

**ALZHEIMER'S DISEASE AND  
RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

Financial Statements

June 30, 2013 and 2012

(With Independent Auditor's Report Thereon)



## **Independent Auditor's Report**

To The Board of Directors  
Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter  
Chicago, Illinois

We have audited the accompanying statements of Alzheimers' Disease and Related Disorders Association, Greater Illinois Chapter (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Silich LLP*

Rockford, Illinois  
September 19, 2013

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

Statements of Financial Position

June 30, 2013 and 2012

<b>Assets</b>	<u>2013</u>	<u>2012</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 421,768	1,015,277
Contributions receivable, net	117,448	230,208
<b>Due from National:</b>		
Cash	632,005	326,542
Pledges	473,020	210,453
Other receivables	1,000	2,429
Prepaid expenses and other assets	42,097	30,797
Total current assets	1,687,338	1,815,706
Cash and cash equivalents – restricted	56,000	56,000
Contributions receivable, net	31,060	8,000
Investments	1,259,560	1,135,813
Property, equipment and software, net	102,063	116,437
	\$ 3,136,021	3,131,956
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	66,624	84,843
Accrued expenses	263,837	229,637
Deferred revenue	940	–
Total current liabilities	331,401	314,480
<b>Net assets:</b>		
Unrestricted – undesignated	967,346	829,424
Temporarily restricted	1,837,274	1,988,052
Total net assets	2,804,620	2,817,476
	\$ 3,136,021	3,131,956

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

Statements of Activities

For the Years Ended June 30, 2013 and 2012

	<u>2013</u>			<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>						
Contributions and grants:						
Memorials and tributes	\$ 241,120	7,544	248,664	211,211	11,686	222,897
Corporations	149,614	26,700	176,314	168,164	37,513	205,677
Individuals	138,941	49,906	188,847	77,305	51,623	128,928
Bequests	195,277	-	195,277	412,016	1,544,943	1,956,959
Foundations	19,909	35,000	54,909	39,116	4,750	43,866
Donated services and materials	127,810	-	127,810	103,000	-	103,000
Shared contributions, net	802,890	351,879	1,154,769	601,196	121,760	722,956
Other grants	-	23,000	23,000	-	-	-
Total contributions and grants	<u>1,675,561</u>	<u>494,029</u>	<u>2,169,590</u>	<u>1,612,008</u>	<u>1,772,275</u>	<u>3,384,283</u>
Program services – education workshops	29,106	-	29,106	83,430	-	83,430
Interest and dividend income	42,756	-	42,756	21,595	-	21,595
Realized losses on investments	(3,643)	-	(3,643)	-	-	-
Unrealized gains on investments	90,526	-	90,526	2,791	-	2,791
Special events – gross receipts	2,147,230	381,158	2,528,388	1,823,607	531,188	2,354,795
Less special event expenses	(265,978)	-	(265,978)	(257,845)	-	(257,845)
Sales of books and materials	699	-	699	643	-	643
Miscellaneous	-	-	-	155	-	155
Total revenues	<u>3,716,257</u>	<u>875,187</u>	<u>4,591,444</u>	<u>3,286,384</u>	<u>2,303,463</u>	<u>5,589,847</u>
Net assets released from restrictions	<u>1,025,965</u>	<u>(1,025,965)</u>	<u>-</u>	<u>893,714</u>	<u>(893,714)</u>	<u>-</u>
Total revenues and net assets released from restrictions	<u>4,742,222</u>	<u>(150,778)</u>	<u>4,591,444</u>	<u>4,180,098</u>	<u>1,409,749</u>	<u>5,589,847</u>
<b>Expenses:</b>						
Program services:						
Patient and family services	1,827,545	-	1,827,545	1,636,919	-	1,636,919
Public awareness and education	1,503,892	-	1,503,892	1,467,748	-	1,467,748
Public policy	156,389	-	156,389	161,147	-	161,147
Total program services	<u>3,487,826</u>	<u>-</u>	<u>3,487,826</u>	<u>3,265,814</u>	<u>-</u>	<u>3,265,814</u>
Support services:						
Management and general	328,793	-	328,793	342,011	-	342,011
Fundraising	787,681	-	787,681	753,692	-	753,692
Total support services	<u>1,116,474</u>	<u>-</u>	<u>1,116,474</u>	<u>1,095,703</u>	<u>-</u>	<u>1,095,703</u>
Total expenses	<u>4,604,300</u>	<u>-</u>	<u>4,604,300</u>	<u>4,361,517</u>	<u>-</u>	<u>4,361,517</u>
Increase (decrease) in net assets	137,922	(150,778)	(12,856)	(181,419)	1,409,749	1,228,330
Net assets at beginning of year	829,424	1,988,052	2,817,476	1,010,843	578,303	1,589,146
Net assets at end of year	\$ <u>967,346</u>	<u>1,837,274</u>	<u>2,804,620</u>	<u>829,424</u>	<u>1,988,052</u>	<u>2,817,476</u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash from contributions and special fundraising events \$	3,242,629	4,559,004
Cash from program services – education workshops	26,320	72,180
Cash received under revenue sharing agreement	854,258	640,891
Interest and dividends received	42,756	24,386
Miscellaneous receipts	3,484	12,170
Operating receipts	<u>4,169,447</u>	<u>5,308,631</u>
Cash paid to and for the benefit of employees	3,356,215	3,087,326
Cash paid under revenue sharing agreement	271,901	81,586
Cash paid to vendors	1,078,007	1,083,917
Grants paid	1,165	2,452
Operating disbursements	<u>4,707,288</u>	<u>4,255,281</u>
Net cash flows from operating activities	<u>(537,841)</u>	<u>1,053,350</u>
Cash flows from investing activities:		
Sale of investments	5,892	4,539
Purchase of investments	(42,756)	(370,994)
Purchase of property, equipment and software	(18,804)	(7,375)
Net cash flows from investing activities	<u>(55,668)</u>	<u>(373,830)</u>
Net (decrease) increase in cash and cash equivalents	(593,509)	679,520
Cash and cash equivalents – beginning of year	<u>1,015,277</u>	<u>335,757</u>
Cash and cash equivalents – end of year	<u>\$ 421,768</u>	<u>1,015,277</u>

(continued)

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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Statements of Cash Flows (continued)

For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of change in net assets to cash flows from operating activities:		
Change in net assets	\$ (12,856)	1,228,330
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debt	3,344	36,758
Depreciation and amortization	33,178	36,943
Realized losses on investments	3,643	-
Unrealized gains on investments	(90,526)	(2,791)
Investments received by contribution	-	(214)
Increase/(decrease) in cash due to changes in:		
Due from National – Cash	(305,463)	(121,083)
Due from National – Pledges	(262,567)	(24,681)
Contributions receivable	86,356	(113,429)
Other receivables	1,429	4,496
Prepaid expenses and other assets	(11,300)	(7,061)
Accounts payable	(18,219)	8,342
Accrued expenses	34,200	9,840
Deferred revenue	940	(2,100)
Total adjustments	<u>(524,985)</u>	<u>(174,980)</u>
Net cash flows from operating activities	\$ <u><u>(537,841)</u></u>	<u><u>1,053,350</u></u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

Statement of Functional Expenses

For the Year Ended June 30, 2013

	Patient and Family Services	Public Awareness/ Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Support Services	Total
Salaries and wages	\$ 1,048,493	833,610	93,696	1,975,799	191,031	522,519	713,550	2,689,349
Payroll taxes and other employee benefits	342,961	138,448	14,936	496,345	54,325	128,041	182,366	678,711
Accounting fees	8,500	8,500	-	17,000	2,125	2,125	4,250	21,250
Outside/contract labor	6,978	18,342	30,000	55,320	1,434	1,434	2,868	58,188
Office supplies	22,199	26,076	159	48,434	5,119	5,373	10,492	58,926
Telephone	44,507	44,276	85	88,868	10,477	10,699	21,176	110,044
Postage	8,201	6,854	393	15,448	457	1,512	1,969	17,417
Occupancy/utilities/insurance	169,809	169,236	-	339,045	42,171	43,278	85,449	424,494
Equipment rental and maintenance	15,414	15,414	-	30,828	3,853	3,853	7,706	38,534
Printing and publications/newsletter	6,501	106,738	40	113,279	1,608	1,608	3,216	116,495
Advertising/publicity/promotion	129	64,225	4,260	68,614	-	258	258	68,872
Books/library purchases	3,266	2,861	-	6,127	162	162	324	6,451
Conferences, conventions and meetings	8,126	18,211	4,816	31,153	1,949	1,983	3,932	35,085
Staff development – dues and subscriptions	3,559	3,318	-	6,877	720	764	1,484	8,361
Travel	34,162	19,284	7,473	60,919	3,180	6,214	9,394	70,313
Grants – specific assistance to individuals	665	-	500	1,165	-	-	-	1,165
Interest/bank charges	12,931	12,931	-	25,862	3,233	3,233	6,466	32,328
Miscellaneous	1,187	2,297	31	3,515	287	183	470	3,985
Bad debt	-	-	-	-	3,344	-	3,344	3,344
Donated services, materials and advertising	76,686	-	-	76,686	-	51,124	51,124	127,810
Depreciation and amortization	13,271	13,271	-	26,542	3,318	3,318	6,636	33,178
	\$ <u>1,827,545</u>	<u>1,503,892</u>	<u>156,389</u>	<u>3,487,826</u>	<u>328,793</u>	<u>787,681</u>	<u>1,116,474</u>	<u>4,604,300</u>

See accompanying notes to financial statements.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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Statement of Functional Expenses

For the Year Ended June 30, 2012

	Patient and Family Services	Public Awareness/ Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Support Services	Total
Salaries and wages	\$ 882,012	822,533	87,355	1,791,900	177,254	496,416	673,670	2,465,570
Payroll taxes and other employee benefits	314,237	132,721	11,157	458,115	49,072	129,499	178,571	636,686
Accounting fees	8,300	8,300	-	16,600	2,075	2,075	4,150	20,750
Outside/contract labor	4,949	28,473	44,000	77,422	1,050	1,050	2,100	79,522
Office supplies	21,145	25,113	367	46,625	4,911	5,039	9,950	56,575
Telephone	42,773	43,543	132	86,448	10,223	10,402	20,625	107,073
Postage	10,046	9,203	394	19,643	535	2,079	2,614	22,257
Occupancy/utilities/insurance	173,921	173,453	-	347,374	43,236	44,253	87,489	434,863
Equipment rental and maintenance	16,981	16,981	-	33,962	4,245	4,245	8,490	42,452
Printing and publications/newsletter	9,953	94,397	1,374	105,724	1,711	1,711	3,422	109,146
Advertising/publicity/promotion	3,573	60,096	3,246	66,915	-	109	109	67,024
Books/library purchases	4,469	689	-	5,158	53	226	279	5,437
Conferences, conventions and meetings	18,574	9,473	3,707	31,754	1,212	1,268	2,480	34,234
Staff development – dues and subscriptions	3,170	2,394	-	5,564	598	598	1,196	6,760
Travel	31,942	14,964	9,104	56,010	2,764	7,208	9,972	65,982
Grants – specific assistance to individuals	3,618	-	-	3,618	-	-	-	3,618
Interest/bank charges	10,272	10,272	-	20,544	2,568	2,568	5,136	25,680
Miscellaneous	406	366	311	1,083	52	52	104	1,187
Bad debt	-	-	-	-	36,758	-	36,758	36,758
Donated services, materials and advertising	61,800	-	-	61,800	-	41,200	41,200	103,000
Depreciation and amortization	14,778	14,777	-	29,555	3,694	3,694	7,388	36,943
	\$ <u>1,636,919</u>	<u>1,467,748</u>	<u>161,147</u>	<u>3,265,814</u>	<u>342,011</u>	<u>753,692</u>	<u>1,095,703</u>	<u>4,361,517</u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

Notes to Financial Statements

June 30, 2013 and 2012

**(1) Nature of Business and Significant Accounting Policies**

***(a) Organization***

The Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter (Alzheimer's) is a separately incorporated nonprofit agency which is affiliated with Alzheimer's Disease and Related Disorders Association, Inc. (National). The geographic territory served by Alzheimer's has been authorized by National and includes 68 counties in Illinois with offices in Bloomington, Carbondale, Chicago, Rockford, Joliet and Springfield. Alzheimer's provides family services, funds research projects and provides education to the general public in coping with problems of those afflicted with Alzheimer's disease and related disorders.

***(b) Revenue Recognition***

Contributions, including unconditional promises to give, are recognized as revenue at their fair values in the earlier of the period received or in which the unconditional promise is made. Bequests are recognized as revenue upon receiving notification of a donor's death and the amount of the bequest. Conditional promises to give are recognized when they become unconditional; that is, when the conditions are substantially met. The receipt of donated assets, services requiring specialized skills, and materials are recorded at their estimated fair market value at time of donation.

When recognized, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and nature of any restrictions stipulated by the donor. When a donor imposed restriction has been satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

An allowance for uncollectible accounts is maintained to reflect management's estimate of contributions receivable which will become uncollectible in the future.

***(c) Expense Allocation***

Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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Notes to Financial Statements

***(d) Cash and Cash Equivalents***

For purposes of the statements of cash flows, Alzheimer's considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents - restricted are required to remain on deposit as collateral for a letter of credit.

Cash includes deposit accounts with financial institutions. Alzheimer's maintains deposits in bank accounts that may exceed federally insured limits. At June 30, 2013 the bank balance of the deposits in excess of federal deposit insurance was approximately \$197,189. Management believes that the risk related to this concentration is minimal.

***(e) Investment Valuation and Income recognition***

Alzheimer's investments are stated at fair value as determined by quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

***(f) Property, Equipment and Software***

Purchased property, equipment and software with a cost greater than \$500 are capitalized at cost. Donated items are capitalized upon receipt at their estimated fair value. Fixed assets are depreciated over their estimated useful lives using the straight-line method. Software is amortized over a three year period using the straight-line method. Leasehold improvements are amortized over the remainder of the lease using a straight-line method. Depreciation and amortization expense begin in the month the item is purchased.

***(g) Accounting 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 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. Accordingly, actual results could differ from those estimates.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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Notes to Financial Statements

***(h) Income Taxes***

Alzheimer's is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Alzheimer's activities are included with informational tax returns filed by National.

Alzheimer's has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2010, 2011, and 2012 tax years. However, Alzheimer's is not currently under audit nor has Alzheimer's been contacted by any jurisdiction. Based on the evaluation of Alzheimer's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2013 and 2012.

***(i) Fair Value Measurements***

Under authoritative guidance issued by the Financial Accounting Standards Board (FASB), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management has various processes and controls in place to ensure that fair value is properly reflected in the financial statements.

Management assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with Alzheimer's accounting policy regarding the recognition of transfers between levels of the fair value

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Notes to Financial Statements

(i) *Fair Value Measurements (continued)*

hierarchy. For the years ended June 30, 2013 and 2012, there were no such transfers.

Following is a description of the valuation methodologies consistently used for assets measured at fair value.

*Investments in mutual and money market funds:* Valued at the net asset value (NAV) of shares held by Alzheimer's at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Alzheimer's believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(2) **Contributions Receivable**

Contributions receivable from pledges and bequests at June 30 are as follows:

	<u>2013</u>	<u>2012</u>
Due within one year	\$ 120,475	234,289
Due from one to five years	<u>31,060</u>	<u>8,000</u>
Total	151,535	242,289
Less allowance for uncollectible accounts	<u>(3,027)</u>	<u>(4,081)</u>
Net contributions receivable	\$ <u>148,508</u>	<u>238,208</u>

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Notes to Financial Statements

**(3) Investments and Fair Value Measurements**

The investments are presented in the financial statements at fair value using fair value measures. The money market funds are considered cash equivalents-institutional and all mutual funds are categorized as Level 1. At June 30, 2013 and 2012, investments consisted of the following:

	<u>2013</u>	<u>2012</u>
Money market funds	\$ <u>          —</u>	<u>          214</u>
Mutual funds:		
Large blend	589,351	485,244
International equity	193,505	170,361
Bonds – short-term	79,861	82,940
Bonds – intermediate-term	<u>396,842</u>	<u>397,054</u>
Total mutual funds	<u>1,259,560</u>	<u>1,135,599</u>
Total	\$ <u><u>1,259,560</u></u>	<u><u>1,135,813</u></u>

**(4) Risks and Uncertainties**

Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would be material to the amounts reported in the statement of activities.

**(5) In-Kind Donations**

Alzheimer's received in-kind donations of certain skilled services and materials for the annual Walks to End Alzheimer's and educational events. These items were allocated by management as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Public awareness educational communications	\$ 76,686	61,800
Fundraising	<u>51,124</u>	<u>41,200</u>
	\$ <u><u>127,810</u></u>	<u><u>103,000</u></u>

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Notes to Financial Statements

**(6) Property, Equipment and Software**

Property, equipment and software consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 209,786	279,793
Furniture	135,663	136,661
Leasehold improvements	192,625	191,725
Software	<u>1,130</u>	<u>3,505</u>
	539,204	611,684
Less accumulated depreciation and amortization	<u>(437,141)</u>	<u>(495,247)</u>
	<u>\$ 102,063</u>	<u>116,437</u>

**(7) Operating Leases**

Alzheimer's has entered into various non-cancelable operating lease agreements for the rental of office facilities and office equipment which expire at various dates through April 2018. Rent expense related to these leases for the years ended June 30, 2013 and 2012 was \$424,962 and \$429,318, respectively. Future minimum annual rentals for leases executed as of June 30, 2013 are as follows:

Year ending June 30	\$	
2014	318,904	
2015	227,984	
2016	199,849	
2017	188,147	
2018	62,735	

In lieu of making a security deposit for the Chicago office space, Alzheimer's arranged for an unconditional irrevocable letter of credit to the lessor in the amount of \$112,000. The letter of credit expired in July 2012 and was subsequently extended to July 2013 at a reduced amount of \$56,000, to be updated yearly. The letter of credit was extended to July of 2014. There were no draws on the letter of credit as of June 30, 2013.

**(8) Retirement Plan**

Alzheimer's sponsors a retirement plan under the provisions of Internal Revenue Code Section 401(k). This plan allows employees, through payroll deduction, to contribute a portion of their salary to the plan. The plan also allows matching and other employer contributions. Alzheimer's had discontinued the employer match in March 2009. In January 2012 the employer match was reinstated. The 401(k) plan matching expense was \$74,593 and \$33,473 for the years ended June 30, 2013 and 2012, respectively.

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**(9) Line of Credit**

Alzheimer's has a line of credit with a financial institution with a limit of \$350,000 and a maturity date of July 1, 2013 with interest payable monthly. The interest rate is variable and is based on the Prime Rate as published in *The Wall Street Journal*. The interest rate shall not be less than 4.5%. The line of credit is secured by all assets held by Alzheimer's. There were no borrowings or payments related to the line of credit during the 2013 or 2012 fiscal years.

**(10) Fundraising Agreement**

Alzheimer's has a revenue sharing agreement with National which applies to contributions received by each organization in the geographic territory described in Note 1. The agreement specifies how contributions received by either party will be shared with the other. The agreement shall continue indefinitely. The revenue sharing activity for the years ended June 30 is as follows:

	<u>2013</u>	<u>2012</u>
<u>Revenue sharing activity:</u>		
Due from National – Beginning Balance	\$ 536,995	391,231
Payments received from National	(854,258)	(640,891)
Payments made to National	271,901	81,586
Shared contributions, net	1,154,769	722,956
Bad debt expense related to shared contributions	–	(28,993)
Other	<u>(4,382)</u>	<u>11,106</u>
Due from National – Ending Balance	\$ <u>1,105,025</u>	<u>536,995</u>



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**(11) Temporarily Restricted Net Assets**

The temporarily restricted net assets as of June 30 are as follows:

	<u>2013</u>	<u>2012</u>
<u>Restricted as to time:</u>		
Contributions receivable	\$ 122,008	234,208
Due from National – Pledges	473,020	210,453
Walks to End Alzheimer's	265,806	218,084
 <u>Restricted as to purpose:</u>		
Advocacy	–	2,500
BRFSS Initiative	23,000	–
Carbondale Library	818	–
Care Navigation	8,103	8,769
Chapter programs	941,471	1,311,798
Clinic Studies Initiative	2,240	2,240
Mini-Cams	808	–
	<u>\$ 1,837,274</u>	<u>1,988,052</u>

**(12) Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, non-recognized subsequent events).

Alzheimer's has evaluated subsequent events through September 19, 2013, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.