

**LUPUS FOUNDATION OF AMERICA –
PHILADELPHIA TRI-STATE CHAPTER, INC.**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

**LUPUS FOUNDATION OF AMERICA –
PHILADELPHIA TRI-STATE CHAPTER, INC.**

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SEPTEMBER 30, 2016 AND 2015

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SKLAR CARMOSIN

& company • CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lupus Foundation of America –
Philadelphia Tri-State Chapter, Inc.
Jenkintown, Pennsylvania

We have audited the accompanying financial statements of Lupus Foundation of America – Philadelphia Tri-State Chapter, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, 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 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 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 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 – Philadelphia Tri-State Chapter, Inc. as of September 30, 2016 and 2015, 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.

Sklar, Carmosin & Company

Jenkintown, PA
February 10, 2017

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$164,351	\$199,409
Accounts Receivable	19,422	19,595
Grants Receivable	23,000	-
Prepaid Expenses and Deposits	<u>28,973</u>	<u>41,220</u>
TOTAL CURRENT ASSETS	235,746	260,224
Furniture and Equipment, Net of Accumulated Depreciation	5,537	7,569
Endowment Cash	<u>42,500</u>	<u>42,500</u>
TOTAL ASSETS	<u>\$283,783</u>	<u>\$310,293</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 15,628	\$ 20,095
Deferred Revenue	<u>60,833</u>	<u>77,119</u>
TOTAL CURRENT LIABILITIES	76,461	97,214
NET ASSETS		
Unrestricted	156,780	168,331
Temporarily Restricted	8,042	2,248
Permanently Restricted	<u>42,500</u>	<u>42,500</u>
TOTAL NET ASSETS	<u>207,322</u>	<u>213,079</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$283,783</u>	<u>\$310,293</u>

See accompanying notes and independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Contributions	\$ 97,209	\$ 5,000	\$ -	\$102,209	\$116,224	\$ -	\$ -	\$116,224
Grants	-	24,484	-	24,484	-	22,910	-	22,910
Membership Dues	6,045	-	-	6,045	6,425	-	-	6,425
Special Events (Net of Direct Benefit to Donor Expenses of 2016 - \$47,853; 2015 - \$51,286)	390,022	-	-	390,022	420,119	-	-	420,119
Meetings	2,390	-	-	2,390	6,230	-	-	6,230
Investment Income	314	234	-	548	136	10	-	146
Net Assets Released from Restrictions	23,924	(23,924)	-	-	28,519	(28,519)	-	-
TOTAL REVENUES AND SUPPORT	519,904	5,794	-	525,698	577,653	(5,599)	-	572,054
EXPENSES								
Program Services:								
Patient and Community Services	316,594	-	-	316,594	312,573	-	-	312,573
Research	69,319	-	-	69,319	67,488	-	-	67,488
Total Program Services	385,913	-	-	385,913	380,061	-	-	380,061
Support Services:								
Administration	36,001	-	-	36,001	43,636	-	-	43,636
Fundraising	109,541	-	-	109,541	121,242	-	-	121,242
Total Support Services	145,542	-	-	145,542	164,878	-	-	164,878
TOTAL EXPENSES	531,455	-	-	531,455	544,939	-	-	544,939
CHANGE IN NET ASSETS	(11,551)	5,794	-	(5,757)	32,714	(5,599)	-	27,115
NET ASSETS - BEGINNING OF YEAR	168,331	2,248	42,500	213,079	135,617	7,847	42,500	185,964
NET ASSETS - END OF YEAR	\$156,780	\$ 8,042	\$42,500	\$207,322	\$168,331	\$ 2,248	\$42,500	\$213,079

See accompanying notes and independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016						2015					
	Program Services			Support Services			Program Services			Support Services		
	Patient and Community Services	Research	Total	Administration	Fundraising	Total	Patient and Community Services	Research	Total	Administration	Fundraising	Total
Salaries and Payroll Taxes	\$151,922	\$ 9,865	\$197,301	\$19,730	\$ 15,784	\$197,301	\$138,077	\$ 7,671	\$23,013	\$ 23,013	\$191,774	
Employee Benefits	14,338	931	18,621	1,862	1,490	18,621	14,482	805	2,414	2,414	20,114	
Grants:												
Research	-	5,000	5,000	-	-	5,000	-	11,000	-	-	11,000	
Other	2,919	-	2,919	-	-	2,919	2,449	-	-	-	2,449	
Credit Card Fees/On-Line Services	15,876	1,031	20,618	2,062	1,649	20,618	14,584	810	2,431	2,431	20,256	
Depreciation	1,565	101	2,032	203	163	2,032	1,565	87	261	261	2,174	
Insurance	3,641	236	6,010	473	1,660	6,010	3,389	190	571	1,496	5,646	
Marketing	2,125	11	7,234	19	5,079	7,234	7,612	-	-	1,684	9,296	
Meetings and Conference Expense	38,586	576	79,827	1,153	39,512	79,827	34,456	276	828	33,409	68,969	
National Organization Revenue	-	46,404	46,404	-	-	46,404	-	41,942	-	-	41,942	
Sharing	13,950	906	18,117	1,812	1,449	18,117	14,666	815	2,444	2,444	20,369	
Postage	12,148	567	40,048	1,135	26,198	40,048	12,696	458	1,374	34,163	48,691	
Printing	8,668	563	20,139	1,126	9,782	20,139	13,514	662	1,986	10,499	26,661	
Professional Fees	28,377	1,843	36,853	3,685	2,948	36,853	29,175	1,621	4,862	4,862	40,520	
Rent	6,170	372	8,522	917	1,063	8,522	5,404	270	811	1,154	7,639	
Supplies	12,720	826	16,520	1,652	1,322	16,520	13,134	730	2,189	2,189	18,242	
Telephone	3,070	53	4,617	106	1,388	4,617	7,014	131	394	1,164	8,703	
Travel	519	34	673	66	54	673	356	20	59	59	494	
Miscellaneous												
TOTAL	\$316,594	\$69,319	\$531,455	\$36,001	\$109,541	\$531,455	\$312,573	\$67,488	\$43,636	\$121,242	\$544,939	

See accompanying notes and independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (5,757)	\$ 27,115
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	2,032	2,174
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Accounts Receivable	173	730
Grants Receivable	(23,000)	-
Prepaid Expenses and Deposits	12,247	(6,695)
Increase/(Decrease) in:		
Accounts Payable and Accrued Expenses	(4,467)	(15,699)
Deferred Revenue	<u>(16,286)</u>	<u>7,285</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	(35,058)	14,910
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Computer	<u>-</u>	<u>(6,852)</u>
NET INCREASE/(DECREASE) IN CASH	(35,058)	8,058
CASH - BEGINNING OF YEAR	<u>241,909</u>	<u>233,851</u>
CASH - END OF YEAR	<u>\$206,851</u>	<u>\$241,909</u>

See accompanying notes and independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

Nature of Organization

Lupus Foundation of America – Philadelphia Tri-State Chapter, Inc. (the Foundation) is a nonprofit organization, the purposes of which are (1) to improve the quality of life of people afflicted with lupus and their families and friends in the Southeastern Pennsylvania, Southern New Jersey and Delaware area through education, detection of the disease, and alleviation of suffering; (2) to eradicate the disease by providing research grants to qualified institutions and individuals; and (3) to support the programs and activities of Lupus Foundation of America, Inc. (the National Organization).

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation

The financial statements have been prepared in accordance with accounting standards for contributions received. Generally, the standards prescribe that all contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. The standards also require that contributions received be distinguished between those that increase permanently restricted, temporarily restricted, and unrestricted net assets.

Additionally, the statements have been prepared in accordance with standards that require the classification of an organization's net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. It requires that amounts for each of three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in a statement of financial position and that the amounts of the change in each of the three classes of net assets be displayed in a statement of activities.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES *(continued)*

Financial Statement Presentation (continued)

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time and market gains from invested permanently restricted net assets which have not been expended. Use of realized gains is limited annually under state law.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Contributions

Contributions, including unconditional promises to give, are recorded as revenue when received. Investments, property, and other non-cash contributions are recorded at fair value at the date of gift or bequest. Contributions are considered to be available for unrestricted use unless 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 accomplished), temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets and reported in the statement of activities as net assets released from temporary restrictions.

Grants

Grants are recorded as revenue as the services are performed. Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Grants receivable were \$23,000 and \$-0- at September 30, 2016 and 2015, respectively.

Special Events

Revenue and expenses from special events are recognized during the period the event is held. Receipts received prior to the period when the event is held are recognized as deferred revenue. Expenses incurred prior to the period the event is held are recognized as prepaid expenses.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES *(continued)*

Donated Materials and Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in carrying out its programs. The value of that portion of these services which meets the requirements for recognition in the financial statements is recorded as both contributions and expenses in the accompanying statement of activities at its estimated value at the date of receipt. Donated materials and services of \$2,382 and \$1,739 were recorded for the years ended September 30, 2016 and 2015, respectively. These materials and services were used primarily in connection with the Lupus Loop/Walk for Lupus Now Programs and the Lupus Links.

Cash

The Foundation maintains its cash accounts in a commercial bank and in a money market account with a regulated investment company. The amount on deposit at the bank is insured by the Federal Deposit Insurance Corporation, and the amount on deposit at the regulated investment company is insured by the Securities Investor Protection Corporation. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable at September 30, 2016, consist of contributions and special event revenue, all of which is expected to be collected in fiscal year 2017.

Furniture and Equipment

Furniture and equipment are stated at cost. Major replacements and betterments greater than \$1,000 are capitalized while maintenance and repairs are expensed as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. If the donor does not stipulate how long those donated assets must be maintained, then the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassified temporarily restricted net assets to unrestricted net assets at that time.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Furniture and Equipment *(continued)*

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

Classifications	Years
Computer Software and Equipment	3 – 5
Furniture and Fixtures	5

Income Tax Status

The Foundation is a qualified, not-for-profit educational organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is exempt from federal and state income taxes. The Foundation did not have any unrelated business income for the years ended September 30, 2016 and 2015 that would be subject to federal or state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Foundation accounts for uncertainty in income taxes using a recognition threshold of more-than-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainties occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2016 and 2015.

The Foundation's Forms 990, Federal Return of Organization Exempt from Income Tax, for the years ended September 30, 2013 through September 30, 2016 remain subject to examination by the Internal Revenue Service.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Management has evaluated subsequent events through February 10, 2017, the date which the financial statements were available to be issued.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 2 – CASH

Cash at September 30, 2016 and 2015 consisted of the following:

	2016	2015
Firsttrust Checking and Petty Cash	\$ 40,436	\$ 48,501
Firsttrust Savings	44,845	72,273
Vanguard Money Market	79,070	78,635
Vanguard Money Market- Guggenheim Endowment	<u>42,500</u>	<u>42,500</u>
	<u>\$206,851</u>	<u>\$241,909</u>

NOTE 3 – FURNITURE AND EQUIPMENT

A summary of furniture and equipment at September 30, 2016 and 2015 is as follows:

	2016	2015
Computer Software and Equipment	\$28,062	\$28,062
Furniture and Fixtures	<u>15,933</u>	<u>15,933</u>
	43,995	43,995
Less: Accumulated Depreciation	<u>(38,458)</u>	<u>(36,426)</u>
	<u>\$ 5,537</u>	<u>\$ 7,569</u>

Depreciation expense was \$2,032 and \$2,174 for the years ended September 30, 2016 and 2015, respectively.

NOTE 4 – DEFERRED REVENUE

Deferred revenue at September 30, 2016 and 2015 consisted of deferred special event revenues of \$60,833 and \$77,119, respectively.

Special event revenues received in the period before the event is held are deferred and recognized in the period in which the event is held.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 5 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets held at September 30, 2016 and 2015 are available for the following purposes or future periods:

	2016	2015
Contributions, Grants, and Other Unexpended Revenues Available for:		
Research Funds	\$1,216	\$ 421
Nicholas W Genematas Foundation	1,826	1,827
LUPUS Self-Help Course	<u>5,000</u>	<u>-</u>
	<u>\$8,042</u>	<u>\$2,248</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2016	2015
Purposes Restrictions Accomplished:		
Outreach, Education and Research	\$23,000	\$28,289
Financial Assistance	<u>924</u>	<u>230</u>
	<u>\$23,924</u>	<u>\$28,519</u>

Permanently restricted net assets of \$42,500 consisted solely of endowment funds at September 30, 2016 and 2015, the income from which is to be used to provide financial assistance to individuals afflicted with lupus.

NOTE 6 – ENDOWMENT FUNDS

The Foundation's endowment consists of one fund, the Guggenheim Endowment, established to provide financial assistance to individuals afflicted with lupus who are unable to pay for medications and other lupus-related expenses. The Endowment includes donor-restricted funds only.

See independent auditor's report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 6 – ENDOWMENT FUNDS *(continued)*

Interpretation of Relevant Law

The Foundation follows Pennsylvania Act 141 required by the Commonwealth of Pennsylvania. Act 141 requires the historical dollar amount of a donor-restricted endowment fund to be preserved. The Foundation’s donors have requested that the original amount of the endowment, \$42,500, remain intact, and that the income and any appreciated value be used for the purposes stated above. As a result of this, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment (if any). The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation follows investment policies, approved by the Board of Directors, to preserve and protect its assets by earning a total return for the fund appropriate for the fund’s time horizon, distribution techniques, and risk tolerance. Furthermore, the investments must provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long term. Endowment assets are invested in a Vanguard money market fund.

Spending Policies

As required by the donors, the Foundation can distribute the income of the fund.

During the year ended September 30, 2016, the Foundation had the following endowment-related activities.

	Temporarily Restricted	Permanently Restricted
Endowment Net Assets:		
Beginning of Year	\$ -	\$42,500
Contributions	-	-
Investment Income	-	234
Amounts Appropriated	234	(234)
Financial Assistance	(234)	-
End of Year	<u>\$ -</u>	<u>\$42,500</u>

See independent auditor’s report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 7 – SPECIAL EVENTS

During the years ended September 30, 2016 and 2015, the Foundation conducted special events designed to inform supporters about current operations and activities, and to raise funds for the Foundation. The table below summarizes support received from these events, less costs for the direct benefits provided:

	Support	Expenses	2016 Net Proceeds	2015 Net Proceeds
Lupus Loop, Central PA Walk and Walk for Lupus Now	\$376,890	\$22,380	\$354,510	\$365,182
Lupus Links	40,432	22,785	17,647	18,287
Bridge Tournament	6,734	2,688	4,046	8,716
Other	<u>13,819</u>	<u>-</u>	<u>13,819</u>	<u>27,934</u>
	<u>\$437,875</u>	<u>\$47,853</u>	<u>\$390,022</u>	<u>\$420,119</u>

NOTE 8 – NATIONAL ORGANIZATION REVENUE SHARING EXPENSE

In accordance with the revenue sharing policy of the National Organization, the Foundation is required to remit a portion of its revenue to the National Organization. The revenue sharing expense is generally equal to 10% of the Foundation’s total revenue, less applicable adjustments, as reported on its prior year IRS Form 990. The Foundation’s revenue sharing expense for the years ended September 30, 2016 and 2015 was \$46,404 and \$41,942, respectively. Revenue shares for 2016 exclusively support the Lupus Foundation of America’s national research program, *Bringing Down the Barriers*.

NOTE 9 – RESEARCH GRANTS

Research grants were made to the following organizations for the years ended September 30, 2016 and 2015 as follows:

	2016	2015
Temple University	\$2,500	\$ -
University of Pennsylvania	2,500	7,500
NIH/NIADO	<u>-</u>	<u>3,500</u>
	<u>\$5,000</u>	<u>\$11,000</u>

See independent auditor’s report.

LUPUS FOUNDATION OF AMERICA – PHILADELPHIA TRI-STATE CHAPTER, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 10 – OPERATING LEASE

The Foundation leases its office facilities in Jenkintown, Pennsylvania, pursuant to a non-cancelable lease that expires June 30, 2023. The Organization rented other office space in Jenkintown, Pennsylvania up until June 30, 2015. The rent expense for the Jenkintown office spaces was \$32,134 and \$37,633 for the years ended September 30, 2016 and 2015, respectively.

Additionally, in 2013 the Foundation entered into a non-cancelable lease for office space in Wilmington, Delaware. The lease term is July 1, 2013 through June 30, 2018, and the rent expense was \$4,719 and \$4,719 for the years ended September 30, 2016 and 2015, respectively.

The minimum annual lease commitments for the next five years for these leases are as follows:

Year Ending September 30,	Amount
2017	\$28,348
2018	\$32,382
2019	\$29,905
2020	\$30,802
2021	\$31,724

See independent auditor's report.