

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

FINANCIAL STATEMENTS

June 30, 2011 and 2010

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

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To the Board of Directors of
Alzheimer's Association of Central Ohio

Independent Auditor's Report

We have audited the accompanying statements of financial position of the Alzheimer's Association of Central Ohio as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 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. 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 Alzheimer's Association of Central Ohio as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements for the years ended June 30, 2011 and 2010 taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the years ended June 30, 2011 and 2010 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Columbus, Ohio
September 20, 2011

(1)

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

STATEMENTS OF FINANCIAL POSITION

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 704,958	\$ 345,471
Unconditional promises to give, net	60,356	99,024
Grants receivable	152,689	154,240
Total Current Assets	<u>918,003</u>	<u>598,735</u>
Property and Equipment:		
Furniture and equipment	71,380	50,968
Less accumulated depreciation	(45,456)	(41,962)
Net Property and Equipment	<u>25,924</u>	<u>9,006</u>
Other Assets:		
Beneficial interest in assets held by others	41,904	36,908
Total Assets	<u>\$ 985,831</u>	<u>\$ 644,649</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 75,278	\$ 6,908
Accrued liabilities	50,604	53,042
Total Current Liabilities	<u>125,882</u>	<u>59,950</u>
Deferred Income	2,500	7,500
Total Liabilities	<u>128,382</u>	<u>67,450</u>
Net Assets:		
Unrestricted	688,746	389,241
Temporarily restricted	168,703	187,958
Total Net Assets	<u>857,449</u>	<u>577,199</u>
Total Liabilities and Net Assets	<u>\$ 985,831</u>	<u>\$ 644,649</u>

See Notes to Financial Statements

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Changes in Unrestricted Net Assets:		
Public Support and Revenue:		
Direct Public Support		
Foundations and grants	\$ 53,814	\$ 92,236
Contributions and memorials	507,466	211,935
Fundraising events	432,266	412,660
Shared fundraising	4,779	55,575
Total Direct Public Support	<u>998,325</u>	<u>772,406</u>
Indirect Public Support		
United Way - Donor Option	-	144,134
Revenue		
Program service revenue	11,243	9,367
Interest	1,503	1,785
Other revenue	22,355	9,979
Total Revenue	<u>35,101</u>	<u>21,131</u>
Net assets released from restrictions	330,911	366,307
Total Public Support and Revenue	<u>1,364,337</u>	<u>1,303,978</u>
Expenses:		
Program services	855,170	851,910
Management and general	92,406	110,810
Fundraising	117,256	129,778
Total Expenses	<u>1,064,832</u>	<u>1,092,498</u>
Net Increase in Unrestricted Net Assets	<u>299,505</u>	<u>211,480</u>
Changes in Temporarily Restricted Net Assets:		
Unrealized gain (loss) on trust	4,996	2,601
Grant income	306,660	386,039
Net assets released from restrictions	<u>(330,911)</u>	<u>(366,307)</u>
Net Increase (Decrease) in Temporarily Restricted Net Assets	<u>(19,255)</u>	<u>22,333</u>
Change in Net Assets	280,250	233,813
Net Assets - Beginning of Year	577,199	343,386
Net Assets - End of Year	<u>\$ 857,449</u>	<u>\$ 577,199</u>

See Notes to Financial Statements

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 280,250	\$ 233,813
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,494	4,988
Changes in assets and liabilities:		
Unconditional promises to give	38,668	(42,174)
Grants receivable	1,551	(79,882)
Accounts receivable	-	17,437
Beneficial interest in assets held by others	(4,996)	(2,601)
Accounts payable	68,370	(7,249)
Accrued liabilities	(2,438)	(26,084)
Deferred revenue	(5,000)	(18,908)
Net Cash Provided (Used) by Operating Activities	<u>379,899</u>	<u>79,340</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(20,412)	(2,360)
Net Cash Provided (Used) by Investing Activities	<u>(20,412)</u>	<u>(2,360)</u>
Increase in Cash and Cash Equivalents	<u>359,487</u>	<u>76,980</u>
Cash and Cash Equivalents - Beginning of Year	345,471	268,491
Cash and Cash Equivalents - End of Year	<u>\$ 704,958</u>	<u>\$ 345,471</u>

See Notes to Financial Statements

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. Organization and Operation:

The Alzheimer's Association of Central Ohio (the Association) is a nonprofit Ohio corporation organized in 1979. The mission of the Association is to eliminate Alzheimer's disease through the advancement of research; to provide and enhance care and support for all affected; and to reduce the risk of dementia through the promotion of brain health. Funding for the Association's programs and services is obtained through foundations and grants, public support and fundraising events.

2. Summary of Significant Accounting Policies:

The financial statements conform to accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. They are prepared in accordance with the accrual basis of accounting, and reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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

All highly liquid investments with original maturities of three months or less are deemed to be cash equivalents.

The Association maintains its cash in several bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash or cash equivalents.

Income Taxes

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax.

The Association has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. The Association does not believe its financial statements include any uncertain tax positions. The Association is no longer subject to U.S. federal or state and local tax examinations by tax authorities for years before 2007.

Property and Equipment

Property and equipment purchased by the Association is recorded at cost. Depreciation is computed on the straight-line method over the estimated useful life of the property.

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

2. Summary of Significant Accounting Policies (continued):

Contributions

The Association reports contributions received as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period the promise is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year.

Classification of Net Assets

Net Assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

Functional Expenses

The Association reports its expenses on the functional basis. Accordingly, some of the administrative costs have been allocated among program service, general administrative and fundraising based on among other things, evaluations of employees' time incurred on each.

Advertising Costs

The Association's policy is to expense advertising costs as incurred. Advertising expense was \$4,313 and \$2,849 for the years ending June 30, 2011 and 2010, respectively.

3. Promise To Give:

As of June 30, 2011 and 2010, the Association has an unconditional promise to give of \$60,356 and \$99,024, respectively, from the United Way of Central Ohio for donor designated contributions. The entire amount is due in less than one year and accordingly, is recorded at net realizable value. Provisions are made for estimated uncollectible promises to give. The Association's estimate of the allowance is based on historical collection experience and a review of current status of promises to give and management judgment. The provision for uncollectible promises to give is \$10,374 and \$17,519 as of June 30, 2011 and 2010, respectively. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts.

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

4. Grants Receivable:

Grants receivable at June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted grants receivable due in less than one year	\$ 37,737	\$ 26,226
Temporarily restricted grants receivable due in less than one year	114,952	128,014
Total Grants Receivable Due in Less than One Year	<u>\$ 152,689</u>	<u>\$ 154,240</u>

5. Net Assets:

Unrestricted net assets at June 30, 2011 and 2010 are composed of the following:

	<u>2011</u>	<u>2010</u>
Undesignated	<u>\$ 688,746</u>	<u>\$ 389,241</u>

Temporarily restricted net assets at June 30, 2011 and 2010 are available for the following purpose:

	<u>2011</u>	<u>2010</u>
Purpose restricted	\$ 126,799	\$ 151,050
Time restricted	41,904	36,908
Total Temporary Restricted Net Assets	<u>\$ 168,703</u>	<u>\$ 187,958</u>

During the years ending June 30, 2011 and 2010, \$330,911 and \$366,307, respectively, of unconditional promises to give, recognized as temporarily restricted net assets in the year the promise was made, were released from restrictions due to the fulfillment of purpose restriction.

There are no permanently restricted net assets at June 30, 2011 and 2010.

6. Assets and Liabilities – Fair Value Information:

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means, and if the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

6. Assets and Liabilities – Fair Value Information (continued):

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets measured at fair value on a recurring basis at June 30, 2011 were as follows:

Description	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others:				
Money Market Funds	\$ 483	\$ -	\$ 483	\$ -
Fixed Income Mutual Funds	14,391	-	14,391	-
Equity Mutual Funds	20,926	-	20,926	-
Balanced Mutual Funds	6,104	-	6,104	-
Total Assets	<u>\$ 41,904</u>	<u>\$ -</u>	<u>\$ 41,904</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at June 30, 2010 were as follows:

Description	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others				
Money Market Funds	\$ 983	\$ -	\$ 983	\$ -
Fixed Income Mutual Funds	14,403	-	14,403	-
Equity Mutual Funds	15,982	-	15,982	-
Balanced Mutual Funds	5,540	-	5,540	-
Total Assets	<u>\$ 36,908</u>	<u>\$ -</u>	<u>\$ 36,908</u>	<u>\$ -</u>

The Level 2 assets listed above were valued using the market approach and were determined using quoted market prices of similar assets.

7. Line of Credit:

The Association has a \$50,000 line of credit available with a bank bearing interest at prime minus 0.25% (3.00% at June 30, 2011 and 2010). The outstanding balance on the line of credit was \$-0- at June 30, 2011 and 2010.

8. Pension Plan:

The Association participates in a defined contribution pension plan for their employees who have completed three consecutive months of service and have reached the age of 21. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation up to the federal maximum contribution levels. The Association matched 100% of the first 2% of each participating employee's contributions for the period of January 2009 through December 2009. The Association suspended the employee 401(k) match beginning in January 2010. The cost of these benefits to the Association was \$479 and \$3,918 for the years ending June 30, 2011 and 2010, respectively.

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

9. National Alzheimer's Association:

The Association has an agreement with its National Association, whereby the Association shares certain unrestricted revenues. Per this agreement, the Association retained 69% and 73% of unrestricted revenues and its National organization received the remaining 31% and 27% for the years ended June 30, 2011 and 2010, respectively. The Association's share of this revenue will continue to decrease annually by approximately 3% until 2014, when its share declines to 60%. The Association received \$4,779 and \$55,575 as its share of the shared fundraising revenue for the years ended June 30, 2011 and 2010, respectively.

10. Beneficial Interest in Assets Held by Others:

In January 2004, the Association received an asset held in a trust with donor imposed restrictions. The restrictions stipulate that for the first ten years, the Association can only use the income generated by the asset held in trust. After the first 10 years have expired, the Association will be entitled to receive one-tenth of principal each year for the next ten years. The Association will begin receiving principal payments in January 2014. The assets held in trust of \$41,904 and \$36,908 at June 30, 2011 and 2010, respectively, consisted of publicly traded mutual funds.

11. Funds Held in Trust by Others:

The Association is the beneficiary of funds held in trust by the Columbus Foundation, which are not under the control of the Association trustees. The fund values of \$79,892 and \$69,610 at June 30, 2011 and 2010, respectively, are accordingly not included in the statement of financial position.

12. Operating Leases:

The Association leases equipment and office space under operating leases which expire on various dates through 2013. Rental expense for all operating leases was \$59,027 and \$60,267 for the years ended June 30, 2011 and 2010, respectively.

The Association entered a into long-term operating lease agreement during June 2011 to begin July 2011 and expire June 30, 2021. Minimum lease payments under the lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2012	\$ 20,000
2013	20,000
2014	24,852
2015	27,960
2016	31,068
Thereafter	205,008
Total Future Minimum Lease payments	<u>\$ 328,888</u>

13. Subsequent Events:

Subsequent events have been evaluated through September 20, 2011, which is the date the financial statements were available to be issued.

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Direct fund-raising expenses	\$ 55,747	\$ -	\$ -	\$ 55,747
Salaries and wages	638,172	542,446	57,436	38,290
Employee benefits	30,540	25,959	2,749	1,832
Payroll taxes	56,314	47,867	5,068	3,379
Accounting fees	9,748	3,899	4,874	975
Professional fees	46,255	39,317	4,163	2,775
Program services	26,763	26,763	-	-
Supplies	7,064	6,004	636	424
Telephone	15,241	12,955	1,372	914
Postage and shipping	12,463	10,594	1,121	748
Occupancy (rent and insurance)	61,721	52,463	5,555	3,703
Equipment rental and maintenance	19,777	16,810	1,780	1,187
Printing and publications	38,057	32,348	3,426	2,283
Travel and conferences	21,601	18,361	1,944	1,296
Bank charges	6,227	3,114	560	2,553
Depreciation	3,494	2,970	314	210
Insurance	6,984	5,936	629	419
Conference & meetings	890	757	80	53
Other expenses:				
Advertising	4,313	3,666	388	259
Miscellaneous	3,461	2,941	311	209
	<u>\$ 1,064,832</u>	<u>\$ 855,170</u>	<u>\$ 92,406</u>	<u>\$ 117,256</u>

See Notes to Financial Statements

ALZHEIMER'S ASSOCIATION OF CENTRAL OHIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Direct fund-raising expenses	\$ 65,390	\$ -	\$ -	\$ 65,390
Salaries and wages	641,269	545,079	57,714	38,476
Employee benefits	14,079	11,967	1,267	845
Payroll taxes	56,200	47,770	5,058	3,372
Accounting fees	50,842	20,337	25,421	5,084
Professional fees	31,343	26,641	2,821	1,881
Program services	27,470	27,470	-	-
Supplies	12,755	10,842	1,148	765
Telephone	17,424	14,811	1,568	1,045
Postage and shipping	14,581	12,394	1,312	875
Occupancy (rent and insurance)	51,160	43,486	4,604	3,070
Equipment rental and maintenance	21,670	18,420	1,950	1,300
Printing and publications	48,334	41,084	4,350	2,900
Travel and conferences	12,078	10,266	1,087	725
Bank charges	6,789	3,395	611	2,783
Depreciation	4,988	4,240	449	299
Insurance	8,448	7,181	760	507
Conference & meetings	3,160	2,686	284	190
Other expenses:				
Advertising	2,849	2,422	256	171
Miscellaneous	1,669	1,419	150	100
	<u>\$ 1,092,498</u>	<u>\$ 851,910</u>	<u>\$ 110,810</u>	<u>\$ 129,778</u>

See Notes to Financial Statements