

**ALZHEIMER'S DISEASE
& RELATED DISORDERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

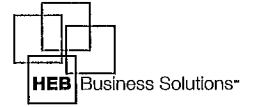
Together with

REPORT OF INDEPENDENT AUDITORS

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REPORT OF INDEPENDENT AUDITORS



To the Board of Directors
Alzheimer's Disease & Related Disorders Association, Inc.

We have audited the accompanying statements of financial position of the Alzheimer's Disease & Related Disorders Association, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Alzheimer's Disease & Related Disorders Association, Inc., as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Huber, Erickson & Bowman".

HUBER, ERICKSON & BOWMAN, LLC.
September 7, 2011

AUDITED FINANCIAL STATEMENTS

Alzheimer's Disease & Related Disorders Association, Inc.

Statements of Financial Position

As of June 30, 2011 and 2010

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ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 38,451	\$ 71,065
Accounts receivable	82,602	55,532
Prepaid expenses	12,040	11,172
Total Current Assets	<u>133,093</u>	<u>137,769</u>
Property and Equipment:		
Office furniture and equipment	26,371	28,373
Less accumulated depreciation	<u>(18,793)</u>	<u>(19,552)</u>
	<u>7,578</u>	<u>8,821</u>
	<u>\$ 140,671</u>	<u>\$ 146,590</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Trade	\$ 13,412	\$ 8,269
Accounts payable - SFR	10,413	10,991
Accrued settlement liability	9,000	-
Accrued payroll liabilities	4,517	5,723
Total Current Liabilities	<u>37,342</u>	<u>24,983</u>
Net Assets:		
Unrestricted	<u>103,329</u>	<u>121,607</u>
	<u>103,329</u>	<u>121,607</u>
	<u>\$ 140,671</u>	<u>\$ 146,590</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Disease & Related Disorders Association, Inc.

Statements of Activities

For the Years Ended June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Revenues, Gains, and Other Support		
Direct public support:		
Memorials and tributes	\$ 11,402	\$ 15,632
Corporate donations	2,469	3,506
Individual donations	21,292	10,794
Foundation grants	105,500	45,000
National grants	11,000	-
Donated services, materials, and facilities	245,575	265,077
Workplace giving	21,458	22,960
Government grants	405,077	287,968
Shared fundraising revenue	17,317	7,957
Interest income	274	863
Special fundraising events	212,846	264,089
Other	32,844	57,114
Total revenues, gains, and other support	1,087,054	980,960
Expenses		
Program Services:		
Caregiving services	867,771	777,284
Supporting Services:		
Management and general	134,368	87,989
Fundraising	103,193	141,298
Total Expenses	1,105,332	1,006,571
Change in Net Assets	(18,278)	(25,611)
Net Assets at Beginning of Year	121,607	147,218
Net Assets at End of Year	<u>\$ 103,329</u>	<u>\$ 121,607</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Disease & Related Disorders Association, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2011

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	Program Services	Supporting Services		Total Program and Supporting Services Expenses
		Management and General	Fund - Raising	
Salaries	\$ 55,886	\$ 60,442	\$ 40,296	\$ 156,624
Payroll taxes and benefits	-	24,864	16,576	41,440
Direct services	464,287	-	-	464,287
Education programs and seminars	6,558	-	-	6,558
Advertising	3,793	-	2,000	5,793
Accounting fees	13,046	3,645	2,494	19,185
Special fundraising events expense	9,511	12,278	24,759	46,548
Foundation grant fulfillment expense	235,205	5,750	5,750	246,705
Other expenses	26,238	9,446	167	35,851
Postage and shipping	-	940	940	1,880
Printing, promotion and publication	4,255	1,189	814	6,258
Rent and insurance	37,724	10,450	7,302	55,476
Supplies	3,954	1,104	756	5,814
Utilities	7,314	1,649	1,339	10,302
Depreciation	-	2,611	-	2,611
Total Expenses	<u>\$ 867,771</u>	<u>\$ 134,368</u>	<u>\$ 103,193</u>	<u>\$ 1,105,332</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Disease & Related Disorders Association, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2010

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	Program Services	Supporting Services		Total Program and Supporting Services Expenses
		Management and General	Fund - Raising	
Salaries	\$ 105,872	\$ 34,649	\$ 51,973	\$ 192,494
Payroll taxes and benefits	18,741	6,133	9,200	34,074
Direct services	277,984	-	-	277,984
Education programs and seminars	9,067	2,967	4,451	16,485
Advertising	-	-	-	-
Accounting fees	5,477	1,792	2,689	9,958
Special fundraising events expense	10,643	13,304	29,268	53,215
Foundation grant fulfillment expense	260,447	-	-	260,447
Other expenses	40,513	13,259	19,888	73,660
Postage and shipping	1,895	620	931	3,446
Printing, promotion and publication	4,346	1,422	2,134	7,902
Rent and insurance	32,096	10,504	15,756	58,356
Supplies	3,387	1,108	1,663	6,158
Utilities	5,491	1,797	2,695	9,983
Depreciation	1,325	434	650	2,409
Total Expenses	<u>\$ 777,284</u>	<u>\$ 87,989</u>	<u>\$ 141,298</u>	<u>\$ 1,006,571</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Disease & Related Disorders Association, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Support Collected:		
Contributions	\$ 52,480	\$ 51,322
Grants	493,979	344,349
Workplace giving	21,458	22,960
Special fundraising events	166,298	210,874
Interest income	274	863
Other miscellaneous revenues	32,794	57,114
Payments for Expenses:		
Employee compensation	(199,270)	(221,398)
Vendors	(599,259)	(487,390)
Net Cash and Cash Equivalents Used in Operating Activities	<u>(31,246)</u>	<u>(21,306)</u>
Cash Flows from Investing Activities		
Payments for purchase of property and equipment	<u>(1,368)</u>	<u>-</u>
Net Cash and Cash Equivalents Used in Investing Activities	<u>(1,368)</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(32,614)	(21,306)
Cash and Cash Equivalents at Beginning of Year	<u>71,065</u>	<u>92,371</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 38,451</u></u>	<u><u>\$ 71,065</u></u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Disease & Related Disorders Association, Inc.

Statements of Cash Flows - Continued

For the Years Ended June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities		
Change in net assets	\$ (18,278)	\$ (25,611)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	2,611	2,409
Donated assets capitalized	-	(5,994)
(Increase) decrease in operating assets:		
Federal grant	(17,651)	4,472
National organization	(2,836)	6,948
Other receivables	(7,161)	(39)
Prepaid expenses	(868)	(7,914)
Increase (decrease) in operating liabilities:		
Accounts payable	5,143	(747)
Accrued settlement liability	9,000	-
Accrued liabilities	(1,206)	5,170
Net Cash and Cash Equivalents Used in Operating Activities	<u>\$ (31,246)</u>	<u>\$ (21,306)</u>

Supplemental Disclosure of Non-Cash Investing and Financing Activities

During 2011, the Association disposed of office equipment with a book value of \$3,372 and accumulated depreciation of \$3,372.

During 2010, the Association received equipment as a contribution with a fair market value of \$5,994.

During 2010, the Association disposed of office equipment with a book value of \$6,036 and accumulated depreciation of \$6,036.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 1: ORGANIZATION

Alzheimer's Disease & Related Disorders Association, Inc., (the Association) is a volunteer, non-profit agency offering education, referral services, support and assistance to families and professionals involved with Alzheimer's disease. The Association was incorporated in the State of Utah in 1983 and is affiliated with the National Alzheimer's Disease & Related Disorders Association, Inc.. The Association sponsors support groups throughout the State of Utah, provides respite care programs, publishes a quarterly news letter to members, provides a resource center with information materials for use or purchase, and sponsors conferences and workshops designed to assist individuals.

NOTE 2: SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the Association conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Association are described below:

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that are benefited.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk – free interest rates applicable to the years in which the promises are to be received.

Contributed Services

The Association recognizes contributed services at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Property and Equipment

All major furniture and equipment expenditures are capitalized and recorded at cost or fair market value for donated assets. Expenditures for maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are expensed as incurred. Assets are depreciated over a five to ten year period on a straight-line basis. Depreciation expense was \$2,611 and \$2,409 for the years ended June 30, 2011 and 2010, respectively.

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements.

Compensated Absences

In accordance with FASB Accounting Standards Codification 710, compensated absences have not been accrued because the amount cannot be reasonably estimated.

Use of Estimates in the Preparation of the Financial Statements

The preparation of the 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. Actual results could differ from those estimates.

Concentration of Credit Risk

The Association maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits of \$250,000. The Association has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011 and 2010, consisted of the following:

	2011	2010
Federal Grant	\$ 49,457	\$ 31,806
National Organization	25,945	23,687
Settlement receivable	7,200	-
Other receivables	-	39
Total Accounts Receivable	<u>\$ 82,602</u>	<u>\$ 55,532</u>

NOTE 4: DONATED SERVICES AND USE OF FACILITIES

The Association received donated services from various unrelated parties totaling \$245,575 and \$265,077 for the years ended June 30, 2011 and 2010, respectively. Of the amounts recorded as donated services, \$245,575 and \$245,650 represent qualifying volunteer service hours required by the DHS grant (see Note 5) in 2011 and 2010, respectively.

Donated services and use of facilities for the years ended June 30, 2011 and 2010, are included in revenues and expenses in the statement of activities.

NOTE 5: GOVERNMENT GRANT

In September 2003, the Association obtained a three-year federal Alzheimer's Disease Innovation grant administered through the State of Utah, Department of Human Services Division of Aging and Adult Services (the "Division"). During the year ended June 30, 2010, the Division extended the grant to the Association for a one year period totaling \$330,876. During the years ended June 30, 2011 and 2010, the Association was audited monthly by the Division for qualification of volunteer hours, and the Association was in compliance with the grant agreement. During the years ended June 30, 2011 and 2010, the Association recorded as revenue \$115,955 and \$261,272, respectively for cost reimbursements from the Division. The Association also recognizes revenue and expense for the in-kind volunteer hours that are associated with the cost reimbursement grant (see Note 4).

In January 2011, the Association obtained an eight month federal cost reimbursement NYUCI grant administered through the State of Utah, Department of Human Services Division of Aging and Adult Services (the "Division"). The grant provides for \$226,990 in cost reimbursements as defined by the grant contract. During the year ended June 30, 2011, the Association received in cash and recorded as revenue \$173,261 and \$207,697, respectively, for cost reimbursements from the Division. Reimbursements receivable from the grant at year end totaled \$34,436.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 5: GOVERNMENT GRANT (CONTINUED)

In January 2011, the Association obtained an eight month federal cost reimbursement CTAC grant administered through the State of Utah, Department of Human Services Division of Aging and Adult Services (the "Division"). The grant provides for \$170,700 in cost reimbursements as defined by the grant contract. During the year ended June 30, 2011, the Association received in cash and recorded as revenue \$66,404 and \$81,425, respectively, for cost reimbursements from the Division. Reimbursements receivable from the grant at year end totaled \$15,021.

NOTE 6: SHARED FUNDRAISING

The Association is affiliated with the National Alzheimer's Disease and Related Disorders Association, Inc. (national organization). A formal Statement of Relationship outlines the rights and responsibilities of the national organization and the Association. These responsibilities include that the Association comply with policies. These policies include Shared Fundraising, which unifies and coordinates fundraising efforts within the Association's territory.

Shared Fundraising requires that the national organization, the Association and a Mission Fund share unrestricted contributed revenue raised in the territory. The Mission Fund is a fund to be used for the benefit of the whole Association. During the year ending June 30, 2011 revenue was shared as follows: 67% to the Association, 25% to the national organization, and 8% to the Mission Fund. During the year ending June 30, 2010 revenue was shared as follows: 71% to the Association, 23% to the national organization, and 6% to the Mission Fund. Amounts reflected as due to or from the national organization in the statements of financial position at June 30, 2011 and 2010, represent current amounts under this policy.

Total net revenues received from the national organization were \$17,317 and \$7,957 for 2011 and 2010, respectively. During the fiscal years ended 2011 and 2010, the Association had net accounts receivable from the national organization in the amount of \$15,532 and \$12,696, respectively.

NOTE 7: SPECIAL FUNDRAISING EVENTS

The Association sponsors various fundraising events in order to promote awareness of the Association's mission. The events included a Memory Walk where donations are pledged on behalf of participants in a walk, and a formal Gala event.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 7: SPECIAL FUNDRAISING EVENTS (CONTINUED)

The gross revenues and direct expenses associated with these events for the years ended June 30, 2011 and 2010, are summarized below:

2011			
	Memory Walk	Gala	Total
Revenues	\$ 136,927	\$ 75,919	\$ 212,846
Direct expenses	(15,852)	(30,696)	(46,548)
Net Revenues	<u>\$ 121,075</u>	<u>\$ 45,223</u>	<u>\$ 166,298</u>

2010			
	Memory Walk	Gala	Total
Revenues	\$ 161,609	\$ 102,480	\$ 264,089
Direct expenses	(17,114)	(36,101)	(53,215)
Net Revenues	<u>\$ 144,495</u>	<u>\$ 66,379</u>	<u>\$ 210,874</u>

NOTE 8: LEASE COMMITMENTS

Effective November 1, 2005, the Association entered into a non-cancellable lease agreement with the existing landlord that extended through September 30, 2012. The base rental amount increased on the anniversary date by 3% of the monthly rent paid in the preceding lease year. Effective May of 2011, the Association signed a lease extension for 5 years starting April 1, 2011 and ending March 31, 2016. Rent is \$4,392 per month with a 3% annual escalation similar to the previous lease. The lease also contains monthly signing credits of \$522 per month with a 3% escalation.

Effective October 1, 2009, the Association signed a 4 year, non-cancellable lease agreement ending September 30, 2013, for office space located in St. George, Utah. Rent is \$562 per month with annual escalations.

Alzheimer's Disease & Related Disorders Association, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

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NOTE 8: LEASE COMMITMENTS (CONTINUED)

Future minimum operating lease payments are as follows:

Fiscal Year ending June 30:

2012	\$	57,846
2013		54,672
2014		50,226
2015		49,647
Thereafter		<u>90,346</u>
Long-term obligations under operating leases	\$	<u>302,737</u>

Rent expenses paid for the years ended June 30, 2011 and 2010, were \$55,476 and \$58,365, respectively.

NOTE 9: ACCRUED SETTLEMENT LIABILITY

During the year ended June 30, 2011, a former employee had a disagreement with the Association. The former employee and the Association obtained legal counsel and a settlement was reached subsequent to year end. Per the terms of the settlement, the Association agreed to pay the former employee \$9,000, of which \$7,200 would be reimbursed to the Association by the Association's insurance provider. The settlement amount has been recorded as Accrued Settlement Liability as of June 30, 2011.

NOTE 10: RECLASSIFICATIONS

Certain reclassifications were made to the June 30, 2010 financial statements in order to conform to the June 30, 2011 financial statement presentation.

NOTE 11: SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events through September 7, 2011, which is the date these financial statements were issued. All subsequent events requiring recognition as of September 7, 2010, have been incorporated into these financial statements herein.