	---	10,126	10,130
Supplies	811	68	110	989	1,178
Telephone	2,988	249	407	3,644	2,476
Postage	1,616	135	220	1,971	4,452
Printing	808	67	110	985	985
Technology	4,275	357	582	5,214	4,591
Occupancy	15,366	1,282	2,091	18,739	18,194
Depreciation	173	15	24	212	405
Travel	210	17	28	255	187
Conferences, Conventions, Meetings	708	59	96	863	117
Outreach Programs	3,070	256	418	3,744	5,640
Revenue Sharing	16,347	---	---	16,347	16,096
Insurance	1,838	153	250	2,241	2,342
Membership Dues	530	44	72	646	490
Subscriptions	11	1	1	13	---
Bank Charges	3,458	288	471	4,217	3,663
Permits and Licenses	74	6	10	90	365
TOTALS	\$ 137,683	\$ 20,247	\$ 16,512	\$ 174,442	\$ 164,462

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, 2018

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018

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 2017 in the accompanying financial statements is included to provide a basis for comparison with 2018 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, 2017, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2018 financial statements. Net assets and changes in net assets are unchanged due to these reclassifications.

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.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE C - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2018:

<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	\$ 10,864	\$ 10,864	\$ ---	\$ ---
Fixed Income	126,946	126,946	---	---
Equities	73,234	73,234	---	---
Alternatives	12,624	12,624	---	---
Other Assets	<u>7</u>	<u>7</u>	<u>---</u>	<u>---</u>
Total	<u>\$223,675</u>	<u>\$223,675</u>	<u>\$ ---</u>	<u>\$ ---</u>

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, 2018:

Interest and Dividends	\$8,197
Realized and Unrealized Gain	<u>444</u>
Total Investment Income	<u>\$8,641</u>

Investment fees of \$1,520 are included in the statement of functional expenses.

NOTE E - Donated Goods and Services

The Organization received in-kind donations for special events. The Organization received \$19,774 of certificates, tickets and other assorted items as well as \$31,452 for graphics and advertising services for the year ended September 30, 2018. 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.

**LUPUS FOUNDATION OF AMERICA WISCONSIN CHAPTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F - 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, 2018. In September 2018, the Organization renewed its lease for an additional seven years commencing February 2019. Future lease payments as of September 30, 2018 are as follows:

2019	\$ 19,071
2020	19,482
2021	20,067
2022	20,669
2023	20,289
Thereafter	<u>54,038</u>
Total	<u>\$153,616</u>

NOTE G - 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 \$16,347 was charged to operations for the year ended September 30, 2018.

NOTE H - 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, 2018, 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 I - Subsequent Events

The Organization has evaluated events and transactions occurring after September 30, 2018, through January 31, 2019, 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.