Institute For Science And Health

Financial Statements
As of September 30, 2008 and 2007
Together With Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

Institute For Science And Health

I have audited the accompanying Statements of Financial Position of the Institute For Science And Health (A Missouri General Not-For-Profit Corporation) as of September 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute For Science And Health. as of September 30, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

January 25, 2009

Ronald L. Carel CPA

Institute for Science and Health
Statement of Financial Position
September 30, 2008 and 2007

	2008	2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,375,664	$2,819,470
Accounts Receivable	299	-
Prepaid Income Taxes	$ 3,440	$ -
Total current assets	$ 3,379,403	$2,819,470
Noncurrent Assets:		
Furniture and equipment	$ 37,677	$ 53,252
Other Assets:		
Security deposits	1,210	3,710
Total Noncurrent Assets	$ 38,887	$ 56,962
Total Assets	$ 3,418,290	$2,876,432
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ -	$ -
Total current liabilities/total liabilities	$ -	$ -
Net assets:		
Unrestricted net assets:	3,418,290	2,876,432
Total liabilities and net assets	$ 3,418,290	$2,876,432

See accompanying notes to financial statements

Institute for Science and Health
Statement of Activities
For the Year Ended September 30, 2008 and 2007

	2008	2007
UNRESTRICTED NET ASSETS		
Support		
Unrestricted grant income	$ 1,500,000	$ -
Conversion Rate Income	$ 615,186	$ -
Donation income	71,894	27,008
Special event income	116,207	226,779
Interest & dividend income	86,585	117,229
Total unrestricted support	$ 2,389,872	$ 371,016
Expenses		
Project Costs		
Research Grants	519,532	819,452
Advertising	7,543	4,490
Travel, lodging & meals	107,241	118,090
Honoraria	31,390	17,500
Project costs	72,630	35,060
Writing and other	13,894	12,943
Total Project Costs	$ 752,230	$ 1,007,535
Administration Costs		
Salaries and Wages	$ 458,643	$ 415,076
Rent	79,542	96,947
Depreciation	15,575	16,791
Insurance	9,331	8,998
Travel & entertainment	59,327	69,776
Professional Fees	26,460	11,387
Payroll taxes, benefits and fees	80,753	71,027
Outside services	286,295	319,090
Communications	11,665	10,285
Business development	-	507
401k expense	1,607	6,481
Dues & subscriptions	12,268	9,094
Donations	16,734	19,068
Office supplies	2,683	12,217
Computer expense	1,159	2,380
Administrative expense-other	30,214	23,118
Income taxes and other	3,528	29,773
Total administration costs	$ 1,095,784	$ 1,122,015
Total expenses	$ 1,848,014	$ 2,129,550
Change in net assets	$ 541,858	$(1,758,534)
Net assets as of beginning of year	2,876,432	4,634,966
Net assets as of end of year	$ 3,418,290	$ 2,876,432

See accompanying notes to financial statements

Institute for Science and Health
Statement of Cash Flows
For the Year Ended September 30, 2008 and 2007

	2008	2007
Operating Activities		
Change in net assets	$ 541,858	$ (1,758,534)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,575	16,791
(Increase) in operating assets		
Accounts Receivable	(299)	-
Prepaid Income Tax	(3,440)	-
Other assets	2,500	-
Net cash provided by operating activities	$ 556,194	$ (1,741,743)
Investing activities		
Purchases of furniture and equipment	$ -	$ (17,490)
Net cash used in investing activities	$ -	$ (17,490)
Net increase(decrease) in cash and cash equivalents	$ 556,194	$ (1,759,233)
Cash and cash equivalents as of beginning of year	2,819,470	4,578,703
Cash and cash equivalents as of end of year	$ 3,375,664	$ 2,819,470

See accompanying notes to financial statements

Institute for Science and Health
Notes to Financial Statements
September 30, 2008 and 2007

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Institute for Science and Health is an independent public charity that secures and administers grants for under-funded, under-researched health issues affecting at risk populations. The Institute's support comes primarily from individual and corporate donors.

The Institute is a private operating foundation as defined in Section 4942(j)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report 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.

Public Support and Revenue

Contributions and grants are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amount 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.

Cash and Cash Equivalents

The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Note 2: Cash

The total cash held by the Institute at September 30, 2008 and 2007 includes $2,550,028 and $2,274,636 respectively in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Note 3: Furniture and Equipment

Furniture and equipment at September 30, 2008 and 2007, consisted of the following:

	2008	2007
Automobile	$ 3,500	$ 3,500
Computer Equipment	169,424	169,424
Furniture	41,145	41,145
Office Equipment	10,001	10,001
	$ 224,070	$ 224,070
Less: accumulated depreciation	$ (186,393)	$ (170,818)
	$ 37,677	$ 53,252

The Institute follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of $500. Depreciation is computed on a straight-line basis over the useful lives of assets generally five to seven years.

Note 4: Retirement Arrangements with Staff Employees

The Institute offers staff employees the opportunity for participation in the Administaff 401k plan. The Institute elected the safe harbor plan provision of the plan.

Note 5: Functional Allocation of Expenses

The costs of providing various grants and projects 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.

Note 6: Tax Status Determination

On October 11, 2006 the Internal Revenue Service determined that the Institute qualified as a private operating foundation under section 4942(j)(3) of the Internal Revenue Code of 1986, as amended. The cummulative tax consequences of this determination have been reflected in the financial statements for the year ended September 30, 2007.

Note 7: Lease

The Institute leases its facilities under a variety of noncancellable operating leases expiring at various dates through August 2010. Under the terms of the leases, the lessor pays all maintenance expenses related to the property. Minimum future lease obligations at September 30, 2007 are:

2009	$ 42,010
2010	38,429
2011	-
2012	-
2013	-
	80,439

Note 8: Commitments

At September 30, 2008 the Institue has made commitments of donated funds toward various research projects and grants which have yet to be disbursed. The amount of commitments of funds which have not been disbursed as of September 30, 2008 totals $1,671,767.60. While the exact timing of the future disbursements is not known, management anticipates having all of these committed funds disbursed by the end of year 2011. The disbursement of these funds will be reflected as grant and project expenses in the year disbursed.