

ALZHEIMER'S ASSOCIATION OF UTAH, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2009 and 2008

Together with

REPORT OF INDEPENDENT AUDITORS

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REPORT OF INDEPENDENT AUDITORS



To the Board of Directors
Alzheimer's Association of Utah, Inc.

We have audited the accompanying statements of financial position of the Alzheimer's Association of Utah, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, 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 Association of Utah, Inc., as of June 30, 2009 and 2008, 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.

As discussed in Note 10 to the financial statements, the Association's management discovered certain errors resulting in overstatements of previously reported liabilities as of June 30, 2008. Accordingly, the 2008 financial statements have been restated and adjustments have been made to the unrestricted net assets as of July 1, 2008, to correct the errors.

A handwritten signature in black ink, appearing to read 'Huber, Erickson & Bowman', written in a cursive style.

HUBER, ERICKSON & BOWMAN, LLC.

August 26, 2009

AUDITED FINANCIAL STATEMENTS

Alzheimer's Association of Utah, Inc.

Statements of Financial Position

As of June 30, 2009 and 2008

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	ASSETS	
	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$ 92,371	\$ 110,006
Gala contributions receivable	-	1,700
Accounts receivable	55,922	45,292
Prepaid expenses	3,258	16,898
Total Current Assets	<u>151,551</u>	<u>173,896</u>
Property and Equipment:		
Office furniture and equipment	28,415	25,634
Less accumulated depreciation	<u>(23,179)</u>	<u>(21,233)</u>
	<u>5,236</u>	<u>4,401</u>
	<u>\$ 156,787</u>	<u>\$ 178,297</u>
 LIABILITIES AND NET ASSETS 		
Current Liabilities:		
Accounts payable		
Trade	\$ 9,016	\$ 23,249
Accrued payroll liabilities	553	14,934
Deferred revenue	-	1,200
Total Current Liabilities	<u>9,569</u>	<u>39,383</u>
Net Assets:		
Unrestricted	<u>147,218</u>	<u>138,914</u>
	<u>\$ 156,787</u>	<u>\$ 178,297</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Statements of Activities

For the Years Ended June 30, 2009 and 2008

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	<u>2009</u>	<u>2008</u>
Revenues, Gains, and Other Support		
Direct public support:		
Memorials and tributes	\$ 20,553	\$ 14,324
Corporate donations	3,232	2,854
Individual donations	26,723	27,776
Foundation grants	66,386	126,817
Donated services, materials, and facilities	19,462	18,122
Workplace giving	27,524	34,195
Government grants	484,715	490,914
Shared fund-raising revenue	43,583	50,310
Interest income	1,023	2,620
Special fundraising events, net	138,821	242,106
Other	10,351	19,588
Total revenues, gains, and other support	842,373	1,029,626
Expenses		
Program Services:		
Caregiving services	675,692	815,960
Supporting Services:		
Management and general	63,350	56,626
Fund-raising	95,027	97,809
Total Expenses	834,069	970,395
Change in Net Assets	8,304	59,231
Net Assets at Beginning of Year	138,914	79,683
Net Assets at End of Year	<u>\$ 147,218</u>	<u>\$ 138,914</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2009

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	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Program and Supporting Services Expenses</u>
	<u>Caregiving Services</u>	<u>Management and General</u>	<u>Fund - Raising</u>	
Salaries	\$ 87,788	\$ 28,731	\$ 43,095	\$ 159,614
Education programs and seminars	5,846	1,913	2,870	10,629
Payroll taxes and benefits	16,295	5,333	8,000	29,628
Rent and insurance	30,476	9,974	14,961	55,411
Other expenses	32,598	10,668	16,003	59,269
Direct services	229,933	-	-	229,933
Supplies	7,985	2,613	3,920	14,518
Printing, promotion and publication	2,555	836	1,254	4,645
Accounting fees	3,534	1,157	1,734	6,425
Foundation grant fulfillment expense	252,185	-	-	252,185
Telephone	4,423	1,447	2,171	8,041
Postage and shipping	1,003	328	493	1,824
Depreciation	1,071	350	526	1,947
Total Expenses	<u>\$ 675,692</u>	<u>\$ 63,350</u>	<u>\$ 95,027</u>	<u>\$ 834,069</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2008

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	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Program and Supporting Services Expenses</u>
	<u>Caregiving Services</u>	<u>Management and General</u>	<u>Fund - Raising</u>	
Salaries	\$ 226,910	\$ 35,657	\$ 61,590	\$ 324,157
Education programs and seminars	33,893	5,326	9,199	48,418
Payroll taxes and benefits	24,104	3,788	6,542	34,434
Rent and insurance	10,790	1,695	2,928	15,413
Other expenses	35,952	5,650	9,758	51,360
Direct services	144,330	-	-	144,330
Supplies	4,668	733	1,267	6,668
Printing, promotion and publication	8,846	1,390	2,401	12,637
Accounting fees	4,200	660	1,140	6,000
Foundation grant fulfillment expense	311,274	-	-	311,274
Telephone	4,514	709	1,225	6,448
Postage and shipping	4,768	749	1,294	6,811
Depreciation	1,711	269	465	2,445
Total Expenses	<u>\$ 815,960</u>	<u>\$ 56,626</u>	<u>\$ 97,809</u>	<u>\$ 970,395</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2009 and 2008

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	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Support Collected:		
Contributions	\$ 113,553	\$ 82,933
Grants	310,896	355,699
Workplace giving	27,524	5,834
Special fundraising events	138,821	242,106
Interest income	1,023	2,620
Other miscellaneous revenues	10,351	28,092
Payments for Expenses:		
Employee compensation	(188,689)	(346,261)
Vendors	<u>(428,333)</u>	<u>(359,842)</u>
Net Cash and Cash Equivalents (Used in) Provided by Operating Activities	<u>(14,854)</u>	<u>11,181</u>
Cash Flows from Investing Activities		
Payments for purchase of property and equipment	<u>(2,781)</u>	<u>(4,275)</u>
Net Cash and Cash Equivalents Used in Investing Activities	<u>(2,781)</u>	<u>(4,275)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(17,635)	6,906
Cash and Cash Equivalents at Beginning of Year	<u>110,006</u>	<u>103,100</u>
Cash and Cash Equivalents at End of Year	<u>\$ 92,371</u>	<u>\$ 110,006</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Statements of Cash Flows - Continued

For the Years Ended June 30, 2009 and 2008

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	<u>2009</u>	<u>2008</u>
Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities		
Change in net assets	\$ 8,304	\$ 59,231
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities:		
Depreciation	1,947	2,445
(Increase) decrease in operating assets:		
Gala contributions receivable	1,700	(1,700)
Federal grant	(2,551)	(28,198)
National HQ	(8,080)	(17,094)
Prepaid expenses	13,640	(14,678)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,233)	(2,356)
Accrued liabilities	(14,381)	12,331
Deferred revenue	(1,200)	1,200
Net Cash and Cash Equivalents Used for Operating Activities	<u>\$ (14,854)</u>	<u>\$ 11,181</u>

The accompanying notes are an integral part of the financial statements

Alzheimer's Association of Utah, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

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NOTE 1: ORGANIZATION

The Alzheimer's Association of Utah, 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 Association. 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 Association of Utah, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

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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 \$1,947 and \$2,445 for the years ended June 30, 2009 and 2008, 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

As allowed by the Financial Accounting Standards Board No. 43, 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 believe they are not exposed to any significant credit risk on cash and cash equivalents.

Alzheimer's Association of Utah, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

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NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009 and 2008, consisted of the following:

	2009	2008
Gala Contributions	\$ -	\$ 1,700
Federal Grant	36,278	28,198
National HQ	19,644	17,094
Total Accounts Receivable	<u>\$ 55,922</u>	<u>\$ 46,992</u>

NOTE 4: DONATED SERVICES AND USE OF FACILITIES

The Association received donated services from various unrelated parties totaling \$19,462 and \$18,122 for the years ended June 30, 2009 and 2008.

Donated services and use of facilities for the years ended June 30, 2009 and 2008, 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 cost reimbursement grant administered through the State of Utah, Department of Human Services Division of Aging and Adult Services (the "Division"). During the years ended June 30, 2009 and 2008, the Division extended the grant to the Association for a one year period totaling \$255,465 and \$240,000, respectively. During the years ended June 30, 2009 and 2008, 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, 2009 and 2008, the Association received and recorded as revenue \$254,640 and \$224,364, respectively for cost reimbursements from the Division. The Association also recognizes revenue for the in-kind volunteer hours that are associated with the cost reimbursement grant. During the years ended June 30, 2009 and 2008, the Association recognized revenue and expense in the statement of activities in the amount of \$230,075 and \$266,550, respectively.

NOTE 6: DEFERRED REVENUE

Deferred revenue as of June 30, 2009 and 2008, consisted of the following:

	2009	2008
Federal Grant	\$ -	\$ 1,200
Total Deferred Revenue	<u>\$ -</u>	<u>\$ 1,200</u>

Alzheimer's Association of Utah, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

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NOTE 7: RELATED PARTY TRANSACTION

During fiscal years 2009 and 2008, the Association shared fund-raising revenue with its National Affiliate. Total revenues were \$43,583 and \$50,310 for 2009 and 2008, respectively.

During the fiscal years ended 2009 and 2008, the Association had accounts receivable from its national affiliate in the amount of \$19,644 and \$17,094, respectively.

NOTE 8: SPECIAL FUND RAISING EVENTS

The Association sponsors various fund raising 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. The gross revenues and direct expenses associated with these events for the years ended June 30, 2009 and 2008, are summarized below:

	2009		
	<u>Memory Walk</u>	<u>Gala</u>	<u>Total</u>
Revenues	\$ 72,419	\$ 122,025	\$ 194,444
Direct expenses	<u>(11,991)</u>	<u>(43,632)</u>	<u>(55,623)</u>
Net Revenues	<u>\$ 60,428</u>	<u>\$ 78,393</u>	<u>\$ 138,821</u>
	2008		
	<u>Memory Walk</u>	<u>Gala</u>	<u>Total</u>
Revenues	\$ 134,437	\$ 130,458	\$ 264,895
Direct expenses	<u>(10,387)</u>	<u>(12,402)</u>	<u>(22,789)</u>
Net Revenues	<u>\$ 124,050</u>	<u>\$ 118,056</u>	<u>\$ 242,106</u>

Alzheimer's Association of Utah, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

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NOTE 9: LEASE COMMITMENTS

Effective November 1, 2005, the Association entered into a non-cancellable lease agreement with the existing landlord that extended through October 31, 2007. The base rental amount increased on the anniversary date by 3% of the monthly rent paid in the preceding lease year. Effective July 19, 2007, the Association signed a lease extension for 5 years starting October 1, 2007 and ending September 30, 2012. Rent is \$3,725 per month with a 3% annual escalation similar to the previous lease.

Future minimum operating lease payments are as follows:

Year ending:	
2009/2010	\$ 47,063
2010/2011	48,505
2011/2012	49,960
2012/2013	<u>12,580</u>
Long-term obligations under operating leases	<u>\$ 158,108</u>

Rent expenses paid for the years ended June 30, 2009 and 2008, were \$55,411 and \$15,413, respectively

NOTE 10: RESTATEMENT

In order for the financial statements to conform with accounting principles generally accepted in the United States of America, adjustments were made in 2008 to correct misstatements affecting the reported amounts of certain liabilities as of June 30, 2008. Accordingly, accounts payable in the amount of \$8,615 were overstated. The effect of this adjustment increased the unrestricted net assets balance at July 1, 2008, by \$8,615, decreased rent expense for the year ended June 30, 2008 by \$8,615, and decreased accounts payable by \$8,615 as of June 30, 2008.