

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

C Name of organization
LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY

D Employer identification number
33-0328688

E Telephone number
(858) 752-6500

F Accounting method: Cash Accrual
 Other (specify) ▶

G Website: ▶ **WWW.LIAI.ORG**

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **32,364,315.**

H and **I** are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ **N/A**
H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶ **N/A**

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

1 Contributions, gifts, grants, and similar amounts received:				
a	Contributions to donor advised funds	1a		
b	Direct public support (not included on line 1a)	1b	7,086,182.	
c	Indirect public support (not included on line 1a)	1c	299,995.	
d	Government contributions (grants) (not included on line 1a)	1d	19,889,799.	
e	Total (add lines 1a through 1d) (cash \$ 27,275,976. noncash \$)	1e		27,275,976.
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		3,586,579.
3	Membership dues and assessments	3		
4	Interest on savings and temporary cash investments	4		593,456.
5	Dividends and interest from securities	5		
6 a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c		
7	Other investment income (describe)	7		
8 a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
b	Less: cost or other basis and sales expenses	8a		
c	Gain or (loss) (attach schedule)	8b		
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8c		
8d				
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a		
b	Less: direct expenses other than fundraising expenses	9b		
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c		
10 a	Gross sales of inventory, less returns and allowances	10a		
b	Less: cost of goods sold	10b		
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c		
11	Other revenue (from Part VII, line 103)	11		908,304.
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		32,364,315.
13	Program services (from line 44, column (B))	13		26,874,670.
14	Management and general (from line 44, column (C))	14		3,521,461.
15	Fundraising (from line 44, column (D))	15		85,812.
16	Payments to affiliates (attach schedule)	16		
17	Total expenses. Add lines 16 and 44, column (A)	17		30,481,943.
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		1,882,372.
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		14,344,779.
20	Other changes in net assets or fund balances (attach explanation)	20		0.
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		16,227,151.

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 2

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ 0 • noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>			STATEMENT 2	
22b Other grants and allocations (attach schedule) (cash \$ 8,610 • noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>	8,610.	8,610.		
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	685,992.	261,513.	420,698.	3,781.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	137,615.	137,615.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	181,322.	181,322.		
26 Salaries and wages of employees not included on lines 25a, b, and c	11,848,930.	10,244,745.	1,561,297.	42,888.
27 Pension plan contributions not included on lines 25a, b, and c	765,462.	702,162.	61,828.	1,472.
28 Employee benefits not included on lines 25a - 27	1,380,743.	1,088,426.	289,480.	2,837.
29 Payroll taxes	791,664.	674,724.	115,074.	1,866.
30 Professional fundraising fees				
31 Accounting fees	129,637.		129,637.	
32 Legal fees	145,977.	71,364.	74,613.	
33 Supplies	4,515,382.	4,327,229.	187,336.	817.
34 Telephone	37,416.	34,388.	2,972.	56.
35 Postage and shipping	61,895.	57,990.	3,896.	9.
36 Occupancy	4,117,805.	3,786,418.	325,286.	6,101.
37 Equipment rental and maintenance	181,381.	166,705.	14,406.	270.
38 Printing and publications	158,456.	138,380.	19,991.	85.
39 Travel	365,521.	320,458.	45,060.	3.
40 Conferences, conventions, and meetings	126,211.	109,271.	16,939.	1.
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)	724,577.	665,948.	57,550.	1,079.
43 Other expenses not covered above (itemize):				
a CONSORTIUM EXPENSE	43a 3,520,185.	3,520,185.		
b CONSULTANT FEES	43b 295,342.	185,513.	96,554.	13,275.
c RECRUITMENT	43c 77,216.	67,726.	9,490.	
d WORKERS' COMP.	43d			
e INSURANCE	43e 103,731.	79,873.	23,858.	
f MISCELLANEOUS	43f 91,679.	21,823.	58,584.	11,272.
g EMPLOYEE TRAINING	43g 29,194.	22,282.	6,912.	
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 30,481,943.	26,874,670.	3,521,461.	85,812.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

723011
12-27-07

Form 990 (2007)

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 3

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► SEE STATEMENT 4	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a SEE STATEMENT 3	
(Grants and allocations \$ 8,610.) If this amount includes foreign grants, check here ► <input type="checkbox"/>	26,874,670.
b	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	26,874,670.

Form 990 (2007)

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 4

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45	Cash - non-interest-bearing	3,789,467.	45	2,213,139.
	46	Savings and temporary cash investments	5,658,682.	46	6,789,473.
	47 a	Accounts receivable		47a	
	b	Less: allowance for doubtful accounts		47b	47c
	48 a	Pledges receivable	491,688.	48a	
	b	Less: allowance for doubtful accounts	102,950.	48b	48c
	49	Grants receivable	310,128.	49	388,738.
	50 a	Receivables from current and former officers, directors, trustees, and key employees	3,260,476.	50a	5,750,166.
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a	Other notes and loans receivable STMT 5	251,667.	51a	
	b	Less: allowance for doubtful accounts		51b	51c
	52	Inventories for sale or use	20,000.	52	251,667.
	53	Prepaid expenses and deferred charges	683,045.	53	282,369.
	54 a	Investments - publicly-traded securities		54a	
	b	Investments - other securities		54b	
55 a	Investments - land, buildings, and equipment: basis		55a		
b	Less: accumulated depreciation		55b	55c	
56	Investments - other		56		
57 a	Land, buildings, and equipment: basis	10,370,061.	57a		
b	Less: accumulated depreciation STMT 6	4,955,524.	57b	57c	
58	Other assets, including program-related investments (describe)	4,750,856.	58	5,414,537.	
59	Total assets (must equal line 74). Add lines 45 through 58	18,472,654.	59	21,090,089.	
Liabilities	60	Accounts payable and accrued expenses	4,055,958.	60	4,610,503.
	61	Grants payable		61	
	62	Deferred revenue	71,917.	62	252,435.
	63	Loans from officers, directors, trustees, and key employees		63	
	64 a	Tax-exempt bond liabilities		64a	
	b	Mortgages and other notes payable		64b	
	65	Other liabilities (describe)		65	
66	Total liabilities. Add lines 60 through 65	4,127,875.	66	4,862,938.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted	14,034,651.	67	15,838,413.
	68	Temporarily restricted	310,128.	68	388,738.
	69	Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70	Capital stock, trust principal, or current funds		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund		71	
	72	Retained earnings, endowment, accumulated income, or other funds		72	
73	Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	14,344,779.	73	16,227,151.	
74	Total liabilities and net assets/fund balances. Add lines 66 and 73	18,472,654.	74	21,090,089.	

Form 990 (2007)

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	32,095,331.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	32,095,331.
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify): SEE STATEMENT 7	d2	268,984.
	Add lines d1 and d2	d	268,984.
e	Total revenue (Part I, line 12). Add lines c and d	e	32,364,315.

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	30,212,959.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	30,212,959.
d	Amounts included on Part I, line 17, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify): SEE STATEMENT 8	d2	268,984.
	Add lines d1 and d2	d	268,984.
e	Total expenses (Part I, line 17). Add lines c and d	e	30,481,943.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 9		567,432.	116,970.	1,590.

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 7

Part VI Other Information (continued) Yes No

82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
	b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A	
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
	b Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A	
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a	N/A	
	b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A	
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
	c Dues, assessments, and similar amounts from members	85c	N/A	
	d Section 162(e) lobbying and political expenditures	85d	N/A	
	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A	
	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A	
	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A	
	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A	
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A	
	b Gross receipts, included on line 12, for public use of club facilities	86b	N/A	
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	N/A	
	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A	
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X	
	b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X	
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0. ; section 4912 ▶ 0. ; section 4955 ▶ 0.			
	b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.	
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.	
	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
	f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
	g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		X
90 a	List the states with which a copy of this return is filed ▶ CA			
	b Number of employees employed in the pay period that includes March 12, 2007	90b	246	
91 a	The books are in care of ▶ CHARLES CARPOWICH Telephone no. ▶ (858) 752-6500			
	Located at ▶ 9420 ATHENA CIRCLE, LA JOLLA, CA ZIP + 4 ▶ 92037			
	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
	If "Yes," enter the name of the foreign country ▶ N/A			
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			

Form 990 (2007)

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 8

Part VI Other Information (continued) Yes No

- c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 If "Yes," enter the name of the foreign country ▶ N/A
- 92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ▶
 and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					3,586,579.
a CONSORTIUM REVENUE					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	593,456.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a ROYALTY REVENUE			15	484,219.	
b MISC. REVENUE			01	5,834.	
c BUILDING MANAGEMENT	561700	30,525.			
d TECHNICAL SERVICES	541900	387,726.			
e					
104 Subtotal (add columns (B), (D), and (E))		418,251.		1,083,509.	3,586,579.
105 Total (add line 104, columns (B), (D), and (E))					5,088,339.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	SEE STATEMENT 10

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
ALLIMUNE, LLC - 9420	%	BIOMEDICAL RESEARCH		
ATHENA CIRCLE, LA	%	AND DEVELOPMENT		
JOLLA, CA 92037 - 33-0841007	100% %		-4,820.	40,598.

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Form 990 (2007)

LA JOLLA INSTITUTE FOR ALLERGY
AND IMMUNOLOGY

Form 990 (2007)

33-0328688 Page 9

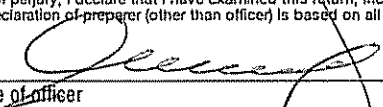
Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

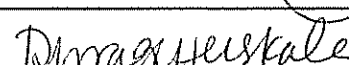
				Yes	No
106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.				X	
(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer		
a ALLIMMUNE, LLC 9420 ATHENA CIRCLE LA JOLLA, CA 92037	33-0841007	SEE STATEMENT 11	3,500.		
b -----					
c -----					
Totals			3,500.		

				Yes	No
107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.					X
(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer		
a -----					
b -----					
c -----					
Totals					

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above? Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here Date 8/14/08

 Signature of officer _____
 Type or print name and title **CHARLES CARPOWICH, EVP/COO**

Paid Preparer's Use Only Preparer's SSN or PTIN (See Gen. Inst. X)
 Preparer's signature  Date 8/14/08 Check if self-employed
 Firm's name (or yours if self-employed), address, and ZIP + 4 **DELOITTE TAX LLP**
701 "B" STREET
SAN DIEGO, CA 92101-8198 EIN
 Phone no. **(619) 232-6500**

Form 990 (2007)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

2007

Name of the organization **LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY** Employer identification number **33: 0328688**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
AMNON ALTMAN 9420 ATHENA CIRCLE, LA JOLLA, CA 9203	MEMBER/HEAD 40.00	193,746.	62,089.	
ALESSANDRO SETTE 9420 ATHENA CIRCLE, LA JOLLA, CA 9203	MEMBER/HEAD 40.00	210,748.	53,718.	
STEPHEN SCHOENBERGER 9420 ATHENA CIRCLE, LA JOLLA, CA 9203	MEMBER 40.00	186,790.	34,976.	
RALPH KUBO 9420 ATHENA CIRCLE, LA JOLLA, CA 9203	DIRECTOR 40.00	206,812.	57,249.	
CARL WARE 9420 ATHENA CIRCLE, LA JOLLA, CA 9203	MEMBER/HEAD 40.00	207,392.	61,569.	
Total number of other employees paid over \$50,000 ▶	73			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
PILLSBURY WINTHROP SHAW PITTMAN, LLP P.O. BOX 60000, SAN FRANCISCO, CA 94160-2391	LEGAL	317,712.
2COR PARTNERS, INC. P.O. BOX 675768, RANCHO SANTA FE, CA 92067	PUBLIC RELATIONS/MARKETI	70,915.
MOSS ADAMS, LLP 9665 GRANITE RIDGE DRIVE, SAN DIEGO, CA 92123	AUDIT	60,450.

Total number of others receiving over \$50,000 for professional services ▶	0	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services ▶	0	

Part III Statements About Activities (See page 2 of the instructions.)

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ \$ <u>720.</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	X	
	2a Sale, exchange, or leasing of property? SEE STATEMENT 12	X	
	2b Lending of money or other extension of credit?		X
	2c Furnishing of goods, services, or facilities?	X	
	2d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STATEMENT 13	X	
	2e Transfer of any part of its income or assets?		X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)		X
	3b Did the organization have a section 403(b) annuity plan for its employees?	X	
	3c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement		X
	3d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g		X
	b Did the organization make any taxable distributions under section 4966? N/A		
	c Did the organization make a distribution to a donor, donor advisor, or related person? N/A		
	d Enter the total number of donor advised funds owned at the end of the tax year ▶ N/A		
	e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ N/A		
	f Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ 0.		
	g Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year ▶ 0.		

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state **▶ UCSD MEDICAL CENTER, SAN DIEGO, CALIFORNIA**
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

LA JOLLA INSTITUTE FOR ALLERGY

Schedule A (Form 990 or 990-EZ) 2007 AND IMMUNOLOGY

33-0328688 Page 4

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting. N/A
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	0.	0.	0.	0.	0.
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)					N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					N/A
e Public support (line 26c minus line 26d total)					N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					N/A %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2006) _____ (2005) _____ (2004) _____ (2003) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2006) _____ (2005) _____ (2004) _____ (2003) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					N/A
d Add: Line 27a total _____ and line 27b total _____					N/A
e Public support (line 27c total minus line 27d total)					N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶				N/A	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
.....			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended?		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check a if the organization belongs to an affiliated group. Check b if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred.)		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table -		
	If the amount on line 40 is - The lobbying nontaxable amount is -		
	Not over \$500,000	20% of the amount on line 40	
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
	Over \$17,000,000	\$1,000,000	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		720.
i Total lobbying expenditures (Add lines c through h.)			720.

SEE STATEMENT 14

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

- (i) Cash
(ii) Other assets
b Other transactions:
(i) Sales or exchanges of assets with a noncharitable exempt organization
(ii) Purchases of assets from a noncharitable exempt organization
(iii) Rental of facilities, equipment, or other assets
(iv) Reimbursement arrangements
(v) Loans or loan guarantees
(vi) Performance of services or membership or fundraising solicitations

Table with 3 columns: Question ID, Yes, No. Rows include 51a(i), a(ii), b(i) through b(vi), and c.

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1: BVI, 4,800, ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES, SEE STATEMENT 15.

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule: N/A

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

2007 DEPRECIATION AND AMORTIZATION REPORT
FORM 990 PAGE 2

990

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	FURNITURE & FIXTURES	VARIES	SL	.000	16	524,461.			524,461.	407,599.		13,007.
2	MACHINERY AND EQUIPMENT	VARIES	SL	.000	16	613,086.			613,086.	364,147.		527,658.
3	LEASEHOLD IMPROVEMENTS	VARIES	SL	.000	16	371,473.			371,473.	181,871.		183,912.
	* TOTAL 990 PAGE 2 DEPR					1,037,006.		0.	1,037,006.	423,094.	0.	724,577.

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

(D) - Asset disposed

PART IX, INFORMATION REGARDING TAXABLE SUBSIDIARIES:

LA JOLLA INSTITUTE FOR ALLEGY AND IMMUNOLOGY ("LIAI") IS SOLE MEMBER OF ALLIMUNE, LLC, A SINGLE MEMBER LLC. AS A SINGLE MEMBER LLC, ALLIMUNE IS CONSIDERED A DISREGARDED ENTITY AND ALL OF THE ACTIVITIES OF ALLIMUNE ARE REPORTED ON THE FORM 990 OF LIAI.

FORM 990

CASH GRANTS AND ALLOCATIONS
TO OTHERS

STATEMENT 2

CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS

AMOUNT

OPERATIONS

7,000.

JOHN MOORES UCSD CANCER CENTER
3855 HEALTH SCIENCES DRIVE
LA JOLLA, CA 92093

OPERATIONS

1,610.

AMERICAN RED CROSS
3950 CALLE FORTUNDA
SAN DIEGO, CA 92123

TOTAL INCLUDED ON FORM 990, PART II, LINE 22B

8,610.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT 3

DESCRIPTION OF PROGRAM SERVICE ONELA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGYFORM 990 PART III: STATEMENT OF PROGRAM SERVICE
ACCOMPLISHMENTS

THE LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY (LIAI) IS A NONPROFIT MEDICAL RESEARCH CENTER DEDICATED TO INCREASING KNOWLEDGE AND IMPROVING HUMAN HEALTH THROUGH STUDIES OF THE IMMUNE SYSTEM. LED BY A GROUP OF DISTINGUISHED RESEARCH SCIENTISTS, THE INSTITUTE IS EXPLORING THE BODY'S IMMUNE SYSTEM AT THE CELLULAR LEVEL AND MAKING IMPORTANT FINDINGS ABOUT WHY ITS MALFUNCTION CAUSES MANY CHRONIC, DEBILITATING DISEASES. REGARDED AS A LEADING IMMUNOLOGY RESEARCH INSTITUTE, LIAI RESEARCHERS ANALYZE HOW IMMUNE SYSTEM FUNCTIONING INFLUENCES A BROAD ARRAY OF DISORDERS - FROM RHEUMATOID ARTHRITIS TO INFECTIOUS DISEASES TO CANCER. THE INSTITUTE BRINGS TO BEAR A COMPREHENSIVE RESEARCH EFFORT TO UNDERSTAND THE DIVERSE ASPECTS OF THESE COMPLEX DISEASES AND TO BRING ABOUT FURTHER PROGRESS TOWARDS NEW THERAPIES TO HELP THE MILLIONS AFFECTED BY THESE DISORDERS.

LIAI FOCUSES ITS RESEARCH ACTIVITIES IN FOUR MAJOR AREAS:

AUTOIMMUNE DISEASES SUCH AS TYPE 1 DIABETES, RHEUMATOID ARTHRITIS AND INFLAMMATORY BOWEL DISEASE
CANCER AND STIMULATING IMMUNE RESPONSE AGAINST TUMORS
INFECTIOUS DISEASES SUCH AS AVIAN FLU, WEST NILE VIRUS AND POTENTIAL BIOTHRREATS SUCH AS SMALLPOX
ALLERGY AND ASTHMA AND CONTROLLING HARMFUL IMMUNE REACTIONS

FOUNDED IN 1988, LIAI HAS OVER 250 EMPLOYEES, MORE THAN HALF OF WHOM ARE SCIENTISTS WITH DOCTORAL (M.D. AND/OR PH.D.) DEGREES. THE INSTITUTE'S WORK CONTINUES TO DRAW SIGNIFICANT NOTICE IN THE SCIENTIFIC COMMUNITY. IT WAS RECENTLY RANKED AMONG THE TOP FIVE MOLECULAR BIOLOGY AND GENETICS RESEARCH ORGANIZATIONS IN THE WORLD BY THE SCIENTIST. IN ADDITION, THREE OF ITS SCIENTISTS ARE AMONG THE MOST HIGHLY CITED IMMUNOLOGISTS IN THE WORLD -- A DISTINCTION HELD BY LESS THAN ONE HALF OF ONE PERCENT OF ALL PUBLISHING SCIENTIFIC AUTHORS. SEVERAL OF ITS FACULTY ALSO SERVE ON NATIONAL INSTITUTES OF HEALTH GRANT REVIEW PANELS, APPOINTMENTS THAT SIGNAL A HIGH DEGREE OF RESPECT FROM PEERS.

THE INSTITUTE IS LED BY A GOVERNING BOARD OF DIRECTORS WITH BOTH BUSINESS ACUMEN AND SCIENTIFIC EXPERTISE. IN ADDITION, A SCIENTIFIC ADVISORY BOARD OF DISTINGUISHED OUTSIDE SPECIALISTS CONDUCTS ANNUAL EVALUATIONS OF THE INSTITUTE'S SCIENTIFIC PROGRESS AND REVIEWS FUTURE RESEARCH OBJECTIVES.

LIAI RESEARCHERS CONTINUED TO MAKE IMPRESSIVE RESEARCH ADVANCEMENTS IN 2007, WITH MORE THAN 75 RESEARCH PAPERS PUBLISHED IN SCIENTIFIC JOURNALS. THE INSTITUTE'S MAJOR PUBLISHED FINDINGS RANGED FROM HILDE CHEROUTRE, PH.D.'S, DISCOVERY OF A CONNECTION BETWEEN RETINOIC ACID AND INFLAMMATION PUBLISHED IN SCIENCE, ONE OF THE MOST RENOWNED SCIENTIFIC JOURNALS, TO A COMPREHENSIVE ANALYSIS OF INFLUENZA VIRUS DATA WORLDWIDE PUBLISHED BY HUYNH-HOA BUI, AND ALESSANDRO SETTE, PH.D.'S, IN THE PROCEEDINGS OF THE NATIONAL ACADEMY OF SCIENCES USA. CHEROUTRE'S DISCOVERY DEMONSTRATED -- FOR THE FIRST TIME -- THAT RETINOIC ACID, WHICH IS ALREADY USED TO TREAT SOME LEUKEMIAS, MAY ALSO HAVE THE POTENTIAL FOR TREATING A HOST OF AUTOIMMUNE DISEASES. THE FINDING WAS LATER NAMED AS ONE OF THE KEY BIOMEDICAL RESEARCH ADVANCES OF 2007 BY NATURE MEDICINE, AN INTERNATIONALLY RECOGNIZED JOURNAL FOR BIOMEDICAL RESEARCH.

OTHER MAJOR HIGHLIGHTS INCLUDE MICHAEL CROFT, PH.D.'S, CONTINUED WORK ON HIS DISCOVERY OF A CELLULAR MECHANISM THAT DRAMATICALLY SUPPRESSES THE LUNG INFLAMMATION AND ACCOMPANYING SYMPTOMS OF AN ASTHMA ATTACK AND MATTHIAS VON HERRATH, M.D.'S, ONGOING RESEARCH ON A COMBINATION THERAPY THAT HAS SHOWN SIGNIFICANT PROMISE AT STOPPING TYPE 1 DIABETES WHEN CAUGHT IN THE EARLY STAGES. VON HERRATH WAS HONORED WITH THE JUVENILE DIABETES RESEARCH FOUNDATION'S 2007 SCHOLAR AWARD FOR HIS NOVEL RESEARCH APPROACHES.

IN ADDITION TO THEIR RESEARCH ACTIVITIES IN 2007, LIAI SCIENTISTS ALSO LECTURED AT MEDICAL RESEARCH SEMINARS THROUGHOUT THE WORLD, ORGANIZED NUMEROUS SCIENTIFIC CONFERENCES AND SERVED ON AN ARRAY OF FEDERAL AND PRIVATE PANELS FOR RESEARCH GRANT REVIEWS.

WHILE IT IS DIFFICULT TO DETERMINE THE NUMBER OF PERSONS BENEFITED BECAUSE OF THE BROAD APPLICABILITY OF LIAI'S FINDINGS AND ACCOMPLISHMENTS, THE INSTITUTE ESTIMATES THAT THOUSANDS OF RESEARCH AND CLINICAL SCIENTISTS ATTENDED THE ABOVE MENTIONED CONFERENCES, READ THE INSTITUTE'S PUBLICATIONS, AND/OR DIRECTLY COLLABORATED WITH LIAI'S SCIENTISTS, AND AS A RESULT, NOW INCORPORATE PORTIONS OF OUR RESEARCH INTO THEIR WORK.

TOTAL PROGRAM SERVICE EXPENSES: \$26,874,670

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A	8,610.	26,874,670.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 4
PART III

EXPLANATION

THE LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY IS A NON-PROFIT MEDICAL RESEARCH CENTER DEDICATED TO INCREASING KNOWLEDGE AND IMPROVING HUMAN HEALTH THROUGH STUDIES OF THE IMMUNE SYSTEM. THE INSTITUTE'S PRIMARY EXEMPT PURPOSE IS TO EXPAND UNDERSTANDING OF HOW THE IMMUNE SYSTEM WORKS AND TO DISCOVER THE CAUSES OF IMMUNE SYSTEM DISORDERS. BY ADDRESSING IMPORTANT PROBLEMS IN IMMUNOLOGY, OUR RESEARCH CAN, IN TURN, LEAD TO THE PREVENTION, TREATMENT AND CURE OF A WIDE RANGE OF HUMAN DISEASES THAT CAUSE SUFFERING OR DEATH FOR COUNTLESS PEOPLE THROUGHOUT THE WORLD.

FORM 990 OTHER NOTES AND LOANS REPORTED SEPARATELY STATEMENT 5

BORROWER'S NAME TERMS OF REPAYMENT
 SHANE CROTTY \$10,000 FORGIVEN EACH YEAR, SUBJECT TO CONTINUED EMPLOYMENT

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>	<u>FMV OF CONSIDERATION</u>
01/01/04	12/31/08	50,000.	.00%	50,000.

SECURITY PROVIDED BY BORROWER PURPOSE OF LOAN
 SECOND PRIORITY DEED OF TRUST ON HOME RECRUITMENT/RELOCATION

<u>RELATIONSHIP OF BORROWER</u>	<u>DESCRIPTION OF CONSIDERATION</u>	<u>DOUBTFUL ACCT ALLOWANCE</u>	<u>BALANCE DUE</u>
EMPLOYEE	CASH	0.	10,000.

BORROWER'S NAME TERMS OF REPAYMENT
 STEVE SCHOENBERGER \$25,000 FORGIVEN EACH YEAR, SUBJECT TO CONTINUED EMPLOYMENT

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>	<u>FMV OF CONSIDERATION</u>
09/01/07	08/31/17	250,000.	6.00%	250,000.

SECURITY PROVIDED BY BORROWER PURPOSE OF LOAN
 SECOND PRIORITY DEED OF TRUST ON HOME RETENTION

<u>RELATIONSHIP OF BORROWER</u>	<u>DESCRIPTION OF CONSIDERATION</u>	<u>DOUBTFUL ACCT ALLOWANCE</u>	<u>BALANCE DUE</u>
EMPLOYEE	CASH	0.	241,667.

TOTALS INCLUDED ON FORM 990, PART IV, LINE 51	0.	251,667.
---	----	----------

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 6

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE & FIXTURES	524,461.	420,606.	103,855.
MACHINERY AND EQUIPMENT	6,130,862.	4,169,135.	1,961,727.
LEASEHOLD IMPROVEMENTS	3,714,738.	365,783.	3,348,955.
TOTAL TO FORM 990, PART IV, LN 57	10,370,061.	4,955,524.	5,414,537.

FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT 7
DESCRIPTION		
	AMOUNT	
REVENUE NETTED AGAINST EXPENSES ON AUDITED FINANCIAL STATEMENTS	268,984.	
TOTAL TO FORM 990, PART IV-A	268,984.	

FORM 990 OTHER EXPENSES INCLUDED ON FORM 990 STATEMENT 8

DESCRIPTION	AMOUNT
REVENUE NETTED AGAINST EXPENSES ON AUDITED FINANCIAL STATEMENTS	268,984.
TOTAL TO FORM 990, PART IV-B	268,984.

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 9

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
MITCHELL KRONENBERG, PH.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	PRESIDENT 40.00	318,464.	58,338.	1,290.
MITCHELL KRONENBERG, PH.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	0.	0.	0.
CHARLES CARPOWICH 9420 ATHENA CIRCLE LA JOLLA, CA 92037	EVP/COO 40.00	237,468.	58,632.	300.
SAMUEL STROBER, M.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	6,000.	0.	0.
SUSAN SWAIN, PH.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	5,500.	0.	0.
KATSUHIKO ASANO, PH.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	0.	0.	0.
HAROLD BUCHANAN 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	0.	0.	0.
NABIL HANNA, PH.D. 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	0.	0.	0.
STEVEN ODRE 9420 ATHENA CIRCLE LA JOLLA, CA 92037	DIRECTOR 2.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		567,432.	116,970.	1,590.

FORM 990

PART VIII - RELATIONSHIP OF ACTIVITIES TO
ACCOMPLISHMENT OF EXEMPT PURPOSES

STATEMENT 10

LINE EXPLANATION OF RELATIONSHIP OF ACTIVITIES

93A LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY RECEIVES AND ADMINISTERS FUNDS PAID DIRECTLY TO CERTAIN THIRD PARTIES, WHO ARE MEMBERS OF A CONSORTIUM OF RESEARCH ENTITIES, TO CONDUCT FUNDAMENTAL RESEARCH. SUCH RESEARCH BY THIRD PARTIES DIRECTLY CONTRIBUTES TO THE ACCOMPLISHMENT OF LIAI'S EXEMPT PURPOSE. AS THE PRIMARY RECIPIENT OF THESE FEDERAL FUNDS, THE INSTITUTE REPORTS THESE FUNDS AS REVENUE ON THE AUDITED FINANCIAL REPORTS, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. ANY REVENUES ATTRIBUTED TO THE ADMINISTERING OF FUNDS TO SUBRECIPIENTS ARE REPORTED HERewith AS PROGRAM SERVICE REVENUES SO AS NOT TO DISTORT THE REPORTING OF GOVERNMENT CONTRIBUTIONS TO THE INSTITUTE.

FORM 990

DESCRIPTION OF TRANSFER
PART XI, LINE 106

STATEMENT 11

NAME OF CONTROLLED ENTITY

EMPLOYER ID

ALLIMMUNE, LLC

33-0841007

DESCRIPTION OF TRANSFER

AUDITING & TAX PAYMENTS

SCHEDULE A	EXPLANATION OF TRANSACTIONS	STATEMENT 12
	PART III, LINE 2A	

LA JOLLA INSTITUTE FOR ALLERGY AND IMMUNOLOGY ("LIAI") RECEIVES CONTRACT RESEARCH FUNDING FROM KIRIN PHARMA - USA ("KP-USA"), A CALIFORNIA CORPORATION. DR. KATSUHIKO ASANO IS A REPRESENTATIVE OF KP-USA AND IS ON THE BOARD OF DIRECTORS OF LIAI. SUCH FUNDING IS GOVERNED BY A CONTRACT RESEARCH AGREEMENT WHEREBY THE CORPORATION CAN OBTAIN EXCLUSIVE RIGHTS TO CERTAIN TECHNOLOGY RESULTING FROM RESEARCH WHICH WAS FUNDED IN WHOLE OR IN PART BY THE CORPORATION, SUBJECT TO ALL RIGHTS RELATING TO U.S. GOVERNMENT GRANTS. FUNDING UNDER THE CONTRACT RESEARCH AGREEMENT WAS \$5,361,776 FOR 2007. REIMBURSEMENTS RECEIVED FROM KP-USA FOR PATENT RELATED COSTS TOTALED \$260,354 FOR 2007.

LIAI IS A PARTY TO OTHER AGREEMENTS WITH KP-USA THAT PROVIDES FOR THE LICENSING OF TECHNOLOGY IN EXCHANGE FOR LICENSE FEES AND ROYALTIES. THE TERMS OF SUCH AGREEMENTS ARE SUBJECT TO ALL RIGHTS RELATING TO U.S. GOVERNMENT GRANTS. GROSS LICENSE REVENUE UNDER THESE AGREEMENTS TOTALED \$610,000 IN 2007.

LIAI HAS ENTERED INTO A SHARED SERVICES AGREEMENT TO PROVIDE CERTAIN ADMINISTRATIVE AND LABORATORY SUPPORT SERVICES TO KP-USA. \$366,080 WAS RECEIVED BY LIAI FOR PROVIDING SUCH SHARED SERVICES DURING 2007.

LIAI HAS ENTERED INTO A LEASE AGREEMENT FOR ITS FACILITIES FROM KP-USA. THE INSTITUTE HAS ALSO ENTERED INTO A PROPERTY MANAGEMENT AGREEMENT TO MANAGE AND MAINTAIN THE FACILITIES LEASED FROM KP-USA. PAYMENTS RECEIVED FOR PROPERTY MANAGEMENT SERVICES AND BUILDING OPERATING COSTS FROM KP-USA TOTALED \$653,829 IN 2007.

ALL OF THE ABOVE AGREEMENTS WERE VOTED ON AND APPROVED BY THE BOARD OF DIRECTORS.

SCHEDULE A	EXPLANATION OF TRANSACTIONS PART III, LINE 2D	STATEMENT 13
------------	--	--------------

SEE PART V-A, FORM 990.

HILDE CHEROUTRE, PH.D. IS THE WIFE OF MITCHELL KRONENBERG, PH.D., PRESIDENT OF LIAI. HILDE CHEROUTRE IS A FULL TIME EMPLOYEE OF LIAI AS A PRINCIPAL INVESTIGATOR. SHE WAS PAID \$181,322 FOR HER SERVICES AS A PRINCIPAL INVESTIGATOR (INCLUDING \$40,824 OF BENEFITS).

SCHEDULE A	STATEMENT OF LOBBYING ACTIVITIES - PART VI-B	STATEMENT	14
------------	--	-----------	----

LA JOLLA INSTITUTE OF ALLERGY & IMMUNOLOGY IS A MEMBER OF THE ASSOCIATION OF INDEPENDENT RESEARCH INSTITUTES AND RESEARCH! AMERICA. THESE ORGANIZATIONS DESIGNATE A PORTION OF THE DUES THEY RECEIVE FOR LOBBYING ACTIVITIES.

