
***ALZHEIMER'S DISEASE AND
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.***
*FINANCIAL STATEMENTS
JUNE 30, 2008*

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Independent Auditors' Report

Board of Directors
Alzheimer's Disease and Related Disorders Association,
St. Louis Chapter, Inc.
St. Louis, Missouri

We have audited the accompanying statement of financial position of the Alzheimer's Disease and Related Disorders Association, St Louis Chapter, Inc. (the Chapter), a not-for-profit organization, as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chapter's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Chapter as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3, net assets as of the beginning of the year have been restated to properly reflect the Chapter's beneficial interest in a perpetual trust. The net effect of this restatement was an increase to permanently restricted net assets of \$1,257,944.

RubinBrown LLP

August 27, 2008

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.**

**STATEMENT OF FINANCIAL POSITION
June 30, 2008**

Assets

Current Assets

Cash and cash equivalents (Note 4)	\$ 123,579
Accounts receivable	31,680
Promises to give - short-term (Note 5)	542,679
Inventory	2,287
Prepaid expenses	26,158
Total Current Assets	<u>726,383</u>

Promises To Give - Long-Term (Note 5) 23,893

Investments (Note 6) 2,006,572

Property And Equipment (Note 7) 39,027

**Assets Restricted For Permanent Investment - Beneficial
Interest In Perpetual Trust (Note 8)** 1,149,365

Assets Restricted For Permanent Investment (Note 6) 112,604

Total Assets \$ 4,057,844

Liabilities And Net Assets

Current Liabilities

Accounts payable	\$ 92,995
Deferred revenue	28,630
Accrued payroll and related items	89,961
Total Current Liabilities	<u>211,586</u>

Net Assets

Unrestricted:	
Unrestricted - operating	815,653
Board designated (Note 9)	1,032,296
Total Unrestricted	<u>1,847,949</u>

Temporarily restricted (Note 9) 736,340

Permanently restricted (Note 9) 1,261,969

3,846,258

Total Liabilities And Net Assets \$ 4,057,844

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.**

**STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions And Support				
Individual contributions and memorials	\$ 754,742	\$ 49,247	\$ —	\$ 803,989
Bequests and planned giving	89,108	639,489	—	728,597
Corporate support	31,882	192,400	—	224,282
Foundations	18,000	159,075	—	177,075
Special events	493,823	158,387	—	652,210
Other organizations	145,496	110,671	—	256,167
Total Contributions And Support	1,533,051	1,309,269	—	2,842,320
Less: Research restricted contributions due to National	—	(385,611)	—	(385,611)
Total Net Contributions And Support	1,533,051	923,658	—	2,456,709
Revenues				
Government grants	307,792	—	—	307,792
Investment loss (Note 6)	(20,145)	—	—	(20,145)
Change in value of beneficial interest in perpetual trust (Note 8)	—	—	(108,579)	(108,579)
Education workshop/seminars	86,419	—	—	86,419
Card, book and tape sales	3,123	—	—	3,123
Other income	7,093	—	—	7,093
Total Revenues	384,282	—	(108,579)	275,703
Total Contributions, Support And Revenues	1,917,333	923,658	(108,579)	2,732,412
Net Assets Released From Restrictions (Note 9)	499,038	(499,038)	—	—
Total Contributions, Support And Revenues	2,416,371	424,620	(108,579)	2,732,412
Expenses				
Program Services:				
Education and information	1,154,496	—	—	1,154,496
Family services	799,291	—	—	799,291
Public policy	121,344	—	—	121,344
Research	9,779	—	—	9,779
Total Program Services	2,084,910	—	—	2,084,910
Supporting Activities:				
Fundraising	277,535	—	—	277,535
Management and general	164,070	—	—	164,070
Total Supporting Activities	441,605	—	—	441,605
Total Expenses	2,526,515	—	—	2,526,515
Change In Net Assets	(110,144)	424,620	(108,579)	205,897
Net Assets - Beginning Of Year, As Restated (Note 3)	1,958,093	311,720	1,370,548	3,640,361
Net Assets - End Of Year	\$ 1,847,949	\$ 736,340	\$ 1,261,969	\$ 3,846,258

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2008**

	Program Services					Supporting Activities			
	Education And Information	Family Services	Public Policy	Research	Total	Management And General	Fundraising	Total	Total
Salaries	\$ 651,912	\$ 400,547	\$ 75,926	\$ —	\$ 1,128,385	\$ 84,419	\$ 108,193	\$ 192,612	\$ 1,320,997
Pension plan contributions	25,644	16,022	3,469	—	45,135	3,377	4,328	7,705	52,840
Employee benefits	42,964	26,087	5,313	—	74,364	6,974	1,592	8,566	82,930
Payroll taxes	52,967	35,316	7,160	—	95,443	6,518	8,270	14,788	110,231
Family respite and other mini-grants	—	135,570	—	—	135,570	—	—	—	135,570
Professional fees and outside services	28,822	32,446	2,300	—	63,568	35,297	12,412	47,709	111,277
Supplies	21,193	7,141	879	—	29,213	985	2,609	3,594	32,807
Telecommunications	24,380	8,146	1,679	—	34,205	1,574	2,833	4,407	38,612
Postage and shipping	18,478	13,707	928	—	33,113	1,053	27,486	28,539	61,652
Occupancy	53,601	45,689	5,711	—	105,001	6,853	9,138	15,991	120,992
Equipment rental and maintenance	52,819	15,759	2,567	—	71,145	3,209	7,771	10,980	82,125
Printing and publications	26,613	9,282	314	—	36,209	2,495	47,777	50,272	86,481
Advertising	23,034	7,625	—	—	30,659	100	13,795	13,895	44,554
Travel	39,669	7,014	3,216	—	49,899	1,292	4,810	6,102	56,001
Miscellaneous	8,230	1,275	222	—	9,727	7,982	541	8,523	18,250
Training	4,312	2,579	199	—	7,090	212	531	743	7,833
National research and programs	31,172	14,058	6,112	9,779	61,121	—	—	—	61,121
Programs, events and volunteers	35,484	11,401	4,249	—	51,134	629	22,974	23,603	74,737
Depreciation	13,202	9,627	1,100	—	23,929	1,101	2,475	3,576	27,505
	\$ 1,154,496	\$ 799,291	\$ 121,344	\$ 9,779	\$ 2,084,910	\$ 164,070	\$ 277,535	\$ 441,605	\$ 2,526,515

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.**

**STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2008**

Cash Flows From Operating Activities

Cash received from:

Individual contributions and memorials	\$ 803,990
Bequests and planned giving	532,546
Corporate support	224,282
Foundations and government grants	470,965
Special events	570,010
Other contributions	248,892
Other revenue	167,656
	<u>3,018,341</u>

Cash paid to:

Employees	1,551,540
Vendors	694,710
National organization	446,733
Family respite and other mini-grants	135,570
	<u>2,828,553</u>

Net Cash Provided By Operating Activities

189,788

Cash Flows Used In Investing Activities

Net transfers of investments and proceeds from sales	(140,636)
Purchase of investments	(53,694)
Purchase of equipment	(20,776)

Net Cash Used In Investing Activities

(215,106)

Net Decrease In Cash And Cash Equivalents

(25,318)

Cash And Cash Equivalents - Beginning Of Year

148,897

Cash And Cash Equivalents - End Of Year

\$ 123,579

Cash Flows From Operating Activities

Increase in net assets	\$ 205,897
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	27,505
Unrealized losses on investments	98,258
Change in value of interest in perpetual trust	108,579
Changes in assets and liabilities:	
Increase in accounts receivable	(19,624)
Increase in promises to give	(315,526)
Decrease in inventory	1,390
Decrease in prepaid expenses	178
Increase in accounts payable	39,043
Increase in deferred revenue	28,630
Increase in accrued payroll and related items	15,458
	<u>15,458</u>

Net Cash From Operating Activities

\$ 189,788

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis Of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the Chapter) is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates And Assumptions

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration Of Credit Risk

The Chapter places its cash and investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution or investment type. At times, such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Accounts Receivable And Promises To Give

Accounts receivable are recognized as revenue in the period in which the revenue is earned.

Unconditional promises to give are recorded as contributions in the period the promises to give are received. Conditional promises to give are recognized as contributions when the conditions on which they depend are substantially met.

No allowance for uncollectible accounts receivable or uncollectible promises to give is considered necessary by management.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

Investments

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. The fair values of money market funds, certificates of deposit, and equity mutual funds are based on quoted market prices on national exchanges. The fair value of auction rate securities has been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment broker.

Gains or losses on sales of investments are determined on an average cost method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Inventory

Inventory of educational materials is stated at the lower of cost or market, with the cost determined on a first-in, first-out basis.

Property And Equipment

Property and equipment is stated at cost, if purchased, or fair value, if donated, less accumulated depreciation computed using the straight-line method. The assets are depreciated over the following periods:

Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 10 years or life of lease

Restricted And Unrestricted Contributions And Support

The Chapter reports gifts of cash and other assets as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a donor 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 expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported 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.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

Research Restricted Contributions And Support

Donors to the Chapter sometimes designate all or part of their contributions to research activities. The Chapter follows certain development policies established by its related national organization, the Alzheimer's Disease and Related Disorders Association, Inc., (National) regarding such gifts. In accordance with Financial Accounting Standards Board Statement No. 136, *Transfer of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (SFAS 136), these restricted amounts are not considered to be part of the Chapter's activities and are forwarded directly to National. During the year ended June 30, 2008 designated research funds of \$385,611 were due to National. The amount to be transferred to National at year-end amounted to \$1,143 and is included in the statement of financial position in accounts payable.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services:

Education and Information - Provides educational classes for caregivers and professionals to help understand the disease and improve care.

Family Services - Provides services such as a 24-hour Help Line and a website for information and referral, support groups, in-person consultations, respite care assistance, MedicAlert/Safe Return program scholarships and early stage programs.

Public Policy - Supports grassroot efforts targeting decision makers in Missouri, Illinois, and Washington D.C. to advance quality care and support programs and research funding.

Research - Provides research funding to find a cure.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

Supporting Activities:

Management and General - Includes those expenditures necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Chapter's program strategy, secure proper administrative functioning of the Board, and manage the financial and budgetary responsibilities of the Chapter.

Fundraising - Provides the structure necessary to encourage and secure financial support from corporations, individuals, and foundations in the form of gifts, as well as fundraising events.

Functional Allocation Of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Chapter.

Advertising Costs

The Chapter expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$44,553 in 2008.

Donated Services

A substantial number of volunteers have given significant amounts of their time to the Chapter's programs and management. These services are not recorded in the financial statements since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Tax Status

The Chapter is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

2. Organization

The Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the Chapter) is a not-for-profit organization serving the St. Louis metropolitan area, eastern Missouri and western Illinois. The Chapter is dedicated to achieving its mission of eliminating Alzheimer's disease through the advancement of research, providing and enhancing care and support services for all affected, and reducing the risk of dementia through the promotion of brain health.

The Chapter's primary sources of revenue and support are contributions from the public, corporations and foundations.

3. Prior Period Adjustment

Net assets as of the beginning of the year have been restated to record the Chapter's beneficial interest in a perpetual trust. The effect of this change was an increase to permanently restricted net assets as of July 1, 2007 of \$1,257,944.

4. Cash And Cash Equivalents

The Chapter considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of the following as of June 30, 2008:

Cash	\$ 74,490
Money market funds	49,089
	<hr/>
	\$ 123,579
	<hr/>

5. Promises To Give

Unconditional promises to give consist of the following as of June 30, 2008:

United Way	\$ 108,321
Grants	80,000
Bequests	272,158
Other pledges and commitments	106,093
	<hr/>
	\$ 566,572
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**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

Promises to give are collectible as follows:

Less than one year	\$ 542,679
More than five years	<u>23,893</u>
	<u>\$ 566,572</u>

Long-term promises to give are reflected at the present value of estimated future cash flows using a discount rate of 5 percent each year.

United Way Of Greater St. Louis, Inc.

The Chapter contracts with the United Way of Greater St. Louis, Inc. to carry out programs which meet community health and human service needs. The Chapter receives an allocation from the United Way for its participation in these programs.

Grant Awards

The Chapter has grant awards from the current and prior years that are being received in periodic payments through January 2009.

6. Investments

Investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 920,131	\$ 920,131
Certificates of deposit	284,000	284,476
Equity mutual funds	541,651	614,569
Auction rate securities	300,000	300,000
	<u>\$ 2,045,782</u>	<u>\$ 2,119,176</u>

Auction-rate securities are carried at management's estimate of the fair market value which is believed to approximate cost. It is management's intention to hold these securities until this value is realizable.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

The investments are reported in the statement of financial position as follows:

Investments	\$ 2,006,572
Assets restricted for permanent investment	<u>112,604</u>
	<u>\$ 2,119,176</u>

Investment income (loss) consists of the following:

Interest income	\$ 78,113
Unrealized losses	<u>(98,258)</u>
	<u>\$ (20,145)</u>

7. Property And Equipment

Property and equipment consists of the following:

Leasehold improvements	\$ 4,536
Computer equipment and software	147,113
Furniture and fixtures	<u>11,081</u>
	162,730
Less: Accumulated depreciation	<u>123,703</u>
	<u>\$ 39,027</u>

8. Beneficial Interest In Perpetual Trust

The Chapter has a beneficial interest in a perpetual trust. The trust assets are not in the possession or control of the Chapter but are held and administered by independent financial institution trustees. The Chapter, along with other not-for-profit organizations, is a beneficiary of the trust. The present value was estimated to be equivalent to the Chapter's share of the current fair market value of the trust which amounts to \$1,149,365 at June 30, 2008.

The total change in the value of the split-interest agreement was a decrease of \$108,579 for the year ended June 30, 2008.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

9. Net Assets

Temporarily restricted net assets consist of the following:

Time restrictions:	
United Way	\$ 108,321
Grants	163,500
Other pledges and commitments	67,600
Bequests	296,051
Purposes restrictions:	
Special events	100,517
Other	351
	<hr/>
	\$ 736,340
	<hr/> <hr/>

Board designated net assets consist of the following:

Operating Reserve Fund	\$ 667,477
Equalization Fund	364,819
	<hr/>
	\$ 1,032,296
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The Board of Directors has designated that the Operating Reserve and Equalization Funds be set aside as a means of providing long-term stability to the Chapter's operations. The Board must approve all transfers of these designated funds in excess of \$50,000 in any fiscal year.

The Board designated Equalization Fund is a special reserve fund used to balance the wide variance in annual unrestricted support. All unrestricted contributions greater than or equal to \$50,000 are set aside in the Equalization Fund, and 20% of such amounts are available for the current budget year, with the balance being utilized equally over the succeeding four years.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

Net assets were released from donor-imposed restricted as follows:

Time restrictions:	
United Way	\$ 101,046
Grants	226,979
Bequests	100,000
Purposes restrictions:	
Special events	43,056
Other	<u>27,957</u>
	<u>\$ 499,038</u>

Permanently restricted net assets consist of funds designated by donors to be held in perpetuity by the Chapter. The income from one of the trusts is designated for research activities and forwarded to National. Permanently restricted net assets totaled \$1,261,969 for the year ended June 30, 2008.

10. Related Party Transactions

Dues

National assesses dues based on the Chapter's total contributions, support and revenue. These dues are offset by 50% for certain research funds raised by the Chapter. For the year ended June 30, 2008, annual dues paid to National were \$61,121, which reflected a credit of \$61,121 to the total dues assessed.

11. Retirement Plan

The Chapter sponsors an optional 403(b) tax-deferred annuity plan and contributes up to 5% of an eligible employee's salary annually, based on the employee's years of service. Vesting is immediate. The Chapter's contributions to employees amounted to \$52,840 for the year ended June 30, 2008.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

12. Agreements And Contracts

Government Contracts

The Chapter contracts with the St. Louis Area Agency on Aging (the Agency) to provide financial assistance to the primary care givers of those afflicted with Alzheimer's Disease and related disorders. The Chapter remits funds to primary care givers and is then reimbursed by the Agency. Support from this contract amounted to \$30,492 for the year ended June 30, 2008.

The Chapter contracts with the Missouri Department of Social Services to provide information, training and financial assistance for persons with memory loss and their families. Support from the contract amounted to \$157,013 for the year ended June 30, 2008.

The Chapter also contracts with the Missouri Department of Health and Senior Services to expand and improve state efforts directed towards maintaining people with dementia at home or in community-based settings. Support from the contract amounted to \$73,125 for the year ended June 30, 2008.

The Chapter participates in a contract with the Illinois Department of Public Health with certain other Alzheimer's Association chapters to provide access to information and services to persons with dementia and their caregivers in Illinois. Support from the contract amounted to \$34,355 for the year ended June 30, 2008. Additionally, the Chapter has recorded deferred revenue of \$28,630 that reflects payments received for which the revenue has not yet been earned.

**ALZHEIMER'S DISEASE AND RELATED
RELATED DISORDERS ASSOCIATION,
ST. LOUIS CHAPTER, INC.**

Notes To Financial Statements (*Continued*)

13. Lease Commitments

The Chapter is the lessee under noncancellable operating leases for office facilities, equipment, software and support.

The following is a schedule of future minimum lease payments:

<u>Year</u>	<u>Amount</u>
2009	\$ 214,004
2010	227,826
2011	226,833
2012	205,590
2013	60,692
	<u>\$ 934,945</u>

Lease expense was \$193,607 for the year ended June 30, 2008.

14. Subsequent Event

As of July 1, 2008, the Chapter began participating in a shared fundraising program with National. The Chapter and National will collaborate on fundraising in the Chapter's territory. All unrestricted contributions earned by either party in the Chapter's territory shall be shared. Donor restricted contributions to the Chapter's programs and services will not be subject to the shared fundraising allocation. The Chapter's share allocation shall gradually progress from 69% for the year ended June 30, 2009 to 60% by the year ended June 30, 2012, remaining at 60% thereafter. As a result of participating in this program, the Chapter shall no longer be assessed dues.