

ALZHEIMER'S DISEASE AND  
RELATED DISORDERS  
SOUTHWEST MISSOURI CHAPTER

AUDITED FINANCIAL STATEMENTS

June 30, 2010

# Mechsner & Company, L.L.C.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Alzheimer's Disease and Related Disorders  
Southwest Missouri Chapter

We have audited the accompanying statement of financial position of the Alzheimer's Disease and Related Disorders, Southwest Missouri Chapter (a nonprofit corporation) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 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 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 Alzheimer's Disease and Related Disorders, Southwest Missouri Chapter as of June 30, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Mechsner & Company, L.L.C.*

Mechsner & Co., L.L.C.  
Springfield, Missouri  
October 28, 2010

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ALZHEIMER'S DISEASE & RELATED DISORDERS  
 SOUTHWEST MISSOURI CHAPTER  
 STATEMENT OF FINANCIAL POSITION  
 As of June 30, 2010

**ASSETS**

**CURRENT ASSETS**

|                     |            |
|---------------------|------------|
| Cash                | \$ 107,969 |
| Accounts Receivable | 11,800     |
| Investments         | 461,356    |
| Inventory           | 2,136      |
| Prepaid Expenses    | <u>144</u> |

**Total Current Assets** 583,405

**PROPERTY AND EQUIPMENT**

|   |                 |
|---|-----------------|
| Office Equipment, furniture and fixtures and leasehold improvements | \$ 106,724      |
| Less: Accumulated Depreciation                                      | <u>(71,811)</u> |

**Net Property and Equipment** 34,913

**OTHER ASSETS**

|                   |              |
|-------------------|--------------|
| Donated Timeshare | \$ 8,500     |
| Rent Deposits     | <u>3,500</u> |

**Total Other Assets** 12,000

**TOTAL ASSETS** \$ 630,318

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                            |              |
|----------------------------|--------------|
| Accounts Payable           | \$ 0         |
| Accrued Expenses           | 365          |
| Shared Fundraising Payable | <u>5,424</u> |

**Total Current Liabilities** 5,789

**NET ASSETS**

|                        |               |
|------------------------|---------------|
| Unrestricted           | \$ 597,997    |
| Temporarily Restricted | <u>26,532</u> |

**Total Net Assets** 624,529

**TOTAL LIABILITIES AND NET ASSETS** \$ 630,318

The accompanying notes are an integral part of these financial statements

ALZHEIMER'S DISEASE & RELATED DISORDERS  
SOUTHWEST MISSOURI CHAPTER  
STATEMENT OF ACTIVITIES  
For the Year ended June 30, 2010

|  | <u>Unrestricted</u>      | <u>Temporarily<br/>Restricted</u> | <u>Total<br/>All Funds</u> |
|--|--------------------------|-----------------------------------|----------------------------|
| <b>Revenues:</b>                                   |                          |                                   |                            |
| Contributions, Gifts, Grants and Similar           | \$ 56,030                | \$ 86,642                         | \$ 142,672                 |
| Shared Fundraising Revenue                         | 76,475                   | 0                                 | 76,475                     |
| Less: Shared Fundraising Expense                   | (5,424)                  | 0                                 | (5,424)                    |
| Government Grants                                  | 0                        | 116,125                           | 116,125                    |
| Program Services/Educational Workshops             | 8,771                    | 0                                 | 8,771                      |
| Dividends and Interest from Investments            | 12,423                   | 0                                 | 12,423                     |
| Investment Realized Gain (Loss) from Investments   | 6,403                    | 0                                 | 6,403                      |
| Investment Unrealized Gain (Loss) from Investments | 32,357                   | 0                                 | 32,357                     |
| Gross Amount from Sales Other than Inventory       | 7,187                    | 0                                 | 7,187                      |
| Less: cost or other basis and sales expenses       | 0                        | 0                                 | 0                          |
| Gross Profit                                       | <u>7,187</u>             | <u>0</u>                          | <u>7,187</u>               |
| Fundraising Events and Activities                  | 277,853                  | 0                                 | 277,853                    |
| Less: Direct Expense Benefiting Donors             | (41,952)                 | 0                                 | (41,952)                   |
| Gross Profit from Fundraising Events & Activities  | <u>235,901</u>           | <u>0</u>                          | <u>235,901</u>             |
| Other Revenue:                                     |                          |                                   |                            |
| Donated Goods and Services                         | 73,294                   | 0                                 | 73,294                     |
| Other Income                                       | 1,370                    | 0                                 | 1,370                      |
| Net Assets Released from Restrictions              | <u>232,930</u>           | <u>(232,930)</u>                  | <u>0</u>                   |
| <b>Total revenue</b>                               | <b>737,717</b>           | <b>(30,163)</b>                   | <b>707,554</b>             |
| <b>Expenditures:</b>                               |                          |                                   |                            |
| Program Services:                                  |                          |                                   |                            |
| Patient/Family Services                            | \$ 229,453               |                                   | \$ 229,453                 |
| Education/Public Awareness                         | 190,986                  |                                   | 190,986                    |
| Public Policy                                      | 70,027                   |                                   | 70,027                     |
| Research   | 1,120                    |                                   | 1,120                      |
| Management & General                               | 31,685                   |                                   | 31,685                     |
| Fundraising  | 129,738                  |                                   | 129,738                    |
| <b>Total Expenditures</b>                          | <u>653,009</u>           | <u>0</u>                          | <u>653,009</u>             |
| <b>Change in Net Assets</b>                        | <b>\$ 84,708</b>         | <b>\$ (30,163)</b>                | <b>\$ 54,545</b>           |
| Net Assets at June 30, 2009                        | <u>513,289</u>           | <u>56,695</u>                     | <u>569,984</u>             |
| <b>Net Assets at June 30, 2010</b>                 | <b><u>\$ 597,997</u></b> | <b><u>\$ 26,532</u></b>           | <b><u>\$ 624,529</u></b>   |

The accompanying notes are an integral  
part of these financial statements

ALZHEIMER'S DISEASE & RELATED DISORDERS  
 SOUTHWEST MISSOURI CHAPTER  
 STATEMENT OF CASH FLOWS  
 For the Year ended June 30, 2010

|   |                          |
|---|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |
| Change in Net Assets Increase (Decrease)  | \$ 54,545                |
| Adjustments to reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities: |                          |
| Depreciation  | 11,304                   |
| Unrealized (Gains) Losses on Investments  | (32,357)                 |
| Realized (Gains) Losses on Investments  | (6,403)                  |
| Investment Account (Income) Net of Fees Paid  | (9,331)                  |
| Decrease (Increase) in Operating Assets:  |                          |
| Accounts Receivable   | (4,782)                  |
| Prepaid Expenses  | 1                        |
| Increase (Decrease) in Operating Liabilities:   |                          |
| Accrued Expenses  | 5,294                    |
| Total Adjustments   | <u>(36,274)</u>          |
| <b>Net Cash Provided By (Used in) Operating Activities</b>  | <b>18,271</b>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |
| Property and Equipment Purchased  | (7,115)                  |
| Investments Purchased   | (333,469)                |
| Proceeds from Investments Sold  | 331,312                  |
| Withdrawal from Investment Account to Savings   | <u>10,000</u>            |
| <b>Net Cash Provided By (Used In) Investing Activities</b>  | <b>728</b>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                          |
| <b>Net Cash Provided By (Used In) Financing Activities</b>  | <u>0</u>                 |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | <b>18,999</b>            |
| <b>CASH AT BEGINNING OF YEAR</b>  | <u>88,970</u>            |
| <b>CASH AT END OF YEAR</b>  | <u><u>\$ 107,969</u></u> |
| Supplemental disclosure of cash flow information:   |                          |
| Cash paid during year for interest  | <u><u>\$ 0</u></u>       |

The accompanying notes are an integral part of these financial statements

ALZHEIMER'S DISEASE AND RELATED DISORDERS  
 SOUTHWEST MISSOURI CHAPTER  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year ended June 30, 2010

|                                    | PROGRAM EXPENSES |                  |                         |                            |               |       | RESEARCH | MANAGEMENT AND GENERAL | FUND RAISING |
|------------------------------------|------------------|------------------|-------------------------|----------------------------|---------------|-------|----------|------------------------|--------------|
|                                    | TOTAL ALL        | PROGRAM EXPENSES | PATIENT/FAMILY SERVICES | EDUCATION PUBLIC AWARENESS | PUBLIC POLICY |       |          |                        |              |
| COMPENSATION OF OFFICERS           | 48,236           | 41,483           | 20,259                  | 20,259                     | 965           |       | 2,894    | 3,859                  |              |
| OTHER SALARIES/WAGES               | 206,453          | 177,550          | 86,711                  | 86,710                     | 4,129         |       | 12,387   | 16,516                 |              |
| PENSION PLAN CONTRIBUTIONS         | 3,276            | 2,817            | 1,376                   | 1,376                      | 65            |       | 197      | 262                    |              |
| PAYROLL TAXES                      | 17,821           | 15,326           | 7,485                   | 7,485                      | 356           |       | 1,069    | 1,426                  |              |
| OTHER EMPLOYEE BENEFITS            | 37,841           | 32,453           | 16,177                  | 15,537                     | 739           |       | 2,303    | 3,085                  |              |
| LEGAL FEES                         | 0                | 0                | 0                       | 0                          | 0             |       | 0        | 0                      |              |
| AUDIT FEES                         | 13,007           | 10,731           | 5,203                   | 5,203                      | 325           |       | 975      | 1,301                  |              |
| CONTRACT LABOR & PROFESSIONAL FEES | 6,631            | 2,227            | 2,227                   | 0                          | 0             |       | 1,904    | 2,500                  |              |
| SUPPLIES - OFFICE AND PROGRAM      | 7,413            | 5,396            | 3,521                   | 1,541                      | 334           |       | 633      | 1,384                  |              |
| TELEPHONE                          | 9,636            | 7,796            | 5,166                   | 2,104                      | 526           |       | 485      | 1,355                  |              |
| POSTAGE                            | 8,499            | 4,612            | 0                       | 4,071                      | 541           |       | 504      | 3,383                  |              |
| OCCUPANCY/UTILITIES/INSURANCE      | 59,944           | 49,468           | 25,542                  | 19,882                     | 4,044         |       | 3,711    | 6,765                  |              |
| EQUIPMENT RELATED & REPAIR/MAINT.  | 18,377           | 15,725           | 5,715                   | 9,067                      | 943           |       | 825      | 1,827                  |              |
| PRINTING/PUBLICATION/NEWSLETTER    | 14,551           | 10,249           | 4,017                   | 5,484                      | 748           |       | 95       | 4,207                  |              |
| ADVERTISING/PUBLICITY/PROMOTION    | 7,991            | 1,839            | 250                     | 364                        | 1,225         |       | 0        | 6,152                  |              |
| BOOKS-OUTSIDE VENDORS              | 601              | 581              | 0                       | 581                        | 0             |       | 0        | 20                     |              |
| CONFERENCES/CONVENTIONS/MEETINGS   | 10,589           | 5,499            | 1,131                   | 1,305                      | 3,063         |       | 431      | 4,659                  |              |
| STAFF DEVELOP/DUES & SUBSCRIPTIONS | 2,096            | 2,096            | 25                      | 2,071                      | 0             |       | 0        | 0                      |              |
| TRAVEL                             | 16,523           | 11,821           | 5,746                   | 705                        | 5,370         |       | 1,669    | 3,033                  |              |
| GRANTS & ALLOCATIONS:              |                  |                  |                         |                            |               |       |          |                        |              |
| RESPIRE CARE                       | 30,156           | 30,156           | 30,156                  | 0                          | 0             |       | 0        | 0                      |              |
| SPECIFIC ASSISTANCE TO INDIVIDUALS | 1,238            | 1,238            | 1,238                   | 0                          | 0             |       | 0        | 0                      |              |
| RESEARCH TO NATIONAL               | 1,120            | 0                | 0                       | 0                          | 0             | 1,120 | 0        | 0                      |              |
| INTEREST/BANK CHARGES              | 7,215            | 5,608            | 2,719                   | 2,719                      | 170           |       | 509      | 1,098                  |              |
| IN-KIND EXPENSES                   | 64,787           | 0                | 0                       | 0                          | 0             |       | 0        | 64,787                 |              |
| PAID TO AFFILIATES                 | 46,318           | 46,318           | 117                     | 0                          | 46,201        |       | 0        | 0                      |              |
| MISCELLANEOUS                      | 1,386            | 150              | 150                     | 0                          | 0             |       | 247      | 989                    |              |
| DEPRECIATION                       | 11,304           | 9,327            | 4,522                   | 4,522                      | 283           |       | 847      | 1,130                  |              |
| TOTAL FUNCTIONAL EXPENSE           | 653,009          | 490,466          | 229,453                 | 190,986                    | 70,027        | 1,120 | 31,685   | 129,738                |              |

The accompanying notes are an integral part of these financial statements

ALZHEIMER'S DISEASE & RELATED DISORDERS  
SOUTHWEST MISSOURI CHAPTER  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year ended June 30, 2010

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The Southwest Missouri Chapter of the Alzheimer's Association and Related Disorders is a nonprofit corporation. Its mission is to provide educational and support services and advocacy on behalf of affected individuals, their families and caregivers in a 29 county area of southwest Missouri.

Financial Statement Presentation

Financial statement presentation follows the Accounting Standards Codification (A.S.C.) paragraph 958-605-45-3 (formerly SFAS No. 116) and paragraph 958-210-45-9 (formerly SFAS No. 117). A.S.C. paragraph 958-605-45-3 requires the Organization to report contributions received as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions. Temporarily restricted donations are reclassified to unrestricted contributions upon the satisfaction of the purpose of the restriction. For the year ended June 30, 2010 there were no permanently restricted contributions.

A.S.C. paragraph 958-210-45-9 (formerly SFAS No. 117) requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted. For the year ended June 30, 2010 there were no permanently restricted net assets.

Contributed Services

The Organization receives goods and services donated by businesses and individuals in carrying out its fundraising events. For the year ended June 30, 2010, \$64,787 of donated goods and services were received for fundraising events and \$8,507 of goods and services were donated for other items. The Organization also receives an unsubstantial amount of services donated by volunteers in carrying out its programs and fundraising events. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under A.S.C. paragraph 958-605-25-6 (formerly SFAS No. 116).

ALZHEIMER'S DISEASE & RELATED DISORDERS  
SOUTHWEST MISSOURI CHAPTER  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year ended June 30, 2010

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Investments

Investments in marketable securities are reported at their readily determinable fair market values in the statement of financial position. Unrealized gains and losses for the year on these investments are included in the statement of activities. Investments in money market funds are reported as cash in the statement of financial position.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3). There was no unrelated business income for the year ended June 30, 2010; there is no provision for income taxes in these financial statements.

Inventory

Inventory is reported at cost, which approximates market.

Property and Equipment

Furniture and fixtures, office equipment and leasehold improvements are reported at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed in operations currently, while replacements and improvements are capitalized. Gains and losses from the disposition of assets are reported in the statement of activities.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and nature of any donor restrictions. All donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

ALZHEIMER'S DISEASE & RELATED DISORDERS  
 SOUTHWEST MISSOURI CHAPTER  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year ended June 30, 2010

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
 (Continued)

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

**NOTE B - INVESTMENTS**

Investments are managed by the trust department of US Bank and were as follows at June 30, 2010:

|  | 2010       |
|--|------------|
| Stocks and bonds, at cost              | \$ 454,768 |
| Unrealized gains (losses) to date      | 6,588      |
| Stocks and bonds, at fair market value | \$ 461,356 |

**NOTE C - EMPLOYEE RETIREMENT PLAN**

The Organization has a SIMPLE IRA salary deferral plan covering all full time employees. Under the plan, the organization makes matching contributions up to 3% of the employees' compensation. Plan expense for the year ended June 30, 2010 was \$3,276.

**NOTE D - OPERATING LEASES**

The Organization leases office space in Springfield and formerly Joplin, Missouri and also certain office equipment under non-cancellable operating leases.

ALZHEIMER'S DISEASE & RELATED DISORDERS  
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NOTES TO THE FINANCIAL STATEMENTS  
For the Year ended June 30, 2010

**NOTE D - OPERATING LEASES (Continued)**

Springfield Office Leases

The Springfield office leases two adjoining spaces, the first space was leased from 1/01/2001 through 6/30/2006 at a monthly rental of \$1,500. This lease was renewed from 7/01/2006 through 6/30/2011 at a monthly rental of \$1,750.

The adjoining space was leased from 1/01/2006 through 6/30/2011 at a monthly rental of \$1,750.

At June 30, 2011, there are two consecutive options to renew both leases for five years each, with total monthly rentals of \$4,000 per month and \$4,600 per month, respectively.

Joplin Office Leases

The Joplin office was reopened February 1, 2008 with a new lease with a term of six months at a monthly rental of \$650. At July 31, 2008 there was an option to renew the lease for an additional six months at the same monthly rental of \$650. The lease was renewed for two more terms through July 31, 2009.

The lease was renewed for a six month term on July 1, 2009 through December 31, 2009 and again for a six month term ended June 30, 2010. The monthly rental was \$650, with utilities included. At June 30, 2010 the lease was not renewed and the Joplin office was closed.

For the year ended June 30, 2010, the total rent expense for both the offices was \$49,150.

Toshiba Copier Lease

The Organization leases a copier from Copy Products, Inc. The lease term is from 5/09/2005 through 5/9/2010, with monthly rentals of \$257. At the end of the lease term, it became a month-to-month rental.

ALZHEIMER'S DISEASE & RELATED DISORDERS  
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 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year ended June 30, 2010

**NOTE D - OPERATING LEASES (Continued)**

Toshiba Copier Lease (Continued)

On June 17, 2010 the Organization replaced the old leased copier with a new copier and new lease agreement. The lease term is from 6/17/2010 through 5/17/2015, with monthly rentals of \$228. At the end of the lease term, it becomes a month-to-month rental.

Future minimum required lease payments are as follows:

|                          | <u>Offices</u> | <u>Equipment</u> |
|--------------------------|----------------|------------------|
| Year ended June 30, 2011 | \$ 21,000      | \$ 2,736         |
| 2012                     | 0              | 2,736            |
| 2013                     | 0              | 2,736            |
| 2014                     | 0              | 2,736            |
| 2015                     | 0              | 1,140            |

**NOTE E - LINE OF CREDIT**

The Organization did maintain a line of credit from Bank of America. The total amount available of the credit line was \$10,000, and the interest rate was variable.

The line of credit was used as an overdraft protection on the checking account, which was at this bank through June 30, 2010.

As of March 8, 2010 the account was closed as it had not been used since the fiscal year ended June 30, 2007 and the checking account was being moved to US Bank as of June 30, 2010.

**NOTE F - SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be released must be evaluated for recognition or disclosure. Management has evaluated the activity of the Organization through October 28, 2010 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in these notes to the financial statements.