AZ Corp. Commission

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WEB FORM COPY

STATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT & CERTIFICATE OF DISCLOSURE

DUE ON OR BEFORE 04/19/2008 FY07-08 **FILING FEE** $10.00

The following information is required by A.R.S. §§10-1622 & 10-11622 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§10-121.A. & 10-3121.A. YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation. See instructions on page 4 for proper format.

1. F-1127536-1

LUPUS FOUNDATION OF AMERICA, INC.
2000 L STREET NW #700
WASHINGTON, DC 20036

RECEIVED
APR 11 2008
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

Business Phone: (202) 349-1155 (Business phone is optional.)

State of Domicile: DISTRICT OF COLUMBIA **Type of Corporation:** NON-PROFIT

2. Statutory Agent: NATIONAL REGISTERED AGENTS INC
Mailing Address: 1850 N CENTRAL AVE #1160
City, State, Zip: PHOENIX, AZ 85004

Physical Address, If Different.
Physical Address:
City, State, Zip:

ACC USE ONLY

Fee $______
Penalty $______
Reinstate $______
Expedite $______
Resubmit $______

Use this box only if appointing a new Statutory Agent

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

I, (individual) or We, (corporation or limited liability company) having been designated the new Statutory Agent, do hereby consent to this appointment until my removal or resignation pursuant to law.

____
Signature of *new* Statutory Agent

____
Printed Name of *new* Statutory Agent

3. **Secondary Address:**

(Foreign Corporations are **REQUIRED** to complete this section).

% NATIONAL REGISTERED AGENTS I
1850 N CENTRAL AVE #1160
PHOENIX, AZ 85004

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

BUSINESS CORPORATIONS

- ☐ 1. Accounting
- ☐ 2. Advertising
- ☐ 3. Aerospace
- ☐ 4. Agriculture
- ☐ 5. Architecture
- ☐ 6. Banking/Finance
- ☐ 7. Barbers/Cosmetology
- ☐ 8. Construction
- ☐ 9. Contractor
- ☐ 10. Credit/Collection
- ☐ 11. Education
- ☐ 12. Engineering
- ☐ 13. Entertainment
- ☐ 14. General Consulting
- ☐ 15. Health Care
- ☐ 16. Hotel/Motel
- ☐ 17. Import/Export
- ☐ 18. Insurance
- ☐ 19. Legal Services
- ☐ 20. Manufacturing
- ☐ 21. Mining
- ☐ 22. News Media
- ☐ 23. Pharmaceutical
- ☐ 24. Publishing/Printing
- ☐ 25. Ranching/Livestock
- ☐ 26. Real Estate
- ☐ 27. Restaurant/Bar
- ☐ 28. Retail Sales
- ☐ 29. Science/Research
- ☐ 30. Sports/Sporting Events
- ☐ 31. Technology(Computers)
- ☐ 32. Technology(General)
- ☐ 33. Television/Radio
- ☐ 34. Tourism/Convention Services
- ☐ 35. Transportation
- ☐ 36. Utilities
- ☐ 37. Veterinary Medicine/Animal Care
- ☐ 38. Other ________

NON-PROFIT CORPORATIONS

- 1. ■ Charitable
- 2. ☐ Benevolent
- 3. ☐ Educational
- 4. ☐ Civic
- 5. ☐ Political
- 6. ☐ Religious
- 7. ☐ Social
- 8. ☐ Literary
- 9. ☐ Cultural
- 10. ☐ Athletic
- 11. ☐ Science/Research
- 12. ☐ Hospital/Health Care
- 13. ☐ Agricultural
- 14. ☐ Animal Husbandry
- 15. ☐ Homeowner's Association
- 16. ☐ Professional, commercial industrial or trade association
- 17. ☐ Other________

5. CAPITALIZATION: (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. PLEASE PRINT OR TYPE CLEARLY.

5a. Please examine the corporation's original Articles of Incorporation for the amount of **shares authorized**.

Number of Shares/Certificates **Authorized**	Class	Series Within Class (if any)
0		
0		

5b. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of **shares issued**.

Number of Shares/Certificates **Issued**	Class	Series Within Class (if any)
0		
0		

6. SHAREHOLDERS: (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation.

NONE ☐

Name: N/A **Name:**

Name: **Name:**

7. OFFICERS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: SANDRA C RAYMOND
Title: PRESIDENT
Address: 2000 L ST NW #710
WASHINGTON, DC 20036
Date taking office: 3/19/2004

Name: *SEUNG-AE CHUNG*
Title: *ASSISTANT TREASURER/CFO*
Address: *2000L STREET NW, #710*
WASHINGTON, DC 20036
Date taking office: *3/19/2004*

Name: *SEE ATTACHED FOR COMPLETE LIST*
Title:
Address:
Date taking office:

Name:
Title:
Address:
Date taking office:

8. DIRECTORS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: *SEE ATTACHED FOR COMPLETE LIST*
Address:
Date taking office:

Name:
Address:
Date taking office:

Name:
Address:
Date taking office:

Name:
Address:
Date taking office:

LUPUS™
Foundation of America, Inc.

2008 BOARD OF DIRECTORS

OFFICERS OF THE BOARD

IMMEDIATE PAST CHAIR

Christine Smith
7111 Ardmore
Houston, TX 77054
(713) 579-3120

ASSISTANT TREASURER

Seung-Ae Chung
Lupus Foundation of America, Inc.
2000 L Street NW, Suite 710
Washington, DC 20036

DIRECTORS

Frank J. Bonner, Jr., MD
CEO & Medical Director
Rehabilitation Hospital of South Jersey
1237 W. Sherman Avenue
Vineland, NJ 08360
(856) 696-7100

Richard Cooper
Cooperfund, Inc.
611 Enterprise Drive
Oak Brook, IL 60523
(630) 573-8700

Karen B. Evans
Executive Director
Will & Jada Smith Family Foundation
6614 Cross Country Blvd
Baltimore, MD 21215
(410) 358-1380

Toni Freeman
2414 1st Avenue, Unit 701
Seattle, WA 98121
(206) 441-4430

James N. Gianopulos
Chairman & CEO
Fox Film Entertainment, USA
10201 Pico Boulevard
Los Angeles, CA 90035
(310) 369-4400

DIRECTORS

Gary Gilkeson, MD
Medical University of South Carolina
912 Clinical Sciences Building
171 Ashley Avenue
Charleston, SC 29425
(843) 789-6790

Craig Glick
NGP Midstream & Resources, LP
125 East John Carpenter Freeway
Suite 600
Irving, TX 75062
(972) 432-180

Merrillyn J. Kosier
200 East Randolph Drive, Suite 2900
Chicago, IL 60601
(312) 726-0140

Susan Manzi, MD
3500 Terrace Street, BST South Wing 7th Floor
Pittsburgh, PA 15261
(412) 383-8000

The Honorable Carrie P. Meek
The Meek Foundation
6830 NW 28th Avenue
Miami, FL 33147-6766
(202) 349-1155

Richard G. Sharpe
846 Old Bell Road
Charlotte, NC 28270
(704) 560-0305

Annette Shelby, Ph.D.
3025 Cambridge Place, NW
Washington, DC 20007
(202) 349-1155

Robert Taylor, CFA
The Jamie and Robert Taylor Foundation
312 Woodley Road
Winnetka, IL 60093
(312) 621-5261

Gordon F. Webb
6 Graybridge Lane
St. Louis, MO 63124
(314) 721-3399

Randall Winston
12629 Riverside Drive, 3rd floor
Valley Village, CA 91607
818-432-1006

RAFFA

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Lupus Foundation of America, Inc. (the Foundation) as of September 30, 2007 and 2006 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lupus Foundation of America, Inc. as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Raffa, P.C.

RAFFA, P.C.

Washington, D.C.
January 10, 2008

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents	$ 4,225,338	$ 3,886,350
Accounts receivables, net of allowance for doubtful accounts of $30,196 as of September 30, 2007 and 2006	291,260	173,959
Pledges receivable, net of allowance for doubtful pledges of $50,000 as of September 30, 2007	1,314,820	875,481
Prepaid expenses	65,227	75,218
Inventory	8,181	13,274
Investments	10,431	8,559
Property and equipment, net of accumulated depreciation and amortization of $275,449 and $216,958, respectively	196,265	129,784
Restricted investments	121,258	121,258
TOTAL ASSETS	$ 6,232,780	$ 5,283,883
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 583,838	$ 492,964
Grants payable	1,987,862	810,500
Capital lease obligations	39,508	11,995
Deferred lease incentive	145,702	125,824
Total Liabilities	2,756,910	1,441,283
Net Assets		
Unrestricted	3,025,554	3,293,549
Temporarily restricted	343,016	441,751
Permanently restricted	107,300	107,300
Total Net Assets	3,475,870	3,842,600
TOTAL LIABILITIES AND NET ASSETS	$ 6,232,780	$ 5,283,883

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, 2007 and 2006

	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Public support	$ 3,138,758	$ 1,822,349	$ -	$ 4,961,107	$ 2,718,059	$ 947,437	$ -	$ 3,665,496
Wills and bequests	278,964	-		278,964	2,391,387	10,000	-	2,401,387
Contributions from affiliates	1,000	115,235	-	116,235	2,500	144,924	-	147,424
Membership dues	441,515	-	-	441,515	363,850	-	-	363,850
Publications	190,421	-	-	190,421	259,280	-	-	259,280
Special events, net of direct benefit costs of $169,659 and $121,604, respectively	903,333	-	-	903,333	1,015,321	154,500	-	1,169,821
Convention revenue	10,499	-	-	10,499	13,191	-	-	13,191
Donated goods programs	1,346,676	-	-	1,346,676	943,009	-	-	943,009
Donated services	417,004	-	-	417,004	276,557	-	-	276,557
Royalty income	36,979	-	-	36,979	43,646	-	-	43,646
Investment income	214,403	-	-	214,403	141,243	-	-	141,243
Other income	19,318	-	-	19,318	31,225	-	-	31,225
Net assets released from restrictions: Satisfaction of program restrictions	2,036,319	(2,036,319)	-	-	1,313,063	(1,313,063)	-	-
TOTAL SUPPORT AND REVENUE	9,035,189	(98,735)	-	8,936,454	9,512,331	(56,202)	-	9,456,129
EXPENSES								
Program Services								
Public information and education	2,322,292	-	-	2,322,292	1,620,498	-	-	1,620,498
Professional relations and education	867,311	-	-	867,311	1,131,143	-	-	1,131,143
Chapter support and services	1,371,025	-	-	1,371,025	1,378,537	-	-	1,378,537
Patient education and support	865,034	-	-	865,034	656,661	-	-	656,661
Research	1,898,659	-	-	1,898,659	976,604	-	-	976,604
Total Program Services	7,324,321	-	-	7,324,321	5,763,443	-	-	5,763,443
Supporting Services								
Management and general	422,364	-	-	422,364	344,176	-	-	344,176
Fundraising	1,556,499	-	-	1,556,499	1,140,802	-	-	1,140,802
Total Supporting Services	1,978,863	-	-	1,978,863	1,484,978	-	-	1,484,978
TOTAL EXPENSES	9,303,184	-	-	9,303,184	7,248,421	-	-	7,248,421
CHANGE IN NET ASSETS	(267,995)	(98,735)	-	(366,730)	2,263,910	(56,202)	-	2,207,708
NET ASSETS, BEGINNING OF YEAR	3,293,549	441,751	107,300	3,842,600	1,029,639	497,953	107,300	1,634,892
NET ASSETS, END OF YEAR	$ 3,025,554	$ 343,016	$ 107,300	$ 3,475,870	$ 3,293,549	$ 441,751	$ 107,300	$ 3,842,600

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, 2007

	Program Services						Supporting Services			
	Public Information and Education	Professional Relations and Education	Chapter Support and Services	Patient Education and Support	Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and benefits	$ 756,816	$ 395,509	$ 426,170	$ 287,409	$ 76,677	$ 1,942,581	$ 206,625	$ 229,317	$ 435,942	$ 2,378,523
Professional services	293,253	121,060	353,030	374,426	51,169	1,192,938	40,375	145,753	186,128	1,379,066
Research grants	-	-	-	-	1,701,500	1,701,500	-	-	-	1,701,500
Printing, publications and promotions	600,104	75,865	164,980	112,636	18,623	972,208	21,899	192,702	214,601	1,186,809
Postage, mailing and shipping	440,292	40,717	71,368	22,604	8,522	583,503	14,215	780,992	795,207	1,378,710
Occupancy, maintenance and insurance	88,434	26,938	61,668	32,925	19,864	229,829	16,537	33,469	50,006	279,835
Conferences, meetings and travel	51,634	171,489	201,676	7,302	5,948	438,049	63,696	144,681	208,377	646,426
Supplies, telecom and internet	37,437	19,459	28,737	7,843	4,356	97,832	4,642	9,367	14,009	111,841
Other expenses	35,313	10,483	24,096	12,812	7,730	90,434	52,445	13,024	65,469	155,903
Distributions to chapters	-	-	26,081	-	-	26,081	-	-	-	26,081
Total expenses before depreciation	2,303,283	861,520	1,357,806	857,957	1,894,389	7,274,955	420,434	1,549,305	1,969,739	9,244,694
Depreciation and amortization	19,009	5,791	13,219	7,077	4,270	49,366	1,930	7,194	9,124	58,490
Total	$ 2,322,292	$ 867,311	$ 1,371,025	$ 865,034	$ 1,898,659	$ 7,324,321	$ 422,364	$ 1,556,499	$ 1,978,863	$ 9,303,184

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, 2006

	Program Services						Supporting Services			
	Public Information and Education	Professional Relations and Education	Chapter Support and Services	Patient Education and Support	Research	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and benefits	$ 578,571	$ 288,294	$ 394,271	$ 241,927	$ 54,929	$ 1,557,992	$ 184,871	$ 147,072	$ 331,943	$ 1,889,935
Professional services	340,473	531,348	408,384	247,039	24,979	1,552,223	35,157	114,929	150,086	1,702,309
Research grants	-	-	-	-	794,500	794,500	-	-	-	794,500
Printing, publications and promotions	255,353	121,394	290,371	104,805	13,238	785,161	23,256	290,762	314,018	1,099,179
Postage, mailing and shipping	288,501	57,808	46,367	16,689	4,255	413,620	6,560	469,743	476,303	889,923
Occupancy, maintenance and insurance	69,840	23,590	53,952	22,935	13,979	184,296	13,698	27,522	41,220	225,516
Conferences, meetings and travel	36,323	90,659	125,151	6,279	58,958	317,370	30,984	68,231	99,215	416,585
Supplies, telecom and internet	23,499	8,532	22,632	7,733	6,125	68,521	3,800	9,439	13,239	81,760
Other expenses	12,505	4,260	10,242	4,142	2,525	33,674	44,243	6,970	51,213	84,887
Distributions to chapters	-	-	15,142	-	-	15,142	-	-	-	15,142
Total expenses before depreciation	1,605,065	1,125,885	1,366,512	651,549	973,488	5,722,499	342,569	1,134,668	1,477,237	7,199,736
Depreciation and amortization	15,433	5,258	12,025	5,112	3,116	40,944	1,607	6,134	7,741	48,685
Total	$ 1,620,498	$ 1,131,143	$ 1,378,537	$ 656,661	$ 976,604	$ 5,763,443	$ 344,176	$ 1,140,802	$ 1,484,978	$ 7,248,421

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, 2007 and 2006
Increase (Decrease) in Cash and Cash Equivalents

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$ (366,730)	$ 2,207,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	58,490	48,685
Bad debt expense	100,000	-
Donated securities	(61,616)	(76,846)
Net realized and unrealized (gain) loss	(1,872)	732
Changes in assets and liabilities:		
Accounts receivable	(117,301)	(27,722)
Pledges receivable	(539,339)	(384,352)
Prepaid expenses	9,991	(5,642)
Inventory	5,093	(5,820)
Accounts payable and accrued expenses	90,874	69,029
Grants payable	1,177,362	252,000
Deferred lease incentive	19,878	(15,458)
NET CASH PROVIDED BY OPERATING ACTIVITIES	374,830	2,062,314
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale or maturities of investments	61,616	92,128
Purchases of property and equipment	(87,466)	(15,052)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(25,850)	77,076
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(9,992)	(6,514)
NET CASH USED IN FINANCING ACTIVITIES	(9,992)	(6,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS	338,988	2,132,876
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,886,350	1,753,474
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,225,338	$ 3,886,350
NON-CASH INVESTING ACTIVITIES		
Donated stock	$ 61,616	$ 76,846
TOTAL NON-CASH INVESTING ACTIVITIES	$ 61,616	$ 76,846
SUPPLEMENTAL CASH FLOW INFORMATION		
Equipment purchased under a capital lease	$ 37,505	$ -
Obligation incurred under a capital lease	(37,505)	-
	$ -	$ -

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

1. Organization and Summary of Significant Accounting Policies

Organization

The Lupus Foundation of America, Inc. (the Foundation) is the nation's leading nonprofit voluntary health organization dedicated to finding the causes of and cure for lupus and providing support, services and hope to all people affected by lupus.

Research, education, and patient services are at the heart of the Foundation's programs. With nearly 300 chapters, branches and support groups in 32 states, the Foundation energetically pursues its mission through the following five program objectives:

- Provides direct financial support to researchers through LFA's Five-Year Research Support Program, "Bringing Down the Barriers."
- Advocates increased public and private sector support for biomedical research on lupus.
- Translates research findings into medically-sound information and programs for physicians and other health care professionals.
- Heightens public awareness of the causes and consequences of lupus.
- Supports individuals with lupus, their families and caregivers.

These financial statements do not include the accounts of the chapters, branches and support groups.

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 certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, short-term highly liquid investments that are readily convertible into cash are considered cash equivalents.

Investments

The Foundation carries its investments at fair value with any related gain or loss reported in the accompanying statements of activities.

Inventory

Inventory consists largely of books and is recorded at cost using the first-in, first-out method.

Continued

1. Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation and Amortization

Property and equipment with unit values in excess of $500 are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life of three to five years. Leasehold improvements are amortized over the lease period or useful life of the improvements, whichever is shorter.

Classification of Net Assets

The net assets of the Foundation are reported as follows:

- Unrestricted net assets represent the accumulation of assets that are available for support of the Foundation's operations.
- Temporarily restricted net assets are specifically restricted by donors for various programs and/or future periods.
- Permanently restricted net assets represent proceeds received from the liquidation of a chapter which the principal must be invested in perpetuity and only the earned investment income can be used for general operating purposes.

Grants Payable

Research grants are awarded annually and are payable over one to two years beginning October 1st. The liabilities and expenses of such awards are recognized in the year in which the grants are awarded.

Revenue Recognition

The Foundation receives contributions from the public and local chapters. The Foundation reports gifts of cash and other assets as unrestricted support in the absence of donor restrictions and as restricted 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 accomplished, temporarily restricted net assets are reclassified in the accompanying statements of activities as net assets released from restrictions. Unrestricted grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made.

The Foundation recognizes income from bequests and contributions in the year the promise to give becomes unconditional.

Revenue and the related costs of special events are recognized in the year in which the special event is held.

Continued

1. Summary of Significant Accounting Policies (continued)

Donated Services

During the years ended September 30, 2007 and 2006, the Foundation received donated public service announcements, advertising and printing, which were recorded at the fair market value of $417,004 and $276,557, respectively in the accompanying statements of activities.

A substantial number of volunteers have donated 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 criteria of Statement of Financial Accounting Standards No. 116 ("SFAS No. 116"), "Accounting for Contributions Received and Contributions Made."

Functional Expenses

The costs of providing the Foundation's various programs and activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the time and effort reports of the management staff allocated to each program or activity.

2. Pledges Receivable

Unconditional pledges receivable of $1,314,820, net of the allowance for uncollectible pledges of $50,000, and $875,481 as of September 30, 2007 and 2006 are anticipated to be received within one year.

3. Restricted Investments

Restricted investments consist of money market funds of $107,300 as of September 30, 2007 and 2006, which represent the principal amount of the permanently restricted contribution. The remaining balance of $13,958 invested in a certificate of deposit as of September 30, 2007 and 2006, represents an amount required to be set aside as collateral for a letter of credit in accordance with the Foundation's office space lease.

4. Research Grants

During the years ended September 30, 2007 and 2006, the Foundation awarded research grants totaling $1,701,500 and $794,500. These research grants are payable over one to two years. At September 30, 2007 and 2006, the Foundation was obligated to pay $1,987,862 and $810,500, respectively, in research grants that had been awarded.

Continued

5. Commitments

Operating Leases

The Foundation entered into an operating office space lease agreement that commenced on March 21, 2003 and expires in 2011. The terms of the lease required a security deposit of $27,915, which was reduced to $13,958 after the expiration of the second lease year of the term. In lieu of the cash security deposit, the lease allowed for the Foundation to establish a letter of credit, which is secured by a certificate of deposit (see Note 3).

On October 5, 2006, the Foundation entered into an operating lease agreement for additional office space. The commencement date for this expanded space was February 1, 2007 and expires May 31, 2011. The terms of the new lease required a security deposit of $5,416.

The terms of the above operating leases include a construction allowance totaling $206,453, which the Foundation used to build out the office space. The lease also contains a fixed escalation clause for increases in the annual minimum rent at a rate of 2.5% per year. The construction allowance and the fixed rent increases are reflected as deferred lease incentive in the accompanying statements of financial position, and are being amortized ratably over the term of the lease.

Future minimum lease payments, subject to cost-of-living adjustments, are as follows:

For the Year Ending September 30,	
2008	253,310
2009	259,655
2010	266,148
2011	180,009
Total	$ 959,122

Office rental expense for the years ended September 30, 2007 and 2006 was $236,172 and $183,676, respectively, and is included in occupancy, maintenance and insurance expense in the accompanying statements of functional expenses.

Line of Credit

The Foundation holds a line of credit with Bank of America in the amount of $500,000 which expires April 8, 2008. One-half of the line of credit is secured by a money market fund of the Foundation. The remaining $250,000 of the line of credit is unsecured. Amounts drawn on this line accrue interest at the bank's prime rate minus 0.50% and are payable on demand. The prime rate as of September 30, 2007 and 2006 was 7.75% and 8.25%, respectively. At September 30, 2007 and 2006, the Foundation had no outstanding balance on this line of credit.

Continued

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2007 and 2006 are comprised of:

	2007	2006
Purpose restricted:		
Research Project (Definitions of a Lupus Flare)	$ 117,263	$ -
Physicians' Guide	68,100	50,000
Education and Other Programs	147,653	391,751
Total Purpose Restricted	333,016	441,751
Time restricted:		
Evelyn V. Hess Research Award Presentation	10,000	-
Total	$ 343,016	$ 441,751

7. Financial Instruments and Credit Risks

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank at times exceeds the amount guaranteed by federal agencies and, therefore, bears some risk, the Foundation has not experienced, nor does it anticipate, any losses on its funds. At September 30, 2007, the amount in excess of the Federal Deposit Insurance Corporation insured limits of $100,000 respectively, was $4,471,443.

8. Pension Plan

The Foundation has a contributory, defined contribution pension plan, which operates under Section 403(b) of the Internal Revenue Code, covering all employees who have completed one year of service and credited with at least 1,000 hours of service. Effective January 1, 2003, Foundation contributions to the Plan are discretionary. The Plan allows for a three-tiered employee contribution rate schedule based on years of service with a percentage rate determined by the Board annually ranging from 5% to 9%. Total pension expense for the years ended September 30, 2007 and 2006 was $82,707 and $84,356, respectively, and are included in salaries and benefits expense in the accompanying statements of functional expenses.

Continued

9. Allocation of Joint Costs

The Foundation conducts activities that include requests for contributions, as well as program and management and general components. Those activities include direct mail campaigns and the household goods solicitation program. The joint costs of conducting those activities for the years ended September 30, 2007 and 2006 included a total of $1,447,683 and $1,013,129, respectively, are not specifically attributable to particular components of the activities.

These joint costs were allocated as follows:

	2007	2006
Program	$ 453,075	$ 283,980
Fundraising	913,530	703,028
Management and general	81,078	26,121
Total	$1,447,683	$1,013,129

10. Tax Status

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from federal taxes on income other than net unrelated business income. For the years ended September 30, 2007 and 2006, no provision for income taxes was required, as the Foundation had no net unrelated business income.

WINFIELD SUMMIT & ASSOCIATES
22459 South Summit Ridge Circle
Chatsworth, California 91311
818-700-0375
Fax: 818-993-3407

To Whom It May Concern:

RE: LUPUS FOUNDATION OF AMERICA

Please find enclosed the renewal registration for the above referenced organization. Should you have any questions or require further information, please contact me directly at the telephone number or address listed above.

Sincerely,

P.A. Goldsmith

P. A. Goldsmith
President WSA
Regulatory Compliance Consultants

Please Enter Corporation Name: LUPUS FOUNDATION OF AMERICA, INC. File number F-1127536-1

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)
Nonprofit corporations **must attach** a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.6)

Only Nonprofit Corporations must answer this question.

This corporation **DOES** ☐ **DOES NOT** ☒ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-11622.A.7)
Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been: **[Underlined portion pertains to business corporations only]**

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
   (a) fraud or registration provisions of the securities laws of that jurisdiction, or
   (b) the consumer fraud laws of that jurisdiction, or
   (c) the antitrust or restraint of trade laws of that jurisdiction?

One box **must** be marked: **YES** ☐ **NO** ☒

If "YES", the following information must be submitted as an attachment to this report for each person subject to one or more of the *actions stated in Items 1. through 3. above.*

1. Full name and prior names used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7 year period).
5. Date and location of birth.
6. Social Security Number
7. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved, and the file or cause number of the case.

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.D.2, 10-1623 & 10-11623)

A) Has the corporation filed a petition for bankruptcy or appointed a receiver? One box **must** be marked: **YES** ☐ **NO** ☒

B) Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity OR held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any other corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

[Underlined portion pertains to business corporations only] One box **must** be marked: **YES** ☐ **NO** ☒

If "YES" to A and/or B, the following information must be submitted as an attachment to this report for each person subject to the statement above.
1. The names and addresses of each corporation and the person or persons involved. (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business.
3. The dates of corporate operation.
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation.
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed.
6. Name and address of court appointed receiver.

12. SIGNATURES: Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of law that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of law that I (we) have examined this report and the certificate, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

Name SANDRA C. RAYMOND **Date** 4.4.08 **Name** SEUNG-AE CHUNG **Date** 4/4/08

Signature Sandra C. Raymond **Signature** [signature]

Title PRESIDENT/CEO **Title** ASSISTANT TREASURER/CFO

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)