

Institute For Science And Health

Financial Statements
As of September 30, 2009 and 2008
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, 2009 and 2008, and the related statements of activities, functional expenses 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, 2009 and 2008, 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.

February 9, 2010

A handwritten signature in black ink, reading "Ronald L. Carel CPA". The signature is written in a cursive style with a large, looping initial "R".

**Institute for Science and Health
Statement of Financial Position
September 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,929,685	\$3,375,664
Accounts Receivable	-	299
Prepaid Income Taxes	\$ 3,440	\$ 3,440
	<u> </u>	<u> </u>
Total current assets	\$ 1,933,125	\$3,379,403
Noncurrent Assets:		
Furniture and equipment	\$ 16,516	\$ 37,677
Other Assets:		
Security deposits	1,210	1,210
Total Noncurrent Assets	\$ 17,726	\$ 38,887
Total Assets	<u>\$ 1,950,851</u>	<u>\$3,418,290</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
	<u> </u>	<u> </u>
Total current liabilities/total liabilities	\$ -	\$ -
Net assets:		
Unrestricted net assets:	<u>1,950,851</u>	<u>3,418,290</u>
Total liabilities and net assets	<u>\$ 1,950,851</u>	<u>\$3,418,290</u>

See accompanying notes to financial statements

Institute for Science and Health
Statement of Activities
For the Year Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Support		
Unrestricted grant income	\$ 199,980	\$ 1,500,000
Conversion Rate Income	-	615,186
Donation income	43,942	71,894
Special event income	108,029	116,207
Interest & dividend income	11,766	-
Other Income	10,177	86,585
	<hr/>	<hr/>
Total unrestricted support	\$ 373,894	\$ 2,389,872
Expenses		
Project Costs		
Research Grants	723,152	519,532
Advertising	-	7,543
Travel, lodging & meals	26,526	107,241
Honoraria	11,066	31,390
Project costs	59,293	72,630
Writing and other	2,894	13,894
	<hr/>	<hr/>
Total Project Costs	\$ 822,931	\$ 752,230
Administration Costs		
Salaries and Wages	\$ 490,889	\$ 458,643
Rent	48,182	79,542
Depreciation	11,492	15,575
Insurance	12,796	9,331
Travel & entertainment	10,325	59,327
Professional Fees	24,985	26,460
Payroll taxes, benefits and fees	78,147	80,753
Outside services	258,114	286,295
Communications	9,966	11,665
Business development	13,277	-
401k expense	2,278	1,607
Dues & subscriptions	10,640	12,268
Donations	23,338	16,734
Office supplies	3,079	2,683
Computer expense	12,257	1,159
Administrative expense-other	5,883	30,214
Income taxes and other	2,754	3,528
	<hr/>	<hr/>
Total administration costs	\$ 1,018,402	\$ 1,095,784
Total expenses	<hr/>	<hr/>
	\$ 1,841,333	\$ 1,848,014
Change in net assets	\$ (1,467,439)	\$ 541,858
Net assets as of beginning of year	<hr/>	<hr/>
	3,418,290	2,876,432
Net assets as of end of year	<hr/>	<hr/>
	\$ 1,950,851	\$ 3,418,290

See accompanying notes to financial statements

Institute for Science and Health
Statement of Functional Expenses
For the Year Ended September 30, 2009 and 2008

	2009				2008			
	Fundraising	Management	Program	Total	Fundraising	Management	Program	Total
Project Costs								
Research Grants	\$ -	\$ -	\$ 723,152	\$ 723,152	\$ -	\$ -	\$ 519,532	\$ 519,532
Travel, lodging & meals	-	-	26,526	26,526	-	-	107,241	107,241
Advertising	-	-	-	-	-	-	7,543	7,543
Honoraria	-	-	11,066	11,066	-	-	31,390	31,390
Project costs	-	-	59,293	59,293	-	-	72,630	72,630
Writing and other	-	-	2,894	2,894	-	-	13,894	13,894
Total Project Costs	\$ -	\$ -	\$ 822,931	\$ 822,931	\$ -	\$ -	\$ 752,230	\$ 752,230
Administration Costs								
Salaries and Wages	\$ 78,542	\$ 73,633	\$ 338,714	\$ 490,889	\$ 73,383	\$ 67,896	\$ 317,364	\$ 458,643
Rent	7,709	7,227	33,246	48,182	12,727	11,931	54,884	79,542
Depreciation	1,838	1,724	7,930	11,492	-	-	15,575	15,575
Insurance	2,047	1,919	8,830	12,796	-	-	9,331	9,331
Travel & entertainment	10,325	-	-	10,325	-	59,327	-	59,327
Professional Fees	3,998	3,748	17,239	24,985	-	-	26,460	26,460
Payroll taxes, benefits and fees	12,504	11,722	53,921	78,147	12,920	12,113	55,720	80,753
Outside services	41,298	38,717	178,099	258,114	-	-	286,295	286,295
Communications	1,595	1,495	6,876	9,966	1,866	1,750	8,049	11,665
Business development	2,124	1,992	9,161	13,277	-	-	-	-
401k expense	364	342	1,572	2,278	-	-	1,109	1,607
Dues & subscriptions	1,702	1,596	7,342	10,640	257	241	1,268	12,268
Donations	-	-	23,338	23,338	-	-	16,734	16,734
Office supplies	493	462	2,124	3,079	344	423	1,916	2,683
Computer expense	1,961	1,839	4,060	12,257	-	1,159	-	1,159
Administrative expense-other	941	882	1,900	5,883	429	6,756	23,029	30,214
Income taxes and other	441	413	-	2,754	-	3,528	-	3,528
Total administration costs	\$ 167,882	\$ 147,711	\$ 702,809	\$ 1,018,402	\$ 101,926	\$ 165,124	\$ 828,734	\$ 1,095,784
Total expenses	\$ 167,882	\$ 147,711	\$ 1,525,740	\$ 1,841,333	\$ 101,926	\$ 165,124	\$ 1,580,964	\$ 1,848,014

See accompanying notes to financial statements

Institute for Science and Health
Statement of Cash Flows
For the Year Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Change in net assets	\$ (1,467,439)	\$ 541,858
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,472	15,575
(Increase) in operating assets		
Accounts Receivable	299	(299)
Prepaid Income Tax	-	(3,440)
Other assets	-	2,500
	<u>\$ (1,455,668)</u>	<u>\$ 556,194</u>
Investing activities		
Sale of Vehicles and fixed assets	<u>\$ 9,689</u>	<u>\$ -</u>
	<u>\$ 9,689</u>	<u>\$ -</u>
Net increase(decrease) in cash and cash equivalents	\$ (1,445,979)	\$ 556,194
Cash and cash equivalents as of beginning of year	<u>3,375,664</u>	<u>2,819,470</u>
Cash and cash equivalents as of end of year	<u><u>\$ 1,929,685</u></u>	<u><u>\$ 3,375,664</u></u>

See accompanying notes to financial statements

**Institute for Science and Health
Notes to Financial Statements
September 30, 2009 and 2008**

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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

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

All cash held by the Institute at September 30, 2009 and 2008 are 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.

Institute for Science and Health
Notes to Financial Statements (Continued)

Note 3: Furniture and Equipment

Furniture and equipment at September 30, 2009 and 2008, consisted of the following:

	<u>2009</u>	<u>2008</u>
Automobile	\$ -	\$ 3,500
Computer Equipment	24,019	169,424
Furniture	40,755	41,145
Office Equipment	10,001	10,001
	<u>\$ 74,775</u>	<u>\$ 224,070</u>
Less: accumulated depreciation	<u>\$ (58,259)</u>	<u>\$ (186,393)</u>
	<u>\$ 16,516</u>	<u>\$ 37,677</u>

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.

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:

2010	\$ 38,429
2011	-
2012	-
2013	-
2014	-
	<u>38,429</u>

Note 8: Commitments

At September 30, 2009 the Institute 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, 2009 totals \$ 1,114,139. 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.