

LUPUS FOUNDATION OF AMERICA,
GEORGIA CHAPTER, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED
SEPTEMBER 30, 2021 AND 2020

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
FINANCIAL STATEMENTS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses for the Year Ended September 30, 2021	4
Statement of Functional Expenses for the Year Ended September 30, 2020	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-11

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Lupus Foundation of America, Georgia Chapter, Inc.

We have audited the accompanying financial statements of the Lupus Foundation of America, Georgia Chapter. ("the Chapter") 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 the Chapter 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.

Reed, Quinn and McClure LLC

Lawrenceville, Georgia
June 7, 2022

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND 2020

ASSETS	2021	2020
Current assets		
Cash	\$ 432,623	\$ 268,875
Grants and other receivables	18,575	1,150
Prepaid expenses	819	950
Total current assets	<u>452,017</u>	<u>270,975</u>
Furniture, computers and other equipment	24,268	24,268
Accumulated depreciation	<u>(23,020)</u>	<u>(22,422)</u>
Net furniture, computers and other equipment	<u>1,248</u>	<u>1,846</u>
Total assets	<u>\$ 453,265</u>	<u>\$ 272,821</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Loan payable-Lupus Foundation of America, due in one year	\$ 29,349	\$ 21,276
Loan payable-Payroll Protection Program	-	44,855
Accounts payable	69,471	39,568
Total current liabilities	<u>98,820</u>	<u>105,699</u>
Other liabilities		
Loan payable-Lupus Foundation of America, due after one year	<u>16,764</u>	<u>33,528</u>
Total liabilities	<u>115,584</u>	<u>139,227</u>
Net assets		
Without donor restrictions	286,327	100,815
With donor restrictions	51,354	32,779
Total net assets	<u>337,681</u>	<u>133,594</u>
Total liabilities and net assets	<u>\$ 453,265</u>	<u>\$ 272,821</u>

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

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<i>NET ASSETS WITHOUT RESTRICTIONS</i>		
REVENUE AND SUPPORT		
Special events	\$ 181,343	\$ 235,503
Less: Cost of donor benefits	<u>(18,397)</u>	<u>(61,917)</u>
Net from Special events	162,946	173,586
Contributions	236,575	200,593
Grant - PPP Loan Forgiven	89,710	-
Other income	<u>1,128</u>	<u>1,148</u>
Total revenue and support	490,359	375,327
Net assets released from restrictions	<u>-</u>	<u>86,268</u>
Total revenue, support and release of restrictions	<u>490,359</u>	<u>461,595</u>
EXPENSES		
Program services	299,850	364,447
Supporting expenses	29,302	32,575
Fundraising expenses	<u>51,531</u>	<u>54,429</u>
Total expenses	<u>380,683</u>	<u>451,451</u>
Increase (decrease) in net assets without restrictions	<u>109,676</u>	<u>10,144</u>
<i>CHANGES IN NET ASSETS WITH RESTRICTIONS</i>		
Contributions	94,411	71,070
Net assets released from restrictions	<u>-</u>	<u>(86,268)</u>
Increase (decrease) in net assets with restrictions	<u>94,411</u>	<u>(15,198)</u>
Increase (Decrease) in net assets	204,087	(5,054)
Net assets - beginning of fiscal year	<u>133,594</u>	<u>138,648</u>
Net assets - end of the fiscal year	<u>\$ 337,681</u>	<u>\$ 133,594</u>

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

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Programs	Management & General	Fundraising	Total Functional Expenses	Cost of Donor Benefits	Total
Salaries and wages	\$ 120,775	\$ 16,103	\$ 24,155	\$ 161,033	\$ -	\$ 161,033
Payroll taxes	9,592	1,279	1,918	12,789	-	12,789
Employee benefits	9,437	1,258	1,887	12,582	-	12,582
Total personnel expense	<u>139,804</u>	<u>18,640</u>	<u>27,960</u>	<u>186,404</u>	<u>-</u>	<u>186,404</u>
Annual appeal	-	-	1,616	1,616	-	1,616
Blackbaud fees	3,704	494	741	4,939	4,217	9,156
Communications	4,472	596	894	5,962	-	5,962
Depreciation	448	60	90	598	-	598
Emergency financial assistance	4,298	573	860	5,731	-	5,731
Equipment rental	6,351	847	1,270	8,468	-	8,468
GOAL	49,050	-	-	49,050	-	49,050
Incentives, awards, and prizes	-	-	-	-	5,498	5,498
Insurance	5,691	759	1,138	7,588	-	7,588
IT Consulting	8,114	1,081	1,623	10,818	-	10,818
Occupancy expense	23,184	3,091	4,637	30,912	-	30,912
Office expense	11,387	1,518	2,277	15,182	-	15,182
Other expense	-	-	-	-	5,533	5,533
Postage and shipping	959	127	192	1,278	1,903	3,181
Printing and duplicating	647	86	129	862	620	1,482
Professional fees	4,767	1,430	8,104	14,301	-	14,301
Programming	5,180	-	-	5,180	-	5,180
Research - National revenue sharing	29,512	-	-	29,512	-	29,512
Security	-	-	-	-	400	400
Summit	800	-	-	800	-	800
Supplies	-	-	-	-	20	20
Support groups	1,482	-	-	1,482	-	1,482
Transportation and parking	-	-	-	-	206	206
	<u>\$ 299,850</u>	<u>\$ 29,302</u>	<u>\$ 51,531</u>	<u>\$ 380,683</u>	<u>\$ 18,397</u>	<u>399,080</u>
Less: Cost of donor benefits, reflected as reduction of revenue on statement of activities						18,397
Total functional expenses						<u>\$ 380,683</u>

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

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Education and Assistance Program	Management & General	Fundraising	Total Functional Expenses	Cost of Donor Benefits	Total Expenses
Salaries and wages	\$ 155,812	\$ 20,775	\$ 31,162	\$ 207,749	\$ -	\$ 207,749
Payroll taxes	11,913	1,588	2,382	15,883	-	15,883
Employee benefits	6,047	806	1,210	8,063	-	8,063
Total personnel expense	173,772	23,169	34,754	231,695	-	231,695
Advocacy	1,689	-	-	1,689	-	1,689
Annual appeal	-	-	5,571	5,571	-	5,571
Blackbaud fees	-	-	1,298	1,298	276	1,574
Communications	3,924	523	785	5,232	-	5,232
Emergency financial assistance	3,104	-	-	3,104	-	3,104
Equipment rental	4,916	656	983	6,555	-	6,555
Food, beverage, and entertainment	-	-	-	-	23,629	23,629
GOAL	33,869	-	-	33,869	-	33,869
Incentives, awards, and prizes	-	-	-	-	550	550
Insurance	3,954	527	791	5,272	-	5,272
IT Consulting	7,222	963	1,444	9,629	-	9,629
Occupancy expense	22,731	3,031	4,546	30,308	-	30,308
Office expense	15,327	2,044	1,767	19,138	-	19,138
Other expense	1,833	60	89	1,982	22,331	24,313
Postage and shipping	2,127	284	425	2,836	-	2,836
Printing and duplicating	3,095	-	-	3,095	421	3,516
Professional fees	9,883	1,318	1,976	13,177	-	13,177
Programming	27,937	-	-	27,937	-	27,937
Research - National revenue sharing	12,853	-	-	12,853	-	12,853
Summit	28,827	-	-	28,827	-	28,827
Supplies	1,282	-	-	1,282	559	1,841
Support groups	5,316	-	-	5,316	-	5,316
Transportation and parking	786	-	-	786	2,243	3,029
Venues	-	-	-	-	1,425	1,425
Video, media and photography	-	-	-	-	10,483	10,483
	<u>\$ 364,447</u>	<u>\$ 32,575</u>	<u>\$ 54,429</u>	<u>\$ 451,451</u>	<u>\$ 61,917</u>	<u>513,368</u>
Less: Cost of donor benefits, reflected as reduction of revenue on statement of activities						61,917
Total functional expenses						<u>\$ 451,451</u>

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

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
Increase (Decrease) in Cash

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 204,087	\$ (5,054)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	598	598
Grant - PPP Loan Forgiven	(44,855)	-
Change in receivables	(17,426)	15,198
Change in prepaid expense	131	21,673
Change in accounts payable	29,904	24,544
Change in deposit for future events	-	(31,703)
Change in deferred compensation	-	(32,500)
Cash provided (used) by operations	<u>172,439</u>	<u>(7,244)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Program loan proceeds	-	44,855
Payment on loan to Lupus Foundation of America	<u>(8,691)</u>	<u>(4,500)</u>
Cash provided (used) by financing	<u>(8,691)</u>	<u>40,355</u>
Net increase (decrease) in cash	163,748	33,111
Cash - beginning of year	<u>268,875</u>	<u>235,764</u>
Cash - end of year	\$ <u><u>432,623</u></u>	\$ <u><u>268,875</u></u>
Supplemental information:		
Non-cash debt forgiven		
PPP Loan	\$ <u><u>44,855</u></u>	\$ <u><u>-</u></u>

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

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lupus Foundation of America, Georgia Chapter, Inc. (“the Chapter”) was founded by lupus patients, their families, physicians, and the concerned public to dedicate resources to determining the causes and cure for lupus and to provide programs and support for persons affected by lupus. The Chapter annually provides thousands of lupus patients and their families with information, referrals, literature, educational seminars, and support groups.

Net Asset Classifications

All contributions and unconditional promises to give are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to without restrictions upon satisfaction of the time or purpose restriction and reported on the statement of activities as net assets released from restrictions. When the donor restrictions are satisfied within the same reporting period as the restricted contribution is made, the restricted contribution is reported as restricted and as assets released from restriction.

Revenue Recognition and Deferred Revenues

Contributions are recorded as revenue when received or promised unconditionally, at their fair value. The Chapter recognizes income from legacies and bequests when an unassailable right to the gift has been established by the court and the proceeds are measurable in amount. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. All revenue received in advance for special events that are held subsequent to the year end is deferred; as is revenue related to grants, where work required as a grant condition has not been accomplished. Contributions received with donor restrictions and the restrictions are not completely met within the reporting period are reflected as net assets with donor restriction on the Statement of Financial Position.

Expense Allocations

Functional expenses which are not specifically attributable to program services or supporting services are allocated by management based on various allocation factors. Costs incurred in carrying out special events that provide a benefit to the donors (participants) are reflected as a reduction of special event revenue on the statement of activities.

Cash and Cash Equivalents

The Chapter considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Grants and receivables

The Chapter management determines its allowance for doubtful accounts based on the aging of accounts due from donors and others. At September 30, 2021 and 2020, no allowance for doubtful accounts was required.

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Furniture and equipment are recorded at cost or at their market value, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the furniture and equipment. Repairs and maintenance are expensed as incurred, and any improvements that extend the useful lives are capitalized. Depreciation expense amounted to \$598 for each year ended September 30, 2021 and September 30, 2020.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures 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.

Fair Value of Financial Instruments

Current accounting standards have established a fair value hierarchy for the inputs used to measure fair value based on the nature of the data input. The level of fair value of a financial asset or liability is based on the lower significant input level within this fair value hierarchy described as follows:

Fair value measurements based on Level 1 inputs: Measurements that are most observable is based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with enough frequency and volume to ensure liquidity.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

Cash and cash equivalents, accounts receivable and accounts payable, are stated at cost, which approximates fair value due to their short-term maturity. The fair value of the amount due to the National Office is considered a Level 3 fair value as it is based on the total amount due with no interest rate calculations. Level 3 fair values have the lowest degree of certainty regarding the underlying value of the financial instrument.

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Capital Assets, Goods and Services

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized when the services either enhance non-monetary assets or are services that would otherwise be purchased from individuals with specialized skills. No donated services met the criteria for the fiscal year ended September 30, 2021.

Income Taxes

The Chapter is a not-for-profit voluntary health agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, the Chapter is not required to pay income taxes. Contributions to the Chapter qualify for the charitable contributions deduction to the extent provided by the Internal Revenue Code. The Chapter has not had income subject to the unrelated business income tax. Accordingly, it has taken no uncertain tax positions.

Subsequent Events

The Chapter has evaluated events and transactions for possible recognition or disclosure through June 7, 2022, which is the date the financial statements were available to be issued.

2. RELATED PARTY TRANSACTIONS

Lupus Foundation of America, Inc., Georgia Chapter is an affiliate of Lupus Foundation of America, Inc. ("National"). Each year, the Chapter provides a portion of its revenue to National, which is used exclusively for research related to Lupus. The amount of revenue sharing is based on the previous year's revenue and is payable quarterly. For the years ended September 30, 2021 and 2020, revenue sharing amounted to \$29,512 and \$12,853, respectively stated.

The Chapter was granted an interest-free loan from National at September 30, 2019 to cover its revenue sharing contribution requirement for that fiscal year. The Chapter can elect to repay the entire loan balance at any time without penalty and based on its safe borrowing rate, imputed interest was not material. The loan maturity follows:

Fiscal Years Ending in		Amount
2022	\$	29,349
2023		<u>16,764</u>
	\$	<u><u>46,113</u></u>

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2021 and 2020

3. PAYROLL PROTECTION LOAN

The Chapter received a Payroll Protection Loan (PPP) of \$44,855 during the fiscal year ended September 30, 2020. In January 2021 the Chapter received verification that this loan had been forgiven. The Chapter received another PPP loan of \$44,855 in fiscal year ended September 30, 2021 which was also forgiven during the fiscal year. This loan was treated as grant income – PPP loan and the cash was received in the current fiscal year. Income recognition of the debt forgiveness of the 2020 loan did not provide cash in the 2021 fiscal year.

4. RETIREMENT PLAN AND DEFERRED COMPENSATION

The Chapter has a retirement plan that covers substantially all full-time employees meeting eligibility requirements. The Chapter makes annual contributions to the plan at the discretion of the Board of Directors. The Chapter's contributions to the plan for the years ended September 30, 2021 and 2020, was \$12,582 and \$8,063, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2021 and 2020, temporarily restricted net assets consisted of the following:

	2021	2020
GOAL - purpose restricted	\$ 32,779	\$ 32,629
Receivables - time restricted	18,575	-
	<u>\$ 51,354</u>	<u>\$ 32,629</u>

6. OPERATING LEASE COMMITMENTS

Rental expenses for the years ended September 30, 2021 and 2020, were \$30,308 and \$32,038, respectively. Beginning January 1, 2020, the Chapter signed a new lease agreement. At September 30, 2021, the remaining lease commitment was \$16,676.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of its liquidity management, the Chapter must structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At September 30, 2021 and 2020 the Chapter's liquidity consisted of the following:

	2021	2020
Cash	\$ 432,623	\$ 268,875
Grants and other receivables	18,575	1,150
Total	451,198	270,025
Net assets with donor restrictions	(51,354)	(32,779)
	<u>\$ 399,844</u>	<u>\$ 237,246</u>

LUPUS FOUNDATION OF AMERICA, GEORGIA CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2021 and 2020

8. FINANCIAL IMPACT – COVID-19

The Chapter began recovering financially from the impact of the Covid-19 pandemic as reflected in the financial results for the year ended September 30, 2021. The increase in net assets and an improved cash flow provide the Chapter with more resources to support and continue their mission to serve patients and their families.